

DEPARTMENT OF DEFENSE

*Office of
Inspector General*

*Semiannual Report
to the Congress*

*October 1, 1983
to
March 31, 1984*

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DEPARTMENT OF DEFENSE

Office of Inspector General Report to the Congress

Audit, Inspection and Investigative Operations

**For the Six-Month Period
October 1, 1983 to March 31, 1984**

**Pursuant to Section 5(b)
of Public Law 95-452 as Amended**

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STATEMENT OF THE INSPECTOR GENERAL

This is the third semiannual report of the Inspector General (IG), Department of Defense. It summarizes activities and accomplishments of the IG, Department of Defense (DoD) as well as those of the other DoD components, for the 6-month period ending March 31, 1984.

Internal audits showed potential monetary benefits of \$873.8 million. Contract officials reduced contract costs by \$3,504 million based on both preaward and postaward audits. Investigative activity resulted in fines, penalties and recoveries of \$10.8 million.

PARTNERSHIP WITH DEFENSE MANAGERS AND EMPLOYEES

The Inspector General is responsible for preventing and detecting fraud, waste and abuse in Defense Programs and Operations—but he can only accomplish this with the help of all DoD employees. We need your help to identify contractors who have committed fraud or provided poor products or services, DoD employees who have misused resources entrusted to them, or examples of waste that can be corrected. Such a partnership will ensure that all taxpayers receive the highest possible return on their investment in national defense.

How can you help? Be alert to situations where resources are being wasted or misused. Pursue remedies at the lowest feasible management level. Try to prevent these situations from recurring. If you're unsuccessful or still unsatisfied, contact the Inspector General through the Hotline:

- Call 800-424-9098 (Toll free)
693-5080 - Washington
Area
8 + 223-5080 - Autovon

- Write to:
DoD Hotline
The Pentagon
Washington, D.C. 20301

Only through the help of honest and dedicated employees like you can we win the war on fraud, waste and abuse.

AUDIT

The DoD-wide audit program, which I mentioned in my last report, has been very active. The Secretaries of the Military Departments and the Auditors General have fully supported this program. We issued 1 DoD-wide audit during the past 6 months. It covered government furnished material at DoD production contractors. We currently have five DoD-wide audits in progress, covering Federal Employees' Compensation Act claims costs, cash management, inventory adjustments, quality assurance and risk management at military hospitals and spare parts. Over the next 6 months, we expect to start DoD-wide audits on procurement of medical support equipment, acquisition of engineering and technical data and National Guard aviation.

Problems relating to overpricing of DoD's spare parts have been widely reported. My organization and the Military Service audit organizations have helped identify many of these problems and proposed corrective action. Since fiscal year 1981, DoD internal auditors issued 140 audit reports on spare parts, 87 audits are in process and another 25 are planned. These audits of spares cover the prices of spares, requirements for them, technical data inventory management, excesses and disposal.

On July 25, 1983, the Secretary of Defense announced a 10-point program to clean up pricing abuses in spare parts procurement. The program includes incentives and rewards for improved performance, a tough stance toward DoD contractors, who price unreasonably, use of competition advocates, to increase competition in all procurements, as well as vigorous audits and investigations. We are continuing to provide full support to the Secretary's program.

Because of many concerns about the health care given military members, retirees and their dependents, we have placed emphasis on military health care in our DoD-wide audits. We issued two reports during this period on the direct health care system and have two more audits underway. Details on these audits are contained in Chapter 1.

AUDIT OVERSIGHT

I am responsible for overseeing all DoD audit operations. This includes the Defense Contract Audit Agency (DCAA), the largest of these agencies.

We recently completed three oversight reviews of DCAA operations. These covered DCAA's evaluations of Subcontractors' Pricing Proposals, access to records and reporting of fraud to investigative agencies.

In all three reports we recommended ways DCAA could enhance its effectiveness by modifying its procedures and improving its controls. Details of these reviews are contained in Chapter 1. We are also reviewing six other aspects of DCAA operations, including: reporting of audit savings; defective pricing audits; DCAA's relationship with

procurement and contractor personnel.

We also issued five oversight reviews on internal DoD audit organizations, covering such topics as compliance of audit reports with General Accounting Office Standards, quality control programs, and audit planning and programming. All these reviews were DoD-wide. Six oversight reviews are in process. We are evaluating all aspects of an audit organization, including the planning, execution and reporting of as well as the management of the audit organization.

INVESTIGATION

The Defense Criminal Investigative Service is the investigative arm of my office. The primary objective of this organization is to investigate corruption anywhere in the procurement process, including major theft and fraud. During the period, two of the most significant convictions resulting from our investigations were obtained. One involved a contractor who falsely certified that certain microchips had met required testing standards.

Another concerned a contractor who mischarged commercial labor costs to contracts for the MX and Minuteman missile programs. These cases are described in Chapter 3. Currently, 15 investigations are ongoing in the semi-conductor industry alone and there are 20 major corporations under investigation.

INSPECTION

During this period my office identified 50 DoD activities many of which had never been previously inspected. We are developing a plan to cover all of these activities, as well as providing extensive inspection coverage to the Defense

Logistics Agency. We plan to begin by inspecting the Department of Defense Dependent Schools and the Defense Investigative Service in FY 84.

COORDINATION WITH THE GENERAL ACCOUNTING OFFICE

Secretary Weinberger and I both believe that maintaining a constructive and cooperative relationship between the DoD and the General Accounting Office (GAO) is a top priority. The GAO can provide many excellent suggestions for savings or ways to improve Defense programs.

We coordinate our work with GAO by exchanging plans among all DoD audit agencies and with GAO and by having GAO attend DoD-wide Audit Planning Panel sessions. Results are excellent. Recently we and GAO completed a joint pilot review of Defense Logistics Agency accounting systems. Similarly, my office and GAO coordinated their reviews of DoD scientific advisory boards to avoid duplication.

My office is also the focal point in DoD for GAO surveys and reviews, and for ensuring high quality DoD responses to GAO reports. We have worked hard to bring the procedure up to date and to ensure that all GAO reports are objectively evaluated and properly used. DoD's responses today are explicit, complete, and very useful both for GAO and for non-DoD recipients of the GAO reports. They help DoD make the best use of GAO findings.

Finally, my office follows up on all agreed-upon GAO findings and recommendations made to DoD. Followup status information is provided regularly to GAO personnel as they plan future audits or

conduct reviews. In return, current GAO audit results provide valuable feedback to our audit followup specialists as they pursue related cases.

PROGRAM PLANNING AND REVIEW

During the past year, I put in place a procedure for consolidating the activity plans of all seven of the Assistant Inspectors General, OIG, DoD. Our planning schedule dovetails with the DoD planning, programming and budgeting system and produces a detailed work plan prior to the start of the planning period.

Our plan ensures full audit, inspection and investigative coverage throughout DoD. Primary coverage for all DoD activities is clearly assigned either to my office or to another DoD activity such as a Service IG.

We put together our first plan for the second half of FY 1984 well in advance of the start of execution. The plan benefitted from many suggestions by DoD management. Of course, our plan is dynamic and subject to change as a result of additional requests or higher priority needs of the Secretary or Deputy Secretary of Defense, or the Congress.

In order to ensure that our plan is properly executed, I reorganized my office to establish a Deputy Inspector General for Program Planning and Review. He develops the plan and conducts program reviews. By frequently determining the status of all ongoing work and projects, the Deputy Inspector General for Program Planning and Review can ensure that milestones are met, our goals and objectives are accomplished or corrective actions are taken.

Joseph H. Sherick
Inspector General

STATISTICAL HIGHLIGHTS

	<u>AMOUNT</u>	
	<u>Current Period</u>	<u>Prior Period</u>
<u>AUDIT ACTIVITIES</u>		
POTENTIAL MONETARY BENEFITS:		
INTERNAL AUDIT/INTERNAL REVIEW/		
MILITARY EXCHANGE AUDIT	\$ 873.8m	\$1,064.4m
CONTRACT QUESTIONED COSTS SUSTAINED:		
DEFENSE CONTRACT AUDIT AGENCY	\$ 3,480.0m	\$5,881.0m
U.S. ARMY CORPS OF ENGINEERS	\$ 24.0m	\$ 17.3m
REPORTS ISSUED:		
INTERNAL AUDIT/INTERNAL REVIEW/		
MILITARY EXCHANGE	9,255	9,407
DEFENSE CONTRACT AUDIT AGENCY	28,081	30,688
U.S. ARMY CORPS OF ENGINEERS	187	212
AUDIT FOLLOWUP:		
CORRECTIVE ACTIONS COMPLETED	9,556	10,013
CORRECTIVE ACTIONS STILL IN PROGRESS	3,948	3,691
SAVINGS FROM COMPLETED ACTIONS	\$ 708.0m	\$ 385.2m
POTENTIAL SAVINGS FROM OPEN ACTIONS	\$ 8,507.8m	\$8,925.2m
REPORTS OVER 6 MONTHS OLD	1	1
<u>INVESTIGATIVE ACTIVITIES</u>		
RECOVERIES	\$ 1.9m	\$ 1.2m
FINES AND PENALTIES LEVIED	\$ 1.3m	\$.8m
RESTITUTIONS	\$ 4.9m	\$ 3.2m
OTHER	\$ 2.8m	\$ 2.9m
CASES OPENED	7,346	8,864
CASES CLOSED	6,828	8,920
CASES REFERRED FOR PROSECUTION		
OR ADMINISTRATIVE ACTION	2,622	3,706
INDICTMENTS	55	52
CONVICTIONS	233	391
DEBARMENTS - CONTRACTORS	119	39
SUSPENSIONS - CONTRACTORS	59	51
REPRIMANDS	150	318
DEMOTIONS	315	598
TERMINATIONS	157	278
SUSPENSIONS - INDIVIDUALS	50	92

<u>INSPECTION ACTIVITIES</u>		
INSPECTION REPORTS ISSUED	5,275	5,664
<u>HOTLINE</u>		
SUBSTANTIVE COMPLAINTS	1,403	963
CASES CLOSED	788	821
CASES PENDING	1,069	727
<u>OTHER ACTIVITIES</u>		
PROPOSED LEGISLATIVE BILLS AND		
REGULATIONS REVIEWED	70	100
PROPOSED DIRECTIVES REVIEWED	39	24
<u>PERSONNEL AND OPERATING COSTS</u>		
PERSONNEL STRENGTH ON BOARD		
AUDIT:		
INTERNAL AUDIT	3,036	2,965
INTERNAL REVIEW	2,132	1,949
MILITARY EXCHANGE AUDIT	117	116
CONTRACT AUDIT	3,865	3,814
TOTAL AUDIT	9,150	8,844
INSPECTION	3,682	3,704
INVESTIGATION	5,855	5,728
TOTAL PERSONNEL STRENGTH	18,687	18,276
<u>OPERATING COSTS</u>		
AUDIT:		
INTERNAL AUDIT	\$ 59.6m	\$ 57.6m
INTERNAL REVIEW	\$ 30.1m	\$ 26.6m
MILITARY EXCHANGE AUDIT	\$ 2.5m	\$ 2.6m
CONTRACT AUDIT	\$ 77.3m	\$ 73.6m
TOTAL AUDIT	\$ 169.5m	\$ 160.4m
INSPECTION	\$ 77.7m	\$ 71.1m
INVESTIGATION	\$ 79.7m	\$ 75.9m
TOTAL OPERATING COSTS	\$ 326.9m	\$ 307.4m

CHAPTER 1

AUDIT

This chapter reports on DoD audit activities noted below and Chapter 2 provides information on contract audit operations.

- Internal Audit
- Contract Audit
- Military Exchange Audit
- Internal Review
- Audit Resolution and Followup
- Audit Policy and Oversight

• **Internal Audit.** There are four centralized internal audit organizations in DoD: the OIG, DoD, Office of the Assistant Inspector General for Auditing (OAIG-AUD); the Army Audit Agency; the Naval Audit Service and the Air Force Audit Agency. Military Department audit organizations report to the Secretary or Under Secretary of their respective Departments and provide internal audit services to all levels within the Departments of the Army, Navy and Air Force.

The OAIG-AUD reports to the Inspector General, DoD, and primarily performs internal audits within the Office of the Secretary of Defense, the Organization of the Joint Chiefs of Staff, the Unified and Specified Commands and the Defense Agencies. The OAIG-AUD also conducts internal audits involving more than one DoD Component, DoD-wide audits and audits requested by the Secretary of Defense or other key DoD officials. The 1978 Inspector General Act gives the Inspector General, DoD

authority to audit any DoD program or operation.

A principal purpose for internal auditing is to provide management at all levels with independent, objective and constructive evaluation of the economy, efficiency and effectiveness with which managerial responsibilities are being carried out and to make recommendations for improvements. Dollar savings are identified wherever possible. In planning and executing audits, emphasis is placed on auditing areas susceptible to fraud, waste and mismanagement. In areas where fraud is suspected, auditors work jointly with investigators.

• **Contract Audit.** The Defense Contract Audit Agency (DCAA) operates under the general direction and control of the Assistant Secretary of Defense (Comptroller) and performs audits of proposed or incurred costs of outside contractors. They also perform operational audits aimed at improving contractor operations. The U.S. Army Corps of Engineers has a staff of auditors who make both internal reviews within the Corps and audits of contracts for civil works projects.

• **Internal Review.** Local internal review groups in the Army, Navy and Marine Corps supplement the work of the centralized audit organizations. In addition, the Defense Logistics Agency has established an internal review group which brings the total of such groups in DoD to four. These groups provide management at subordinate levels with a capability to identify operational deficiencies.

• **Audit Resolution and Followup.** In accordance with Office of Management and Budget Circular A-50, 'Audit Followup,' the OIG, DoD and the Military

Departments maintain systems to achieve prompt, proper resolution of disputed audit findings and recommendations, and to ensure that agreed-upon corrective actions are taken. Within the OIG, DoD, the Office of the Assistant Inspector General for Audit Followup (OAIG-AFU) maintains systems to achieve prompt, proper resolution of disputed audit findings and recommendations and to ensure that agreed-upon corrective actions are taken. The OAIG-AFU has three divisions; one each for GAO Reports Analysis, Internal and GAO Audit Followup, and Contract Audit Followup.

• **Audit Policy and Oversight.** The Office of the Assistant Inspector General for Audit Policy and Oversight within the OIG, DoD is responsible for establishing DoD audit policies and reviewing the operations of DoD internal audit, internal review and contract audit organizations, in part, by evaluating their implementation of and adherence to prescribed principles, policies and procedures to assure DoD officials and the general public that a high level of competence is maintained by DoD audit organizations.

RESOURCES AND COSTS

As of March 31, 1984, there were 9,150 military and civilian personnel assigned to the DoD audit organizations. Chart 1 provides information on the number of personnel assigned by functional area.

The cost of operating DoD audit organizations for the 6-month period totalled \$169.5 million. Table 1 provides details on the cost to operate each type of audit organization.

CHART 1
Personnel Strength-Audit Organizations

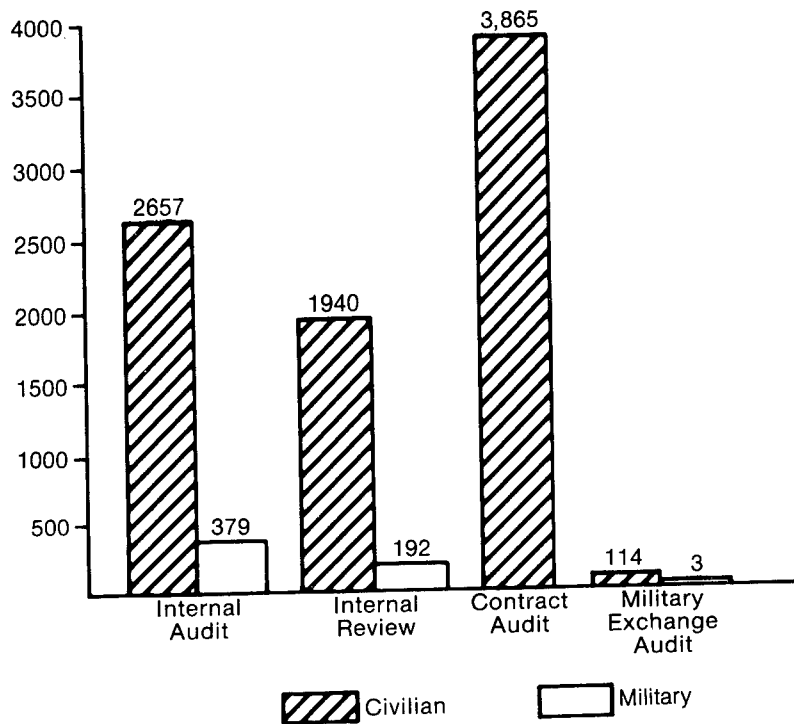


TABLE 1
Operating Costs—Audit
(October 1, 1983—March 31, 1984)
(\$ in Millions)

Function	Civilian Personnel	Military Personnel	Travel	Other	Total
Audit:					
Internal Audit	\$ 45.3	\$5.4	\$ 5.7	\$ 3.2	\$ 59.6
Internal Review	27.2	1.8	.8	.3	30.1
Military Exchange Audit	1.9	.1	.5	.0	2.5
Contract Audit	66.4	0	3.9	7.0	77.3
Total	<u>\$140.8</u>	<u>\$7.3</u>	<u>\$10.9</u>	<u>\$10.5</u>	<u>\$169.5</u>

REPORTS ISSUED AND POTENTIAL MONETARY SAVINGS

DoD internal audit, internal review and military exchange audit organizations issued a total of 9,255 reports during the period including 3 on Sensitive Compartmented information areas. This is a decrease of 1.6 percent when compared to the number of audit reports issued during the prior period. Internal audit organizations issued 1,269 audit reports.

When audit and internal review reports are issued, they may contain findings and recommendations that, if implemented, would result in monetary benefits in the future. At the time reports are issued, these identified potential monetary benefits represent the best dollar estimates of monetary savings and cost avoidances that could be achieved as a result of implementing audit recommendations.

Management/command may fully concur, partially concur or nonconcur with the auditors' findings and recommendations and their associated monetary benefits. In those cases where management does not concur, the issues are referred to higher authority for resolution. The resolution official may modify the original audit recommendations or estimated monetary benefits. In addition, the monetary value placed on actions to be taken to implement audit recommendations may vary when actions are actually taken at a later date. Followup procedures, in accordance with DoD Directive 7650.3, are used to track the actions taken by management on these recommendations and to measure accomplishments.

Table 2 provides an analysis of the potential monetary benefits identified in all audit reports by program

TABLE 2
ANALYSIS OF INTERNAL AUDIT AND INTERNAL REVIEW REPORTS ISSUED

Program or Function	NUMBER OF REPORTS ISSUED			Potential Monetary Benefits (\$ Millions)
	Internal Audit	Internal ¹ Review	Military Exchange Audit	
Automatic Data Processing Systems	46	130		\$194.1
Communications and Intelligence	41	155		26.6
Comptroller	313	2,079		123.7
Energy Conservation	2	50		.2
Forces Readiness	12	51		25.0
Manufacturing, Maintenance and Repair	85	167		14.9
Nonappropriated Fund Instrumentalities	185	2,002	56	1.7
Personnel Management	78	467		13.2
Procurement	105	402		240.4
Real Property	49	129		.4
Research and Development	22	55		7.1
Security Assistance	9	101		3.4
Supply	145	1,107		199.8
Support	89	708		17.8
Transportation	53	213		4.7
Other	35	114		.8
Total	1,269	7,930	56	\$873.8

¹A significant portion of Internal Review activity is devoted to supporting the audit efforts of the central internal audit activities and GAO by providing liaison during audits and performing followups on audit recommendations.

or function. Total potential monetary benefits for the reporting period totalled \$873.8 million.

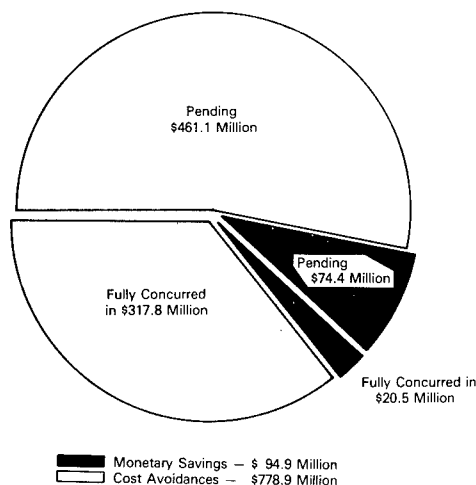
Managers have already agreed to implement audit recommendations which are expected to save about \$338.3 million by the time all corrective actions have been taken. A second group of recommendations, those which are still being studied by management as well as those with which management initially disagreed, could result in another \$535.5 million in potential savings.

Not every audit report issued during this reporting period included findings with identified monetary impact. In some cases, the amounts could not be determined although it was known that some savings would be achieved if the recommended actions were taken. Thus the potential savings that may result from audit efforts this period could exceed the amount identified in Table 2.

Measurable potential monetary benefits arising from audit recommendations are characterized as either 'monetary savings' or 'cost avoidances.' Monetary savings include deobligations of funds, budget revisions, reductions or reprogramming based on management's commitment to implement recommended improvements in operations and systems. Cost avoidances result when reductions are made in the amount of resources needed to accomplish an assigned mission or function.

The total potential monetary benefits reported this period as a result of internal audit, internal review and military exchange audit operations are shown in Chart 2. This chart indicates the amount of monetary savings (shaded section) and costs avoided as well as the amount that has been fully concurred in by management or still

CHART 2
Potential Monetary Benefits



pending such action.

INTERNAL AUDIT

The overall objective of internal audit is to assist management attain its goals by furnishing information, analyses and recommendations pertinent to management's duties and objectives. Quick-reaction reporting is used for interim reporting of situations requiring immediate action to prevent, correct or reduce a serious situation that cannot be handled by normal reporting methods. Final audit reports summarize the audit results in addition to presenting information on the problems identified and recommending specific actions necessary to improve current operations and to prevent similar problems from recurring.

A total of 1,269 internal audit reports were issued during the period which, if agreed to and implemented, could result in monetary benefits totalling \$811.8 million, mostly by avoiding or reducing specific operating costs in the future. Almost 53 percent of the monetary benefits was in the areas of procurement and supply.

The audit findings and monetary benefits described in the following sections are from final audit reports but have not, in every case, been reviewed and concurred in by higher levels of management. Amounts identified in cases where final concurrence has been reached represent only potential monetary benefits because the audit followup action, required by DoD Directive 7650.3 to determine the extent of management's compliance with audit recommendations and actual monetary benefits achieved, has not been completed.

OFFICE OF ASSISTANT INSPECTOR GENERAL FOR AUDITING, OIG, DOD

The Office of the Assistant Inspector General for Auditing issued 60 final audit reports during the 6-month period ended March 31, 1984. The 60 final audit reports identified \$205.2 million in potential cost avoidances. Management concurred in recommendations that could result in \$99.6 million of cost avoidances. Management was still considering as of March 31, 1984, its position on the recommendations in four final audit reports with potential cost avoidances of \$105.6 million.

The following sections highlight significant internal audit reports issued by OAIG-AUD, current status of previously reported items that were pending management review and concurrence, and cases of potential fraud referred for investigation.

INSTANCE OF WASTE

- **Special Pay Compensation for Health Professionals.** During FY 1981 through FY 1983, the Services gave continuation pay totalling about \$24 million to dentists serving in three specialties although current or projected shortages did not exist in those specialties. DoD Directive 1340.8 permits continuation pay to alleviate the shortages of physicians serving in designated critical specialties. The Directive, however, does not require an annual review of manning levels to designate critically undermanned specialties.

A recommendation was made to revise the Directive to require an annual review of manning levels of

specialties to determine which ones should no longer be designated as critical specialties. Also, a recommendation was made to discontinue incentive pay to those dentists serving in specialties that should not have been designated as critical specialties. Management comments had not been received at the time of this report. The total potential monetary impact is \$24 million. (OAIG-AUD 84-052)

- **Automatic Test Equipment.**

The Military Departments had approximately \$14.1 million worth of automatic test equipment which was underused at some locations while urgent requirements for the same equipment existed at other locations. Each of the Military Departments had appointed central automatic test equipment managers in an attempt to reduce equipment proliferation and to increase standardization but the managers did not have the authority or data needed to properly manage their programs. None of the Military Departments had a viable system to record and report equipment location, condition or utilization. These conditions occurred because automatic test equipment management responsibilities were fragmented in each of the Military Departments.

Recommendations were made to rewrite automatic test equipment regulations to clearly define management responsibilities and to ensure optimum equipment usage. Also, the auditors recommended developing a new system or modifying existing systems to provide appropriate managers with comprehensive status, location and utilization data. Management agreed with the recommendations and is revising the guidance pertaining to automatic test equipment. (OAIG-AUD 84-002)

- **Management of Army**

Retrainee Program. Army classifiers reassigned soldiers who failed initial skill training courses to other training courses in which 38 percent failed again. Assignments were made into military occupational specialties (MOSs) that soldiers did not want and for which they were not qualified. Some retrainees were sent to as many as five different MOS courses before being discharged. These conditions were caused by a lack of retrainee attrition data, unilateral selection of new MOS training courses, non-compliance with established Army policy, and guidance that was easily misinterpreted. As a result, unnecessary training costs were incurred, and soldiers who could have succeeded in other MOS training failed their assigned courses and were discharged. For FY 1981, the auditors identified about \$2.9 million of additional training costs that the Army incurred for retrainees who were subsequently discharged. Recommendations were made to establish a new system that enables the Army to accumulate retrainee training histories and attrition rates by military occupational specialty and to establish procedures allowing classifiers to schedule training course assignments selected by retrainees. The auditors also recommended that classifiers verify that retrainees meet established prerequisites before making new training requirements. Management agreed with the recommendations and will field test a system to accumulate retrainee training histories in March 1984. Procedures have been implemented and policy guidance has been reinforced. (OAIG-AUD 84-005)

- **Selection of Transportation Cost Factors.** The Defense Logistics Agency (DLA) incurred approximately \$1.1 million in excess

transportation costs during FY 1982. DLA procured truckload and carload lots of several commodities without making the required analysis to determine whether free on board origin or free on board destination would result in the lowest overall transportation costs. Free on board origin means that the costs of goods charged by the manufacturer does not include the cost of transportation and that the mode of transportation is arranged and paid for by the purchaser. Free on board destination means that the cost of goods charged by the manufacturer includes the cost of transportation to the purchaser's place of operation.

A recommendation was made to require procurement contracts for truckload and carload lots of plywood, lumber, sugar, nonperishable commodities, aluminum and all general type volume-lot commodities to be awarded on the basis of whichever delivery term provides the most advantageous cost to the Government. Management agreed with the recommendation. (OAIG-AUD 84-023)

- **Missile Maintenance Training.** The Air Force provided missile maintenance training to all munition maintenance specialists even though only 10 percent were assigned to positions involving missile maintenance duties. Consequently, about 1,125 personnel were given unneeded training, costing about \$4.2 million annually.

Recommendations were made requiring the Air Force to evaluate the training costs for individuals changing major skill areas and to ensure that extensive training is provided only to those personnel who will routinely perform missile maintenance duties. Final management comments have not been received. (OAIG-AUD 84-026)

- **Aircraft Engine Spare Parts.**

Auditors found that Navy and Air Force procurement centers were not ensuring that prices paid for aircraft engine spare parts were fair and reasonable. The buying centers visited had purchased approximately 95 percent of all aircraft engine spare parts used by the Navy and Air Force and in FY 1982 had spent over \$1.2 billion on new engine spare parts. In reviewing 346 line items that had price increases of over 100 percent in a 3-year period, auditors found that 57 percent were procured on sole source contracts and 28 percent were bought using fixed price redeterminable basic ordering agreements (BOAs). Use of fixed price redeterminable BOAs resulted in contracting officers not adequately monitoring both the unit prices paid for spare parts and contractor pricing systems. Also, most spare parts expenditures were on sole source procurements at the recommendation of the prime contractors even though significant opportunities existed for increased competition.

Recommendations were made to temporarily stop using fixed price redeterminable BOAs and to require contracting officers to certify that the price of an item is fair and reasonable when the price increases by 25 percent or more in a 12-month period. It was also recommended that the DoD Spare Parts Breakout Program be strengthened by hiring and training program managers. Navy management agreed with all of the recommendations and Air Force management agreed with all of the recommendations except one. That one nonconcurrence, however, has been overtaken by events because a proposed Defense Acquisition Regulation (DAR) case was initiated to comply with the subject recommendation. (OAIG-AUD 84-044)

• **Excess Government-Furnished Material (GFM).** Auditors identified \$24.8 million of excess GFM at production contractors' plants that was not required for performance of contracts. Neither the Government nor the contractors had adequate procedures to identify and resolve excess GFM conditions. Some of the excess could have been used to satisfy operational requirements of the Services.

A recommendation was made to perform a one-time review of production contractors who have significant amounts of GFM. Also, a recommendation was made to structure data and reporting systems to readily identify excess GFM. Management comments had not been received at the time of this report. The potential monetary impact is \$24.8 million. (OAIG-AUD 84-032)

SIGNIFICANT OPPORTUNITIES IDENTIFIED FOR IMPROVING ECONOMY, EFFICIENCY AND EFFECTIVENESS

• **Army Pre-positioned War Reserve Materiel.** The Army did not use low priority war reserve materiel or potential excess stock in the continental United States (CONUS) depots to offset shortages or higher priority pre-positioned war reserve materiel for the European Theater. The auditors determined that about \$88 million of lower priority war reserve materiel and \$1 million of potential excess stock in CONUS depots were available to fill shortages of pre-positioned war reserve materiel for the European Theater. To the extent that these

CONUS assets were not used, funding requests to fill United States Army Europe's shortages were overstated and the readiness of European Forces was diminished.

A recommendation was made to use lower priority war reserve materiel and potential excess stock in CONUS depots to fill shortages of the higher priority pre-positioned war reserve requirements. Another recommendation was made to limit war reserve program authority and funding to amounts needed to acquire quantities of war reserve assets not available in the Army supply system. Management concurred with the recommendation by applying \$19.9 million of CONUS war reserve assets to higher priority pre-positioned requirements during the FY 1983-84 time frame. Management agreed that program authority and funding should be considered in filling Theater reserve shortages from CONUS war reserve assets. However, no adjustments to the program will be made since the funds will be used to reduce unfunded deficits that currently exist. (OAIG-AUD 84-012)

• **Procurement of Launch Control Centers to Support the Ground Launched Cruise Missile System.** The Air Force planned to produce 15 more launch control cruise centers (LCCs) than were needed to support Ground Launched Cruise Missile (GLCM) maintenance and training. Because there was no formal policy guidance to aid in determining major end item procurement requirements for maintenance and training, acquisition program managers were unable to determine how many extra LCCs were needed. A reduction of 15 LCC procurement requirements for maintenance and training would save an estimated \$86 million.

Recommendations were made to develop a formal procurement policy for maintenance and training backup of major end items and to reduce the procurement requirements for 15 GLCM LCCs designated for maintenance and training use. Management comments have not been received at this time. (OAIG-AUD 84-026)

• **Procurement Decisions For Aircraft Spares.** The auditors examined 201 completed or anticipated procurement actions valued at \$96.3 million for aircraft replenishment spares for FY 1982 and concluded that procurements valued at \$4.8 million (5 percent of the value of those examined) could have been avoided. The auditors expanded their review to include 59 more completed or potential procurement actions that had the same characteristics as problem items in their initial review. These additional actions were valued at \$22.9 million. The auditors concluded that the potential expenditures on 41 of these additional actions, valued at about \$4 million, were not needed. Also, about \$65,000 could have been saved on other actions examined if buys had been made in economical quantities or if price breaks had been accepted from contractors. Further, about \$282,000 was spent for low priority requirements even though funding was insufficient to meet all requirements.

Recommendations were made to issue guidance for the procurement of aircraft spare components to emphasize the importance of (1) consolidating various categories of buy requirements for individual items of supply into single procurement actions; (2) minimizing repetitive, uneconomical low quantity buys; (3) procuring items in economic production quantities to obtain price breaks; and (4) ensuring that limited funding is allocated to buy

those items most essential to the mission capabilities of critical aircraft. Management agreed with most of the audit recommendations and will issue supplemental guidance for the procurement of aircraft spares. One disputed recommendation is still being considered and will be resolved by May 1984. (OAIG- AUD 84-017)

• **Department of Defense Dependents Schools (DoDDS) Organizational Structure and Staff.** Auditors found that 172 DoDDS support positions could be eliminated for an annual savings of \$5.2 million. Support activities in DoDDS regional offices were overstaffed because manpower requirements had not been related to expected workload volume.

A recommendation was made to restructure the regions so as to realize optimum personnel reductions. Management comments had not been received at the time of this report. The potential monetary impact is \$5.2 million. (OAIG-AUD 84-050)

• **Disposition of Used Solvents.** DoD components were not disposing of used solvents in the most economical manner. Auditors found that 22 of the 34 DoD activities visited were not recycling or reclaiming solvents. Also, unnecessarily expensive methods were often used to dispose of unrecycled or unreclaimed solvents. This was due to a lack of specific DoD policy guidance on recycling, reclaiming and disposing of solvents. DoD could save an estimated \$10.3 million annually by improving programs for recycling solvents. Additional savings could be achieved by reclaiming solvents and by eliminating unnecessarily expensive disposal methods.

Recommendations were made to

require DoD activities to recycle or reclaim solvents if economically feasible, to sell all used solvents that cannot be recycled or reclaimed, and to dispose of only nonrecyclable solvents. Management comments had not been received at the time of this report. The potential monetary impact is \$10.3 million annually. (OAIG-AUD 84-031)

• **Temporary Housing Costs for Enlisted Personnel During Barracks Renovation.** Changes in the policy and procedures for allowing temporary lodging allowance could save the Government over \$1.4 million per year. Giving personnel who are temporarily displaced from their barracks a quarters allowance was not practical. Savings could be achieved by discontinuing payment of temporary lodging allowance for all enlisted personnel stationed in Seoul who cannot be billeted on post.

Recommendations were made to immediately discontinue billeting personnel in hotels and to make any unused space in billeting facilities available to personnel from other subordinate commands within the Yongsan area. Management comments had not been received at the time of this report. The potential monetary impact is \$1.4 million. (OAIG-AUD 84-059)

SPECIAL AND QUICK REACTION REPORTS

• **Procurement of Helicopter Gearboxes.** The auditors identified a high-dollar-value helicopter part (speed decreaser gearbox) being manufactured by a subcontractor that should be purchased by the Navy directly from the manufacturer. If this part had been purchased directly from the

manufacturer and provided to the prime contractor as Government-furnished equipment (GFE) for three ongoing contracts, significant savings could have been achieved. Some savings can still be achieved since manufactured parts on one of the contracts have not been delivered to the prime contractor and production has only just begun on another contract. Also, based on Navy acquisition plans, additional savings of about \$2.7 million may be available on future planned procurements.

Recommendations were made to procure speed decreaser gearboxes on all future contracts for the SH-2F helicopter at the source of manufacture and to assess the practicality of modifying current contracts to provide the speed decreaser gearboxes as GFE. Management comments have not been received at this time. (OAIG-AUD 84-027)

• **Procurement Operations in the Pacific.** The Military Departments jointly contributed \$1.4 million and \$2.4 million in appropriated funds to operate the old and new Sanno U.S. Forces Center (Sanno Hotel) complexes in metropolitan Tokyo during FY 1982 and FY 1983, respectively. About \$1.3 million in appropriated fund support has been requested for FY 1984. Appropriated funds were used to pay for such expenses as travel of personnel, utilities, communications, refuse collection and disposal, vehicle rentals, maintenance of hotel facilities and security guard services. These funds augment annual nonappropriated fund income of \$2.6 million realized from room rentals, bar and restaurant sales, and fees from concessionaire operations (including barber, beauty, gift and flower shops). However, the hotel is operating at a deficit and requires substantial appropriated fund subsidies

to continue operations.

A recommendation was made to take immediate actions to make the new Sanno Hotel self-sufficient and return any unused portion of the \$1.3 million of appropriated fund support for FY 1984. Management agreed generally that appropriated fund support should be reduced but is considering a suitable period to review operations to evaluate adjustments relative to the level of appropriated fund support. (OAIG-AUD 84-029)

- **Health Care Procedures.** A review of health care procedures at headquarters of the Military Departments and at six military hospitals showed inefficiencies in procedures for granting privileges to health care providers, controls over emergency room functions, and supervision of physician assistants. The processes and procedures reviewed by the auditors are used by accrediting agencies as markers of the quality of care provided to patients. The reported deficiencies cannot, however, be equated with the actual quality of care delivered or be used as a basis to describe the prevalence of conditions throughout DoD. This review was made in conjunction with an ongoing 'DoD-wide Audit of Military Quality Assurance and Incident Reporting' to be completed in June 1984. (OAIG-AUD 84-045)

CURRENT STATUS OF SIGNIFICANT AUDIT RECOMMENDATIONS PREVIOUSLY REPORTED AS PENDING MANAGEMENT REVIEW AND CONCURRENCE

- **Procurement Workload**

Management at Selected Inventory Control Points. A review of procurement workload management at selected inventory control points in DoD showed that the DoD acquisition process needed improvement. In FY 1981, the DoD issued procurements valued in excess of \$95 billion. About 76,000 of the FY 1981 procurements were for purchases within the range of \$10,000 to \$25,000, which is considered the small purchase dollar threshold. The expanded use of small purchase procedures for these 76,000 procurements could have resulted in a reduction of the DoD procurement workload equivalent to 64 man-years of effort valued at \$972,000 annually.

The auditors recommended that the Under Secretary of Defense for Research and Engineering expand the use of small purchase procedures. The OAIG-AUD recommendation to increase the threshold for reporting small purchases from \$10,000 to \$25,000 was nullified by Public Law 98-72 which precludes management from using the higher threshold. (OAIG-AUD 83-078)

- **Engineering and Technical Services.** The Engineering and Technical Services (ETS) that could be performed by in-house technicians were obtained from contractors at higher costs. ETS includes advice, instruction and training in the installation, operation and maintenance of weapon systems, equipment and components. The auditors reviewed 350 man-years of contractor ETS during FY 1981 and found that \$10.3 million could have been saved if government technicians had provided the support. In addition, the auditors reviewed 421 man-years of ETS scheduled for contract in FY 1982 and found that savings of \$16.7 million could be realized by having government technicians provide the

support. The potential monetary impact totalled \$27 million annually. These conditions occurred because managers were not required to make economic analyses to determine if ETS should be provided by contractors or government technicians.

This report recommended changing directives and regulations on ETS to require an economic analysis for each task. An analysis would determine whether contractor or government technicians could provide the services more economically. Recommendations were also made to identify contract ETS that can be provided by government technicians and to convert the operations to in-house. Management concurred in most recommendations or submitted alternative actions that were considered responsive. Disputed items were referred to Audit Followup where they were resolved and where the agreed-upon corrective actions will be monitored for compliance. (OAIG-AUD 83-126)

- **Gold Alloy Dental Castings.** DoD centrally procured a premium quality dental gold alloy, whereas the Veterans Administration and private sector dentists have generally switched to less costly alloys. The Defense Medical Materiel Board had not established any low gold alloys as authorized items of dental supply. Gold was so scarce in the DoD inventory that its use as government-furnished materiel was essentially limited to dental requirements while contractors furnished gold for other requirements. DoD could have realized cost avoidances of about \$700,000 in FY 1980 had it centrally procured a lower content gold alloy for dental requirements. The auditors found that this savings could be realized annually. The gold conserved by this method could have been provided to contractors as

government- furnished materiel at costs which were significantly below market prices.

The recommendation was that the Chairman, Defense Medical Materiel Board (DMMB) authorize the more economical dental alloys for centralized procurement and stockage in the DoD dental programs. Management was in general agreement that low-gold dental alloys should be used where possible and noted that the DMMB and its Tri-Service Dental consultants have been and are continuously reviewing the most economical methods of standardizing and stocking low-gold requirements. Although management did not specifically state concurrence or nonconcurrence for each recommendation in the report, the action planned met the intent of the recommendations which was to improve the management of Government-furnished precious metals in the custody of subcontractors. (OAIG-AUD 83-058)

- **Use of Technical Data.** Technical data procured by DoD were not being used to obtain the most cost savings when buying high-dollar-value spares and repair parts. Five of the six systems reviewed had been in production for 5 or more years, but only 39 of the 340 high-dollar-value spares and repair parts were procured competitively. Restrictive procurement codes were assigned to many of the spares and repair parts included in the audit because sufficient technical data were not provided by the weapon systems contractors or the technical data were not used by procurement and supply management personnel. The auditors estimated that over \$2.1 million annually could have been saved on 18 items reviewed if technical data had been used to procure these items competitively.

Recommendations were directed to all three Services. Some were aimed at improving the use of technical data to reduce restrictions on competitive procurement. Some were aimed at improving both the procurement of technical data as well as controls over its receipt and acceptance. One recommendation was intended to eliminate duplication. Management agreed to all recommendations except the one concerning duplication. The resolution of this disputed item is dependent upon the outcome of a similar Air Force Audit Agency resolution case. (OAIG-AUD 83- 098)

POTENTIAL FRAUD CASES REFERRED TO INVESTIGATIVE ORGANIZATIONS

- **Contracting Practices.** During an audit of contracting practices at a Defense Agency, OAIG-AUD auditors noted five irregular contracting procedures that involved possible fraudulent activities; improper handling of proposals, restricted competition, inadequate negotiations, unjustified increases in fixed fees, and sole-source contracts not adequately justified. Of \$258 million in contracts reviewed, 75 percent was awarded to five contractors, while the remaining 25 percent was awarded to 36 other contractors. This case was referred to DCIS in December 1983. (OAIG-AUD)

- **Inventory Losses.** An OAIG-AUD audit of real maintenance material disclosed excessive inventory losses of government material at the shop store at an Air Force base. Routinely, high-pilferable and missing items were charged off to the preexpended material account.

At least \$128,000 was charged to the account by the shop store in FY 1983. This case was referred to DCIS in December 1983. (OAIG-AUD)

- **False Vouchers.** During an OAIG-AUD audit of imprest funds at a Defense Agency, the auditors noted possible false vouchers supporting payments of \$3,680. This case was referred to the DCIS in October 1983. (OAIG-AUD)

MILITARY SERVICE INTERNAL AUDIT ORGANIZATIONS

During this six month period the three Military Service audit organizations issued 1,209 reports. These reports identified \$606.6 million in potential monetary benefits. Management has fully concurred in \$185.6 million of these potential monetary benefits. The following sections highlight significant audit reports identifying instances of waste; opportunities for improving economy, efficiency and effectiveness; the current status of previously reported items that were pending management review and concurrence; and potential fraud cases referred for investigation.

INSTANCES OF WASTE

- **Updating Technical Publications.** Manuscripts for updating Army technical publications costing about \$5.6 million were being prepared unnecessarily. Personnel at two commodity commands were not using Army guidance that would have excluded some techni-

cal publications from being updated. The Army planned to spend about \$3.8 million to update technical publications for equipment that had passed its economic useful life and had no known problems with existing publications; in some cases repair parts were no longer available for the equipment. About \$246,800 could have been spent for minor changes that should not have been made. In addition, a new format that increased publication costs significantly was used in some cases where the format was not required.

Recommendations were made to direct commodity commands to consider circumstances that may preclude revising technical publications and to delete publications currently on contract when updating is not justified. Command agreed and stated that subordinate commands having responsibility for issuing technical publications have been directed to apply the prescribed criteria for determining whether a publication needs to be updated. The official command reply process, which will address the reasonableness of potential monetary benefits, has not been finalized. (AAA EC 84-2)

- **Industrial Stocks.** Army auditors determined that planned acquisitions of industrial stock should have been reduced by about \$16.2 million because excess stocks were already available or due in to Army ammunition plants. An additional \$2 million of excess industrial stocks should be used to reduce future acquisitions. This condition existed because production managers were not periodically analyzing the supply position of industrial stocks on preliminary work plans and forwarding the analyses to industrial stock managers for independent reviews. Unless this procedure is followed, the balance of industrial stocks excess to any

known requirements could increase.

Recommendations were made to ensure that preliminary work plans are periodically prepared and reviewed for all industrial stocks to determine if planned acquisitions could be reduced by available excess industrial stocks. Command agreed and stated that actions were being taken to reduce acquisitions. The official command reply process, which will address the reasonableness of potential monetary benefits, has not been finalized. (AAA MW 84-6)

- **Requirements and Contracts Specifications.** The Army could save \$1.4 million annually by accurately defining work requirements in contract specifications. For example, the requirement for peak-load electrical usage had been inflated resulting in payment of \$855,000 too much in peakload charges. Reduction in overstated peakload requirements for a newly added location could save about \$96,000 annually. Also, failure to assess the reasonableness of prices charged on a modification to a contract for trucking and railroad maintenance and repair resulted in excess charges of \$481,000.

Recommendations were made to use seasonal demand data for establishing the electrical contract requirements and specifications, and to modify the trucking and railroad maintenance and repair contract specifications to reflect accurate work requirements. Command agreed and stated that corrective actions would be initiated and that the railroad maintenance and repair contract had been cancelled. The official command reply process, which will address the reasonableness of potential monetary benefits, has not been finalized. (AAA WE 84- 2)

- **Recruitment and Retention Pay.** Recruitment and retention payments of up to \$845,000 were made annually by an Army medical department activity to civilian physicians although shortages did not exist for most physician specialists. A determination had not been made on whether or not significant recruitment or retention problems did exist. Further, the monetary amounts paid were the maximum allowable because no determination was made on whether a lesser amount would resolve any potential recruitment and retention problems. Also, over \$30,000 was paid to a physician who was not eligible to receive recruitment and retention pay, and over \$38,000 was not collected from physicians who resigned before completing their service agreements.

Recommendations were made to cancel service agreements for bonus payments and discontinue differential payments unless a significant recruitment or retention problem is identified and documented for specific physician specialty categories. Command agreed with respect to bonus payments but did not agree to discontinuing the differential payments stating that it was not within their power to discontinue the payments. The official command reply process, which will address the reasonableness of potential monetary benefits, has not been finalized. (AAA SW 84- 1)

- **Repair Requirements.** Supply managers at an Army commodity command could cancel repair programs costing about \$2.4 million by following automated supply system recommendations. Managers had initiated or continued repair programs for 14 secondary items although quantities on hand and due in were in excess of requirement objectives. Local policy guidance requires that supply

managers document reasons for deviating from recommended actions; however, supply managers could not provide acceptable reasons for the actions they had taken.

Recommendations were made to cancel or reduce the repair programs where the auditors' reviews showed that the programs were not needed and to direct supply managers to adhere to local policy guidance that requires justifying and documenting the reasons for taking supply actions that deviate from recommended actions in item management plans. Command agreed to cancel or reduce quantities on 11 of the programs and stated that it was too late to cut back 3 programs because they were completed. The official command reply process, which will address the reasonableness of potential monetary benefits, has not been finalized. (AAA EC 84- 2)

• **Accelerated Contract Payments.** The Navy Financial Information Processing Centers (FIPCs) unduly accelerated large contract payments (i.e., payments over \$.5 million) while delaying smaller payments. During 1981, the Department of Treasury had to borrow large amounts to meet the accelerated payments resulting in \$52 million in unnecessary interest costs. Conversely, if the condition of delaying smaller payments continues, the Prompt Payment Act of 1982 will allow vendors to assess the Navy interest charges of approximately \$30 million annually for late payments.

Recommendations were made to fully implement Treasury/NAVCOMPT cash management policies for paying contractor invoices and to establish a FIPC reporting system showing status of implementation at any time. Management concurred and has

either initiated or planned corrective action for each recommendation. Although unvalidated, the potential monetary impact is \$82,000,000. (NAVAUDSVC T10541)

• **Excess Missile Material.** Inventory managed by a Naval Plant Representative Office contained excess material valued at \$133 million. The excess items were for support of a missile program that had been cancelled over a year.

The recommendations were to review stock levels for line items applicable to subject program and to report excesses or dispose of items as appropriate. Management concurred and agreed to take corrective action to implement the recommendation. The potential monetary impact has not been determined. (NAVAUDSVC A01413L)

• **Replacement Parts.** The Aviation Supply Office (ASO), Philadelphia, PA, had not maintained all planned program requirements covering replacements for parts removed from inactive aircraft at the Military Aircraft Storage and Disposal Center, Davis-Monthan Air Force Base. Review disclosed that about \$4.0 million of a total of about \$45.3 million of these funded planned program requirements (called Davis-Monthan payback requirements) were invalid and should have been cancelled because the parts covered by the planned program requirements had already been requisitioned or the parts were no longer needed since the aircraft status had changed. Furthermore, the validity of an additional \$6.1 million of these planned program requirements was questionable because of the lack of adequate supporting documentation. The invalid funded planned program requirements overstated

material requirements and could cause unnecessary procurements if available assets fall below total requirements and purchases are made.

Recommendations were made to review and delete invalid requirements, to maintain planned program requirements by bureau control number and to retain appropriate documentation to support requirements. The command concurred and is taking immediate action to correct the problem. Command is also establishing a monthly reconciliation program to ensure file integrity. (NAVAUDSVC C24943)

• **Excess Material.** Inventories of Navy Stock Account and Appropriation Purchase Account material aboard ships are not maintained at authorized levels. Material onhand and on order valued at approximately \$24.7 million, including \$5 million of depot level repairables, is excess to authorized levels and should be cancelled or turned in to the nearest wholesale site for redistribution. Prompt turn-in of excesses by operating units will enhance the Navy's ability to provide supply support to other operating forces and improve fleet readiness.

Recommendations were made that the major command require the units to turn in unauthorized on-hand excesses, cancel outstanding requisitions of unauthorized material, and intensify monitoring efforts of turn-ins and cancellations of excess and unauthorized material. The command concurred and is taking corrective action. (NAVAUDSVC A40063)

• **Shuttle Bus Operation.** Marine Corps Base (MCB), Camp Pendleton, CA, on-base shuttle bus operation is not cost-effective and

duplicates most routes serviced by the North San Diego County Transit District. MCB could reduce annual operating costs by about \$253,000 by discontinuing the duplicative routes. A recommendation was made to conduct an in-depth study to determine the feasibility of public transportation providing the shuttle bus service. Command concurred and agreed to initiate the study. (NAVAUDSVC C12543L)

- **Unneeded Material Backorders.** Over \$1 million in materials (all or partial on-order quantities for 130 line items) at an air logistics center were not needed to support current or known depot repair requirements. Wasteful material ordering and backorder review practices in maintenance inventory centers and related production shops caused this condition. Backorder cancellation action, recommended by audit, resulted in a supply credit for 78 of the line items and a monetary benefit to the depot supply stock fund of over \$900,000.

Recommendations were made to review all material requisitions and special levels and to delete or cancel backordered items for quantities not needed to meet current or known requirements. A recommendation was also made to compare proposed requisitions to existing backorders to prevent duplication, reduce or cancel backorder requirements when shop work loads decrease and refrain from overordering material quantities or retaining unneeded backorder quantities. Management concurred and agreed to take recommended corrective actions. The potential monetary impact is over \$913,000. (AFAA 452-4-2)

- **War Readiness Spares Kits (WRSK).** An air logistics center

received five WRSKs, valued at over \$700,000, from an Air Force communications unit, but timely action was not taken to effect a return of the assets to the supply system. Untimely action and limited communication between the unit, the major command and the air logistics center caused the unsupported retention of the WRSKs containing assets needed elsewhere. Approximately \$76,000 had been expended or obligated on purchase requests to acquire assets already available in the WRSKs. Management requested and received disposition instructions from the item manager during the audit.

Recommendations were to provide master WRSK authorization listings for reconciliations and followup if listings are not received promptly and to establish followup procedures to determine status of WRSK requirements or pending actions. Management concurred and agreed to take the recommended corrective actions. The potential monetary impact is \$756,269. (AFAA 860-4-2)

OPPORTUNITIES FOR IMPROVING ECONOMY, EFFICIENCY AND EFFECTIVENESS

- **Railcar Utilization and Requirements.** An Army audit of railcar utilization showed that about \$2.1 million in maintenance costs could be saved by retiring a total of 908 flat and tank railcars 1 to 6 years earlier than planned. The shipping volume of petroleum, oil and lubricants had declined by 45 percent between September 30, 1978 and September 30, 1982, but the number of railcars had not changed significantly.

Recommendations were made to: update all portions of the railcar acquisition and retirement plans to reflect known railcar requirements, accelerate the retirement of tank and flat cars for which there is no foreseeable need, and develop data for use in evaluating railcar utilization and performing rail shipping trend analysis. Command agreed with all recommended actions except accelerating tank car retirements stating that it was their desire to retain excess tank cars in the event that unforeseen requirements develop. The official command reply process, which will address the reasonableness of potential monetary benefits, has not been finalized. (AAA NE 84-1)

- **Stock Fund Inventories.** A review at two major Army commands showed that an estimated annual holding cost of almost \$9 million would be incurred for maintaining current levels of excess materiel. Excess materiel constituted about 93 percent of total inventories at the two commands and was worth approximately \$63.6 million.

Recommendations were made to require cancellation actions on due-in quantities that exceed requirements and to emphasize the importance of timely reporting of excess materiel to the supply system. Command agreed and stated that a message had been sent to all major commands directing appropriate action to cancel due-in excesses. The official command reply process, which will address the reasonableness of potential monetary benefits, has not been finalized. (AAA HQ 84-200)

- **Corps of Engineers Managed Recreation Areas.** The Army could save at least \$1.2 million annually in operation and maintenance costs

by reducing the number of Corps of Engineers- managed recreation areas. Some areas could be leased to private enterprise, consolidated when usage was low or turned over to non-Federal public entities for management and operation. At the six projects reviewed, an estimated cost avoidance of \$907,000 in operation and maintenance costs could be achieved each year by turning over to private enterprise 12 (5 percent) of the most costly to manage parks. The auditors also concluded that as much as \$263,000 in additional operation and maintenance costs could be avoided each year by closing or consolidating areas with low usage at the six projects reviewed. Overall, an adequate and continuing program to reduce the number of Corps-managed recreation areas did not exist.

The auditors recommended that selected recreation areas be leased to private enterprise and non-Federal public entities and more areas be closed or consolidated. Command agreed and stated that areas for future closure or consolidation had been identified. The criteria for suitability of takeover by private enterprise were being formulated by district operations and real estate elements and will be forwarded to higher authority in the next few months. The official command reply process, which will address the reasonableness of potential monetary benefits, has not been finalized. (AAA SW 84-201)

• **Interest Rates.** Non-Federal public entities were not charged interest rates comparable to the Federal Government's cost of financing recreation construction at two cost-shared reservoir projects. The rates were too low because they were based on rates in effect years before recreation construction was started and before financing costs were in-

curred. As a result, the Federal Government could lose about \$22.3 million in interest income during the construction and 50-year payback periods.

The auditors recommended that equitable interest rates for payback of the non-Federal share of development costs be established. Command did not agree, stating that the Federal Government does not legally have the option to negotiate the contracts. The command reply process, which will address the reasonableness of potential monetary benefits, has not been finalized. (AAA SW 84-201)

• **Oil Analysis Program.** An audit of the Army Oil Analysis Program showed that about \$2.6 million of annual overhaul costs could have been avoided if installations and units had properly implemented and managed the program. The program is a maintenance management system designed to detect impending component failures through analytical evaluation of oil samples. Units often did not take oil samples within prescribed intervals or when components failed. Also, when samples were taken, they were often submitted late to the laboratory and the laboratory recommendations were frequently not followed.

The auditors' recommendations were designed to ensure effective participation from all the activities responsible for and involved in the Army Oil Analysis Program. Command agreed and stated that a draft revision to current procedures requires each installation with an oil analysis laboratory to have a full time monitor/coordinator. The official command reply process, which will address the reasonableness of potential monetary benefits, has not been finalized. (AAA MW 84-201)

• **Medical Equipment Management.** The Army's investment of about \$11.3 million in medical equipment was not adequately managed by an Army medical activity. Auditors identified excess, underused and unneeded equipment items worth \$769,000 that were not reported for redistribution. Site preparation was untimely, and equipment could not be installed when received. Items replaced by new equipment were not turned in, and justifications for new medical care support equipment were not adequate. High-priority requisitions were not reviewed by key personnel, due-in status files were not maintained and physical security was not sufficient to prevent undetected diversion of equipment.

The auditors recommended that actions be taken to strengthen controls over the accounting and management of medical equipment items. Command agreed and stated that revised guidance has been given to hand receipt holders regarding disposition of excesses and identification of shortages. The official command reply process, which will address the reasonableness of potential monetary benefits, has not been finalized. (AAA SW 84-1)

• **M261 Conversion Kits.** Active Army units were making very limited use of the 60,000 M261 conversion kits purchased from 1976 through 1979. The kit is a training device which permits the standard M16A1 rifle to use .22 caliber ammunition rather than the more expensive 5.56 millimeter ammunition. The kits were to provide the Army an effective and inexpensive means of conducting marksmanship training. After testing at two Army schools it was concluded that the usefulness of the kits was limited to Reserve and National

Guard Components for marksmanship training and to active Army units that have limited access to range facilities suitable for high-powered rifle firing. As a result, the Army has not realized the estimated annual savings of about \$13 million used to justify the investment of \$5.8 million to acquire the kits.

Recommendations were made to redistribute the kits to units that have a need and to evaluate the possibility of modifying the kits so additional uses can be made of them. Command agreed and stated that the Infantry School was developing a major evaluation of M16A1 rifle marksmanship effectiveness. The official command reply process, which will address the reasonableness of potential monetary benefits, has not been finalized. (AAA SW 84-3)

• **Duplicate Payments.** The Navy had not identified or corrected 183 duplicate payments valued at \$1.9 million. During 1981, the Navy Financial Information Processing Centers (FIPCs) had processed 2,454 payments totalling \$15.9 million which were suspected to be duplicates of other payments. The invoices paid twice had been submitted on inappropriate billing documents, and the computer program used by FIPCs to identify suspected duplicate payments had identified only about one-fourth of the actual duplicate invoices presented for payment.

Recommendations were made to reject contractor invoices which are not originals and to enhance automated methods for identifying duplicate contract payments. Also, a recommendation was made to make collection of confirmed duplicate payments. Management concurred and planned corrective action. (NAVAUDSVC T10541)

• **Recruitment Program.**

Auditors found that the Navy could reduce recruiting costs about \$1.3 million annually by expanding the Hometown Area Recruiting Program and cancelling the Recruiting Assistance Program. The latter had been suspended periodically because of insufficient travel funds but a review of options available showed that the Hometown Area Recruiting Program, a volunteer non-cost program, could be used to fully satisfy the Navy's recruiting needs.

Recommendations were made to allow greater use of permissive travel orders to meet recruiting needs. Management agreed and initiated action to curtail the Recruiting Assistance Program. The potential monetary impact is \$1.3 million. (NAVAUDSVC T40432)

• **Ship Overhaul Contract Cost.**

Contract cost growth for ship overhauls was caused by inadequately defined repair work packages. By analyzing growth (average 40 percent) within the scope of a contract and growth related to the identification of new work requirements, the efficiency of succeeding ship overhauls could be improved.

Recommendations were made to accumulate, analyze and incorporate growth within contract scope and new work data into the planning process for succeeding ship overhauls. Management concurred with the recommendations and has initiated corrective action. The potential monetary impact has not been determined. (NAVAUDSVC T30342)

• **Invalid Due-Ins.** Aviation Supply Office (ASO) did not always remove due-ins from the Due-in/Due-out File (DDF) when procurement actions were terminat-

ed. The DDF contained about \$13.2 million of due-in material from procurements that had been terminated up to 9 months before the review. The cause of this condition was the lack of controls to ensure that terminations made by teletype were followed up by the issuance of contract modification forms, and the DDF updated. Invalid due-ins can impact adversely on supply management decisions by distorting stock availability data.

A recommendation was made that ASO establish controls that would ensure that contract modifications are issued and processed for all teletype terminations and that contract modifications for terminated purchases are posted to the DDF. Command concurred and will modify a local instruction to implement the controls. The potential monetary benefit has not been determined. (NAVAUDSVC C24913)

• **Nonrecurring Research, Development, Test and Evaluation (RDT&E) and Production Costs.**

The Saudi Arabian government has not been charged its pro rata share of nonrecurring RDT&E and production costs related to two weapon systems and a sonar. These systems were provided under Foreign Military Sales. The Naval Sea Systems Command Saudi Naval Expansion Program Office did not forward these costs to Chief of Naval Education and Training, the Case Administration Office, for appropriate billing.

A recommendation was made to the Chief of Naval Material that these nonrecurring RDT&E and production costs be charged to Saudi Arabia. Command concurred and is taking corrective action. The potential monetary benefit is about \$2.0 million. (NAVAUDSVC S30193)

• **Purchase Request Cancellation.** An air logistics center had not cancelled or reduced purchase request buy quantities of \$6.1 million for four line items (applicable to the F-16 weapon system). The purchase requests were identified for termination during requirements computations but were not cancelled because item managers were influenced by an Acquisition Division letter directing them to defer contract termination for various future Air Force and foreign military sales program requirements. Management took action to cancel the contract and purchase requests during the audit. No further recommendations were made. The potential monetary impact is \$6,131,917. (AFAA 435-4-1)

• **Backorder Excesses.** Maintenance personnel at an air logistics center had requisitioned over \$1.3 million in unnecessary materials for support of maintenance inventory centers and production shops. The materials were on backorder and were excess to requirements. The backordered excesses were caused by placing requisitions without consideration of existing backorders or on-hand assets, not verifying backorder currency or validity, and a lack of knowledge of correct supply procedures. Management cancelled or reduced a total of approximately \$1.4 million in unnecessary backorders during the audit.

The recommendations were to review and validate all backorders, reduce all remaining excess backorders, provide supply training to personnel and maintain knowledge of existing asset positions. Management concurred and agreed to take the recommended corrective actions. The potential monetary impact is \$1.4 million. (AFAA 875-4-3)

• **Flight Test Billings.** An Air Force installation had not correctly

billed European Participating Governments (EPGs) for costs relating to the Penguin Flight Test Project. The EPGs were billed at the DoD rate rather than the all cost inclusive foreign military sales (FMS) rate. This caused the installation to absorb over \$1.1 million of the project costs.

Recommendations were made to correct the reimbursement rate, recoup unbilled costs and properly identify FMS programs in program introduction documents. Management concurred and agreed to take the recommended corrective actions. The potential monetary impact is \$1,108,055. (AFAA 420-4-2)

• **Scope Exchange Program.** A major command's overall direction, planning and procurement practices (for replacing 100 antiquated leased telephone systems under the SCOPE EXCHANGE program) did not ensure the most cost-effective replacement of leased systems. The major command did not plan or program purchase funds in any program year, although an economic analysis indicated over \$5.3 million in operation and maintenance funds could be saved annually. Also, the major command's practice of using separate rather than consolidated procurement actions for SCOPE EXCHANGE equipment replacements could result in approximately \$20 million in unnecessary contracting and administrative costs over the 10-year life of the program.

Recommendations were made to defer replacement of telephone systems pending determination of fund availability for outright equipment purchases, to include the most cost-effective purchase method in procurement strategy and to consolidate equipment acquisitions. Management concurred but was not fully responsive, as no action

was indicated for determining funds availability or consolidating acquisitions. The potential monetary impact is \$25,380,000 (subject to resolution of disagreements). (AFAA 2140110)

• **Component Breakout Program.** Establishment of a component breakout program for the KC-135 aircraft, CFM56 reengine modification could produce cost reductions of approximately \$40 million during fiscal years 1984 through 1989. An air logistics center had not initiated an effective component breakout program for the KC-135 aircraft, CFM56 reengine modification. A breakout review committee was not established and breakout of reengining kit components was not pursued beyond the major command directed breakout. Management did not believe that personnel would be available to manage additional acquisition efforts resulting from breakout.

Recommendations were made to implement a component breakout program including convening of a review committee, performing and documenting semiannual breakout reviews and evaluating and adjusting manpower requirements to support breakout efforts. Management concurred and agreed to take appropriate corrective actions. Management agreed with \$31.5 million of the identified \$40 million potential monetary benefit. Specifically excluded was any monetary benefit associated with the fiscal year 1984 buy because full implementation of the breakout program would not commence until the fiscal year 1985 buy. The auditors agreed, and considered the revised potential monetary benefit amount a reasonable estimate. The potential monetary impact is \$31.5 million. (AFAA 3040394)

• **R-5/R-9 Tank Trucks and Hydrant Systems.** The number of R-5/R-9 tank trucks required by one major command to accomplish the refueling mission could be reduced by approximately 11 vehicles (over \$1.1 million) if hydrant utilization were increased. Hydrant utilization ranged from 2 to 49 percent with a command average of 27 percent. The major command advocated increased hydrant use, but indicated maintenance emphasis was needed to increase hydrant use.

A recommendation was made to increase emphasis on hydrant use and, if appropriate, reduce the size of the refueling fleet. Management concurred and agreed to review hydrant utilization rates for potential increased use and overall cost savings. The potential monetary impact is \$1,155,000. (AFAA 840-4-6)

• **Material Handling Equipment.** Authorized and assigned Air Logistics and Aerial Port Type Materiel Handling Equipment (463L) at an Air Force installation was excess to operational and maximum wartime tasking requirements. A total of nine 463L vehicles with a net value of \$1,055,163, were excess. In addition, pallet and net requirements were overstated by 402 pallets and 1,050 nets. The total value of the overstated pallets and nets was more than \$430,000. The excess in vehicles occurred because authorizations were set at maximum allowable quantities rather than the minimum essential based on usage or wartime requirements and consideration was not given to usage during annual review and revalidation. The overstatement of pallets and nets occurred because operating personnel did not understand applicable directive guidance and did not receive requested assistance

or clarification from higher headquarters.

Recommendations were made to compare vehicle utilization rates to Air Force standards and wartime needs, obtain the latest Air Force requirement for 463L vehicles and to delete or add authorizations to attain prescribed levels, determine the most stringent contingency and operational requirements for pallets and nets, and use unneeded contingency items to satisfy operational requirements. Management concurred and agreed to take recommended corrective actions. The potential monetary impact is \$1,487,443. (AFAA 468-4-4)

• **Missile Container Development and Production.** An Air Force Test and Development Center could reduce the overall cost to the Advanced Medium Range Air-to-Air Missile (AMRAAM) Program through component breakout of the AMRAAM all-up-round missile container. Management did not breakout the missile containers for competitive procurement or development (competitive development of the container could have reduced development costs by about \$500,000). Containers were not broken-out for competition in the current contract to ensure the prime contractor for the AMRAAM meets responsibilities to correct deficiencies in the system. The auditor's recommendations were to limit procurement of containers to the number needed for the storage verification program and develop the containers through competitive procurement. Management concurred and agreed to competitively procure the remaining containers. The potential monetary impact is \$4.2 million and could be as much as \$8.0 million during the life of the program. (AFAA 820-4-19)

CURRENT STATUS OF SIGNIFICANT AUDIT RECOMMENDATIONS PREVIOUSLY REPORTED AS PENDING MANAGEMENT REVIEW AND CONCURRENCE

• **Contractor Stocks of Government Furnished Material.** An estimated \$12.3 million of government-furnished material was excess to current contract requirements at three contractor plants. The excess was created because Army supply sources sent more material to the contractors than was required and contractors and Army managers did not consider on hand residual government-furnished material when ordering requirements for new contracts. Neither contractor nor Army property surveys adequately identified excess government-furnished material. The excess material represented an unnecessary Army investment, and because the excess had not been identified, it was not used to satisfy other Army needs for the items.

The auditors recommended that actions be initiated to identify, report and eliminate excess government-furnished material from contractor plants and to prevent excess on future contracts. Command agreed and stated that correspondence would be issued to all Army contracting activities reemphasizing the need for precision in furnishing material to contractors, maintenance of records by contract, discipline in property surveys and attention to these matters at all levels of acquisition management.

Command agreed with the findings, recommendations and potential monetary benefits of \$12.3 million (AAA EC 83-605)

• **Coal Deliveries and Payments.** A contractor diverted 21,590 metric tons of American-mined coal intended for delivery to U.S. Forces in Europe, sold the coal to German companies and apparently replaced it with European-mined coal to meet the contract quantity provision. As a result, the Army paid about \$1.8 million of transportation and handling costs for American-mined coal not delivered to U.S. Forces.

Command neither agreed nor disagreed at the time of the audit. Command has since agreed with the finding and recommendation. Recoupment efforts are being made through Army and German legal channels. Potential monetary benefits could not be determined. (AAA EU 83-707)

• **Facility Repair Projects.** Master plans identifying existing facilities which must be demolished to accommodate new construction were not adequately developed at an overseas Army facility engineer activity. As a result, repair projects were scheduled for facilities which were to be demolished. Auditors reviewed the projects on the command priority list dated September 21, 1983, for the 12 Army installations serviced by the facilities engineer activity. The review showed that 31 of 383 facilities scheduled for repair were also being considered for demolition to accommodate new construction. Repair of the 31 facilities was estimated to cost about \$600,000.

The auditors recommended a review of master plans to ensure that repairs are not programmed for facilities scheduled for demolition and cancel programmed repair projects which are scheduled for demolition. Command agreed and stated that appropriate projects were cancelled and a completed reorganization of the Facilities Engineer Activity will aid in eliminating future programming problems. Command agreed with the findings and recommendations and potential monetary benefits of \$1.391 million. (AAA WE 83-13)

• **Control of Float Equipment.** Field units within two major Army commands had at least \$5.2 million worth of maintenance float equipment on hand which was either not authorized to be used as float or was in excess of authorized float retention levels. Maintenance float is equipment that is stocked at maintenance activities for use by operating forces that return unserviceable equipment for repair or overhaul. The use of maintenance float is designed to keep the operating forces ready to perform their missions. There are two types of maintenance float - operational readiness float and repair cycle float. Operational readiness float is normally controlled by direct support units for issue to operational units when repairs to unserviceable equipment cannot be made within prescribed time frames. Repair cycle float is held by the depots for issue to operational units to replace equipment evacuated to the depots for overhaul. Unauthorized float equipment was fielded because item managers at commodity commands did not properly screen requisitions received for float

equipment. Another contributing factor was the accuracy of reports used at the major command level to monitor maintenance float requirements. The equipment quantities in these reports were inaccurate when compared to official Army inventory data for major items of equipment. The retention of unauthorized float equipment at field units prevented other higher priority requirements for the equipment from being satisfied. At two commodity commands, Army auditors identified 101 requisitions for equipment, valued at about \$2.7 million, that could have been filled from the authorized float equipment in the field.

Recommendations were made to initiate appropriate supply actions to identify and redistribute all unauthorized float equipment. Command agreed and stated that appropriate supply actions had been taken on all line items identified by the audit. Command agreed with the finding, recommendations and potential monetary benefits of \$5.2 million. (AAA NE 83-203)

• **Operational Readiness Float.** Army methodology used to identify equipment requiring operational readiness float support was not effective. A major policy change by the Department of the Army during fiscal year 1981 was intended to provide float support only to equipment that significantly contributed to combat capability. An audit showed, however, that the review conducted to determine which items would continue to receive float support was not effective because (1) the commodity commands were not provided adequate guidance for identifying items requiring main-

tenance float, (2) the command did not place sufficient priority on performing a complete and accurate review, and (3) there was no coordination with equipment users to determine the impact of withdrawing float support. As a result, equipment that did not contribute to combat capability was authorized float support while other equipment that did contribute to combat capability was not authorized maintenance float support. In addition, the commodity commands were not directed to adjust acquisition plans for equipment no longer authorized float. At the time of the audit, at least \$317.3 million in float assets were to be acquired during fiscal years 1983 through 1988 for items of equipment that were no longer authorized float support.

The auditors recommended the revision of the guidance for and refinement of the reviews needed to identify equipment which should be authorized maintenance float. The auditors also recommended amendment of acquisition planning to delete those items no longer authorized for float. At the time of the audit, command agreed with the findings and stated that appropriate action would be taken on the recommendations. Management actions subsequent to the audit have made potential monetary benefits undeterminable. (AAA NE 83-203)

- **Equipment Requirements.** An audit of the Army's Air Traffic Control Program concluded that requirements for radar equipment at 18 Army airfields could be satisfied at a net savings of about \$63.3 million if existing radar equipment was upgraded instead of being replaced by new equipment. Elimination of proposed air traffic control radar systems and equipment for which requirements were not adequately justified would reduce

budget requests for fiscal years 1984 through 1988 by an additional \$30.6 million.

Recommendations were to delete fund requests for separate surveillance and precision approach radar systems and request funds to upgrade the existing radar system at those airfields which cannot fully justify the need for the new equipment. Although command did not agree, their action taken in developing the 10 year plan and in upgrading existing equipment rather than acquiring new equipment satisfied the intent of the recommendations. Command has since generally agreed with the intent of the recommendations and with potential monetary benefits of \$6,378,404. (AAA WE 83-206)

- **Managing Excess and Inactive Inventories.** A Naval shipyard had a \$24.4 million shop stores inventory of which \$9.2 million, or 37 percent, was categorized as either excess or inactive. Disposition actions were planned at a level of about \$2 million a year. Based on the projected rate of disposal it would take 4 years to remove this material from inventory assuming excesses do not increase. Untimely return of excess material could cause unnecessary procurements and increase the possibility that the excess material will become obsolete or excess to supply system needs. This condition occurred because management was not making comprehensive reviews of the shop stores inventory.

A recommendation was made to determine the actual amount of excess, inactive and obsolete shop stores material and dispose of this material in a timely manner. Management concurred and agreed to identify and process excess shop stores items. From October 1982 to September 1983, command identi-

fied \$2,966,000 in excess material and returned it to the supply system and/or defense property disposal. (NAVAUDSVC C22662L)

POTENTIAL FRAUD CASES REFERRED TO INVESTIGATIVE ORGANIZATIONS

- **Travel Voucher Fraud.** An Army Audit Agency multilocation audit of U.S. Army Corps of Engineers TDY travel vouchers revealed numerous suspicious vouchers. The questionable vouchers were referred to the CID in November 1983. As a result of the CID investigation, some of the vouchers were found to be fraudulent. (AAA)

- **Theft.** The Naval Audit Service conducted an audit of the Naval Air Station Atlanta Unaccompanied Personnel Housing (UPH) Funds for the period October 1980 through November 1982. Even though the audit was limited due to the absence of UPH records to substantiate financial transactions, an apparent loss between \$8,700 and \$10,300 was uncovered. The audit also found several instances of apparent fraud identified to specific persons. The case was referred to the NIS in August 1983. (NAVAUDSVC)

INTERNAL AUDIT RESOLUTION AND FOLLOWUP

The overall objectives of the DoD audit followup program are (1) prompt, proper resolution of disputed audit findings or recommendations, plus (2) thorough tracking of all agreed-upon auditors' suggestions for savings or management improvements to ensure they are carried out. During the reporting

period, the DoD components continued to improve their followup systems by issuing implementing instructions for DoD Directive 7650.3, 'Followup on General Accounting Office, Internal Audit and Internal Review Reports.' That basic policy document was published in June 1983. The Naval Audit Service and Air Force Audit

Agency issued reports on their respective services' followup systems. The OAIG-AUD issued a draft report on the OIG, DoD followup system. The Army Audit Agency completed its review of the Army system and planned to publish a final report in June 1984.

This is the first Inspector General Semiannual Report to the Congress

reflecting the followup status of Air Force commanders audit program reports. This achieves full followup reporting coverage of all DoD internal audits.

Table 3 is a summary of internal audit resolution activity. Table 4 provides a summary of internal audit followup activity.

TABLE 3
SUMMARY OF INTERNAL AUDIT RESOLUTION ACTIVITY

6-Month Period Ending March 31, 1984

	Reports	Recommendations	Monetary Benefits (\$ in Millions)
Office of Inspector General, DoD			
Unresolved Beginning of Period	2	5	\$ 40.7
Elevated During Period	6	13	0.0
Resolved During Period	5	13	40.7
Unresolved End of Period	3	5	0.0
Military Departments¹			
Unresolved Beginning of Period	96	257	454.9
Elevated During Period	170	442	124.5
Resolved During Period	160	414	14.7
Unresolved End of Period	106	285	19.6
Totals			
Unresolved Beginning of Period	98	262	495.6
Elevated During Period	176	455	124.5
Resolved During Period	165	427	55.4
Unresolved End of Period	109	290	19.6

¹Preliminary data.

Unresolved Findings and Recommendations Over 6-Months Old

Naval Audit Service Report Number A41512, Supervisor of Shipbuilding, Conversion and Repair, USN, September 30, 1983.

Finding:

SUPSHIP used SCN funds to procure an excess shore spare costing \$1,891,500 for the SSN 688 class submarines. The NAVSEASYS COM purchase request cited "major valve changeout and refurbishment under the SSN 688, Shore Spare Program," which indicates that the spare was justified as a maintenance item and not as an insurance asset. Also, the spare was the second purchased for the program, which exceeded NAVCOMPT general guidelines that only one spare should be purchased (using SCN) when 50 or less installations are planned. Since the acquisition exceeded the established criteria, use of FY 1981 SCN vice OPN funds to finance the purchase is contrary to NAVCOMPT Manual and results in an apparent violation of Section 3678, Revised Statutes which requires adjustment.

Recommendations:

SUPSHIP determine if all shore spares procured under BOA N00024-82-G-2083 qualify for OPN funding and correct improper charges made to the FY 1981 SCN appropriation as provided by NAVCOMPT Manual, paras. 075200-3 and 074440.

SUPSHIP conduct an investigation to determine if a violation of Section 3679, R.S. has occurred and, if so, submit the appropriate reports as required by NAVCOMPT Manual, para. 032011.

Management Position:

The use of the SCN appropriation for these spares is dependent on the nature of the equipment, not the number of spares required. Given that the spares were provided for emergency use and the equipment was the first of its kind in the shipbuilding program, NAVCOMPT concludes that the spares were properly funded within the SCN appropriation and a violation of Section 3678, R.S. did not occur.

INTERNAL REVIEW

The internal review function in the Army, Navy and Marine Corps augments a commander's ability to detect problem areas and to respond immediately to warning indicators, particularly in the areas of expenditure of funds, use of resources, and control of property, material and supplies. In addition to performing internal reviews of local activities, functions and programs, the Internal Review Groups serve as the Commander's trouble shooters performing rapid and limited reviews as problems arise; assisting in the local Command vulnerability assessment and internal control reviews, acting as audit liaison for internal audits made by others and performing audit followup on all audit recommendations. The Air Force does not use this approach and instead the direct audit needs of local commanders are met by the AFAA.

During the reporting period, the internal review groups issued 7,930 reports on reviews conducted in the functional and program areas shown in Table 2. These reports contained recommendations which could result in monetary benefits totalling about \$61.7 million, and represents a 51 percent increase in potential savings identified in the prior period.

SIGNIFICANT INTERNAL REVIEWS

The following are examples of significant internal review activities:

- **Contract Administration.** An internal review of stevadoring contractual services examining various deficiencies in areas of personnel movement, work assignments/schedules and billing proce-

Reports Processed	Reports	Findings	Recommendations	Estimated Value² (\$ in Millions)
OAIG-AUD				
Open Beginning of Period	174	396	933	\$ 713.3
Received During Period	37	92	287	170.9
Closed During Period	22	69	238	441.9
Open End of Period	189	419	982	442.3
Military Departments¹				
Open Beginning of Period	1,053	2,654	4,266	779.6
Received During Period	1,348	5,246	8,082	611.9
Closed During Period	1,164	4,976	7,541	169.9
Open End of Period	1,237	2,924	4,807	553.8
Summary				
Open Beginning of Period	1,227	3,050	5,199	1,492.9
Received During Period	1,385	5,338	8,369	782.8
Closed During Period	1,186	5,045	7,779	611.8
Open End of Period	1,426	3,343	5,789	996.1

¹Preliminary Data.

²Figures in this column reflect reestimates of monetary benefits made as the agreed-upon corrective actions are carried out and are tracked to completion in the audit followup system.

dures. A determination was made that frequent turn-over of personnel contributed towards an unrestrained increase in the manning level of approximately 85 percent in FY 1983 compared to FY 1982 resulting in increased contract and transportation costs. Improper work assignments resulted in almost unrestricted overtime use and increased contract costs.

Recommendations were made to establish adequate internal control and administrate contract personnel turn-over, work assignments and control of overtime usage. Management concurred and an internal control program was initiated to reduce costs. Contract cost of \$1,052,000 for a 4-month period (November 1983 - February 1984) was reduced to \$497,000 during the next 4-month period, saving \$555,000. Control of personnel movement resulted in savings of approximately \$79,000 in transportation costs. Actual cost reduction/savings for both contract and transportation costs totalled \$634,000. (NIR)

- **Ceremonial Guard.** An internal review was conducted of the imprest and recreational funds and the inventory management system of a Navy Ceremonial Guard. The Ceremonial Guard purchases bulk uniform items through normal supply channels with budgeted funds. Bulk purchases were retained by the unit and sold individually. Ceremonial Guard personnel were then required to purchase individual uniform replacement items for cash, and the funds were put in an imprest fund. The Ceremonial Guard also installed several vending machines and the commissions from the machines went into the recreational fund. Thus, the Ceremonial Guard competed with the Navy Exchange in violation of current directives. The Ceremonial Guard also lacked any type of effective inventory management system and the associated controls for material security and accountability. There were no instructions or written guidance on how the Ceremonial Guard should manage and account for requisitioned material.

Recommendations were made to eliminate the unauthorized funds and establish written procedures that will ensure an effective inventory control and accountability system. Command concurred and has taken corrective action. (NIR)

INTERNAL REVIEW FOLLOWUP

The Army, Navy and Defense Logistics Agency Internal Review Organizations generally take the lead in followup on their own reports. Followup activity during the reporting period was as shown in Table 5.

MILITARY EXCHANGE SYSTEMS AUDIT

The Army and Air Force Exchange Service (AAFES) Audit Division develops, formulates and implements audit plans, policies, and programs and supervises and coordinates audits designed to promote economy, efficiency and effectiveness and to prevent and detect fraud and abuse in programs and operations. The Division coordinates actions and monitors AAFES replies to external audit matters. The AAFES Board of Directors monitors the internal audit program through an Audit Committee which has direct communication with the Director of the Audit Division.

Military exchange systems audits for the Navy and Marine Corps are performed by auditors of the respective Field Inspection Division of the Naval Resale and Services Support Office and the Marine Corps Exchange System. Most recommendations during this reporting period were made to correct deficiencies in systems, proce-

	6-Month Period Ending March 31, 1984			
	Reports	Findings	Recommendations	Monetary Benefits ² (\$ in Millions)
Open Beginning of Period	2,193	6,790	9,960	\$ 15.8
Referred to Followup System	8,292	17,558	21,397	46.5
Closed During Period	8,237	16,907	20,985	21.6
Open End of Period	2,248	7,441	10,372	42.7

¹Preliminary Data.

²Figures in this column reflect reestimates of monetary benefits made as the agreed-upon corrective actions are carried out and are tracked to completion in the audit followup system.

dures and controls which could lead to potential exchange losses, or to implement controls where fraud had occurred because of system breakdowns.

During the reporting period, the Military Exchange Systems' audit organizations issued 56 reports as shown in Table 2. The audit reports contained recommendations which could result in monetary benefits of approximately \$356,000, largely in future cost avoidances.

MILITARY EXCHANGE SYSTEMS AUDIT FOLLOWUP

Each of the three military exchange systems manages its own audit followup system.

Overall responsibility for resolution and followup on Army and Air Force Exchange Service (AAFES) reports is vested in the Deputy Commander, the senior resolution official to adjudicate disagreements not resolved at lower levels. The followup system is managed centrally at AAFES headquarters by the AAFES audit division using a manual system to track each report

recommendation. Status updates are provided by AAFES management personnel in response to formal status inquiries prepared by the audit division and signed by the Deputy Commander. On-site followup is accomplished by AAFES auditors on selected, significant issues and routinely, during subsequent cyclic audits.

Recommendations in Navy Resale and Service Support Office (NAVRESSO) audit reports are tracked centrally using an automated followup system maintained by the exchange office's management focal point at the headquarters level. Status is updated quarterly. On-site validation of management's corrective actions is accomplished by exchange auditors during subsequent scheduled audits. Disputed issues not resolved at lower levels are resolved by the NAVRESSO Commander.

Marine Corps exchanges are audited every 6 months by this exchange system's audit staff. Due to this frequency, on-site followup to verify management's corrective actions is routinely accomplished by exchange auditors during the next scheduled audit. Disagreements not

resolved at lower levels are resolved by the Director, Facilities and Services Division, Office of Deputy Chief of Staff (Installations and Logistics). Table 6 provides a summary of Military Exchange Systems Audit followup activity.

GAO REPORT ANALYSIS AND FOLLOWUP

For GAO reports, the objective is to ensure that DoD responses to GAO reports are fully staffed and timely, and that DoD realizes the maximum possible benefits from GAO's findings and recommendations.

The OIG, DoD provides clear guidance to the DoD components and authorizes fully responsive and well-founded replies to GAO reports. Office of the Secretary of Defense (OSD) managers are responsible for taking clear positions on all reports and implementing agreed-to corrective actions. Special emphasis is placed on GAO findings to focus attention on the underlying problems. The OSD managers must suggest alternative remedies in those cases in which they agree with the GAO findings and/or conclusions, but disagree with the specific corrective action recommended. Audit and investigative staffs are requested to followup on GAO report matters when there is implication of fraud or wrongdoing, but complete facts are not yet known.

From October 1, 1983 through March 31, 1984, the DoD received 178 survey announcements, 66 draft reports and 114 final reports from the GAO. Table 7 provides a summary of GAO followup activity.

TABLE 6
SUMMARY OF MILITARY EXCHANGE SYSTEMS AUDIT FOLLOWUP ACTIVITY

6-Month Period Ending March 31, 1984¹

	Reports	Findings	Recommendations	Monetary Benefits ² (\$ in Millions)
Open Beginning of Period	70	1,017	2,326	\$ 3.9
Referred to Followup System	51	505	1,022	0.2
Closed During Period	43	437	636	0.6
Open End of Period	78	1,085	2,712	3.2

¹Preliminary Data.

²Figures in this column reflect reestimates of monetary benefits made as the agreed-upon corrective actions are carried out and are tracked to completion in the audit followup system.

TABLE 7
Summary of GAO Followup Activity

Reports Processed	Reports	Findings	Recommendations	Estimated ¹ Value (\$ in Millions)
General Accounting Office				
Open Beginning of Period	201	351	534	\$7,412.6
Referred to Followup System	85	101	84	108.1
Closed During Period	90	83	132	54.9
Open End of Period	196	369	486	7,465.8

¹Figures in this column reflect reestimates of monetary benefits made as the agreed-upon corrective actions are carried out and are tracked to completion in the audit followup system.

AUDIT POLICY AND OVERSIGHT, OIG DOD

The Office of the Assistant Inspector General for Audit Policy and Oversight (OAIG-APO) is responsible for establishing and ensuring implementation of Internal and Contract Audit Policy within DoD. This office also has oversight responsibility for all DoD audit organizations. Significant accomplishments of the OAIG-APO are highlighted as follows.

POLICY

Descriptions of several of the initiatives undertaken to improve audit policy during the reporting period follows.

- A complete rewrite of DoD Directive 7600.2 was drafted and staffed to provide improved and expanded policy guidance for all DoD audit organizations. In addition, the new Directive implemented changes to the Office of Management and Budget Cir-

cular A-73 and the Comptroller General's auditing standards and upgraded the audit role of DoD internal review organizations.

- DoD Directive 7600.7 was issued in October 1983, to authorize the publication of a DoD Internal Audit Manual. The purpose of this Manual will be to promote the use of uniform auditing standards, policies and procedures. This will provide a more consistent basis for improving and measuring the quality and effectiveness of DoD audit organizations. The initial Manual chapters are under development in coordination with members of the DoD Internal Audit Advisory Group.
- A "Directory of Internal Audit Programs" was published in October 1983, to facilitate the interchange of audit programs between DoD audit organizations.
- A DoD Microcomputer Users Group was established in February 1984 to promote the effective use of microcomputers in audits and investigations. In addition to providing a forum for sharing information on the application of microcomputers, the Group will establish an inventory of successful microcomputer applications and assist in developing standards for using microcomputers for audits and investigations.
- Three audit policy memoranda were published on coordination between internal and contract auditors; contract auditors participation in 'Should Cost' studies; and the performance of program reviews by internal auditors.

- Staff members participated in a DoD-wide study to determine whether the dollar threshold for mandatory audits of contractors' pricing proposals should be lowered. The current threshold is \$500,000.
- Comments were provided to the Defense Acquisition Regulation (DAR) Council on proposed revisions to the contract cost principles dealing with goodwill and lobbying costs. A separate DAR case was established to accommodate our suggestions on the revisions dealing with goodwill.

OVERSIGHT INTERNAL AUDIT

Five reports were issued on the results of oversight reviews of internal audit organizations:

- **Compliance of Audit Reports with General Accounting Office Standards (DoD-wide)**
Improvements were needed in presentation and contents of audit reports issued by the DoD central internal audit organizations. Accordingly, recommendations were made that (i) audit organizations' instructions be revised to require complete and accurate reporting with respect to audit entity, purpose of audit, summary evaluation, audit approach and criteria, (ii) several actions be taken to assure compliance with instructions on report preparation and review, and (iii) procedures be established or strengthened for making post-issuance quality assurance reviews to determine need for further improvements in the quality of audit reports.

- **Timeliness of Processing Audit Reports (Army Audit Agency)**

Overall, procedures and controls were adequate and functioning effectively. However, time standards needed to be established for major milestone events between the initial date of a draft report and when the report should be received in Agency Headquarters for final review and approval. Recommendations were made that these time standards be established.

- **Quality Control Programs (DoD-wide)**

Quality control policies and procedures of all internal audit organizations required improvement and an overall internal audit peer review program needed to be established within DoD. Recommendations were made to (i) implement quality control program standards issued by the Institute of Internal Auditors and the President's Council on Integrity and Efficiency, (ii) develop policy guidance on quality control review programs for inclusion in the DoD Internal Audit Manual, and (iii) develop standard review guides for performing external quality control reviews of DoD internal audit organizations.

- **Audit Planning and Programming (DoD-wide)**

Many weaknesses and inconsistencies existed in the planning and programming methods used by the central internal audit organizations. Significant problems were noted in inventories of auditable entities, annual audit programs, and

long-range planning. Recommendations were made on how to address these individual problems in the DoD Internal Audit Policy Advisory Group input on addressing these problems.

- **Internal Control and Accounting Systems Reviews (DoD- wide)**

Several weaknesses were noted requiring DoD policy guidance on the roles and responsibilities of internal audit and internal review organizations relative to internal control systems and audit's role in relation to the annual reporting requirement of accounting systems under the Federal Managers' Financial Integrity Act. Recommendations were made that these weaknesses be individually addressed in the DoD Internal Audit Manual.

Six oversight reviews are in process. A quality assurance review of the OAIG-AUD was announced in March 1984 and is scheduled to begin in the third quarter of fiscal year 1984. Such reviews will involve a comprehensive evaluation of all aspects of an audit organization, including the planning, execution and reporting of audits as well as the management of the audit organization. The peer review team will be composed of representatives from the Military Departments' audit agencies and OIG, DoD. Similar reviews are planned for the other DoD internal audit and internal review organizations.

CONTRACT AUDIT

Two reports were issued on oversight reviews of the Defense Contract Audit Agency (DCAA). One of the reports involved a review of

DCAA's access to contractors records. We concluded that more aggressive actions and improved controls were required in those cases where DCAA encountered problems in the timely access to needed contractors' records.

The other report covered the reporting of fraud and other illegal acts by DCAA. In that report, we recommended more timely communications between DCAA field offices and DoD investigators of potential fraud reports; improved controls over the processing of fraud reports; and procedures to require prior clearance from DoD investigators before potential fraud cases were discussed with DoD procurement officials.

Six oversight reviews of DCAA operations were in various stages at the end of the reporting period. They included reviews of:

- Reporting of audit savings
- Defective pricing audits
- DCAA's relationship with procurement and contractor personnel
- Reimbursable billings of audit services
- Sufficiency of audits of small contractors
- Operations audits

A report on the review of audits and other evaluations of major subcontractors' pricing proposals was issued in January 1984. This oversight review involved both DoD internal and contract audit organizations. We found that internal audit coverage of subcontracts was minimal or non-existent. The DCAA generally provided timely and quality audit assistance to the

DoD contracting officers. However, the overall effectiveness of the DCAA services could be enhanced if reported deficiencies in costs and pricing data, contractor management systems and defective pricing were reported to higher authorities for resolution and appropriate management.

CHAPTER 2

CONTRACT AUDIT

Contract audits of costs proposed or incurred by outside contractors are primarily performed in DoD by the Defense Contract Audit Agency (DCAA). The U.S. Army Corps of Engineers (COE) performs internal reviews within the Corps and audits contracts for civil works projects.

DEFENSE CONTRACT AUDIT AGENCY

DCAA was established as a separate Agency in the DoD to provide independent contract audit and financial advisory services to DoD components responsible for procurement and contract administration. These services assist in achieving the objectives of prudent contracting by providing financial information and advice on proposed or existing contracts and contractors in connection with the negotiation, administration and settlement of contracts. Efforts include participating in 'should cost studies' and evaluations of contractor estimating methods and procedures.

DCAA operates under the general direction and control of the Assistant Secretary of Defense (Comptroller). In accordance with DoD Directive 5106.1 the OIG, DoD provides policy to DCAA for contract audits, audits relating to fraud, waste, abuse and program effectiveness as well as contract audit followup.

The majority of the reports issued are in the areas of incurred costs and forward pricing proposals. Audit exceptions are generally reported as costs questioned. Incurred cost audits represent the review and

TABLE 8 Contract Audit Reports Issued Defense Contract Audit Agency			
Type of Audit	Audit Reports Issued	Amount (\$ in Millions)	
		Examined	Questioned
Incurred Costs	12,797	\$ 22,929	\$ 533
Forward Pricing Proposals	13,090	120,735	18,272
Cost Accounting Standards	1,338	77	63
Defective Pricing	433	13,692	104
Other*	423	0	0
Totals	28,081	\$157,433	\$18,972

*Includes effort related to contract audit coordination programs, GAO activity, special projects and studies, and suspected irregular conduct cases.

evaluation of actual direct and indirect costs incurred on government contracts as well as policies, procedures and practices that influence and control costs. Forward pricing audits represent the review and evaluation of estimated future costs associated with proposed contract price, proposed contract change orders, review of costs for redeterminable fixed-price contracts, and costs incurred but not yet covered by definitized contracts.

Table 8 provides an analysis of contract audits performed and indicates that during this reporting period, DCAA conducted a total of 28,081 audits and questioned about \$19.0 billion in costs; over 96 percent of the costs questioned were in the area of forward pricing proposals. Questioned costs sustained resulting from costs questioned this period amounted to about \$166 million. Questioned costs of \$3.3 billion were sustained that had been questioned in prior periods. Details are provided in Table 9.

DCAA also provides contract audit services on a reimbursable basis to about 30 other Government Agencies at contractor locations where DoD has a continuing audit interest, or where it is more economical from a government-wide point of view. A major portion of contract audit services performed on a reimbursable basis is for the National Aeronautics and Space Administration (NASA). During the period, NASA program costs of \$5.0 billion were examined, \$542 million were questioned and \$115 million of questioned costs were sustained. These amounts are included in the overall figures provided in Tables 8 and 9. Also, during the period DCAA completed 157 operational audits with total associated annual cost avoidance recommendations of \$47.2 million, which are not included in Tables 8 and 9.

U.S. ARMY CORPS OF ENGINEERS

Contract audits are made of con-

TABLE 9
Contract Audit Reports Closed During The Period

Defense Contract Audit Agency

Type of Audit	Audit Reports Issued	Amount (\$ in Millions)		Questioned Costs Sustained	
		Examined	Questioned	Current	Prior
Incurred Costs	1,340	\$ 5,420	\$ 372	\$ 31	\$ 251
Forward Pricing Proposals	7,111	42,540	4,884	130	3,041
Cost Accounting Standards	41	23	23	5	4
Defective Pricing	109	3,938	34	0	18
Other	0	0	0	0	0
Totals	<u>8,601</u>	<u>\$51,921</u>	<u>\$5,313</u>	<u>\$166</u>	<u>\$3,314</u>

TABLE 10
CONTRACT AUDIT REPORTS ISSUED

U.S. ARMY CORPS OF ENGINEERS

Type of Audit	Audit Reports Issued	Amount (\$ in Millions)	
		Examined	Questioned
Incurred Costs	72	\$ 44.6	\$ 1.6
Forward Pricing Proposals	92	80.9	10.9
Defective Pricing	7	10.1	.7
Other	16	7.9	1.3
Totals	<u>187</u>	<u>\$143.5</u>	<u>\$14.5</u>

tracts processed for civil works projects in the continental United States. COE auditors performed both internal reviews and civil works contract audits.

Table 10 provides an analysis of contract audits and indicates that COE auditors issued 187 reports which questioned costs of \$143.5 million. Of the costs questioned this period \$3.4 million were sus-

tained by contracting officers; \$20.6 million in costs questioned in prior periods were sustained, as shown in Table 11.

SIGNIFICANT CONTRACT AUDITS

The following is a summary of the more significant contract audit findings and recommendations prepared during this 6-month period.

INCURRED COST AUDITS

- **Self-Insurance Costs.** During a review of incurred overhead costs and forecasted overhead rates, auditors found that a contractor had submitted unreasonable charges for self-insurance for general liability. The contractor had used unrepresentative data about organizational segments and time periods to obtain quotes from insurance brokers. The quotes were subsequently used in calculating the overhead costs and rates. The review resulted in net savings of over \$6.8 million on the contracts involved. (DCAA)

- **Improper Labor Charging.** An audit disclosed that a contractor was improperly charging bid and proposal costs to overhead and transferring year-end costs from bid and proposal accounts to the marketing cost center to avoid exceeding negotiated ceilings. The matter was investigated as a suspected irregular conduct case and the Department of Justice recommended administrative recoupment. The Government subsequently negotiated a settlement resulting in cost savings of \$576,000. (DCAA)

FORWARD PRICING PROPOSAL AUDITS

- **Subcontract Closeout.** A review of a contractor's \$18 million proposal to finalize a large oil exploration contract resulted in a contract modification with savings of \$11.8 million. The contractor had proposed using office and support services to complete technical efforts, perform final audits, and administratively closeout 19,400 subcontracts and purchase orders during a 3 year period. The auditors developed a less costly plan that: (1) used DCAA auditors to perform final audits, (2) restricted closeout effort to high-dollar pur-

TABLE 11
CONTRACT AUDIT REPORTS CLOSED DURING THE PERIOD
U.S. ARMY CORPS OF ENGINEERS

Type of Audit	Audit Reports Issued	Amount (\$ in Millions)			
		Examined	Questioned	Questioned Costs Sustained	
				Current	Prior
Incurred Costs	59	\$ 37.4	\$ 2.0	\$.3	\$.7
Forward Pricing Proposals	98	119.1	37.1	3.1	19.9
Defective Pricing	2	.9	—	—	—
Other	20	4.0	—	—	—
Totals	179	\$161.4	\$39.1	\$3.4	\$20.6

chase orders and subcontracts accounting for 92 percent of dollar value, (3) eliminated prime contractor support services, and (4) compressed the closeout effort into a 9 month period. (DCAA)

• **Allocation of Mining Costs.**

Examination of a \$21.9 million fixed-price proposal to supply coal to Air Force and Army installations disclosed that estimated production tonnage used by the contractor to allocate overhead costs was substantially underestimated. The auditors also found that the cost of explosives was proposed in Canadian dollars without considering the currency exchange rate, and that mine development exploration costs were expensed when they should have been capitalized and amortized over future periods. Audit recommendations on these and other areas resulted in net savings to the Government of \$4.3 million. (DCAA)

• **Vendor Quote Reduction**

Factor. Evaluation of a \$61 million fixed-price contract proposal for Air Force test equipment resulted in negotiated net savings of \$5.4 million. Review of the contractor's purchasing experience showed that the actual prices paid to vendors were, on the average, lower than

the prices initially quoted by those vendors. The auditor applied this experience factor to proposed material costs to project expected cost savings. (DCAA)

• **Attrition Factors.** Savings of \$5.8 million were realized during the review of a \$50 million fixed-price proposal for Army Test Stations. The auditors calculated material attrition factors using historical cost records. These factors supported much lower material attrition than that estimated by the contractor. Additional savings were realized by using improvement curve techniques to project reductions in labor hours. (DCAA)

• **Spare Part Unit Prices.** Auditors found that spare part unit prices had been significantly overstated on a contractor's proposal to a Navy request for quote (RFQ). As a result of the review, the Navy reissued the RFQ using actual quantities required instead of the estimates of volume used in the initial RFQ. The contractor submitted a revised proposal with resultant savings of at least \$2.4 million. (DCAA)

• **Subcontract Cost.** An audit of a letter contract for 'long-lead' material items for a major weapon

system disclosed duplication of costs proposed by the prime contractor and a subcontractor. The material variance account contained costs which were either misrecorded or not allocable to government contracts. Also, the contractor had failed to consider the availability of residual inventory from previous government contracts. Savings of \$41.2 million resulted from the audit. (DCAA)

• **Escalation Factors and Learning Curve.**

An evaluation of a \$319 million fixed-price proposal showed that the contractor's method for estimating material costs and labor hours resulted in substantially overstated costs. Material costs were estimated by applying escalation factors to bill-of-material prices of a prior production lot when, in fact, material prices for the current procurement were lower. The auditors took exception to proposed manufacturing labor hours that were based on a learning curve for a different type production unit. Savings of \$34.3 million resulted from the audit. (DCAA)

• **Various Issues.** As members of a 'should cost' team, auditors evaluated a \$493 million fixed-price proposal for a major weapon system. A major portion of the \$128 million negotiated reduction in contract price resulted from the auditors' analyses. Major issues involved (i) proposed contingency costs for program phaseout, (ii) failure of the contractor to consider the availability of residual inventory, (iii) escalation rates and factors based on historical data which incorrectly included nonrecurring and other nonapplicable costs, and (iv) questionable estimating practices that resulted in a proposed overhead escalation rate which was two to three times that of independent economic forecasters. (DCAA)

- **Factor and Trend Analysis.**

Auditors found that a contractor had not performed cost or price analyses on subcontractor proposals for a \$697 million letter contract. Results of prior evaluations to compute the average negotiated price reductions served as the basis for questioning a significant amount of material cost. Review of labor hours showed that learning curves were improperly calculated. Use of regression analysis and projections of prior contract trends led to the questioning of various rates and pricing factors. Savings of \$45.2 million resulted from the audit. (DCAA)

- **Combining Requirements.**

Evaluation of a \$61 million fixed-price proposal for radio equipment resulted in \$7.3 million savings to the Government. The auditor's review disclosed that material was significantly overpriced because the contractor had not considered the cost impact of combining requirements for this procurement with those of an existing contract for similar equipment. (DCAA)

- **Learning Curve.** Evaluation of a \$398 million proposal to produce satellites resulted in savings of \$22.7 million in target and incentive fees. The auditor found that proposed labor hours did not reflect a reduction for learning experienced from previous contracts. Several other in-house satellite programs had experienced this type of learning. The auditor applied the learning curve rate for similar satellite programs, which resulted in a substantial reduction in projected labor hours. (DCAA)

- **Learning Curve and Indirect Expense Rates.** An audit of a \$15 million proposal resulted in negotiated savings of \$2.2 million. The savings resulted from application of improvement curve tech-

niques to manufacturing labor hours and reduction of the contractor's proposed indirect expense rates. Using experience from prior contracts, the auditor developed improvement curves which resulted in a 22 percent reduction in projected manufacturing hours. The auditor also adjusted proposed indirect expense rates to reflect increased business volume which was not considered by the contractor in pricing the proposal. (DCAA)

DEFECTIVE PRICING AUDITS

- **Subcontractor Costs.** During a defective pricing review, auditors found that a contractor's proposal for subcontract work had been inflated by \$474,414 including overhead and profit. Prior to negotiations, the contractor had submitted a proposal containing \$1,642,870 for subcontract work. The Government questioned \$85,579 of the \$1,642,870 but relied on data supplied by the contractor to support the remaining \$1,557,291. The record of negotiations showed that the contractor contended that the price for the proposed subcontract was based on a competitive bid and not subject to further analysis or negotiations. The District Office of Counsel and the Board of Awards agreed that the contractor had obtained adequate price competition for the subcontract work, and no further analysis was made at that time. During the defective pricing review, a search of the official contract file and discussions with the contractor failed to locate a bid or quote supporting the proposed \$1,642,870. A record of a telephone quote submitted by the proposed subcontractor for a lesser amount was found. The quote was dated prior to negotiations. After negotiations, the con-

tractor had awarded a \$1,139,010 contract to the same subcontractor. The actual work performed under the subcontract appeared to be identical to the scope of work addressed in the contract's proposed subcontract negotiated at \$1,557,291. The District Counsel had held informal meetings with the contractor seeking to recover \$474,414. As of the date of this report the contractor has refused to refund the amount. (COE)

CONTRACTOR OPERATIONAL AUDITS

- **Computer Operations.** Significant savings were realized as a result of an operations audit of a large government contractor's computer system. The auditor recommended increased use of minicomputers to fill the gap between manual operations and large-scale computer operations. As a result of implementing the audit recommendations, initial savings of \$2.9 million have been realized. The savings resulted from using minicomputers to increase employee productivity and from reducing the usage of large mainframe computer services. Additional savings of several million dollars are also expected. (DCAA)

- **Inventory Control System.** Auditors performed an economy and efficiency review of a defense contractor's inventory control system. The review disclosed that, due to system inefficiencies, too much time was spent searching for material and excessive costs were incurred for material storage and transportation. The auditors recommended installation of an automated storage and retrieval system (AS/RS) to eliminate these inefficiencies. Annual savings of \$2.5 million will result from implemen-

tation of the audit recommendations. (DCAA)

OTHER

- **Delay Claim.** Audit of a change order claim proposal for \$14.1 million resulted in savings to the Government of \$3.8 million. The claim was submitted by a subcontractor to recover increased costs allegedly caused by the Government's extension of the contract, delay, and interference. Included was a significant amount of 'extended warranty' costs. The audit disclosed that the subcontractor did not pay its vendors for extended warranty, but in fact assumed the risk of warranty itself. Warranty costs were disallowed entirely. (DCAA)

- **Flexible Progress Payment.** Audit of a proposal on flexible progress payment rates for a major weapon system resulted in savings of \$26.6 million. In 1981, the Defense Acquisition Regulations were revised to allow government contractors to bill higher percentages of incurred costs as progress payments on fixed-price contracts. Review of a contractor's proposal submitted under the new regulations disclosed discrepancies in the method and rationale used to compute the progress payment percentage. As a result of the auditor's findings, the negotiated progress payment rate resulted in significant savings in imputed interest cost. (DCAA)

- **Spare Parts.** The auditors discovered and reported suspected irregular conduct of a government contractor. As a result of the ensuing investigation, the contractor pleaded guilty to filing false claims against the United States and paid fines, damages, and penalties totaling

\$3 million. The company executive responsible for the fraud also pleaded guilty to felony charges. The fraud resulted from filing false claims of inflated prices for spare parts. (DCAA)

- **Progress Payment Procedures.** Review of a major defense contractor's progress payment procedures resulted in savings of approximately \$2.4 million in imputed interest cost. The contractor's procedures provided for allocating central stores inventory costs to government contracts so that those costs could be billed as progress payments. The auditor found that the central stores inventory was excessive and that the procedure for allocating the costs to government contracts was inequitable. The auditor recommended that the cost of excess material be excluded from allocation and that the contractor revise its allocation procedures. (DCAA)

- **Progress Payments.** An audit disclosed problems with a major defense contractor's progress payment system. The contractor was, in many instances, billing costs which were either excessive or ineligible for payment. This resulted in the contractor being reimbursed for costs prior to entitlement. For example, the auditors found that the contractor was reimbursing subcontractors and billing the Government for effort that had not yet been funded. As a result of the auditors' recommendations, changes were made that saved the Government \$5.3 million in imputed interest cost. (DCAA)

- **Equitable Adjustment Claim.** The auditors' review of an \$8.6 million equitable adjustment claim resulted in a substantially lower negotiated contract adjustment of \$2.6 million. The contractor contended that, as a result delays and disruptions caused by the Govern-

ment, anticipatory profits associated with potential other work were lost. Further, the contractor claimed that these delays and disruptions reduced the production base, causing higher overhead costs to be absorbed by other contracts. The auditors' review disclosed no basis to support the contractor's contention. Analysis revealed that production was continuous and at a level comparable to similar periods in other years. Costs questioned included interest on the outstanding amount of the adjustment claim. (DCAA)

- **Profit Rollback.** Review of a \$3.5 million modification to a multiyear contract revealed significant overstatements of cost. The contractor proposed costs associated with relocation of certain operations. The auditor determined that the effect of the move had already been considered in negotiating the price for the basic contract. This and other recommendations resulted in savings of approximately \$500,000. Review also disclosed exceptionally high profits on the basic multiyear contract. As a result, the procurement office effected a reduction in the price for the unfunded units of the basic contract amounting to \$1.3 million. (DCAA)

SIGNIFICANT CASES OF POTENTIAL FRAUD REFERRED TO INVESTIGATIVE ORGANIZATIONS

- **Contract Irregularities.** Postaward reviews of three firm-fixed-price contracts showed that a contractor had submitted inaccurate, incomplete and noncurrent cost and pricing data during negotiations. The contractor had stated that there would be a break in production with a resulting increase

in manufacturing hours. However, the contractor's production scheduling records indicated no break in production and, actually, one did not occur. Also, the contractor failed to disclose that proposed spares orders had already been produced under another flexibly priced contract. Withholding accurate, complete and current information is suspected to have resulted in excessive contract profits approximately \$16 million. The finding was referred to DCIS. (DCAA)

- **Improper Labor Costs.** An audit of a contractor's practices and procedures to account for labor costs disclosed that about \$1.3 million of labor costs were shifted from a DoD contract that was in an overrun status to other government cost reimbursable contracts. The mischarging involved: improper time charges made by employees at the direction of supervisors, white-out changes made to timecards obscuring the nature of the charges, and significant inconsistencies between travel related expense charges and the related labor charges. The finding was referred to DCIS. (DCAA)

- **Bogus Pricing.** During a pricing proposal review, auditors found that a supplier furnished suspected bogus pricing information to an independent purchasing agent who was representing a prime contractor. Excess costs of \$400,000 would have been absorbed by the Government if the contractor had been successful in negotiating the increases. The finding was referred to CID. (DCAA)

- **Improper Estimating Techniques.** During a review of a contractor's escalation claim proposal, auditors discovered that the Government may have been deliberately overbilled by about \$6 million in economic compensation

adjustments. Even though the contractor's accounting manual contained appropriate escalation billing policies and procedures, the contractor's conduct appears to indicate the use of specious estimating techniques. The finding was referred to NIS. (DCAA)

CONTRACT AUDIT FOLLOWUP

During the reporting period the Office of the Inspector General reviewed over 600 contract audit reports 6 months or older as well as the tracking and reporting systems at each of the locations visited. Obstacles blocking resolution and disposition were identified and brought to the attention of the cognizant agency Senior Management Official. In addition, the need for policy guidance on certain issues to bring about consistency in the resolution and disposition of contract audits and to speed the disposition process was brought to the attention of Defense Research and Engineering. Increased management involvement at several sites was noted which resulted in reassignment of priorities to close overaged reports with a high sustention rate.

The number of contract audits reported as open and closed by the Military Services and Defense Agencies increased significantly during the reporting period. The increase is primarily due to improvements in the methods used by the components to identify reportable audits. Although the number of overage reports increased, the number of reports overaged and unresolved decreased from 452 to 340 during the period. The components also succeeded in closing 1074 reports.

As a result of the OIG reviews and conversations with contracting and audit officials, a review of disposition standards has been initiated. The review will focus on specific types of audits to identify disposition problems associated with each and establish varying milestones, if deemed appropriate. The OIG in conjunction with Defense Research and Engineering will issue policy guidance upon conclusion of the review.

The OIG will continue reviews of individual overaged contract audits, identifying the need for increased management attention when needed to the Defense components, referring policy problems to the Office of the Under Secretary of Defense for Research and Engineering, and working closely with the components in a joint effort to continue reducing overaged audits and at the same time ensuring the Government obtains a fair settlement in each case.

Table 12 summarizes the number of contract audit reports over 6 months old.

TABLE 12
CONTRACT AUDIT REPORTS OVER SIX MONTHS OLD
AS OF MARCH 31, 1984

Type of Report	Number of Reports by Component				Total ³
	Army ¹	Navy	Air Force ²	DLA	
Cost Accounting Standards	32	45	30	177	284
Defective Pricing	65	96	102	5	268
Incurred Costs	18	9	32	16	75
Indirect Cost Rates	5	78	50	170	303
Operations Audits/ Internal Control Reviews	12	29	3	24	68
Estimating and Accounting Systems Surveys	1	20	20	28	69
Claims/Equitable Adjustments	45	27	9	3	84
Terminations	2	4	4	40	50
Price Redeterminations	2	22	18	2	44
Other	0	3	0	0	3
TOTAL	182	333	268	465	1,248
Total Costs Questioned (\$000)	\$208,460	\$793,421	\$809,269	\$391,941	\$2,203,091

¹Preliminary data

²Amounts for Cost Accounting Standards and Indirect Cost Rates may be significantly understated because of Air Force policies in effect as of March 30, 1984. The policies were later corrected.

³Includes 160 reports in litigation with questioned costs of \$371,604,000.

CHAPTER 3

INVESTIGATION

There are four criminal investigative organizations in DoD. The OIG, DoD is responsible for the operations of the Defense Criminal Investigative Service (DCIS). The Military Departments are responsible for the Army Criminal Investigation Command, the Naval Investigative Service and the Air Force Office of Special Investigations.

These investigative organizations make inquiries into allegations of serious criminal conduct or violations of DoD regulations. The DCIS gives primary attention to white collar crimes such as procurement fraud. The investigative organizations of the Military Departments also have a responsibility for white collar crime but in addition their responsibilities include investigating crimes such as homicide, assault and drug trafficking. Two of these organizations are responsible for counterintelligence investigations. Additionally, the Army Criminal Investigation Command provides protective service for key DoD and Department of the Army personnel.

In accordance with the Inspector General Act of 1978, as amended in 1982, the DoD Inspector General has established the Office of the Assistant Inspector General for Investigations who directs the operations of the DCIS. The DCIS consists of a Headquarters Office with 10 main field offices and 16 subordinate resident agencies. The Headquarters Office also provides operational guidance and operates the Defense Hotline program. The DCIS performs investigations for the Office of the Secretary of Defense, the Organization of the

Joint Chiefs of Staff, and the Defense Agencies and conducts other investigations throughout DoD and its subordinate departments.

The OIG, DoD exercises its authority for investigative policy and oversight for DoD through the Office of the Assistant Inspector General for Criminal Investigations Policy and Oversight.

The OIG, DoD issues investigative policy directives applicable to all criminal investigative organizations within DoD. Special emphasis is being placed on correcting policies and procedures which adversely affect criminal prosecutions and/or timely civil and administrative remedies. In addition, an active and constructive program of at least eight major oversight reviews is scheduled each year. These reviews focus on the effectiveness of specific activities conducted by DoD investigative organizations.

This chapter provides summary statistics and highlights of criminal fraud investigative activities performed by DCIS and the Military Service organizations, as well as OIG, DoD criminal investigation oversight and policy activities.

RESOURCES AND COSTS

The personnel strength and operating costs of the investigative organizations are shown in Chart 3.

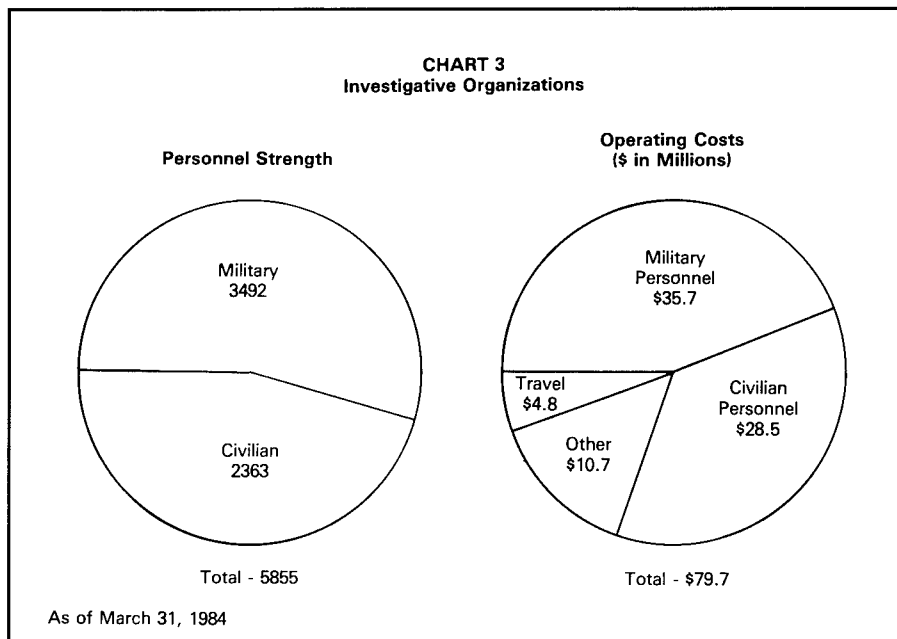


TABLE 13
ANALYSIS OF THE RESULTS OF INVESTIGATIVE ACTIVITY

Case Inventory¹		
Open cases - Beginning of Period		5,013
Opened this Period		7,346 ²
Total		12,359
Cases Closed		6,828 ²
Open Cases-End of Period		5,531
Referred for Further Investigation		
FBI		379
U.S. Federal Agencies		123
U.S. Local Agencies		23
Foreign Authorities		46
Total		571
Referred for Prosecution or Administrative Action		
Department of Justice		479
U.S. Local Authorities		10
Military Command		2,087
Foreign Authorities		46
Total		2,622
Results of Referrals for Prosecution		
	DOJ	COMMAND
Accepted	153	1,494
Declined	109	444
Litigation Results		
Indictments	55	N/A
Convictions	81	152
Other Action ³	18	147
Monetary Outcomes		
Fines/Penalties	\$1,066,253	\$ 223,091
Restitutions	3,486,201	1,386,430
Recoveries	1,902,460	
Other		2,762,143 ⁴
Administrative Actions		
Debarments - Contractors		119
Suspensions - Contractors		59
Reprimands		150
Demotions		315
Terminations		157
Suspensions - Individuals		50
Other ⁵		216
No Action taken		358
Total		1,424

¹OSI reported an adjusted beginning balance which accounts for the difference of 166 cases between the beginning balance in this report and the closing balance of the prior report.

²CID has included in this reporting period 169 cases which were opened and 488 cases which were closed in the prior report period. These cases were not reported in the November 29, 1983 report.

³DoJ information reported in "other" includes civil court action, (not punished/dissmised/acquitted), juvenile court cases and/or action against civilians for which information was not available. Command information is comprised of Army and Navy Article 15 actions wherein punishment was leveled against the perpetrators.

⁴This figure represents \$2,762,143 from the Army which could not be broken into fines/penalties and restitutions.

⁵This category is comprised of administrative discharges in lieu of court martial, Article 32 board dismissal, reimbursement or restitutions, counseling, referral to rehabilitation programs or psychiatric treatment, bar to reenlistment, privileges revoked or suspended, placed on restriction, administrative board proceedings, Air Force Article 15 actions or others.

31, 1984; it also provides information on the number of cases closed during the prior reporting period in each functional area.

REFERRALS FOR INVESTIGATION

During the reporting period the Department's audit activities referred 235 cases to investigative activities. Inspection activities referred 85 cases to investigators. Chart 4 shows, by functional area of potential fraud, the number of cases referred to investigative organizations during the reporting period as well as those referred during the prior period.

DEFENSE CRIMINAL INVESTIGATIVE SERVICE, OIG, DOD

The following statistics highlight individual results and accomplishments of the DCIS during this period.

- There were 207 cases opened and 128 closed during this period. The number of cases pending rose from 404 to 483 for an increase of 20 percent. The current case inventory is changing to one of higher dollar loss and more sophisticated methods of commission.

- Indictments of charges filed against individuals or firms totalled 38 for the current reporting period. Thirty-three of the indictments reported were for significant frauds.

- Convictions of persons or firms totalled 33 for the current period. Twenty-eight of the convictions reported were for significant frauds.

- Fines, penalties, restitutions, and recoveries for the current reporting period totalled approxi-

RESULTS OF CRIMINAL INVESTIGATIVE ACTIVITIES

Table 13 contains an analysis of the results of investigative activity for this period. There were 7,346 cases opened during this period and 6,828 cases were closed including 3,055 larceny cases in excess of \$1,000. Referrals of 479 cases were made to the Department of Justice (DOJ) and 2,087 were referred to Military Commands. DOJ accepted 153 cases for prosecution and declined 109 that had been referred from this and prior periods. Litiga-

tion resulted in 81 convictions by DOJ and 152 by Military Commands. Of the cases referred to DOJ, fines, penalties, restitutions and recoveries amounted to \$6,454,914. Military Commands reported fines/penalties of \$223,091 and restitutions of \$1,386,430. In addition, \$2,762,143 was received that could not be broken down by the Army into fines, penalties and restitutions.

Table 14 summarizes the cases closed by functional area during the 6-month period ended on March

TABLE 14
CLOSED CASES BY FUNCTIONAL AREA
DURING CURRENT REPORTING PERIOD

Category:	Investigations Completed	
	Current Period	Prior Period
Pay and Allowances ¹	1,092	1,620
Nonappropriated Fund Fraud ²	491	689
Procurement Programs/Systems Fraud	327	434
Commissary Fraud	46	43
Property Disposal Programs/Systems Fraud	32	60
Bribery of Government Officials	70	64
Conflict of Interest	77	92
Damage/Wrongful Destruction/Arson	387	387
Government Theft (over \$1,000) ³	3,055	3,062
Antitrust Violations	1	4
CHAMPUS Fraud	55	4
Fraudulent Personnel Actions	514	4
Subsistence Fraud	2	4
Other	679	2,469 ⁵
Total	<u>6,828</u>	<u>8,920</u>

¹Includes travel/per diem fraud.

²Includes military exchange stores and morale/welfare/recreation activities.

³Includes larceny, theft, or wrongful appropriation of Government property, funds, or services, whether by forgery, embezzlement, computer fraud, burglary, robbery, and/or other means.

⁴Information in these categories was not available in this detail in the prior reporting period.

⁵This category includes forgery, fraudulent personnel actions, blackmarketing, smuggling, burglary, counterfeiting and CHAMPUS fraud.

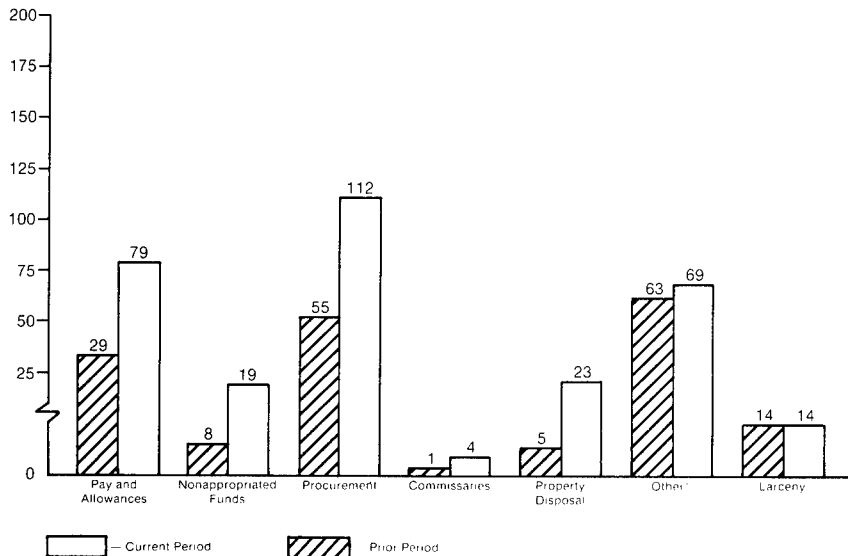
mately \$6.2 million. This represents a significant increase over the \$3.4 million reported for the previous period. An additional \$328,000 was identified as contract costs avoided as a result of investigations of contract violations.

SYNOPSSES OF SIGNIFICANT CASES OF FRAUD OR POTENTIAL FRAUD REFERRED TO CIVILIAN PROSECUTIVE AGENCIES

- **Contract Fraud.** An investigation by DCIS and the Environmental Protection Agency found that a contractor had fraudulently obtained payments over a 10-year period for sewer rehabilitation work, much of which was not actually performed. The contractor, his wife and son admitted to defrauding the Government of approximately \$7 million in connection with work at 14 Army, Navy and Air Force facilities, as well as numerous civilian sites. The contractor pleaded guilty to two counts of mail fraud and one count of submitting a false invoice. The contractor was sentenced to pay a \$10,000 fine and to serve 8 years in prison followed by 5 years probation. The contractor's wife and son also pleaded guilty to charges of submitting false inspection logs, records and invoices and each was fined \$10,000 and sentenced to periods of incarceration.

- **False Certifications.** A contractor allegedly provided false certifications of reliability testing of components for aircraft and missile systems. The estimated monetary loss is \$2 million. The contractor was indicted on 40 counts of mail fraud and false statements. A plea agreement was struck with the United States Attorney whereby the contractor will pay \$247,000 in criminal fines and reimburse the Government \$105,000 for prosecu-

CHART 4
Potential Fraud Cases Referred to Investigative Organizations



*This category includes bribery, conflict of interest, forgery, counterfeiting, smuggling, blackmarketing, fraudulent personnel actions and false documents and statements

tive and investigative costs. In addition, a civil settlement of \$1.4 million in damages and civil penalties to the Government was agreed upon by the contractor. The latter assessment was for the period covering 1978-1981 sales of improperly inspected components.

- **Substituted Material.** A contractor substituted lower quality material than that specified by the Government contract and subsequently submitted false documentation to substantiate his claim. It accepted, valuable equipment being protected could have been severely damaged. The estimated monetary loss to the Government is \$40,000. The contractor pleaded guilty to a one count information of making a false statement to the Government. The contractor was fined \$10,000 and signed an agreement to repay \$33,000 due the Government.

- **Bribes.** Two former Government employees received 'kick-backs' (bribes) for supplying DoD contractors with confidential bid information. The estimated monetary loss is \$4,200. One employee pleaded guilty to accepting \$200 from a DoD contractor and was sentenced to 3 years probation and fined \$2,000. The second employee pleaded guilty to committing perjury during testimony before a Federal grand jury when he denied receiving bribes from DoD contractors. This individual was sentenced to 3 years probation under conditions of the Youth Correction Act, conditional that he perform 50 hours community service every month for 3 years.

STATUS OF PREVIOUSLY REPORTED CASES

PENDING CASES

- **Product Mislabeling.** A contractor allegedly mislabeled meat products and substituted lower quality than that specified by the contracts. The contractor has approximately 1,400 contracts with the Government amounting to almost \$800,000 annually. The estimated monetary loss is \$20,000. The company and one of the company officers were indicted on 11 felony counts consisting of conspiracy, making false claims and false statements. A trial date has not been set.

Reference: 3/31/80 (G-31)

- **Mischarging on Small Business Contracts.** A contractor allegedly mischarged costs on numerous small business contracts resulting in an estimated monetary loss to the Government of \$1.5 million. The investigation has been completed by DCIS and the contractor has been indicted. A trial date has been set.

Reference: 9/30/81 (G-22)

- **CHAMPUS Claims.** A doctor submitted CHAMPUS and Medicaid claims over a 5-year period. The investigation disclosed that over 50 percent of the claims involved double billings. The estimated monetary loss is \$100,000. The doctor was sentenced to 2½ years confinement, fined \$1,000 and given probation for 5 years after release from prison. The doctor remains free on \$250,000 bond pending appeal. The case is presently under advisement for civil suit by the United States Attorney.

Reference: 3/31/82 (G-38)

- **False Billings.** A contractor allegedly billed the Government for merchandise never shipped. The es-

timated monetary loss to the Government is \$65,000. A company officer was indicted on 6 counts of mail fraud and 12 counts of making false claims. A trial date has been set.

Reference: 3/31/82 (G-42)

- **Mischarging of Contract Expenses.** A Defense contractor allegedly mischarged expenses to government contracts. Also, the company allegedly conspired with DoD employees to obtain sole source contracts. The estimated monetary loss is \$75,000. An agreement has been reached by the company and the United States Attorney to plead guilty to one count of conspiracy to defraud the Government, to make restitution of \$70,000 and to accept fines as set by the court. A court date has not been set.

Reference: 9/30/82 (I-39)

- **Fast Pay Reimbursements.** A contractor allegedly submitted false invoices to the Government to receive 'Fast Pay' reimbursements. The same contractor also provided substandard products to the Government. The estimated monetary loss cannot be determined. A company officer was indicted on an 18 count felony indictment consisting of mail fraud and making false statements. A trial date has not been set.

Reference: 3/31/83 (I-37)

- **Buy America Act.** A contractor allegedly substituted foreign made goods under a contract in violation of the Buy America Act. The estimated monetary loss to the Government totalled \$739,000. The corporation and one of its officers pleaded guilty to making false statements and false advertising. The corporation was sentenced to pay a fine of \$15,000. The corporation officer was sentenced to 6 months in prison, suspended, with

2-years probation and fined \$20,000. The criminal aspect has been completed and the case has been referred to the Department of Justice, Civil Division.

Reference: 9/30/83 (35-1)

- **CHAMPUS Fraud.** A scheme of duplicate billings, inflated room rates, longer than necessary confinement and medically unnecessary treatment was used to defraud the CHAMPUS program of about \$885,000. The hospital was sold to a new owner. Funds resulting from overcharges, double payments, and penalties totalling \$1.25 million were paid to the Government. Criminal charges pertaining to the former hospital owner and its chief administrator are contingent upon further investigation by DCIS and grand jury action.

Reference: 9/30/83 (35-2)

COMPLETED CASES

- **Labor Mischarging.** Significant contract labor mischarging was discovered during an audit of labor cost distribution practices. The estimated monetary loss totalled \$3,000,000. The contractor was indicted and pleaded guilty to three counts of making false statements relative to contracts for the MX and the Minuteman Missile programs. The contractor was required to pay \$30,000 in fines, damages of \$650,000 and interest penalties of \$167,740. The company was also precluded from including \$300,000 in legal and defense fees among its administrative expenses which are reimbursable under DoD contracts.

Reference: 3/31/82 (F-1)

- **Contract Fraud.** A contractor altered subcontractor invoices to show inflated prices on purchases made by a subcontractor. These prices were then charged to the Government. The estimated monetary

loss identified by DCIS was \$1,074,000. The contracting firm and its former executive vice president were indicted and pleaded guilty to filing false claims against the Government. The company was required to pay a total of \$3,000,000 in fines, penalties and restitutions. The executive vice president was sentenced to five consecutive 2-year prison terms.

Reference: 3/31/82 (G-33)

- **Substandard Material.** An investigation disclosed that a Defense contractor intentionally provided defective parachute suspension cord to DoD which endangered human life. The estimated monetary loss identified by DCIS was \$76,000. The firm and two principal officers were indicted and pleaded guilty to numerous charges of mail fraud and racketeering. The corporation was fined \$26,000 and ordered to pay a \$225,000 forfeiture. The former owner and president of the company was sentenced to 2 years incarceration and a total of \$7,000 in fines. The former executive vice president was sentenced to 5 years incarceration with 4 years and 9 months suspended because of his cooperation during the investigation.

Reference: 9/30/82 (I-38)

MILITARY SERVICE INVESTIGATIVE ORGANIZATIONS

The following statistics highlight results and accomplishments of the Military Service criminal fraud investigators during this period.

- There were 7,139 cases opened and 6,700 closed during this period. The number of cases pending rose from 4,609 to 5,048 for an increase of 9.5 percent.

- Case referrals to other inves-

tigative agencies increased from the 484 reported during the previous period to the 522 reported for this period. The referrals represent matters that fell within the jurisdiction of other agencies.

- Indictments of charges filed against individuals or firms totalled 17 for the current reporting period.

- Convictions of persons or firms declined from the 353 reported for the previous period to the 200 reported for the current period.

- Fines, penalties, restitutions and recoveries for the current reporting period totalled more than \$4.6 million. This compares with the \$4.9 million reported for the previous period.

SYNOPSIS OF SIGNIFICANT CASES OF FRAUD OR POTENTIAL FRAUD REFERRED TO CIVILIAN PROSECUTIVE AGENCIES

- **False Documentation.** A DoD contractor allegedly submitted false documents to obtain progress payments and substituted substandard items in place of those that had been inspected by the quality assurance representative. The estimated loss to the Government totals \$1 million. The investigation by the CID is continuing. (CID)

- **Bribery.** A contracting officer allegedly took a bribe from a DoD contractor for the award of a laundry contract. The contracting officer subsequently gained employment from the contractor. The estimated loss to the Government totals \$28 million. Five individuals and two firms were indicted by a grand jury and the five have been suspended from government con-

tracting pending the outcome of the prosecution action. The investigation by the CID and the FBI is continuing. (CID)

- **Property Diversion.** Three DoD civilian employees allegedly diverted portions of food deliveries to a commissary for personal use. The estimated loss to the Government is \$500,000. The investigation was referred to the FBI and they have assumed primary jurisdiction. (CID)

- **Theft.** Several DoD employees allegedly conspired to steal government property and then alter computerized records to conceal the thefts. The estimated monetary loss is \$300,000. The investigation by the CID is continuing. (CID)

- **Conspiracy.** Five firms and four of their representatives allegedly conspired to fix, raise, maintain and establish rates charged the Government for non-temporary storage. The loss to the Government is estimated at \$700,000. The investigation by the CID and the Antitrust Division of DOJ is continuing. A grand jury has indicted the firms and individuals. (CID)

- **Insurance Scheme.** A Navy investigation disclosed a fraudulent insurance scheme where a Navy civilian's spouse received survivor's annuity and life insurance benefits after the employee was reported missing and presumed drowned. The loss to the Government is estimated at over \$218,000. The NIS investigation is continuing. (NIS)

- **Contract Fraud.** The Navy entered into a contract which provided for a corporation to acquire a large inventory of sonar equipment from the Navy. Any useable equipment was to be returned to the Navy; however, the contractor sold the equipment back

instead. The estimated loss is approximately \$4 million. The investigation by the NIS and the FBI is continuing. (NIS)

- **Contract Irregularities.** An investigation detected that a corporation which holds several contracts with the Navy, including one for approximately \$56 million for the development of a Multi-Environmental Trainer (MET), may be charging employees' time worked on another contract to the MET contract. The estimated loss cannot be determined at this time and the NIS investigation is continuing. (NIS)

- **Possible Overcharging.** A Navy contract was awarded for \$42,000 for the assembly of two turbine nozzle plate assemblies even though the original cost of the project was estimated at \$6,450. The contract was subsequently amended for price adjustments which resulted in a final cost to the Government of approximately \$70,000. An investigation of this action is continuing by NIS. (NIS)

- **Bribery.** A civilian Quality Assurance Representative (QAR) solicited bribes from a contractor responsible for base refuse and disposal pick-up. The QAR told the contractor that his company was performing unsatisfactorily which could result in a \$4,000 - \$5,000 monthly income loss for the contractor. The QAR suggested the contractor provide him (QAR) with 'Christmas presents' twice a year. The FBI assumed investigative jurisdiction and through the use of an undercover agent paid the QAR \$1,260 in bribes. The QAR was subsequently arrested. He pled guilty to eight counts of bribery and was sentenced to 6 years confinement, fined \$5,000 and required to make restitution in the

amount paid to him by the FBI. (OSI)

- **Parts Overpricing.** An Air Force investigation determined that parts purchased from a supplier by a contractor were excessively priced. The contractor paid the supplier \$463 for the parts and then resold them to the Air Force for \$1,027. The same parts were available from six other suppliers at \$3.45 each. All purchases were sole source. One Air Force engineer and one buyer are under investigation for possibly swaying business to the sole source supplier. The estimated monetary loss cannot be determined at this time. The OSI/FBI investigation is continuing. (OSI)

- **Undue Influence.** An Air Force colonel at an overseas location allegedly influenced the selection of a certain contractor for a multi-million dollar contract to develop a communications system. The colonel allegedly wrote a letter to the contracting agent requesting a specific contractor be awarded the contract. Prior to receiving the letter, the contracting agent had anticipated awarding the contract to two contractors on a competitive basis. After receiving the colonel's letter, the contracting agent awarded the contract (valued at approximately \$6.4 million) to the contractor the colonel requested because the agent felt that the colonel's request was official. The estimated monetary loss cannot be determined and the investigation is continuing. (OSI)

- **Forgery.** An Air Force investigation disclosed that a contractor employee forged the signature of various supervisors on approximately 167 time cards. This resulted in approximately \$40,000 in fraudulent charges against the company's government contracts. Prosecution

action is pending but the Assistant U.S. Attorney intends to charge the subject with conspiracy to defraud the Government and mail fraud. (OSI)

- **Fraudulent Documents.** A corporation allegedly filed fraudulent surety documents to obtain government service contracts. The investigation disclosed that over a 3-year period government contracts awarded to the corporation, which is comprised of several firms, were valued at more than \$25 million. The allegations involve the submission of fraudulent documents to support eligibility for small business set aside contracts; forged signatures of bank officials on Certificates of Sufficiency for Affidavit of Individual Surety and the value and ownership of property falsified on official documents. The estimated monetary loss is not known at this time. The investigation is continuing, and presentation to a Federal grand jury is anticipated. (OSI)

SYNOPSIS OF SIGNIFICANT CASES OF POTENTIAL FRAUD REFERRED TO MILI- TARY COMMANDERS

- **Personal Business.** A senior service member allegedly conducted a private medical practice using government facilities during normal duty hours. The estimated monetary loss to the Government is \$36,820. The investigation by CID is continuing. (CID)

- **False Documentation.** A service member allegedly directed another service member to prepare false turn-in documents to cover shortages on unit property books. The estimated loss to the Government totals \$49,986. The investiga-

tion by CID is continuing. (CID)

- **Theft.** An investigation by the NIS disclosed the theft of government property by a naval dental officer. The estimated monetary loss cannot be determined at this time. The investigation has been completed and the officer involved admitted culpability and the matter has been referred to the commander for action. (NIS)

- **Contract Irregularities.** At an overseas location irregularities were suspected in one of three contracts held by a contractor. The irregularities essentially concerned the over-ordering of authorized items to compensate for receiving unauthorized items (carpets, suspended ceilings, etc.) in the modification of Air Force facilities. The over-ordering scheme may also have been used to cover up the cost for contractor representatives to supervise the installation of materials. Approximately 50 percent of the materials ordered for this project were for unauthorized items, and the price paid by the Government for these items exceeded fair market value by thousands of dollars. The estimated monetary loss cannot be determined at this time. An Air Force master sergeant involved in the over-ordering scheme was given an Article 15 which entailed a 6-month suspended reduction in grade and a \$250 fine. Action against others allegedly involved, including Air Force officers and civilians, is pending. (OSI)

STATUS OF PREVIOUSLY REPORTED CASES

PENDING CASES

- **Fraudulent Claim.** A common carrier allegedly submitted a fraudulent claim for accessorial

charges amounting to over \$236,000. Although the DOJ has declined to pursue criminal prosecution, GSA has initiated a civil action to recover the monetary loss. The carrier has offered to repay the Government \$125,000, but the Assistant U.S. Attorney (AUSA) is seeking \$237,000 in repayments. At this time the settlement negotiations are continuing.

Reference: 3/31/81 (F-28)

- **Defective Parts Substitution.** A joint OSI/FBI investigation disclosed that an aircraft parts supplier was providing defective aircraft parts for use on a variety of Air Force aircraft. The estimated monetary loss to the Government totalled \$315,000. The company president and vice president pleaded guilty to conspiracy to defraud the Government. The president and vice president were sentenced to 3 and 2 years in prison, respectively, and the company was fined \$10,000. The AUSA is negotiating final settlement in an effort to recoup losses to the Government. **Reference:** 9/30/83 (37-5)

- **Inferior Parts.** A contractor allegedly sold the Air Force aircraft parts that were inferior and thus could not be used, resulting in an estimated monetary loss to the Government of \$84,840. The Air Force investigation has been completed. A grand jury handed down an 18-count indictment against the company president, charging him with 12 counts of mail fraud and 6 counts of making false statements. **Reference:** 3/31/83 (I-30)

- **Inflated Costs.** A contractor allegedly inflated costs on Army and Air Force contracts and did not manufacture items to specifications. The estimated monetary loss cannot be determined. Two company officers were convicted and received 3 years probation and

fined \$20,000 each. Civil action by DOJ to recoup \$1.3 million is pending.

Reference: 9/30/80 (G-25)

- **Fraudulent Travel Vouchers.**

An Army investigation found that several DoD employees allegedly had submitted fraudulent travel vouchers resulting in an estimated loss to the Government of \$57,498. The investigation by CID and the FBI has been completed. A grand jury indicted 9 individuals and withheld action on 2 others because of plea bargaining.

Reference: 3/31/82 (F-23)

- **Erroneous Payments.** An inspection revealed that a former Army employee had been receiving erroneous payments since December 1980. The CID and FBI investigation substantiated a loss of \$41,900 and the case has been referred to the Assistant U.S. Attorney.

Reference: 3/31/83 (H-1)

- **Overcharging.** An overseas laundry contractor allegedly overcharged the Government for laundry service provided over a 5-year period. The estimated loss is \$150,000. The investigation by CID is continuing and to date almost \$32,000 has been recouped by withholding further payments to the contractor.

Reference: 3/31/83 (I-15)

- **Misuse of Funds.** Checks paid to the Government by a vendor for damaged or outdated goods were cashed for the personal benefit of several civilian employees of a commissary facility. The estimated loss is \$29,101. Three of the four individuals involved have pleaded guilty and have agreed to cooperate in the prosecution of the fourth.

Reference: 9/30/82 (I-17)

- **Bribery.** A government contractor paid in excess of \$89,000 in bribes to a government employee over a 4-year period in return for receipt of numerous contracts. The investigation by NIS and the FBI has been completed. The contractor, his company, and the government employee each pleaded guilty to one count of bribery. The contractor was fined \$20,000; the company was fined \$67,867; and sentencing of the employee is pending.

Reference: 9/30/83 (37-1)

- **Fraudulent Billings.** A contractor fraudulently billed the Government for services not rendered, inflated the costs of parts sold to the Government and serviced geographical areas not allowed for in the contract. The estimated monetary loss to the Government totals \$80,261. The investigation by NIS and the FBI has been completed. The contractor pleaded guilty and was fined \$10,000.

Reference: 9/30/83 (37-3)

COMPLETED CASES

- **Conspiracy to Steal Jeeps.** Air Force personnel allegedly ordered spare jeep parts for the purpose of assembling usable jeeps from salvaged ones and subsequently stealing them. The estimated monetary loss totalled \$25,000. The investigation has been completed and one subject, an Air Force Master Sergeant, was found guilty by General Court Martial and received 3 months confinement with hard labor and fined \$1,500. Another Air Force Master Sergeant received a letter of reprimand. The Army declined to prosecute the third subject involved.

Reference: 3/31/83 (J-9)

- **Misuse of Government Equipment.** An Air Force colonel and two NCOs misused and/or

diverted government equipment, supplies and facilities for personal use. The estimated monetary loss cannot be determined. The colonel received an Article 15, resulting in the forfeiture of \$2,000. One NCO, a master sergeant, received an Article 15 and was fined \$700. The other NCO, also a master sergeant, received a letter of reprimand.

Reference: 9/30/83 (38-5)

- **Theft of Materials.** Military tank and automotive parts were found on a truck owned by a Dutch firm when the truck attempted to cross the border between Germany and the Netherlands. The firm had no export license and the materials were subsequently confiscated by German customs officials. The material was suspected to have been stolen from a overseas military depot. Two individuals were identified as perpetrators and \$67,277 in property has been recovered. The service member was fined \$1,000 and given an Article 15; the DoD employee was suspended 14 days without pay.

Reference: 3/31/83 (I-9)

- **Fraudulent Documents.** A civilian contractor allegedly defrauded the Government by submitting false documents relative to a coal contract. The CID identified a loss to the Government of more than \$3 million. The contractor reimbursed the Government's loss and was assessed fines for tax and customs duty evasion.

Reference: 3/31/82 (G-1)

- **Product Substitution.** A government contractor allegedly substituted a less expensive additive to chemical kits purchased by DoD, yet charged DoD for the more expensive additive. Although the AUSA declined prosecution, the CID investigation substantiated a loss of \$37,000 which is being recouped by civil action. **Reference:**

9/30/83 (36-7)

- **Property Diversion.** An Air Force employee diverted Air Force property and personnel to his private construction company. The monetary loss has not been determined. The investigation has been completed. One employee was found guilty of stealing and receiving stolen property and received a 1½ year suspended jail sentence, 2 years probation, fined \$2,400, required to perform 150-hours community service and had employment terminated. Another employee was found guilty of retaining and receiving stolen goods and received 3 months suspended jail sentence, 1 year probation, fined \$1,500 and resigned in lieu of termination. A third employee was found guilty of retaining and receiving stolen property and received a 1 year suspended sentence, 1 year probation, fined \$1,000 and had employment terminated.

Reference: 9/30/82 (I-28)

- **Bribery.** A vendor allegedly paid bribes to ensure his products were carried. The estimated monetary loss has not been determined. The investigation by the FBI/IRS was completed. The subject, an AAFES employee, was convicted of receiving gratuities and tax evasion and received 1 month imprisonment with 2 years 11 months suspended. The subject also received 1 year probation and a \$2,000 fine and incurred a pecuniary liability of \$6,000 to be recouped from the subject's wages due. The subject's employment was also terminated.

Reference: 9/30/80 (G-16)

- **Bribery and Conspiracy.** An Air Force civilian employee was offered a bribe by a co-worker for F-5E aircraft information. The FBI subsequently arrested the co-worker and two accomplices who were also

Air Force civilian employees. The estimated monetary loss cannot be determined at this time. The subjects were tried and convicted in U.S. District Court for conspiracy to steal government property. They each received 5 years imprisonment (4½ years suspended).

Reference: 9/30/83 (37-7)

- **Forgery.** Bank accounts were established using fraudulent government paychecks made out to reservists who had previously been assigned to a Marine Corps unit. When attempting to make a withdrawal from one of these accounts, the unit's administrative chief signed his own name to the withdrawal slip instead of the reservist's name. The bank teller notified the unit's inspector-instructor, who requested an investigation by the United States Secret Service. It was then discovered that 15 other paychecks amounting to about \$2,000 had been forged. The military member was court-martialed and convicted of fraud of payroll checks and sentenced to 5 years hard labor, total forfeiture of pay and allowances and reduced to Private. The member will receive a bad conduct discharge when released from prison.

Reference: 3/31/83 (H-2)

- **Improper Influence.** A military member used the authority of his position to direct the award of a contract to a subcontracting firm. The subcontractor, in turn was to further subcontract to a firm which was wholly owned by the military member. The estimated loss to the Government was \$43,500. The member pleaded guilty to two counts of bribery and one count of acts affecting personal financial interest. He was sentenced to 2 years in prison on each of the 3 counts, 18 months of which was suspended. He was confined for 6 months and received supervised probation for 2

years. He was also fined \$2,000 for each count.

Reference: 3/31/83 (H-8)

- **Receipt of Overpayments.** A military service member, while on temporary duty and/or leave status, allegedly received overpayments for pay. The estimated loss is \$17,866. The service member was convicted at a General court-martial, sentenced to 10 years hard labor, fined \$10,000 with the instruction that if the fine is not paid an additional 5 years confinement must be served. The member also forfeited all pay and allowances, was reduced in rank to E-1 and received a bad conduct discharge.

Reference: 9/30/82 (J-6)

CRIMINAL INVESTIGATIONS POLICY AND OVERSIGHT, OIG, DOD

Significant accomplishments and activities of the Assistant Inspector General for Criminal Investigations Policy and Oversight (AIG-CIPO) for this period are highlighted as follows:

- A draft report was issued which analyzed the suspension and debarment procedures of the Military Departments and DLA. The report examined the support provided by military investigative organizations to the suspension and debarment process and examined the actions of the primary DoD suspension/debarment authorities on major procurement fraud cases during the period from March 1981 to March 1983. Recommendations were made regarding improvements that were needed in coordinating the actions of the military investigative organizations and the suspension/debarment authorities.

- The PCIE Prevention Committee issued a report, prepared by the OIG, DoD, analyzing the role of the Inspectors General in promoting the use of the results of traditional audit and investigative activities in prevention efforts. The AIG-CIPO staff analyzed the input of Inspectors General investigative organizations submitted in response to a PCIE questionnaire and prepared the segment of the report dealing with use of investigative results. The segment included suggested alternative courses of action to improve the use of such information in prevention efforts. The OIG, DoD is currently evaluating its own posture in this area.

- The 5-day DoD Contract and Procurement Fraud Course was given in Boston, MA; Atlanta, GA; Washington, DC; San Diego, CA; and San Antonio, TX. These classes provided training to approximately 200 DoD investigators and auditors. This course focuses on DoD procurement systems and the types of vulnerabilities in those systems which give rise to fraudulent conduct on the part of DoD contractors and/or employees. The course has been structured to use specific case examples of the types of fraud confronted by DoD such as cost mischarging, nonconforming goods, fast pay false claims and progress payment false claims. The primary participants in the course are representatives of the investigative and auditing components of the Armed Services and of the Office of the Inspector General. Program review and procurement personnel attend the course on a space available basis.

- A 1-day seminar on Contract and Procurement Fraud was developed. Presentations of the seminar were made to audiences from the Army, Navy, and OSD totalling approximately 250 people. The

seminar is designed to be attended by procurement personnel and appropriate program managers. Instructors in the seminar are OAIG-CIPO personnel. Topics included for discussion are: What is Fraud; How the Investigative Process Works; The Role of Contracting, Procurement and Program Officials in the Investigative Process; Elements of Crimes; Major Types of Fraud Found in DoD Contracting and Procurement; Suspension and Debarment; Civil, Contractual and Administrative Remedies; Coordination of Remedies; Availability of Records and Information.

- A symposium on antitrust laws and investigations of violations of them was organized and presented for managers of DoD investigative organizations. The symposium was presented by Department of Justice attorneys, OAIG-CIPO staff and the Assistant Inspector General for Investigations of the OIG Department of Transportation. The symposium was attended by management personnel from CID, NIS, OSI, DCIS and attorneys of the JAG Corps advising each of the investigative organizations.

- A DoD initiative to develop a new military identification card under an automated system known as Real-Time Automated Personnel Identification System (RAPIDS) has been supported by the AIG-CIPO with a tri-service fraud vulnerability survey. The initial survey was directed toward the use of several versions of the identification card. The OAIG-CIPO is continuing to support this initiative by providing assistance in defining the means whereby the recommendations of the survey may be implemented.

- The Under Secretary of Defense (Policy) authorized the formation of a DoD Industrial Security

Review Committee (DISRC) and requested that a member of the OIG, DoD (OAIG-CIPO) staff co-chair this committee. The DISRC has been directed to analyze the effectiveness of current industrial security requirements and develop recommendations for this program. Toward this end, DISRC has conducted numerous interviews and inquiries within the DoD community involved in industrial security and are currently receiving the results of a comprehensive survey by industrial security managers.

- The DoD Instruction and Operations Manual for the Defense Investigative Management Information System (DIMIS) was put into use for operational testing. The testing includes verification of data input accuracy and identification of problems in coding and instructions. Implementation of indicated corrections is currently in process.

- A Criminal Investigations Policy Memorandum was issued which established the Criminal Investigations Policy Working Group. The group is made up of representatives from CID, NIS, OSI and DCIS. Its purpose is to provide a permanent advisory group to make recommendations to the Inspector General, DoD, in carrying out responsibilities for establishing policy for criminal investigations in DoD.

- The AIG-CIPO served as the coordination point for the approval and issuance of 16 administrative subpoenas in connection with ongoing investigations. The Right of Financial Privacy Act applied to two of these subpoenas.

CHAPTER 4

INSPECTION

The Army, Navy, Marine Corps, Air Force and five Defense Agencies have formally established Inspector General organizations. The DoD Inspector General has established the Office of the Assistant Inspector General for Inspections (OAIG-INS) to handle inspection functions for the OIG, DoD.

Inspection activities range from evaluation of operational economy, efficiency and effectiveness to the traditional military Inspector General roles of inspecting and testing operational readiness and hearing individual complaints by military personnel. Activities of the inspection organizations for evaluating operational economy, efficiency and effectiveness and preventing fraud and waste are covered by this report but the traditional military Inspector General roles are excluded.

Inspection organizations refer potential criminal matters discovered to the appropriate investigative organization for action.

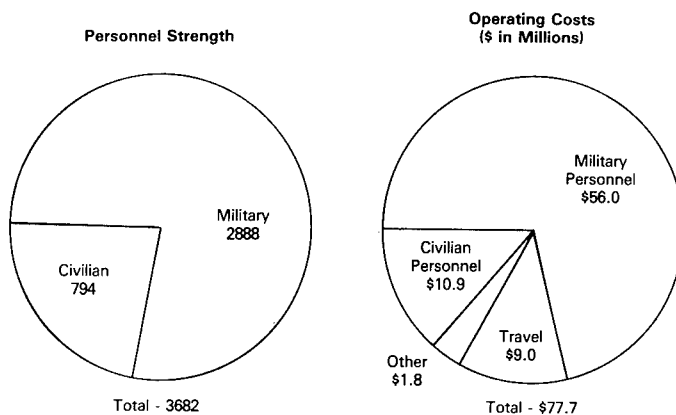
RESOURCES AND COSTS

Chart 5 provides information on total personnel and operating costs for DoD inspection organizations.

RESULTS OF INSPECTION ACTIVITIES

Table 15 provides statistics on the number of reports issued by formally established Inspector General organizations.

CHART 5
Inspection Organizations



As of March 31, 1984

TABLE 15
NUMBER OF INSPECTION REPORTS ISSUED
BY INSPECTOR GENERAL ORGANIZATIONS

Inspector General Organizations	Inspection Reports Issued ¹				Prior Period
	Current Period			Total	
	General	Special	Other	Total	Total
Army	1,860	332	1,464	3,656	3,985
Navy	349	28	147	524	624
Marine Corps	96	0	2	98	89
Air Force	626	55	58	739	744
Office of the Assistant Inspector General for Inspections, Department of Defense	52	148	0	200	159
Defense Intelligence Agency	14	1	8	23	30
Defense Investigative Service	2	0	0	2	2
Defense Mapping Agency	9	0	0	9	6
Defense Nuclear Agency	0	0	0	0	2
National Security Agency	20	4	0	24	23
Total	3,028	568	1,679	5,275	5,664
Percent of Total	57	11	32	100	

¹The disparity in the number of reports issued results from differences in the method of performance and the scope of inspection. The Army prepares a separate report for each unit inspected whereas an Air Force inspection report typically covers a base or wing and includes a number of units. The Navy does not have a single organization with total responsibility for inspection.

OFFICE OF THE ASSISTANT INSPECTOR GENERAL FOR INSPECTIONS

The OAIG-INS provides the Inspector General with the capability to conduct operational and compliance type reviews and inspections and a quick-reaction capability to respond to complaints received over the Defense Hotline or from the Secretary or Deputy Secretary of Defense.

The OAIG-INS provides inspection and special inquiry support for the Defense Agencies, the Office of the Secretary of Defense, the Joint Chiefs of Staff and other DoD-wide activities. During a recently completed study, approximately 50 DoD activities were identified for inspection coverage. Several of these activities with large annual budgets have never been inspected. Plans are under way to inspect the Department of Defense Dependent Schools and the Defense Investigative Service in FY 84. The remaining DoD activities will be scheduled for inspection in FY 85 through FY 87.

During the period ended on March 31, 1984, 200 reports were issued as noted in Table 15. The following section provides examples of significant inspection findings.

SIGNIFICANT INSPECTION/SPECIAL INQUIRY FINDINGS

- **Travel Advances.** In a recent inspection of the Defense Personnel Support Center (DPSC), inspectors made the following observation. The center had made 610 travel advances to DPSC personnel that had not been fully recouped. The unrecouped amount totalled more than \$155,000. Of this amount, almost \$15,000 was provided to travelers in 1982 or earlier. Also, there were 678 unrecouped travel

advances for Defense Contract Administration Services Region (DCASR) Philadelphia personnel that totalled more than \$236,000, of which about \$33,000 was provided to travelers in 1982 or earlier. The failure of DPSC to recoup these advances in full is an ongoing problem and could represent interest free loans to the personnel who received the travel advances. (OAIG-INS)

- **Contractor Overpayments.** During an inspection at the DPSC, inspectors found 3,684 notices of overpayments made to contractors which totalled more than \$3 million. These overpayments had not been recouped. Untimely recoupment of overpayments made to contractors has an adverse effect on availability of Defense Stock Fund revenues and results in a loss of interest to the United States Treasury. (OAIG-INS)

- **Data Base Management System (DBMS).** During an inspection of the DCASR Atlanta, inspectors found that an 18-month effort to implement a DBMS had not resulted in a fully operational system. Because the DBMS design and programs had not been thoroughly tested and debugged prior to implementation, added expenditures of approximately \$400,000 in mandatory overtime and \$200,000 in TDY costs were incurred to support the system. (OAIG-INS)

- **Shipment Mode.** During a special inquiry at the Defense Logistics Agency (DLA) Defense Depot Memphis (DDMT) waste in the selection of shipment modes was noted. Our personnel noted that a small package hazardous material shipment was shipped at less than truckload rates at a cost of more than \$43 while the same shipment using a small parcel shipper would have cost only \$3. Sub-

sequently, this practice was found to be the rule and not the exception at DDMT and other DLA shipping activities. If only one item per day is shipped using the United Parcel Service, the potential annual savings would approximate \$10,000. Because DLA activities ship many small shipments each day, a review to determine the most economical shipping mode at DLA shipping activities potentially could generate significant savings. DLA has been tasked to review the current methods used system-wide and make changes as appropriate. Followup on DLA actions will be taken by the OAIG-INS during future inspections of Defense Depots and Defense Supply Centers. (OAIG-INS)

MILITARY SERVICE AND DEFENSE AGENCY INSPECTION ORGANIZATIONS

The Military Service Inspector General organizations provide capability for both inspections of operational economy, efficiency and effectiveness and the traditional military inspection role relating to readiness and morale. The Defense Agency inspection organizations perform operational inspections. Potential criminal matters discovered through inspection activity are referred to the appropriate investigative organizations. Personnel and operating costs for these organizations are included in Chart 5. During the reporting period ended on March 31, 1984, these nine inspection organizations issued 5,075 reports. A statistical summary of these reports was provided in Table 15.

SIGNIFICANT INSPECTION FINDINGS

Details of some of the Services'

more significant inspections follow.

• **Year-End Spending.** Increased management attention and advance planning at an Army research activity resulted in effectively curtailed year-end spending. A comparison of the obligations made in the fourth quarter of fiscal years 1979, 1980, 1981 and 1982 with the average obligations made in the first three quarters of the same fiscal years showed a dramatic reduction in obligations made in the fourth quarter of fiscal years 1981 and 1982. The reductions resulted from reducing procurement administrative lead time (PALT), providing detailed guidance to customers, and establishing incentives for staff compliance with management direction. Office automation and use of the 'Short Form Contract' decreased the time and effort required in contracting. Contracting office personnel kept customers informed about obligation deadlines and publicized expiring contracts well in advance. Also, PALT goals were incorporated into employee performance standards. The inspectors recommended that other procurement activities be advised of the measures used to successfully reduce year-end spending. (AIG)

• **Precious Metals Recovery Program.** An inspection revealed that a Navy activity was not in compliance with the DoD and Department of the Navy Precious Metals Recovery Program (PMRP). Silver sludge generated by a photographic laboratory was left unattended in a common area adjacent to a public entrance for a long period of time; a gold plating operation, which had previously contained \$20,000 in gold solution was not part of the PMRP; turn-in procedures for precious metals scrap had neither been adhered to, nor has central control or cognizance been established; attempts

had not been made to identify or conduct an inventory of precious metals bearing items; silver bearing batteries containing more than 400 ounces of silver each, were discovered adrift; controls did not exist for turn-in of silver sludge from the photographic laboratories; and confirmation of delivery to the Defense Property Disposal Office (DPDO) was not provided. Additionally, recovery cannisters in a photographic lab that are available at no charge from the DPDO were purchased from Kodak.

The activity was directed to initiate procedures to comply with the DoD manual pertaining to the PMRP; to include the Program as a merit pay objective or critical element for those persons charged with administering the program; to establish procedures to ensure that silver bearing batteries to be received, stored and shipped are provided with adequate security and accountability; and to expedite the promulgation of the proposed precious metals instruction. (NIG)

• **Parts Overpricing.** Inspectors confirmed that the overpricing of parts received by Air Force units was caused by computer product errors, unnecessary source coding to original manufacturers, and the process required to change prices in the Federal cataloging system. Benchstock parts, switching system electronic components, engine components, and general support item prices on several weapon systems were thought to be highly inflated. Although unit managers had taken appropriate action to challenge prices, delays of up to 18 months were encountered. Higher prices were charged to the Government, catalog entries were not updated, and information on price changes was not given to other users.

Recommendations were made to

develop major command, Air Force, and DoD-wide crossfeed systems to inform consumers of substantiated price challenges. Such actions would directly impact on unit funds, reduce costs, and improve the efficiency and effectiveness of units. Indirectly, improved combat capability would result by reducing weapon system downtime. (AFIG)

• **Aircraft Modification and Maintenance Funding.** Lack of a stable modification and maintenance funding baseline and a disagreement on funding between the Air Force and the National Guard Bureau led to maintenance delays on some highly specialized National Guard aircraft. Required maintenance actions discovered during programmed depot maintenance (PDM) which were over and above the PDM agreement had no funding source and fallout money which was not readily available was relied on to fund the maintenance.

In direct response to recommendations made by the inspectors, an Air Force program was established with a dedicated program element to provide funding for such modifications and system support. In addition, an integrated Logistics Support Plan was adopted which set forth financial management responsibilities. These actions will result in a more efficient program, reduce cost, and ultimately improve unit effectiveness. (AFIG)

CHAPTER 5

PREVENTION EFFORTS, MANAGEMENT IMPROVEMENTS, AND RELATED ACTIVITIES

Responsibilities of the Office of the Inspector General include prevention and detection of fraud, waste and abuse and promotion of economy, effectiveness and efficiency in the Department's operations. Thus, the OIG, DoD's mandate involves not only detection activities but also those designed to improve management and prevent problems from occurring. Generally, individual IG activities do not singly address only detection or only prevention. Usually there are elements of each, addressing both the existing situations and the underlying conditions that could result in future instances of fraud, waste and mismanagement. However, there are several activities targeted solely on prevention such as crime prevention surveys and fraud awareness programs.

As in prior periods, IG activities continued to be alert for new techniques and methods for preventing and detecting fraud and waste and for enhancing economy, effectiveness and efficiency in DoD programs. Examples of these activities are highlighted in the sections that follow.

PREVENTION EFFORTS

OFFICE OF THE INSPECTOR GENERAL, DEPARTMENT OF DEFENSE

- **Preventive Audits.** During the 6-month reporting period, the

OAIG-AUD initiated the following audits to detect incidents of fraud, waste and abuse and to determine underlying causes of the conditions identified so that measures can be taken to prevent a recurrence of the problems:

- **DoD-Wide Audit of Spare**

Parts. The purpose of this audit is to quantify the extent that DoD is paying unreasonable prices for spare parts and to identify the procurement and contractor practices that caused these conditions.

- **Implementation of Internal**

Controls. This audit is planned to be made annually at the Defense Agencies to evaluate the implementation of internal control systems as directed by the Office of Management and Budget (OMB) Circular A-123. The results of these reviews will be submitted by the Inspector General to the Secretary of Defense for his use in reporting to the President on the status of internal controls in DoD.

- **DoD-Wide Survey of Cash**

Management. This survey is being made to determine the status of the implementation by the Office of the Secretary of Defense, the Defense Agencies, and the Military Departments of cash management initiatives directed by the President's Reform '88 Program and as required by OMB Bulletin No. 83-6; the Debt Collection Action Plans developed under OMB Bulletin No. 83-11; and the Prompt Payment Act, P.L. 97- 177.

- **Fraud Prevention Surveys.**

The DCIS completed five fraud prevention surveys during this reporting period. The surveys completed were at: Defense Contract Administration Services Region - Boston (Accounting and Disbursing Branch); Defense Property Disposal Office, Alameda, CA; Defense

Depot Tracy California (Maintenance Branch); Defense Industrial Supply Center - Philadelphia (Stock Loss System); and Defense Personnel Support Center - Philadelphia (Mail Room). Currently, fraud prevention surveys are planned in the areas of:

- Reports of discrepancies - This survey is being made to identify significant reported shortages or non-receipt of material by specific commodity.

- Facilities Engineers' Divisions - This survey is being made to determine if fraudulent activity exists in new construction, general maintenance, and renovation projects.

- Defense Subsistence Offices - This survey is being made to determine the extent of collusive bidding practices among vendors or collusion between buyers and vendors, if any.

- CHAMPUS/CHAMPVA claims. Computer matching techniques will be used to match CHAMPUS/CHAMPVA claims against state medicaid claims to identify persons who are fraudulently filing duplicate claims for the same treatment.

- **General Inspections and Special Inquiries.** The OAIG-INS conducts general inspections and special inquiries that by their very nature relate to prevention. Inspection/special inquiry observations generally identify what is not being done or what is being done wrong. The following describes observations made by the OAIG-INS which, when corrected, will prevent many sole source procurements and promote competition resulting in savings to the Government.

- During an inspection of the Defense Industrial Supply Center (DISC), the inspectors noted a lack

of complete technical data on new items procured by the Navy. The items involved were transferred from the military services to DISC for management primarily as part of the Consumable Item Transfer (CIT) program. The Navy transferred the largest number of items, almost 15,000, of which approximately 45 percent came without full technical descriptions primarily because contractors did not comply with the terms of the contract. Corrective action here could minimize sole source procurements and increase competition thereby reducing procurement costs.

- A recent OAIG-INS special inquiry highlighted management inaction in the area of misdirected contractor shipments to Defense depots other than those specified in contracts. The Defense Logistics Agency (DLA) is exploring viable corrective measures to ensure recoupment of costs to the Government as well as to prevent related operational impacts such as unprogrammed workload at the depot receiving the misdirected shipment and imbalances in the supply distribution system. Followup and oversight of the DLA proposed corrective actions will be accomplished to include designating the misdirected shipment matter as a mandatory inspection item during future IG inspections of Defense depots.

MILITARY DEPARTMENTS

• **Army's Prevention Efforts.** During the reporting period Army inspectors general initiated programs to increase awareness within the Army of DoD's commitment to prevent and reduce fraud, waste and abuse. In one major command, the inspector general developed a

command wide fraud, waste, and abuse newsletter to advise and alert managers and employees of lessons learned from audits and inspections and the potential for fraud, waste and abuse within their areas of responsibility. Another major command initiated frequent and spot inspections of those activities identified by vulnerability assessments as being susceptible to fraud, waste and abuse. To improve communications between enforcement/monitoring agencies and operators, one Army installation established a Fraud, Waste and Abuse Council to meet quarterly and recommend to the commander ways to minimize the potential for fraud and waste. Professional development classes, publicity, and chain of command involvement are also being used to prevent fraud, waste and abuse within the Army.

• **Vulnerability Survey.** At the request of the OIG, DoD the OSI conducted an investigative vulnerability survey on the Real Time Automated Personnel Identification System (RAPIDS). This system consists of the use of an ID card which, when placed into a terminal, instantly confirms the current eligibility for benefits and privileges of the bearer. The survey disclosed existing vulnerabilities to manipulation of data through remote terminals and vulnerabilities in the accountability of and access to the ID cards being tested. The system also evidenced vulnerabilities that could be described as personnel induced or "people weaknesses."

• **Navy Fraud Prevention Program.** In July 1983 the Under Secretary of the Navy tasked the Naval Inspector General to develop a plan for near-term improvement in the process which supported the Navy's internal control functions. Additionally, the tasking called for

developing an improvement plan to include all levels of command in a coordinated, cohesive, broad scale attack on the identification, prevention and correction of fraud, waste and abuse. A basic six-step plan was submitted and approved in September 1983. A conference to expand the basic plan to all levels was held in October 1983 during which Navy representatives from the fleet and shore establishments worked out details of the plan. This plan to support the Navy's Integrity and Efficiency Program through prevention of fraud, waste and abuse has six major elements: (1) sharpen existing focus on fraud, waste and abuse prevention; (2) reemphasize standards of conduct at all levels in the Navy, civilian and military; (3) develop a Navy awareness campaign; (4) develop a trend analysis capability to focus before-the-fact action; (5) revitalize established information channels; and (6) emphasize the positive.

• **Overpricing.** Air Force inspectors worldwide looked at procedures used to identify and report possible price discrepancies on items purchased by the Air Force. The inspectors examined in detail base-level programs established under the Air Force Zero Overpricing Program. The initial review lasted 1 year and indicated that while most inspected units had programs in this area, the quality of these programs could be improved. Inspectors were given revised instructions emphasizing specific quality aspects which are to be examined through February 1985.

• **Program Evaluations.** During this reporting period Air Force base-level programs designed to prevent and detect fraud, waste, and abuse received increased attention. Inspectors looked at the involvement of commanders, actions taken on substantiated allegations,

publicity, and the awareness of base personnel to Air Force concerns in this area. Programs were found to be generally effective and Air Force objectives were being met.

MANAGEMENT IMPROVEMENTS

In addition to the OIG, DoD initiatives described in the Statement of the Inspector General, the Military Departments also had significant management improvement activities during this reporting period.

- **Quick Reaction Audit Program.** At the request of the Secretary of the Army, the Auditor General established a quick reaction audit program to provide real-time audit service to the Army Secretariat and staff principals and major commanders on issues requiring immediate action. Auditors are available to go into an area, make a quick assessment, and determine if there are problems that need to be pursued. The objective is to make the assessment and report results within 5 to 6 weeks. The quick reaction audit program provides an additional and readily available audit service to the Army's senior managers.

- **Audits of Internal Control Systems.** During the period the Army Audit Agency issued 14 audit reports evaluating internal control systems at major commands and installations throughout the continental U.S. and Europe. This multilocation review was made to evaluate the implementation of the Federal Managers' Financial Integrity Act of 1982 and Office of Management and Budget Circular A-123. A report summarizing the results of the review will be included in an overall report to higher management levels.

- **Auditor Training.** The curriculum of each AFAA in-house school includes instruction on the auditor's role in prevention and detection of fraud, waste, and abuse. During the reporting period, 70 AFAA auditors received this in-house training. In addition, 34 other AFAA personnel attended courses in the prevention and detection of fraud, waste, and abuse. The courses were provided by the OIG, DoD, the DoD Computer Institute, and the Air Training Command.

- **Conference Periods.** As a routine part of all inspections, Air Force inspectors made themselves available to receive allegations regarding potential fraud, waste, or abuse. Personal conference periods were held in private and publicized in advance for this purpose. During this period, 286 conference periods were held and a total of 86 allegations were received for subsequent resolution.

- **Fraud in Slot Machine Operations.** With the installation of about 1,500 slot machines at overseas Air Force bases and the projected installation of over 800 more in FY 84, the OSI saw a need to train agents for fraud detection in this potentially lucrative area. Several OSI agents attended a 3-day course on detecting gaming device manipulations. This course was presented by the Nevada Gaming Control Board, Enforcement Division, and covered such areas as mechanical and electro-mechanical aspects of slot machine operation, computing slot machine percentages, cheating and detecting dishonesty. This course will give OSI agents the requisite knowledge to effectively combat fraud in slot machine operations.

RELATED ACTIVITIES

REVIEW OF LEGISLATION AND DIRECTIVES

The Inspector General Act of 1978 requires Inspectors General to review pertinent legislation and regulations, and provide highlights of these reviews in each semiannual report.

- **Legislation.** During the period covered by this report, the OIG, DoD reviewed more than 70 items of proposed and pending legislation. These included:

S.1566 - Program Fraud Civil Penalties Act of 1983, which is a Bill that permits agencies to use administrative procedures to recover funds lost as a result of fraud by contractors or service providers. This Bill was supported by the OIG, DoD, with certain refinements recommended.

S.2119 - Citizen Incentive Awards Act of 1983, which permits an Inspector General to pay cash awards to citizens whose disclosure of fraud, waste, or mismanagement results in substantial cost savings. This Bill is supported by the OIG, DoD, especially since the Bill includes military personnel who are currently ineligible to receive cash awards under 5 U.S.C. 4512(a), "Agency Awards for Cost Savings Disclosure."

S.J.Res. 191 - Department of Defense Procurement Efficiency Reporting Act, which would have required the Office of Federal Procurement Policy (OFPP) to conduct reviews of DoD spare

parts procurement and year end spending practices. The OIG, DoD supported S.J.Res. 191 and two other laws into which it was incorporated. The OIG, DoD has cooperated fully with the two reviews.

H.R. 3668 - Contract Disputes Improvements Act of 1978 to transfer the Defense Contract Audit Agency to the Office of the Inspector General of the Department of Defense. The OIG, DoD does not support this legislation. We feel the contract audit function is appropriately placed at the present time.

In addition to commenting on pending bills and resolutions, the OIG, DoD reviewed and commented on a number of Administration legislative proposals, including:

Paperwork Reduction Act. The President's Council on Integrity and Efficiency (PCIE) proposed exempting the Inspectors General from coverage of the Paperwork Reduction Act. The OIG, DoD supported this proposal.

Medical Quality Assurance Records. The OIG, DoD recommended amendments to insure our access to DoD medical records that would otherwise be confidential.

• **Directives.** During this reporting period 39 reviews of new Directives and changes to existing Directives were conducted. Eleven of these reviews resulted in OIG recommendations for changes and improvements. Several of these directives are the result of the OIG focus on the military health care delivery system this past year. The more significant directives were:

- Guidelines for the Employment of Experts and Consultants.

- Transition (of weapon systems) from Development to Production.

- Victim and Witness Assistance.

- Reporting of Operating and Support Costs of Major Defense Systems.

- Credentialing, (of Health Care Providers).

- Standards of Health Care Provider Performance.

CONGRESSIONAL HEARINGS

The Inspector General and Deputy Inspector General participated in seven hearings, on legislation and management, spare parts procurement practices in DoD, and the Program Fraud Civil Penalties Act of 1983.

On October 5, 1983, the Deputy Inspector General appeared before the House Committee on the Budget to address the subject of Defense acquisition and management. The Inspector General and Deputy Inspector General testified on spare parts procurement and overpricing, at hearings before the House Committee on Small Business, Subcommittee on General Oversight and the Economy on October 6, 1983; the Senate Committee on Armed Services on October 26, 1983; and the Senate Committee on Governmental Affairs on November 2, 1983.

The Inspector General testified on November 15, 1983 before the Senate Committee on Governmental Affairs in support of Bill S.1566, the "Program Fraud Civil

Penalties Act of 1983." (See previous section)

DOD COUNCIL ON INTEGRITY AND MANAGEMENT IMPROVEMENT

The Department of Defense Council on Integrity and Management Improvement (DCIMI), which is chaired by the Deputy Secretary of Defense, was formed in September 1981 and continues to play an important role in emphasizing and reinforcing management improvement efforts in DoD. The Council serves as a decision making and guidance channel for the Deputy Secretary of Defense and the Secretary of Defense. In addition, it provides a forum for exchange of new ideas, informational briefings on priority programs and discussion of issues of major concern. Members of the Council include the Under Secretary of Defense for Research and Engineering, Assistant Secretaries of Defense (Comptroller; Manpower, Installations and Logistics; Legislative Affairs and Public Affairs), the DoD General Counsel, the DoD Inspector General, and the Under Secretaries of the Military Departments. The Assistant Secretary of Defense (Comptroller) also serves as the Council's Executive Secretary.

On August 29, 1983, the Secretary of Defense designated the Deputy Secretary of Defense, as Chairman of the DCIMI, to take the lead in providing overall guidance and coordinating the efforts of the Military Departments and Defense Agencies in the spare parts acquisition process. At two of the DCIMI meetings held during the 6-month reporting period, concentrated attention was given to the status and progress of DoD-wide implementation of the Secretary of Defense's initiatives on spare parts acquisi-

tion. At another meeting, major attention was focused on the third year of the continuing effort of the Defense Acquisition Improvement Program (AIP) Working Groups. The Council also monitored progress of improvements in inventory management, base operations support, and management of consumables.

• **Integrity Panel.** The Integrity Panel was established by the DCIMI Executive Secretary memorandum dated November 3, 1981, as a continuing Departmental panel under the auspices of the DCIMI. The DoD Inspector General is the Chairman of the Panel. Members of the Panel include the Deputy Assistant Secretary of Defense (Cost and Audit) and a representative of the Army, Navy, Marine Corps and Air Force. The Assistant Inspector General for Auditing is the Executive Secretary of the Panel.

A major purpose of the Panel is to coordinate and, where appropriate, recommend joint or DoD-wide audits, inspections and investigations aimed at combatting fraud, waste and mismanagement. Over the past 6 months, the Panel has actively been involved in the following projects:

- Federal Employees' Compensation Act Claimant Fraud
- Material Inventory Adjustments
- Fraudulent Travel Claims
- DoD-wide Audit of the Procurement of Spare Parts
- DoD-wide Survey of Cash Management

The Panel has also aggressively pursued and provided crossfeed in-

formation among the Military Services on the following subjects:

- Audits of the Defense Systems Acquisition Review Council Process
- Administrative charges on that portion of fraudulent claims that are past due
- Military Service Reviews of Internal Control Systems
- Office of the Secretary of Defense Directed Audits
- Standards of Conduct for Federal Procurement Personnel
- Reporting of Audit Recoveries
- Standards of Conduct within the Military Departments and Defense Agencies

THE PRESIDENT'S COUNCIL ON INTEGRITY AND EFFICIENCY

The Inspector General, Department of Defense is a member of the President's Council on Integrity and Efficiency (PCIE) which was established in March 1981 and is made up of all statutory Inspectors General Government-wide. The functions of this body include: the development of plans for coordinated interagency audit and investigation programs and projects designed to detect and prevent fraud and waste and to promote economy, efficiency and effectiveness in government programs and operations; the establishment of standards for the management, operation and conduct of Inspectors General activities; and the development of policies to ensure the establishment of a corps of well

trained and highly skilled auditors and investigators.

The Deputy Director of OMB serves as Chairman of the Council and the Inspector General, Department of Housing and Urban Development currently serves as Vice Chairman. The OIG, DoD staff has been actively involved in committee activities, projects, and workshops sponsored through the PCIE. The PCIE standing committees and subcommittees include:

- Communications Awareness
- Computer Training
- Investigative and Law Enforcement
- Legislation Review
- Performance Evaluation
- Prevention
- Project Selection
- Inspector General Professional Training

The Inspector General, DoD is a member of the Communications Awareness, Prevention and Training Committees and during the period became Chairman of the Prevention Committee. Prevention of fraud, waste and mismanagement is receiving major emphasis by the PCIE.

The IG, DoD had lead responsibility for a Prevention Committee project on Prevention Efforts Resulting from Traditional Audit and Investigative Initiatives. The project was completed during the period with the issuance of a report to the Prevention Committee with recommendations for Government-wide application. Ongoing PCIE projects involve:

- computer security
- fraudulent identity documents
- entry level hiring

- evaluation of OMB Circular A-102-P (single audit)
- long-term computer matching
- medical provider fraud
- procurement suspension and debarments
- unemployment compensation for federal employees

OIG, DoD staff monitor all PCIE projects and, currently, is actively participating in six of the projects.

CHAPTER 6

DEFENSE HOTLINE PROGRAM

The OIG, DoD is responsible for the DoD Hotline, which is operated by the OAIG-INV (Defense Criminal Investigative Service). The program, which is entering its sixth year of operation, has proven to be an effective method for military and civilian personnel to report real or perceived instances of fraud and/or mismanagement within DoD. The Hotline is continuing its efforts to improve the processing of complaints, reduce the time required for completing referral actions, and improve the quality of information obtained from the complainants. These efforts have enabled the responsible authorities to conduct the necessary examinations under more favorable conditions.

The DoD Hotline experienced a significant increase in the number of calls and letters received during the 6-month reporting period that ended on March 31, 1984, as compared to the previous 6-month period. This increase is generally attributed to more press and media coverage given to the Hotline. Articles or advertisements about the Hotline have appeared in the New York Times, the Services Times, the Defense Magazine, and other DoD publications. However, DoD Hotline posters and the advertisements which appear on the cover of the DoD phone directory remain the primary source of information on how to reach the Hotline.

PROGRAM RESULTS

The types of complaints or allegations received by the Hotline and referred for inquiry or investigation cover a broad spectrum. Callers

TABLE 16
DoD HOTLINE PROGRAM ANALYSIS

<u>Sources of Information</u>	<u>Current Period</u>	<u>Prior Six Months</u>	<u>Total Program April 1975 to Present</u>
DoD Hotline	3,510	1,703	13,155
GAO Hotline	91	180	1,705
Other Sources	28	94	406
Total	<u>3,629</u>	<u>1,977</u>	<u>15,266</u>
<u>Disposition</u>			
Allegations:			
Referred to Other Federal Departments and Agencies	31	14	143
Referred for Information Only	174	110	733
Referred for Administrative Action ¹	305	48	586
Referred to Audit/Inspection/Investigative Components ²	<u>893</u>	<u>791</u>	<u>6,437</u>
Subtotal	1,403	963	7,899
Non-Substantive Matters ³	<u>2,226</u>	<u>1,014</u>	<u>7,367</u>
Total	<u>3,629</u>	<u>1,977</u>	<u>15,266</u>
<u>Status of Allegations Referred During Period to DoD Audit, Inspection and Investigative Components</u>			
Closed	788	821	5,826
Open End of Period	775	513	1,069

¹Reflects telephone calls where the matters reported were of an administrative nature and not appropriate for Hotline action. Callers were generally referred to the appropriate local commander, inspection or personnel channels for assistance.

²Complaints are reviewed and action is taken by the OIG, DoD including referral to audit, inspection or investigation when appropriate.

³This category includes calls for information about DoD or previously submitted complaints, calls that did not provide sufficient data upon which to act and calls that did not otherwise fall within one of the categories included under the heading "Allegations."

have provided information concerning prohibited personnel practices, material mismanagement, theft of property, fraudulent claims and irregularities in procurement practices.

The Hotline received a total of 3,629 calls or letters during the 6-month reporting period of which 91 were referrals from the GAO Hotline. The number of calls and letters received by the DoD Hotline this period is almost twice the number received during the previous reporting period. Initial examination determined that 1,403 of the calls or letters received contained sufficient information to warrant inquiry or referral for action.

During this reporting period, 893 allegations were referred to DoD audit, inspection and investigative components. This is an increase of 13 percent over the number referred in the prior reporting period. At the end of the reporting period, there were 1,069 Hotline complaints or allegations under audit review, administrative inquiry or criminal investigation. Table 16 provides an analysis of Hotline activity.

SIGNIFICANT HOTLINE CASES

The following examples are summaries of several significant allegations received by the Hotline during this period.

- **Excessive Pricing for Issue Item.** A caller stated that a protective blanket available through Defense supply channels had increased in cost from \$201 in 1982 to \$733 in 1983. As a result of this call and the subsequent review, a solicitation for competitive bids was made and a price of \$201 was established. Projections based upon the most recent 3 year procurement history would indicate the purchase of about 104 units per year resulting in savings of almost \$158,000 over the next 3 years.

- **Criminal Conflict of Interest.** A Naval officer performing duties as a contracting officer, directed the prime contractor to award two \$22,000 contracts to a subcontractor. The subcontractor then sub-contracted with another firm of which the Naval officer was the sole director. The officer pleaded guilty in Federal court to 2 counts of Conflict of Interest and 1 count of Unlawful Acts Affecting a Financial Interest. The officer was sentenced to 2 years imprisonment for each of the 3 counts. Eighteen months of the sentence, which runs concurrently, was suspended. The officer will be confined for 6 months and placed on supervised probation for 2 years. Additionally, the officer was fined \$6,000. The Navy is seeking civil recoupment of the \$44,000 illegally awarded.

- **Uncontrolled Spare Parts.** A caller stated that computer memories, valued at \$8,000 to \$10,000 per item, were being stored at an on-base facility, but no

documentation existed to indicate that these items were carried in the base inventory. A subsequent inquiry confirmed that 39 core assemblies (computer memories) were not documented within the supply system. The program manager was aware of only 25 of the core assemblies. The remaining 14 items, valued at \$112,000 to \$140,000, were 'recovered' into the inventory.

- **Unauthorized BAQ Payment.** A caller alleged that a military enlisted service member had received in excess of \$5,000 in unauthorized Basic Allowance for Quarters (BAQ). The service member was residing in government quarters and still drawing BAQ. An inquiry substantiated that the service member had drawn \$4,360 in unauthorized payments. The unit commander took action to deduct the unauthorized payment from the service member's monthly pay and issued him a reprimand.

- **Excessive Cost for Spare Parts.** A caller stated that a Navy service parts supply center was stocking small rubber gaskets used as circuit breaker sealers. The items were being purchased for \$154 each. A preliminary inquiry determined that the standard unit price for the item was \$187. A review of the procurement documentation revealed that the \$187 unit price was erroneous and that with a quantity purchase of 50 units, the price should have been \$3.80 each. Consequently, a \$7,510 cost avoidance was realized on the purchase of 50 units. Action is now being taken to reduce the unit price to \$.67 for quantity buys of 350.

RESULTS OF HOTLINE REFERRALS

During the reporting period both

the OAIG-AUD and the OAIG-INS issued reports as a result of Hotline referrals that had been received in this and prior reporting periods. The following are examples of some of the reports issued.

- **Department of Defense Pest Management Program.** The OAIG-AUD concluded that the allegation of gross waste and mismanagement in the program was exaggerated and overly dramatic, but that there was a need for improvement. Inefficient operations at several installations may be causing waste of \$8.3 million a year. (OAIG-AUD)

- **Transportation Cost Factors in the Procurement of Volume-Lot Commodities.** The audit showed that the basic allegation had merit since DoD was not using the most advantageous transportation cost factor (free on board origin or free on board destination) in the procurement of plywood and sugar. The Defense Logistics Agency (DLA) procured plywood, sugar, aluminum and other commodities without making the analysis needed to identify the lowest transportation costs. The auditors concluded that had delivery terms been solicited and analyses made to determine the lowest transportation cost, about \$1.1 million in transportation costs could have been saved in the fiscal year 1982 procurement of plywood and sugar. (OAIG-AUD)

- **Department of Defense Dependents Schools Organizational Structure and Staffing.** An audit was made in response to the allegation that above-school-level organizations were too large. The audit disclosed that regional support operations may be overstaffed by as much as 41 percent. Based on identified workload, the Office of Dependents Schools could eliminate up to 172 of the 423 positions in

regional offices for an annual savings of \$5.2 million. (OAIG-AUD)

- **Data System Implementation.**

An inquiry into allegations contained in a hotline complaint revealed that implementation of a new data system in DLA had been mismanaged. As a result of this mismanagement some 1,800 problems had been encountered with the system since January 1982. These problems resulted in unreliable data products that caused increased manual workloads and other adverse mission impacts. During the inquiry, \$998,351 in documented excess costs associated with lost payment discounts, overtime payments, travel costs, and interest payments were identified. A number of areas were identified in which significant additional excess costs had been incurred as a result of problems associated with the implementation of this system; however, DLA had not tracked these costs. Long term corrective action will be required to resolve the problems noted in this inquiry. (OAIG-INS)

CHAPTER 7

BACKGROUND, RESPONSIBILITIES AND ORGANIZATION

OF THE OFFICE OF THE INSPECTOR GENERAL, DEPARTMENT OF DEFENSE

The duties and responsibilities of the Inspector General are set forth in the Inspector General Act of 1978, as amended in 1982. In accordance with the law, the OIG, DoD was created as an independent and objective unit to:

- conduct and supervise audits and investigations relating to DoD programs and operations;
- provide leadership and coordination, and recommend policies for activities designed to promote economy, efficiency, and effectiveness and prevent and detect fraud, waste and abuse in the administration of programs and operations; and
- provide a means for keeping the Secretary of Defense and the Congress fully and currently informed about problems and deficiencies relating to the administration of such programs and operations, and the necessity for and progress of corrective action.

In addition, various DoD Directives further define authority, responsibilities and functions of the OIG, DoD. These Directives include the following:

DoD Directive 5106.1, Inspector General of the Department of Defense, March 14, 1983

DoD Directive 7600.2, Audit Policies, August 7, 1978

DoD Directive 7600.7, DoD Internal Audit Standards, Policies and Procedures, November 1, 1983

DoD Directive 7650.3, Followup on General Accounting Office Internal Audit and Internal Review Reports, June 23, 1983

ORGANIZATIONAL ELEMENTS

The functions and responsibilities of the Office of the Inspector General are carried out through the offices of the Inspector General, Deputy Inspector General, the Deputy Inspector General for Program Planning and Review and seven Assistant Inspectors General.

- **The Assistant Inspector General for Auditing (AIG-AUD)** has an authorized staff of 559 people organized in 7 main operating divisions and 10 field offices. There were 492 staff members on board at the end of this reporting period. This organization performs internal audits within the Office of the Secretary of Defense, the Organization of the Joint Chiefs of Staff, the Unified and Specified Commands, and the Defense Agencies. The OAIG-AUD also performs internal audits involving more than one DoD component and audits requested by the Secretary of Defense or other key DoD officials. While these are the major areas of concentration, OAIG-AUD is prepared to audit any areas of the Department that the Inspector General,

DoD determines to be necessary. A major responsibility of the OAIG-AUD is planning and performing comprehensive audits of entire procurements and major weapons acquisitions.

- **The Assistant Inspector General for Investigations (AIG-INV)** has an authorized staff of 236 persons and directs the Defense Criminal Investigative Service (DCIS). When all open positions are filled, DCIS will have 195 special agents, 3 professional/technical personnel and 39 support personnel. The DCIS, which is the investigative arm of the OIG, DoD, operates through a headquarters office with 10 field offices and 16 subordinate resident agencies. The primary objective of this organization is to investigate major theft, fraud and corruption anywhere in the procurement process.

- **The Assistant Inspector General for Inspections (AIG-INS)** has an authorized staff of 131 of which 112 are on board. The AIG-INS responsibilities include providing inspection and special inquiry services for the Defense Agencies, the Office of the Secretary of Defense, Joint Chiefs of Staff, and other DoD-wide activities. Special inquiries are received from the DoD Hotline, the Secretary, the Deputy Secretary of Defense, Congress, the Inspector General and directly from complainants. These functions are carried out through a headquarters office with six field offices.

- **The Assistant Inspector General for Audit Followup (AIG-AFU)** with an authorized staff of 45 maintains systems to achieve prompt, proper resolution of disputed audit findings and recommendations and to ensure that agreed-upon corrective actions are taken. These include DoD internal audits, GAO reports, and Defense

Contract Audit Agency reports. The AIG-AFU also ensures that DoD's response to General Accounting Office audits are of high quality.

- **The Assistant Inspector General for Audit Policy and Oversight (AIG-APO)** with an authorized staff of 22 issues DoD-wide audit policy guidance and conducts oversight reviews for all DoD internal audit, internal review and contract audit organizations. In addition, the AIG-APO evaluates the implementation of and adherence to prescribed auditing standards, policies and procedures.

- **The Assistant Inspector General for Criminal Investigations Policy and Oversight (AIG-**

CIPO) has an authorized strength of 15 and issues investigative policy applicable to all criminal investigative organizations within DoD. Special emphasis is placed on policies and procedures that adversely affect criminal prosecutions and/or timely civil and administrative remedies. The AIG-CIPO also has oversight responsibility for all DoD criminal investigative organizations.

- **The Assistant Inspector General for Management (AIG-MGT)** provides leadership and professional expertise for management and analysis functions and operations that cross organizational lines. The AIG-MGT sets policy for and directs the preparation of the IG semiannual report to Congress and reviews legislation, regu-

lations and directives. Responsibilities include coordination of congressional and public affairs activities, budget formulation and execution, internal reviews and special projects including the President's Council on Integrity and Efficiency activities and management of OIG, DoD support operations. The authorized strength of this organization is 44.

ORGANIZATIONAL STRUCTURE

The DoD IG is organized along functional lines as shown in Figure 1. The civilian and military strength of the organization as of March 31, 1984, was 886 with an annual operating cost of \$47.6 million.

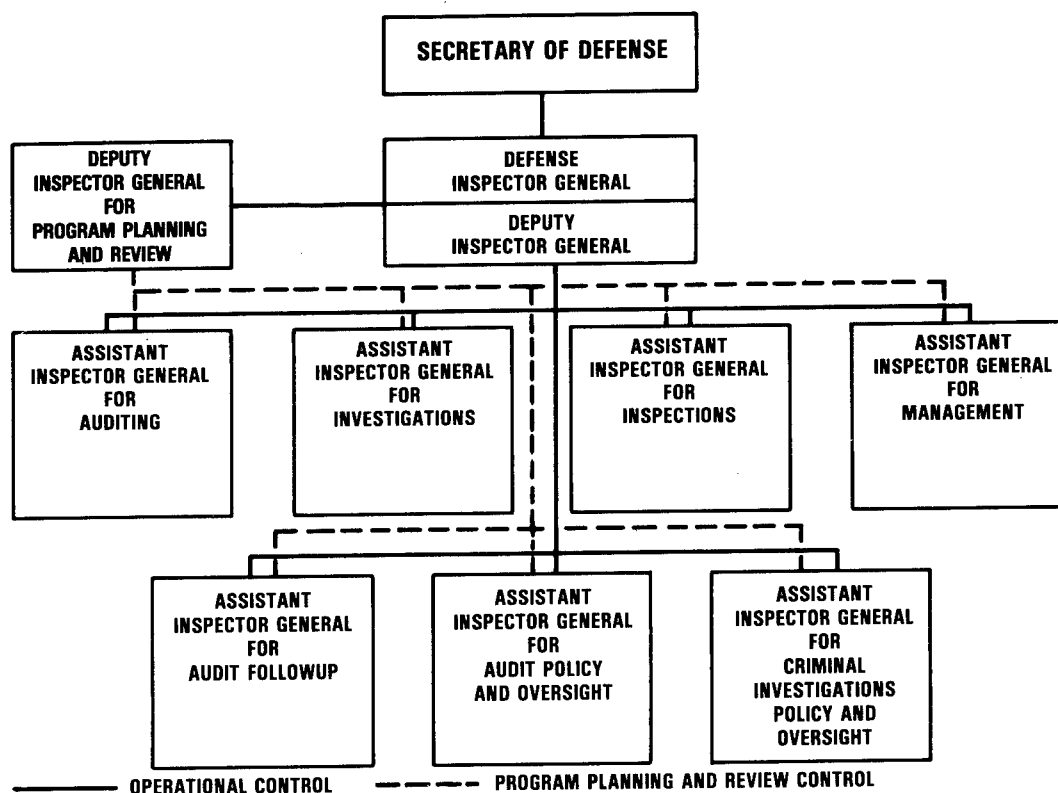


FIGURE 1: ORGANIZATIONAL STRUCTURE AND PLACEMENT OF THE OIG, DoD

APPENDIX 1

Audit Reports Issued
Between October 1, 1983
and March 31, 1984

The Inspector General Act
of 1978 as amended
requires that the
Inspector General include
in the Semiannual Report
a listing of audit
reports completed during
the reporting period.
The listing that follows
does not include internal
review reports,
commanders audit program
reports or reports
prepared by contract
audit activities.

Report No.	Title	Date Issued
Office of the Assistant Inspector General for Auditing		
84-001	Report on the Evaluation of Military Sealift Command Bidding Procedures for Manning Ships	10/20/83
84-002	Report on the Audit of Automatic Test Equipment	10/25/83
84-003*	Report on the Audit of the Defense Satellite Communications System Operations Control System	10/25/83
84-004*	Report on the Audit of Industrial Preparedness Funding	10/25/83
84-005	Report on the Audit of Enlisted Personnel Who Fail Initial Skill Training	11/4/83
84-006	Report on the Audit of DoD Official Representation Funds	11/4/83
84-007	Report on the Audit of Input into Defense Technical Information Center Technical Report Data Base	11/8/83
84-008	Report on the Audit of Payments to Contractor Debt and Contingent Liability Records at Selected Activities of the Defense Logistics Agency	11/9/83
84-009	Report on the Audit of Incapacitation Payments to Reservists	11/10/83
84-010	Report on the Audit of Contracts for for Automatic Data Processing Support Services	11/10/83
84-011	Report on the Audit of the Department of Defense Pest Management Program	11/10/83

Report No.	Title	Date Issued
84-012*	Report on the Audit of Army Pre-Positioned War Reserve Material	11/10/83
84-013	Report on the Followup Review of Policies, Practices and Procedures for Operation of the Defense Science Board	11/16/83
84-014	Report on the Audit of the Defense Personnel Support Center Non-appropriated Funds	11/17/83
84-015	Report on the Audit of the Procedures for Shipping Household Goods to Alaska	11/18/83
84-016	Report of Survey on the Component Breakout of the F-15 Aircraft	12/6/83
84-017	Report on the Audit of Procurement Decisions for Aircraft Spares	11/21/83
84-018	Report on the Audit of Procurement Quality Assurance of Materiel Receipts by Corpus Christi, Texas, Army Depot	12/7/83
84-019	Report on the Audit of DoD Scrap Operations	12/8/83
84-020*	Report on the Audit of Intrusion Detection Systems	12/8/83
84-021	Report on the Audit of Accountability Controls Over Military Ocean Cargo Received in and Shipped from the Republic of Korea	12/19/83
84-022	Report on the Audit of Audiovisual Management Activities	12/19/83
84-023	Report on the Audit of the Practices Used to Select Transportation Cost Factors in the Procurement of Volume-Lot Commodities	12/19/84
84-024	Report on the Audit of Contract Administration and Payment Data at Defense Contract Administration Services Regions	12/22/83
84-025	Fiscal Year 1983 Yearend Spending Practices	12/23/83
84-026	Report on the Audit of Air Force Missile Maintenance Manpower Requirements	12/23/83
84-027	Quick-Reaction Report - Breakout of High-Dollar Value Helicopter Parts Under Contract Between Naval Air Systems Command and Kaman Aerospace Corporation	12/30/83

* Classified Audit Report

Report No.	Title	Date Issued	Report No.	Title	Date Issued
84-028	Report on the Review of the Release of Sensitive Navy Information on the EP-3 Aircraft Program to a Defense Contractor	1/16/84	84-044	Report on the Audit of the Procurement of Aircraft Engine Spare Parts	2/10/84
84-029	Quick-Reaction Report on the Audit of Procurement Operations in the Pacific	1/18/84	84-045	Report on the Review of Selected Health Care Procedures	2/10/84
84-030*	Report on the Audit of Alleged Overpricing for Spare Parts for F/A-18 Flight Simulators	1/31/84	84-046	Report on the Audit of Inflation Factors Used to Price Stock Funded and Procurement Funded Secondary Items Issued From DoD Inventories for Foreign Military Sales	2/14/84
84-031	Report on the Audit of Used Solvents	2/2/84	84-047	Report on the Audit of Department of Defense Procurement Training	2/14/84
84-032	Report on the Audit of Government-Furnished Material at DoD Production Contractors	2/2/84	84-048	Report on the Audit of Controls Over Receipts of Materiel Accepted at Source	2/14/84
84-033	Report on the Audit of Contract Maintenance of Training Helicopters at Whiting Field Naval Air Station, Milton, Florida	2/2/84	84-049	Report on the Audit of Use of Administrative Vehicles Within the Department of Defense	2/16/84
84-034	Report on the Audit of Improved Lightweight Sonar, AN/SQS-53C	2/8/84	84-050	Report on the Audit of the Department of Defense Dependents Schools Organizational Structure and Staffing	2/22/84
84-035	Report on the Audit of the Imprest Fund at Armed Forces Radiobiology Research Institute	2/10/84	84-051*	Report on the Audit of Battlefield Intelligence	2/23/84
84-036	Audit of Disbursing Agent's Fund at the Defense Investigative Service	2/10/84	84-052	Report on the Audit of Utilization of Health Professionals in Executive/Management Positions and Special Pay Compensation	3/2/84
84-037	Report on the Audit of Imprest Funds at the Office of the Inspector General	2/10/84	84-053	Report on the Audit of Initial Spare Parts Procurements for Selected Major Systems	3/7/84
84-038	Report on the Audit of the Imprest Fund at Defense Intelligence Agency	2/10/84	84-054	Report on the Audit of DoD Transportation Claims Against Commercial Carriers	3/9/84
84-039	Report on the Audit of the Imprest Fund Defense Logistics Agency Administrative Support Center	2/10/84	84-055	Report on the Audit of Temporary Duty Travel at the National Security Agency	3/13/84
84-040	Report on the Audit of the Imprest Funds at Defense Communications Agency	2/10/84	84-056	Report on the Audit of Consulting Service Contracts as of July 1, 1983	3/23/84
84-041	Report on the Audit of the Imprest Funds at Defense Mapping Agency	2/10/84	84-057	Report on the Audit of Methods and Procedures for Safeguarding House Committee on Appropriations Documents Forwarded to DoD for Security Reasons	3/26/84
84-042	Report on the Audit of the Imprest Fund at Defense Contract Audit Agency	2/10/84	84-058	Report on the Audit of Aircraft Engine Reclamations	3/26/84
84-043	Report on the Audit of the Imprest Fund at Defense Advanced Research Projects Agency	2/10/84	84-059	Report on the Audit of Temporary Housing Costs for Enlisted Personnel During Renovation	3/29/84

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Report No.	Title	Date Issued	Report No.	Title	Date Issued
84-060	Report on the Audit of Maintenance of Tactical Radio Equipment	3/30/84	MW 84-202	Military Pay	11/9/83
Army Audit Agency			SO 84-2	Civilian Personnel Operations, Anniston Army Depot, Anniston, Alabama	11/16/83
MW 84-1	Procurement Automated Data and Document System	10/3/83	SW 84-2	Operational Readiness, 4th Infantry Division (Mechanized), Fort Carson, Colorado	11/16/83
SO 84-1	Army Ranger Training, U.S. Army Infantry Center and Fort Benning, Fort Benning, Georgia	10/5/83	SW 84-600	Federal Employees' Compensation Program, Red River Army Depot, Texarkana, Texas	11/23/83
NE 84-2*	Copperhead 155mm Cannon-Launched Guided Projectile M712, U.S. Army Armament Research and Development Center, Dover, New Jersey	10/14/83	SW 84-3	M261 Conversion Kit, U.S. Army Training and Doctrine Command, Fort Monroe, Virginia	11/28/83
MW 84-2	Finance and Accounting Operations, U.S. Army Troop Support and Aviation Material Readiness Command, St. Louis, Missouri	10/18/83	SO 84-4	Workload Management, U.S. Army Missile Laboratory, Redstone Arsenal, Alabama	11/29/83
EC 84-700	Soldier Oriented Research, U.S. Army Human Engineering Laboratory, Aberdeen Proving Ground, Maryland	10/19/83	NE 84-201	Procurement Evaluation and Selection Practices, U.S. Army Materiel Development and Readiness Command	12/14/83
MW 84-201	Maintenance Support of Active Forces in CONUS	10/25/83	SW 84-601	Post Decision Review of Commercial Activities, Guard and Animal Control Services, U.S. Army Air Defense Artillery Center and Fort Bliss, Fort Bliss, Texas	12/14/83
SW 84-1	U.S. Army Medical Department Activity and U.S. Army Dental Activity, Panama	10/26/83	EU 84-2	Maintenance and Related Supply Operations, 4th Ordnance Company, Miesau, Germany	12/16/83
SO 84-700	Potentially Fraudulent Acquisition Practices, Fort Bragg, North Carolina	10/26/83	EC 84-201	Borrowed Military Manpower and Troop Diversion	12/16/83
EC 84-701	Soldier Oriented Research, U.S. Army Research Institute for the Behavioral and Social Sciences, Alexandria, Virginia	10/28/83	WE 84-1	Audit of Travel Vouchers of Personnel on Temporary Duty at the High Technology Test Bed for the Year Ended 31 December 1982	12/19/83
HQ 84-200	Retail Stock Fund Management	10/31/83	SO 84-201	Threat Support to the Concept Based Requirements System, U.S. Army Signal Center and Fort Gordon, Fort Gordon, Georgia	12/20/83
NE 84-200	Meat Market Operations, Northeast Commissary Region, Fort George G. Meade, Maryland	11/1/83	NE 84-1	Defense Freight Railway Interchange Fleet, Military Traffic Management Command, Eastern Area, Bayonne, New Jersey	12/21/83
MW 84-200	U.S. Army Reserve Recruiting	11/7/83	SO 84-200	Active Duty Pay to National Guard Members, South Carolina Army National Guard, Columbia, South Carolina	12/21/83
EC 84-1	Acquisition and Contract Administration, U.S. Army Quartermaster Center and Fort Lee, Fort Lee, Virginia	11/8/83	SO 84-3	Forward Shock Absorber for the Dragon Missile System, U.S. Army Missile Command, Redstone Arsenal, Alabama	12/22/83
HQ 84-600	Federal Employees' Compensation Program, U.S. Army Engineer Center and Fort Belvoir, Fort Belvoir, Virginia	11/8/83			
EC 84-200	Procurement Evaluation and Selection Practices, U.S. Army Tank-Automotive Command, Warren, Michigan	11/9/83			

*Classified Audit Report

Report No.	Title	Date Issued	Report No.	Title	Date Issued
MW 84-6	Industrial Stocks-Procurement Requirements, U.S. Army Armament, Munitions and Chemical Command, Rock Island, Illinois	12/22/83	SO 84-5	Bonus Program, 24th Infantry Division (Mechanized) and Fort Stewart, Fort Stewart, Georgia	1/20/84
MW 84-7	Research and Development Analytical Support Services, U.S. Army Aviation Research and Development Command, St. Louis, Missouri	12/23/83	WE 84-602	Federal Employees' Compensation Program, 172d Infantry Brigade (Alaska), Fort Richardson, Alaska	1/20/84
WE 84-600	Federal Employees' Compensation Program Tooele Army Depot, Tooele, Utah	12/23/83	SW 84-201	Recreation Facilities, U.S. Army Engineer District, Tulsa, Tulsa Oklahoma	1/23/84
SO 84-202	Federal Employees' Compensation Program, U.S. Army Missile Command, Redstone Arsenal, Alabama	1/3/84	MW 84-8	Family Housing Operations, U.S. Army Center and Fort Knox, Fort Knox, Kentucky	1/24/84
MW 84-3	Financial Management for Ammunition Demilitarization, U.S. Army Armament, Munitions and Chemical Command and U.S. Army Depot System Command	1/3/84	EU 84-1	Army Oil Analysis Program, U.S. Army, Europe and Seventh Army	1/25/84
EC 84-2	Maintenance Management, U.S. Army Tank-Automotive Command, Warren, Michigan	1/4/84	NE 84-3	Maine Army National Guard, Augusta, Maine	1/25/84
WE 84-3	U.S. Army Television-Audio Support Activity, Sacramento, California	1/4/84	EC 84-4	U.S. Army Engineer District, Huntington, Huntington, West Virginia	1/26/84
WE 84-4	U.S. Army Electronic Proving Ground, Fort Huachuca, Arizona	1/5/84	SO 84-6	Acquisition and Contract Operations, Fort McPherson, Georgia	1/26/84
NE 84-701	Government Cost of Custodial Services, United States Military Academy, West Point, New York	1/6/84	NE 84-202	Logistical Planning for New Equipment, U.S. Army Communications-Electronics Command, Fort Monmouth, New Jersey	1/27/84
EC 84-3	Acquisition and Contract Administration, Walter Reed Army Medical Center, Washington, DC	1/6/84	SW 84-202	Threat Support to the Concept Based Requirements System, U.S. Army Field Artillery Center and Fort Sill, Fort Sill, Oklahoma	1/27/84
WE 84-200	Active Duty Pay to National Guard Members, Arizona Army National Guard, Phoenix, Arizona	1/9/84	MW 84-203	Procurement Evaluation and Selection Practices, U.S. Army Armament, Munitions and Chemical Command, Rock Island, Illinois	1/31/84
SW 84-5	Army Instrumentation Development	1/17/84	WE 84-7	Installation Supply Operations, Presidio of San Francisco, Presidio of San Francisco, California	1/31/84
SW 84-704	Soldier Oriented Research, U.S. Army Combined Arms Center and Fort Leavenworth, Fort Leavenworth, Kansas	1/17/84	EC 84-704	Review of the Evaluation of Internal Control Systems, U.S. Army Computer Systems Command, Fort Belvoir, Virginia	2/1/84
WE 84-2	Acquisition and Contract Administration, Eighth U.S. Army, Seoul, Korea	1/19/84	SO 84-702	Review of the Evaluation of Internal Control Systems, U.S. Army Infantry Center and Fort Benning, Fort Benning, Georgia	2/1/84
EU 84-200	Utilities Management, U.S. Army, Europe and Seventh Army	1/20/84	SO 84-701	Review of the Evaluation of Internal Control Systems, XVIII Airborne Corps and Fort Bragg, Fort Bragg, North Carolina	2/2/84

Report No.	Title	Date Issued	Report No.	Title	Date Issued
SW 84-4	Installation Contracting, III Corps and Fort Hood, Fort Hood, Texas	2/2/84	EC 84-5	Storage and Disposal of Hazardous Materials, Fort Detrick, Frederick, Maryland	2/23/84
WE 84-700	Selected Training Support Areas, National Training Center and Fort Irwin, Fort Irwin, California	2/2/84	SO 84-600	Post Review of the Commercial Activity Study for Laundry and Drycleaning Services, Fort McPherson, Georgia	2/23/84
EC 84-705	Review of the Evaluation of Internal Control Systems, U.S. Army Training and Doctrine Command, Fort Monroe, Virginia	2/2/84	NE 84-604	Federal Employees' Compensation Program Tobyhanna Army Depot, Tobyhanna, Pennsylvania	2/24/84
WE 84-202	Threat Support to the Concept Based Requirements System, U.S. Army Intelligence Center and School, Fort Huachuca, Arizona	2/3/84	SO 84-203	Logistical Planning for New Equipment, U.S. Army Missile Command, Redstone Arsenal, Alabama	2/24/84
SW 84-203	Recreation Facilities, U.S. Army Engineer District, Little Rock, Little Rock, Arkansas	2/8/84	MW 84-10	Joint Uniform Military Pay System Army Retired Pay, Assistant Comptroller of the Army for Finance and Accounting U.S. Army Finance and Accounting Center, Indianapolis, Indiana	2/24/84
WE 84-6	Civilian Personnel Management, U.S. Army Support Command, Hawaii, Fort Shafter, Hawaii	2/9/84	EU 84-4*	Wartime Operations Planning, 59th Ordnance Brigade, Pirmasens, Germany	2/27/84
MW 84-700	Review of the Evaluation of Internal Control Systems, U.S. Army Armament, Munitions and Chemical Command, Rock Island, Illinois	2/10/84	NE 84-203	Procurement Evaluation and Selection Practices, U.S. Army Communications-Electronics Command, Fort Monmouth, New Jersey	2/27/84
SW 84-200	Acquisition and Use of Small Scale Computers	2/10/84	EU 84-3	59th Ordnance Brigade, Pirmasens, Germany	2/28/84
WE 84-5	Developmental Testing, U.S. Army Yuma Proving Ground, Yuma, Arizona	2/13/84	EC 84-203	Logistical Planning for New Equipment, U.S. Army Training and Doctrine Command, Fort Monroe, Virginia	2/27/84
EU 84-5	Construction Management, U.S. Army Engineer Division, Middle East, Riyadh, Saudi Arabia	2/17/84	SO 84-703	Review of the Evaluation of Internal Control Systems, U.S. Army Forces Command	2/28/84
SO 84-7	Use of Yearend Funds, U.S. Army Signal Center and Fort Gordon, Fort Gordon, Georgia	2/21/84	WE 84-9	Finance and Accounting Operations, Sacramento Army Depot, Sacramento, California	2/29/84
SW 84-8	U.S. Army Training and Doctrine Command, Combined Arms Test Activity, Fort Hood, Texas	2/21/84	HQ 84-201	Active Duty Pay to National Guard Members, Virginia Army National Guard, Richmond, Virginia	2/29/84
MW 84-701	Review of the Evaluation of Internal Control Systems, U.S. Army Troop Support and Aviation Materiel Readiness Command, St. Louis, Missouri	2/22/84	EU 84-703	Armywide Review of the Evaluation of Internal Control Systems, U.S. Army, Europe and Seventh Army	3/1/84
WE 84-8	Audit of Document Registers, 9th Infantry Division, Corps and Fort Lewis, Fort Lewis, Washington	2/22/84	EC 84-707	Review of the Evaluation of Internal Control Systems, U.S. Army Materiel Development and Readiness Command, Alexandria, Virginia	3/1/84
			EU 84-201	Borrowed Military Manpower and Troop Diversion, U.S. Army, Europe and Seventh Army	3/2/84

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Report No.	Title	Date Issued	Report No.	Title	Date Issued
EU 84-700	Commissary Operations, Hanau, Germany	3/2/84	WE 84-13	Acquisition and Contract Administration, U.S. Army Engineer District, Sacramento, California	3/23/84
SW 84-705	Temporary Duty Travel, U.S. Army Engineer District, New Orleans, New Orleans, Louisiana	3/2/84	SW 84-7	Finance and Accounting Operations, U.S. Army White Sands Missile Range, White Sands, New Mexico	3/26/84
HQ 84-601	Federal Employees' Compensation Program	3/5/84	EC 84-708	Temporary Duty Travel, U.S. Army Engineer District, Baltimore, Maryland	3/27/84
NE 84-605	Federal Employees' Compensation Program, Letterkenny Army Depot, Chambersburg, Pennsylvania	3/9/84	EC 84-709	Review of the Evaluation of Internal Control Systems, Office of the Deputy Chief of Staff for Operations and Plans, Washington, DC	3/27/84
SW 84-204	Threat Support to the Concept Based Requirements System, U.S. Army Combined Arms Center and Fort Leavenworth, Fort Leavenworth, Kansas	3/13/84	MW 84-11	Maintenance Data Management System, U.S. Army Materiel Development and Readiness Command and U.S. Army Materiel Development and Readiness Command Automated Logistics Management Systems Activity	3/28/84
NE 84-8	Acquisition and Maintenance of Specialized Automatic Data Processing Equipment, U.S. Army Armament Research and Development Center, Dover, New Jersey	3/15/84	SO 84-205	Recreation Facilities, U.S. Army Engineer District, Mobile, Alabama	3/29/84
MW 84-9	Civilian Pay, U.S. Army Troop Support and Aviation Materiel Readiness Command, St. Louis, Missouri	3/16/84	NE 84-7	Finance and Accounting Operations, Fort Devens, Fort Devens, Massachusetts	3/30/84
WE 84-10	Food Service Operations, Eighth U.S. Army, Seoul, Korea	3/19/84	NE 84-703	1983 Army-Navy Football Game, U.S. Army Military Academy, West Point, New York	3/30/84
SO 84-204	Recreation Facilities, U.S. Army Engineer District, Wilmington, Wilmington, North Carolina	3/20/84	HQ 84-A1	Advisory Report on Civilian Retirement Procedures	3/20/84
SW 84-700	Review of the Evaluation of Internal Control Systems, Brooke Army Medical Center, Fort Sam Houston, Texas	3/20/84	EU 84-800	Hanau Area Club System, Hanau, Germany	10/21/83
EC 84-7	U.S. Army Engineer District, Baltimore, Baltimore, Maryland	3/21/84	EU 84-801	Heibronn Area Club System, Heibronn, Germany	11/22/83
SW 84-701	Review of Evaluation of Internal Control Systems, Fort Sam Houston, Fort Sam Houston, Texas	3/21/84	EC 84-800	Vint Hill Farms Station Club System, Warrenton, Virginia	11/23/83
SW 84-702	Review of Evaluation of Internal Control Systems, U.S. Army Health Services Command, Fort Sam Houston, Texas	3/22/84	WE 84-801	Camp Red Cloud Area Club System, Uijongbu, Korea	11/28/83
SW 84-706	Fund Controls, Tri-Service Medical Information Systems, Army Office, Washington, DC	3/22/84			
SW 84-703	Review of the Evaluation of Internal Control Systems, U.S. Army Air Defense Artillery Center and Fort Bliss, Fort Bliss, Texas	3/23/84			

Report No.	Title	Date Issued
MW 84-800	U.S. Army St. Louis Area Support Center Community Club System, Granite City, Illinois	12/14/83
EU 84-803	Stuttgart Area Club System, Stuttgart, Germany	12/19/83
EU 84-805	Kaiserslautern Area Club System, Kaiserslautern, Germany	12/20/83
MW 84-801	Rock Island Arsenal Club System, Rock Island, Illinois	1/5/84
EU 84-804	Heidelberg Community Club System, Heidelberg, Germany	1/19/84
SW 84-800	Fort Riley Club System, Fort Riley, Kansas	1/24/84
EU 84-802	Frankfurt Area Club System, Frankfurt, Germany	2/9/84
EU 84-806	Bremerhaven Area Club System, Bremerhaven, Germany	3/1/84
WE 84-802	2d Infantry Division Area Club System, Tongduchon, Korea	3/7/84
EU 84-807	Amsbach Area Club System, Amsbach, Germany	3/30/84
NE 84-6	Survey of the National Guard Bureau Duplicating and Forms Center, Camp Keyes, Augusta, Maine	12/13/83
NE 84-700	Special Act Award, U.S. Army Communications-Electronics Command, Fort Monmouth, New Jersey	10/17/83
NE 84-601	Post Review of Motor Vehicle Maintenance and Repair Service, Fort Monmouth, New Jersey	10/6/83
NE 84-600	Post Review of Installation Support Services, Fort Monmouth, New Jersey	10/6/83

Report No.	Title	Date Issued
EC 84-202	Logistical Planning for New Equipment, U.S. Army Tank-Automotive Command, Warren, Michigan	11/10/83
EC 84-702	Review of FY 81 Baseline Data for Facilities Engineering Real Property Maintenance Activities at Vint Hill Farms Station	10/7/83
EC 84-703	Review of Phase Baseline and Post Consolidation Data for Facilities Engineering Real Property Maintenance Activity, National Capitol Region	10/18/83
EC 84-706	Case Study and Justification Folder No. 234 for Engineer Training and Intelligence and Security Command Realignment dated 1 November 1983	12/29/83
EC 84-204	Army's Audit Followup Systems, U.S. Army Army Missile Command, Redstone Arsenal, Alabama	2/1/84
EC 84-205	Army's Audit Followup Systems, U.S. Army Communications-Electronics Command, Fort Monmouth, New Jersey	2/1/84
EC 84-206	Army's Audit Followup Systems, U.S. Army Electronic Research and Development Command, Adelphi, Maryland	2/1/84
EC 84-9	DA Commodity Command Standard System Wholesale Stock Fund, U.S. Army Materiel Development and Readiness Command	3/6/84
SO 84-704	Special Act Award, U.S. Army Corps of Engineers, South Atlantic Division	2/29/84
SO 84-9	Followup Audit of Chaparral Missile System and Forward Area Alerting Radar, U.S. Army Forces Command	3/26/84
MW 84-12	Maintenance Management, U.S. Army Aviation Systems Command (Provisional)	3/6/84
WE 84-701	Review of the Evaluation of Internal Control Systems, Fort Huachuca, Arizona	12/22/83
WE 84-702	Review of the Evaluation of Internal Control Systems, U.S. Army Communications Command	12/22/83
HQ 84-700	Review of the Automation Economic Analysis for the European Command Region 82 Automated Systems Army Commissaries Enhancement	10/5/83

Report No.	Title	Date Issued	Report No.	Title	Date Issued
HQ 84-602	Acquisition of Spare Parts, U.S. Army Materiel Development and Readiness Command	2/17/84	C35423L	Naval Electronics Systems Command Administrative Services	9/2/83
HQ 84-702	Review of Automation Economic Analysis Titled DARCOM Cross-Compilers	3/23/83	C11933L	Receipt-Issue Control of Shop Store Material at Puget Sound Naval Shipyard, Bremerton, Wa	9/5/83
NE 84-500	Review of Government Cost of Aircraft Fueling Services, T814, Moore Army Airfield, Fort Devens, Massachusetts	10/21/83	X20263	Navy Ship Parts Control Center, Mechanicsburg, PA - Unannounced Disbursing Audit	9/6/83
NE 84-502	Review of Government Cost of Support Services, Carlisle Barracks, Carlisle, Pennsylvania	2/23/84	T20173	Erroneously Stocked Repairable Material	9/7/83
EC 84-500	Review of Government Costs of Messenger Service, Fort Eustis, Virginia	11/4/83	A30083L	Periodic Audit of Navy Petroleum Office	9/9/83
EC 84-501	Review of Government Costs of Storage and Warehousing, Vint Hill Farms Station, Warrenton, Virginia	11/9/83	S30482	Special Review of Cost Estimating at the Naval Air Systems Command	9/9/83
EC 84-502	Review of Government Costs of Maintenance of Administrative Vehicles	11/18/83	C12463L	Performance Standards Program at the Naval Air Rework Facility, Alameda, CA	9/12/83
SO 84-500	Review of Government Costs of Personnel Services Directorate of Personnel & Community Activities, Fort Jackson, Florida	1/6/84	T10541	Cash Management	9/12/83
SO 84-501	Review of Government Cost of Estimate for Female Initial Issue Point, Fort McClellan, Alabama	2/3/84	C42023L	Norfolk Naval Shipyard, Portsmouth, VA	9/13/83
MW 84-500	Review of Commercial Activity Insect and Rodent Control, Fort Sheridan, Illinois	1/6/84	C46022	Marine Corps Logistics Base, Albany, GA - Plant Property	9/13/83
MW 84-400	Review of Commercial Activity Recruiting Support Center Activity, U.S. Army Recruiting Command	3/16/84	G30043	Review of the Effectiveness of the Defense Systems Acquisition Review Council (DSARC) Process as Related to the Carrier Variant Helicopter (SH-60F) Program	9/14/83
WE 83-525	Review of Government Costs for Commercial Activities Program Audiovisual Services, Military Traffic Management Command, Western Area, Oakland Army Base, Oakland, California	11/1/83	A10213L	Marine Corps Air Station, Kaneohe Bay, HI	9/16/83
WE 84-500	Review of Government Costs for Commercial Activities Program, Base Operations Support, U.S. Army Yuma Proving Ground	2/24/84	A10323	U.S. Naval Air Station, Agana, Guam, Mariana Islands	9/16/83
Naval Audit Service					
S40253L	Special Audit of Cost of Dredging, Naval Station, Charleston	9/1/83			

Report No.	Title	Date Issued	Report No.	Title	Date Issued
C12423L	Facilities Management Office at the Naval Air Station, Alameda, CA Finance	9/16/83	A40293	Naval Technical Training Center, Corry Station, Pensacola, FL	9/30/83
A10202	Naval Undersea Warfare Engineering Station, Keyport, WA-Financial Management	9/19/83	A40493	Naval Education and Training Program Development Center, Pensacola, FL	9/30/83
A40403L	Navy Regional Data Automation Center, Norfolk, VA	9/21/83	A41112L	Naval Electronic Systems Engineering Center, Portsmouth, VA	9/30/83
C13333L	Internal Review at the Naval Supply Center, Oakland, CA	9/19/83	A41432	Naval Aerospace and Regional Medical Center, Pensacola, FL	9/30/83
H04053	Chief of Naval Material, Washington, DC	9/22/83	A41512	Supervisor of Shipbuilding, Conversion and Repair, USN, Newport News, VA	9/30/83
H00432	Chief of Naval Material, Washington, DC	9/22/83	C24752	Ships Parts Control Center, Mechanicsburg, PA - Requisition Processing	9/30/83
C17523L	Naval Submarine Base, Bangor, Bremerton, WA-Management of Utilities	9/23/83	C44433	Naval Air Rework Facility, Naval Air Station, Pensacola, FL	9/30/83
A30083	Navy Petroleum Office	9/23/83	D30082	Systems Development Audit of Navy Aviation Logistics Center Management Information Systems	9/30/83
T10073	Mobile Technical Units	9/23/83	S30542	Staffing Practices	9/30/83
A40053	Commander Naval Construction Batalions, U.S. Atlantic Fleet, Naval Amphibious Base, Little Creek, Norfolk, VA	9/26/83	K30092	PHM Ship Acquisition Project of the Naval Sea Systems Command (PMS-303)	9/30/83
A40093L	Fleet Combat Direction Systems Support Activity, Dam Neck, Virginia Beach, VA	9/26/83	T30332	Review of Transient Personnel Accountability, Reporting, and Processing	9/30/83
S10233	Special Audit Concerning Consolidation of Financial Information Processing Centers in San Diego	9/26/83	T30342	The Naval Sea Systems Command's Planning and Engineering for Repairs and Alterations (PERA) Program	9/30/83
X40163	Disbursing Functions at Naval Reserve Support Office, New Orleans, LA	9/26/83	T40432	Technical Training of Enlisted Personnel	9/30/83
D30063	Marine Corps Automated Data Processing Equipment Requirements	9/28/83	A10083L	Naval Construction Training Center, Port Hueneme, CA	10/3/83
A30143L	Marine Corps Operational Test and Evaluation Activity	9/29/83	A10453L	Marine Corps Base, Camp Smedley D. Butler, Okinawa, Japan-Food Service and Internal Review	10/6/83
G20052	Audit of Government Furnished Property in the Possession of Contractors and Grantees (Phase II)	9/29/83	C13323L	Servmart Operations at the Naval Supply Center, Oakland, CA	10/4/83
A20183	Naval Regional Contracting Center, Philadelphia, PA	9/30/83	S10283L	Special Review of Utility Costs at Naval Air Station, North Island, San Diego, CA	10/11/83
A30912L	Naval Surface Weapons Center, Dahlgren, CA	9/30/83	X10073L	Naval Undersea Warfare Engineering Station, Keyport, WA-Unannounced Disbursing Audit	10/11/83
A40163L	Navy Air Logistics Office, New Orleans, LA	9/30/83	X40223	Marine Aviation Training Support Group-90, Memphis, Millington, TN-Unannounced Disbursing Audit	10/11/83

Report No.	Title	Date Issued	Report No.	Title	Date Issued
A40093	Fleet Combat Direction Systems Support Activity, Dam Neck, Virginia Beach, VA	10/12/83	A10323L	U.S. Naval Air Station, Agana, Guam, Mariana Islands	11/1/83
D10023	Evaluation of the Navy Industrial Fund Research, Development, Test and Evaluation Standard Automated Financial System	10/14/83	A40683L	Naval Alcohol Rehabilitation Center, Naval Air Station, Jacksonville, FL	11/2/83
C43643	Charleston Naval Shipyard, Naval Base, Charleston, SC - Cost Accounting	10/14/83	A10063	Naval Weapons Center, China Lake, CA -Major Procurement	11/3/83
X40143	Marine Corps Logistics Base, Albany, GA- Unannounced Disbursing Audit	10/17/83	T30612	Word Processing	11/4/83
A30113	Expenditures Under the United Kingdom POLARIS Sales Agreement and the United States/United Kingdom Agreement For Cooperation on the Uses of Atomic Energy for Mutual Defense Purposes of 1958	10/17/83	C22643L	Philadelphia Naval Shipyard, Philadelphia, PA - Management of Transportation Equipment	11/9/83
C44133L	Naval Air Station, Jacksonville, FL - Aircraft Intermediate Maintenance Department	10/18/83	T40133	Audit of Performance Standards Program at Naval Air Rework Facilities and the Navy Aviation Logistics Center	11/9/83
X10063L	Naval Supply Center, Puget Sound, Bremerton, WA-Unannounced Disbursing Audit	10/18/83	A10053L	Naval Ship Systems Engineering Station, Port Hueneme, CA - Logistics Directorate	11/10/83
A10153L	Commander Patrol Wings, U.S. Pacific Fleet	10/20/83	A10333L	U.S. Naval Ship Repair Facility, Guam, Mariana Islands	11/10/83
A10213	Marine Corps Air Station, Kaneohe Bay, HI	10/24/83	C12423	Facilities Management Office at the Naval Air Station, Alameda, CA - Finance	11/10/83
X40213L	Marine Corps Recruit Depot, Parris Island, SC-Unannounced Disbursing Audit	10/24/83	S30173	Navy Recreation Center, Solomons, MD	11/10/83
X40203	Naval Ordnance Missile Test Facility, White Sands Missile Range, NM - Unannounced Disbursing Audit	10/25/83	A40643L	Naval Ocean Processing Facility, Dam Neck, VA	11/11/83
B40053L	Naval Weapons Station, Yorktown, VA	10/27/83	C27213	Marine Corps Finance Center, Kansas City, Mo - Timekeeping and Civilian Payroll	11/14/83
D30073	System Development Review of the Automated Procurement and Accounting Data Entry System (APADE) Redesign Project	10/17/83	X10043L	Naval Construction Battalion Center, Port Hueneme, CA-Unannounced Disbursing Audit	11/15/83
A10113L	Naval Weapons Station, Concord, CA	10/31/83	A10413L	Naval Plant Representative Office, Sunnyvale, CA	11/17/83
C37132	Naval Military Personnel Command Recreational Services Central Fund Management	10/31/83	T10582	Repair of Shipboard Electronics	11/17/83
E40043L	Naval Air Station, Jacksonville, FL	10/31/83	T40143	Coordinated Audit of Naval Dental Clinics	11/17/83
			A30133L	Navy Regional Finance Center, Washington, DC	11/18/83
			K30102	Rolling Airframe Missile of the Naval Sea Systems Command	11/18/83
			T30203	Review of the Navy's Audit Followup System	11/18/83
			A10203L	Naval Air Station, Barbers Point, HI	11/21/83

Report No.	Title	Date Issued	Report No.	Title	Date Issued
A40083L	Enlisted Personnel Management Center, New Orleans, LA	11/21/83	C42953L	Naval Air Rework Facility, Marine Corps Air Station, Cherry Point, NC - Depot Maintenance of Aircraft	12/8/83
A41112	Naval Electronic Systems Engineering Center, Portsmouth, VA	11/21/83	A20582	Navy Regional Finance Center, Great Lakes, IL	12/13/83
C44243	Naval Supply Center, Norfolk, VA - Navy Stock Fund	11/21/83	A20582L	Navy Regional Finance Center, Great Lakes, IL	12/13/83
C44243L	Naval Supply Center, Norfolk, VA - Navy Stock Fund	11/21/83	A40234L	Naval Technical Training Center, Meridian, MS	12/13/83
A20363	Review of ADP Operations, Facilities and Controls at the Naval Underwater Systems Center, Newport, RI	11/23/83	H00083	Assistant Secretary of the Navy Washington, DC (Manpower and Reserve Affairs)	12/14/83
D10013	Review of TRIDENT Logistics Data System at TRIDENT Refit Facility, Bangor, Bremerton, WA	11/23/83	A10523L	Personnel Support Activity San Diego, CA	12/15/83
C35513	Support Services at Headquarters Marine Corps	11/25/83	C11943L	Transportation Equipment Management at Puget Sound Naval Shipyard, Bremerton, WA	12/16/83
C43633L	Charleston Naval Shipyard, Naval Base, Charleston, SC - Direct Material Inventory and Ground Fuel Accounting Controls	11/25/83	A40304L	Audit of 6th Marine Corps District, Atlanta, GA	12/19/83
A10423	Naval Ocean Systems Center, San Diego, CA - Validation of 30 September 1982 Financial Statement	11/28/83	C13713L	Personnel Management at Mare Island Naval Shipyard, Vallejo, CA	12/19/83
C13543L	Long Beach Naval Shipyard, Long Beach, CA - Utilities Management	11/28/83	C24933	Major Noncompetitive Procurement at the Aviation Supply Office, Philadelphia, PA	12/21/83
H00142	Chief of Naval Operations, Washington, DC	11/28/83	S40702	Marine Corps Exchange, Marine Corps Base, Camp Lejeune, NC	12/21/83
B30023L	Morale, Welfare, Recreation Fund Activities Naval Communication Unit, Washington, DC	11/29/83	A40473L	Fleet and Warfare Training Center, Charleston, SC	12/23/83
T20222	Pay/Personnel Administrative Support System (PASS) and Joint Military Entitlements Payment System (JUMPS)	11/29/83	C44133	Naval Air Station, Jacksonville, FL - Aircraft Intermediate Maintenance Department	12/28/83
A40073L	Commander Operational Test and Evaluation Force, Norfolk, VA	11/30/83	H03043	Comptroller of the Navy, Washington, DC	12/28/83
A40673L	Naval Air Station, Cecil Field, FL	11/30/83	T30272*	Navy's Test and Evaluation Facilities	12/28/83
A40063	Commander Naval Surface Force, U.S. Atlantic Fleet, Norfolk, VA	12/2/83	B30013L	Naval Air Station, Patuxent River, MD - Nonappropriated Funds and Ground Fuel Accounting and Control	12/29/83
A10113	Naval Weapons Station, Concord, CA	12/5/83			
A40213L	Naval Mine Warfare Engineering Activity, Yorktown, VA	12/7/83			
H00132	Chief of Naval Operations, Washington, DC	12/8/83			

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K30093	Naval Sea Systems Command's Surface Ship ASW Combat System Project (PMS-411)	12/29/83	C24943	Aviation Supply Office, Philadelphia, PA - Review of Funded Internal Planned Program Requirements	1/20/84
A10263L	Naval Ocean Processing Facility, Ford Island, HI	12/30/83	T20522	Centralized Accounting and Billing (CAB) Procedures at the Aviation Supply Office and Related Activities	1/20/84
A10493L	Marine Corps Base, Camp Smedley D. Butler, Okinawa, Japan - Supply, Procurement and Property	12/30/83	A40693	Personnel, Property, Procurement, Finance and Other Selected Functions at Naval Air Station, Dallas, TX	1/23/84
A10543L	Fleet Aviation Specialized Operational Training Group, Pacific Fleet	12/30/83	A40013L	Naval Communication Area Master Station Atlantic, Norfolk, VA - Finance, Contract Administration, Property, and Other Selected Functions	1/30/84
B10063L	Morale, Welfare, and Recreation Activities at Naval Station, San Diego, CA	12/30/83	S20014	Special Review of Navy Contracts with College of Lake County, Great Lakes, IL	1/31/84
C12543L	Marine Corps Base, Camp Pendleton, CA - Transportation Management	12/30/83	A40174L	Naval Safety Center, Naval Air Station, Norfolk, VA	2/1/84
C13753L	Mare Island Naval Shipyard, Vallejo, CA - Small Purchases	12/30/83	C13533L	Long Beach Naval Shipyard, Long Beach CA - Direct Material Inventory and Shop Stores	2/6/84
C13823L	Pearl Harbor Naval Shipyard, Pearl Harbor, HI - Finance	12/30/83	C24913	Review of the Management of the Due-in/Due-out File at the Aviation Supply Office, Philadelphia, PA	2/7/84
K30073	Undersea Surveillance Program (PDE-124) of the Naval Electronic Systems Command	12/30/83	A40593L	Personnel Support Activity, New Orleans, LA	2/9/84
S30193	Foreign Military Sales Case SE-LAP	12/30/83	C44123L	Naval Air Station, Jacksonville, FL - Component Rework	2/14/84
S10293L	Financial Review of Naval Legal Service Office, Pearl Harbor, HI	12/30/83	C14533	Administration of Support Services Contracts, Pacific Missile Test Center, Point Mugu, CA	2/17/84
A40693L	Naval Air Station, Dallas, TX, Personnel, Property, Procurement, Finance and Other Selected Functions at Naval Air Station, Dallas, TX	1/3/84	G30113	Review of the Reasonableness of Interim Spare Parts Prices Paid to Selected Contractors by the Naval Air Systems Command and the Naval Sea Systems Command, St. Louis	2/21/84
K30034	Naval Sea Systems Command's Directed Energy Weapons Project (PMS-405)	1/4/84	C13843L	Pearl Harbor Naval Shipyard, Pearl Harbor, HI-Industrial Relations	2/21/84
B10063	Morale, Welfare, and Recreation Activities at Naval Station, San Diego, CA	1/6/84	C13533	Long Beach Naval Shipyard, Long Beach, CA - Direct Material Inventory and Shop Stores	2/21/84
C27613	Naval Air Development Center, Warminster, PA - Public Works Department, Maintenance, Repair, and Service Work	1/9/84	C22763L	Portsmouth Naval Shipyard, Portsmouth, NH - Material Receipt and Issued Control	2/21/84
T20113	Navy Career Sea Pay, Premium Sea Pay, Foreign Duty Pay, and Hostile Fire Pay	1/17/84			
A40263L	Naval Sea Combat Systems Engineering Station, Norfolk, VA	1/13/84			
A20323L	U.S. Naval Station, Keflavik, Iceland	1/16/84			
H03053	Comptroller of the Navy, Washington, DC	1/20/84			

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A40203L	Review of Financial Management, Transportation Management, Fire Safety Engineering, and Other Selected Functions at Atlantic Division Naval Facilities Engineering Command, Norfolk, VA	2/21/84
C22714L	Portsmouth Naval Shipyard, Portsmouth, NH - Storage and Warehousing	2/22/84
T30213	Review of the Navy Energy Research and Development Program	2/23/84
A20064L	Review of Finance, Maintenance, Property Procurement, Personnel, and Support Functions at the U.S. Naval Air Station Signonella Catania, Sicily	2/24/84
T10083	Multilocation Audit of Management of the Marine Aircraft Group Supply Program	2/27/84
T10243	Multilocation Audit of Quick Engine Change Kits	2/27/84

Marine Corps Nonappropriated Funds Audits**

Command Club System, HqBn, HQMC, Henderson Hall, Arlington, VA	12/9/83
Command Club System, Marine Barracks, 8th & I Sts., Washington, DC	11/17/83
Enlisted Club, 1stMarCorDistrict, Garden City, Long Island, NY	8/31/83
Enlisted Club, Marine Barracks, Portsmouth, NH	8/31/83
Enlisted Club, Marine Barracks, Keflavik, Iceland	12/12/83
Enlisted Club, Marine Barracks, London, England	12/19/83
Enlisted Club, Marine Barracks, Panama Canal Zone	10/3/83
Enlisted Club, Adak, Alaska	8/24/83
Enlisted Club, Adak, Alaska	2/7/84
Enlisted Club, Marine Barracks, Whidbey Island, WA	1/4/84
Enlisted Club, Marine Barracks, Bremerton, WA	1/4/84
Enlisted Club, Marine Barracks, Vallejo, CA	6/17/83

Report No.	Title	Date Issued
	Enlisted Club, Marine Barracks, Vallejo, CA	10/27/83
	Enlisted Club, Marine Barracks, Concord, CA	10/27/83
	Enlisted Club, Marine Barracks, Lemoore, CA	10/20/83
	Recreation Fund, HqBn, HQMC, Henderson Hall, Arlington, VA	12/19/83
	Recreation Fund, 9thMarCorDistrict, Shawnee Mission, KS	10/13/83
	Recreation Fund, Marine Barracks, Panama Canal Zone	9/26/83
	Recreation Fund, Marine Corps Financial Center, Kansas City, MO	10/12/83
	Recreation Fund, Camp Elmore, Norfolk, VA	10/26/83
	Recreation Fund, Marine Barracks, Norfolk, VA	11/16/83
	Recreation Fund, Marine Barracks, Washington, DC	11/21/83
	Marine Corps Recreation Association, HQMC, Washington, DC	12/1/83
	Consolidated Chapel Fund, HQBN, Henderson Hall, Arlington, VA	10/20/83
	MCDEC Club System, Quantico, VA	12/16/83
	Recreation Fund, MCDEC, Quantico, VA	12/20/83
	Civilian Welfare and Recreation Funds, MCDEC, Quantico, VA	11/15/83
	Consolidated Chapel Fund, MCDEC, Quantico, VA	11/30/83
	Quantico Flying Club, MCDEC, Quantico, VA	12/20/83
	Billeting Fund, MCDEC, Quantico, VA	12/20/83
	TBS Augmented Dining Fund, MCDEC, Quantico, VA	11/16/83
	Quantico Dependent School Cafeteria Fund, MCDEC, Quantico, VA	7/22/83
	Interservice Rifle Fund, MCDEC, Quantico, VA	11/16/83
	Rod and Gun Club, MCDEC, Quantico, VA	12/20/83

**Audit report numbers were not provided

Report No.	Title	Date Issued
	MCAS Club System, Cherry Point, NC	12/21/83
	Recreation Fund, Cherry Point, NC	12/12/83
	Consolidated Chapel Fund, Cherry Point, NC	11/9/83
	Billeting Fund, Cherry Point, NC	11/17/83
	MCAS(H) Club System, New River, Jacksonville, NC	11/30/83
	Recreation Fund, New River, Jacksonville, NC	11/30/83
	Catholic Chapel Fund, New River, Jacksonville, NC	11/30/83
	Protestant Chapel Fund, New River, Jacksonville, NC	11/30/83
	Billeting Fund, New River, Jacksonville, NC	11/30/83
	Command Club Management System, Camp Lejeune, NC	12/5/83
	Recreation Fund, MCB, Camp Lejeune, NC	12/5/83
	Recreation Fund, 2dFSSG, FMFLANT, Camp Lejeune, NC	12/5/83
	Recreation Fund, 2dMarDiv, FMF, Camp Lejeune, NC	11/17/83
	Civilian Welfare and Recreation Fund, Camp Lejeune, NC	11/10/83
	Catholic Chapel Fund, Camp Lejeune, NC	11/10/83
	Protestant Chapel Fund, Camp Lejeune, NC	11/10/83
	Billeting Fund, Camp Lejeune, NC	11/17/83
	Dependents Schools Cafeteria Fund, Camp Lejeune, NC	8/31/83
	MCRDep Club System, Parris Island, SC	11/23/83
	Recreation Fund, Parris Island, SC	11/16/83
	Consolidated Chapel Fund, Parris Island, SC	10/26/83
	Combat Center Club System, 29 Palms, CA	12/14/83

Report No.	Title	Date Issued
	Recreation Fund, 29 Palms, CA	12/14/83
	Consolidated Chapel Fund, 29 Palms, CA	12/14/83
	Billeting Fund, 29 Palms, CA	11/22/83
	Command Club Management System, Barstow, CA	12/30/83
	Recreation Fund, Barstow, CA	12/27/83
	Civilian Welfare & Recreation Association, Barstow, CA	12/5/83
	Consolidate Chapel Fund, Barstow, CA	12/5/83
	Billeting Fund, Barstow, CA	12/5/83
	MCAS Club System, Beaufort, SC	12/6/83
	Recreation Fund, Beaufort, SC	12/19/83
	Consolidated Chapel Fund, Beaufort, SC	10/21/83
	Billeting Fund, Beaufort, SC	11/8/83
	Laurel Bay School Luncheon Fund, Beaufort, SC	8/17/83
	MCLB Club System, Albany, GA	2/16/84
	Recreation Fund, Albany, GA	1/3/84
	Civilian Welfare & Recreation Association, Albany, GA	12/14/83
	Consolidated Chapel Fund, Albany, GA	1/5/84
	Rod and Gun Club, Albany, GA	12/14/83
	MCRD Club System, San Diego, CA	11/17/83
	Recreation Fund, San Diego, CA	12/1/83
	Civilian Welfare & Recreation Association, San Diego, CA	11/7/83
	Depot Chapel Fund, San Diego, CA	10/25/83
	MCB Club System, Camp Pendleton, CA	12/12/83

Report No.	Title	Date Issued
	Recreation Fund, Camp Pendleton, CA	12/12/83
	Recreation Fund, 1stMarDiv, Camp Pendleton, CA	11/3/83
	Combined Chapel Fund, Camp Pendleton, CA	11/7/83
	Camp Pendleton Flying Club, Camp Pendleton, CA	11/30/83
	Base Billeting Fund, Camp Pendleton, CA	11/16/83
	MCAS Club System, El Toro, CA	11/21/83
	Recreation Fund, El Toro, CA	11/9/83
	Civilian Employees Recreation League, El Toro, CA	10/20/83
	Civilian Employees Recreation League, Tustin, CA	10/28/83
	El Toro Chapel Fund, El Toro, CA	11/1/83
	Station Chapel Fund, Tustin, CA	10/28/83
	El Toro Aero Club, El Toro, CA	11/17/83
	Billeting Fund, El Toro, CA	11/3/83
	MCAS Club System, Yuma, AZ	12/2/83
	Recreation Fund, Yuma, AZ	11/14/83
	MCAS Yuma Chapel Fund, AZ	11/14/83
	Yuma Marine Aero Club, Yuma, AZ	12/2/83
	Billeting Fund, Yuma, AZ	11/14/83
	MCAS Club System, Kaneohe Bay, HI	12/5/83
	Recreation Fund, Kaneohe Bay, HI	12/5/83
	Civilian Employees Association, Kaneohe Bay, HI	11/17/83
	Consolidated Chapel Fund, Kaneohe Bay, HI	11/30/83
	Billeting Fund, Kaneohe Bay, HI	12/5/83
	Camp H. M. Smith Club System, Camp Smith, HI	12/27/83
	Enlisted Club, Marine Barracks, Pearl Harbor, HI	1/13/84
	Recreation Fund, Camp Smith, HI	12/15/83

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Report No.	Title	Date Issued
	Recreation Fund, Marine Barracks, Pearl Harbor, HI	11/25/83
	Consolidated Chapel Fund, Camp Smith, HI	11/3/83
	MCB Club System, Camp Butler, Okinawa	12/19/83
	Staff NCO Club, Marine Barracks, Subic Bay, Philippines	3/3/83
	Recreation Fund, Camp Butler, Okinawa	12/21/83
	Consolidated Chapel Fund, Camp Butler, Okinawa	11/21/83
	Transient Officers' Billeting Fund, Camp Butler, Okinawa	11/21/83
	Kuwaie Lodge Fund (Temporary Lodging Facility), Camp Butler, Okinawa	12/13/83
	MCB Dining Fund, Camp Butler, Okinawa	11/21/83
	Marine Officers' Wives Club, Camp Butler, Okinawa	2/9/84
	MCAS Club System, Iwakuni, Japan	12/20/83
	Recreation Fund, Iwakuni, Japan	12/20/83
	Consolidated Chapel Fund, Iwakuni, Japan	11/29/83
	Billeting Fund, Iwakuni, Japan	12/19/83
	Iwakuni Flying Club, Iwakuni, Japan	12/9/83

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2020312	Review of Causes for Separated Member Indebtedness	11/14/83
210-4-01	Accounting and Finance Activity (ADSN 503700) - Evaluation of Inputs to the Retirees/Annuitant Pay System (RAPS), Bolling AFB, DC	10/12/83
210-4-02	Internal Controls Over Training, TDY - Enroute PCS-Specific Allotment, Bolling AFB, DC	10/14/83
210-4-05*	Management of USAF Intelligence Contingency Funds, Assistant Chief of Staff, Intelligence (HQ USAF/IN) FY 82/4 and 83/1	11/8/83
210-4-07*	Title Classified	12/12/83

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210-4-09*	Management of Air Force Intelligence Contingency Funds Headquarters Pacific Air Forces, Hickam AFB, HI	12/12/83	225-4-04	Accounting and Finance (ADSN 5039), Management of Paying and Collecting Area, Griffiss AFB, NY	1/16/84
210-4-10*	Management of Air Force Intelligence contingency Fund (ICF), Air Force Special Activities Center (AFSAC), Ft. Belvoir, VA	12/12/83	230-4-01	Air Force Management of R-5/R-9 Tank Trucks and Hydrant Systems, 122nd TFW, Ft. Wayne Municipal Airport, IN	10/5/83
210-4-11*	Management of Air Force Intelligence Contingency Funds (ICF), Attache Affairs, HQ Air Force Intelligence Service, Ft. Belvoir, VA	12/21/83	230-4-02	Air Force Management of R-5/R-9 Tank Trucks and Hydrant Systems, 181st TFG, Terre Haute, IN	10/5/83
210-4-12	Accounting and Finance (ADSN 503700) Management of Paying and Collecting Area Bolling AFB, DC	1/13/84	230-4-03	Accounting and Finance (ADSN 673200), Management of Paying and Collecting Area, 305th AREFW, Grissom AFB, IN	10/31/83
210-4-13	Certification of Fiscal Year 1983 Accounting Reports, HQ Air Force Systems Command (AFSC), Andrews AFB, DC	2/27/84	235-4-05	Review of Firm Fixed Price Level of Effort Contracting, Electronic Systems Division, Hanscom AFB, MA	11/25/83
2120112	Management of the Tactical Air Forces Small Computer Systems Acquisition	12/28/83	235-4-07	Review of Firm Fixed Price Level of Effort Contracting, Electronic Systems Division, Hanscom AFB, MA	12/8/83
2140110	Replacement of Base Telephone Exchange-Leased Systems	11/25/83	235-4-08	Review of Firm Fixed Price Level of Effort Contracting, Electronic Systems Division, Hanscom AFB, MA	12/30/83
215-4-03	Accounting & Finance (ADSN 525900), Management of Paying and Collecting Area, Chanute AFB, IL	12/2/83	235-4-09	Certification of FY 1983 Accounting Reports, Hanscom AFB, MA	1/6/84
215-4-04	Evaluation of the Air Force Internal Control Review-Nonappropriated Fund Inventory Accountability and Control, Chanute Technical Training Center, Chanute AFB, IL	12/6/83	240-4-01	Control of Government Transportation Requests (GTR) and Refunds, 410 BMW, K I Sawyer Air Force Base, MI	10/3/83
215-4-06	Management of Commissary Front-End Operations, Chanute AFB, IL	2/24/84	240-4-02	Internal Controls for Small Computer Systems, 410 BMW, K I Sawyer AFB, MI	11/9/83
220-4-02	Evaluation of the Use of Commercially Rented Vehicles During Official Travel, Dover AFB, DE	10/25/83	240-4-04	Internal Controls for Small Computer Systems, 87 FIS, K I Sawyer AFB, MI	11/28/83
220-4-06	Management of Air Logistics and Aerial Port Type Materiel Handling Equipment (463L), Delaware Air National Guard, New Castle, DE	12/21/83	240-4-08	Accounting and Finance (ADSN 5969), Management of Paying and Collecting Area, 410 BMW, K Sawyer AFB, MI	1/30/84
220-4-08	Management of Air Logistics and Aerial Port Type Materiel Handling Equipment (463L), Dover AFB, DE	2/13/84	245-4-02	Air Force Management of R-5/R-9 Tank Trucks, 108 Tactical Fighter Wing and 170 Air Refueling Group (NJANG), McGuire AFB, NJ	10/31/83
225-4-01	Automated Data Processing Sharing Program-Reimbursements (DPI 6360), Rome Air Development Center, Griffiss AFB, NY	10/21/83	245-4-06	Accounting and Finance (ADSN 5282), Management of Paying and Collecting Area, McGuire AFB, NJ	12/22/83
			250-4-04	Management of Commissary Front-End Operations, Pease AFB, NH	2/9/84

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255-4-02	Commercial and Industrial Activities Program-Military Family Housing Maintenance, Plattsburgh AFB, NY	11/10/83	265-4-04	Review of Contract Administration Procedures and Practices on Service Engineering Contracts, Air Force Plant Representative Office (AFPRO), Boeing Military Airplane Co., Wichita, KS	10/17/83
255-4-03	Accounting and Finance (ADSN 664400), Management of Paying and Collecting Area, Plattsburgh AFB, NY	12/5/83	265-4-06	Management of Unused Government Transportation Requests, Wright-Patterson AFB, OH	11/4/83
255-4-05	Followup Review—Air Force Manufacture of Parts and Equipment, Plattsburgh AFB, NY	12/23/83	265-4-09	Management of Air Logistics and Aerial Port Type Materiel Handling Equipment (463L), Greater Pittsburgh International Airport, Pittsburgh, PA	11/22/83
260-4-02	Accounting and Finance (ADSN 525300), Management of Paying and Collecting Area, Scott AFB, IL	10/7/83	265-4-10	Evaluation of the Use of Commercially Rented Vehicles During Official Travel, Wright-Patterson AFB, OH	11/18/83
260-4-03	Management of International Passenger Airlift, HQ Military Airlift Command (MAC), Scott AFB, IL	10/28/83	265-4-11	Certification of FY 1983 Accounting Reports, Wright-Patterson AFB, OH	11/23/83
260-4-04	Management of Air Force Official Representation Funds, Headquarters Military Airlift Command (MAC), Scott AFB, IL	11/30/83	265-4-12	Computer Software Change Management, Wright-Patterson AFB, OH	11/29/83
260-4-05	Management of Air Force Official Representation Funds, Air Force Communications Command (AFCC), Scott AFB, IL	11/30/83	265-4-15	Certification of Fiscal Year-End Accounting Reports, Aeronautical Systems Division (ASD), Wright-Patterson, AFB, OH	12/21/83
260-4-06	Management of War Readiness Spares Kits/Base Level Self-Sufficiency Kits WRSK/BLSS), Headquarters Military Airlift Command (MAC), Scott AFB, IL	12/13/83	265-4-16	Evaluation of the Air Force Internal Control Review of Determination of Requirements and Solicitations of Bids/Proposals, ASD, Wright-Patterson AFB, OH	12/22/83
260-4-07	Management of R-5/R-9 Tank Trucks and Hydrant Systems, HQ Military Airlift Command (MAC), Scott AFB, IL	1/12/84	265-4-18	Management of Air Logistics and Aerial Port Type Materiel Handling Equipment (463L), Rickenbacker Air National Guard Base, Columbus, OH	1/11/84
260-4-08	Certification of Fiscal Year 1983 Accounting Reports, HQ Military Airlift Command (MAC), Scott AFB, IL	1/7/84	265-4-19	Management of Air Logistics and Aerial Port Type Materiel Handling Equipment (463L), Mansfield Lahm Airport, Mansfield, OH	1/11/84
260-4-10	Accounting and Finance, Management of Paying and Collecting Area, (ADSN 525300), Scott AFB, IL	2/23/84	265-4-21	Management of Air Logistics and Aerial Port Type Materiel Handling Equipment (463L), Youngstown Municipal Airport, Vienna, OH	1/16/84
265-4-01	Review of Centrally Managed Allotments (CMAs) - First and Second Destination Transportation, Wright-Patterson AFB, OH	10/3/83	265-4-22	F-16 Cost Reimbursable Orders, Aeronautical Systems Division (ASD), Wright-Patterson AFB, OH	2/9/84
265-4-02	Automated Data Processing (ADP) Sharing Program-Reimbursements, Wright-Patterson AFB, OH	10/3/83	265-4-23	Management of Air Logistics and Aerial Port Type Materiel Handling Equipment (463L), Rickenbacker Air National Guard Base, Columbus, OH	2/9/84
265-4-03	Review of Mark XV IFF, Combat Identification System Program Office, Deputy for Aeronautical Equipment, ASD, Wright-Patterson AFB, OH	10/3/83			

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265-4-24	Review of B-1B Offensive Avionics System Acquisition Management, Cost/Schedule Control System, Air Force Plant Representative Office (AFPRO), The Boeing Company, Seattle, WA	2/10/84	3050111	Fiscal Year 1980 A-76 Cost Comparisons and Service Contracts	1/31/84
265-4-25	Program Support of the B-52 Offensive Avionics System/Cruise Missile Integration Modification Program, ASD, Wright-Patterson AFB, OH	2/17/84	3050216	Evaluation of Procedures for Requesting Security Investigations for Nonprior Service Enlistees	2/24/84
265-4-26	Review of B-1B Offensive Avionics System Acquisition Management, Cost/Schedule Control System, ASD, Wright-Patterson AFB, OH	2/17/84	3110111*	Phase-Out and Conversion of F-106 Aircraft	1/18/84
265-4-28	Management of Air Force Official Representation Funds at Headquarters Air Force Logistics Command (AFLC), Wright-Patterson AFB, OH	2/17/84	3110112	Followup Audit, Management of Air National Guard Fighter Units	11/14/83
265-4-29	Management of Air Logistics and Aerial Port Type Materiel Handling Equipment (463L), 907th TAG (AFRES), Rickenbacker Air National Guard Base, Columbus, OH	2/21/84	3110113	Management of KC-135 Flying Hour Forecasts and Air Refueling Support	1/3/84
270-4-06	Accounting and Finance (ADSN 67100), Management of Paying and Collecting, 379 BMW, Wurtsmith AFB, MI	1/16/84	3110114*	Airlift Support and Enroute Staging for the Rapid Deployment Force	12/23/83
3010311	Maintenance Inventory Center Requisitioning and Back Order Validation Procedures	1/30/84	3120110	Review of the Management and Use of the Automated Security Clearance Approval System	11/4/83
3030212	Repair of Line-Generated Items	1/31/84	3120111	Software Change Management at the Air Force Logistics Command and Military Airlift Command	11/2/83
3020321	Accounting and Finance - Management of Paying and Collecting (CY 83-1)	12/9/83	3140213	Management of Air Force Contingency Funds - Confidential Investigative Funds	11/9/83
3030410	Logistics Support of the B-52 Offensive Avionics System (OAS)/Cruise Missile Integration (CMI) Modification Program	11/4/83	3140214*	Management of Air Force Contingency Funds - Intelligence Contingency Funds	12/2/83
3030411	A Look at the B-52 Offensive Avionics System's Test, Analyze, and Fix Program	12/15/83	3160110	Evaluation of Management's Compliance with the Air Force's Audit Followup System	12/28/83
3040212	Review of Mark XV Cooperative Identification System--An FY 1983 Candidate for Defense Systems Acquisition Review Council Milestone I Decision	11/28/83	404-4-02	Use of General Services Administration (GSA) Contract Vehicles, Beale AFB, CA	11/16/83
3040213	Review of the Space Based Space Surveillance System--An FY 1984 Major System New Start	11/25/83	404-4-06	Accounting and Finance (ADSN 5965), Management of Paying and Collecting Area, Beale AFB, CA	1/19/84
3040394	Acquisition Practices and Installation Management in the KC-135/CFM56 Reengine Program	1/6/84	412-4-02	Fiscal Year 1981 A-76 Commercial Activities Decisions, Castle AFB, CA	12/7/83
3050110	Evaluation of Costs of the Euro-Nato Joint Jet Pilot Training Program, Fiscal Year 1982	10/14/83	416-4-05	Accounting and Finance (ADSN 671600), Management of Paying and Collecting Area, Davis-Monthan AFB, AZ	1/18/84
			420-4-01	Fiscal Years 1981 and 1982 A-76 Commercial Activities Decisions, Air Force Flight Test Center (AFFTC), Edwards AFB, CA	10/20/83

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420-4-03	Automated Data Processing Sharing Program Reimbursement, Air Force Flight Test Center (AFFTC), Edwards AFB, CA	11/25/83	440-4-04	Air Force Small Computer Software Acquisition, Development, and Sharing Efforts, Space Division, Los Angeles AFS, CA	12/27/83
422-4-02	Evaluation of the Use of Commerically Rented Vehicles During Official Travel, Elmendorf AFB, AK	10/13/83	440-4-05	Controls of Government Transportation Requests and Refunds, Space Division, Los Angeles AFS, CA	1/27/84
422-4-05	Accounting and Finance (ADSN 6744), Management of Paying and Collecting Area, Elmendorf AFB, AK	11/3/83	446-4-01	Base-Level Accounting and Finance Office Inputs to the Retiree/Annuitant Pay System (RAPS)-Internal Controls, Luke AFB, AZ	10/7/83
422-4-06	Management of Air Logistics and Aerial Port Type Materiel Handling Equipment (463L), Elmendorf AFB, AK	11/10/83	446-4-02	Fiscal Years 1981 and 1982 A-76 Commercial Activities Decisions, Luke AFB, AZ	10/7/83
422-4-07	Management of Air Logistics and Aerial Port Type Materiel Handling Equipment (463L), Elmendorf AFB, AK	11/14/83	446-4-03	Use of Commercially Rented Vehicles on Official Travel, Williams AFB, AZ	10/12/83
422-4-09	Evaluation of Air Force Internal Control Compliance Reviews of the Travel and Civilian Pay Functions, Elmendorf AFB, AK	12/21/83	446-4-06	Accounting and Finance (ADSN 5261), Management of Paying and Collecting Area, Luke AFB, AZ	12/12/83
428-4-01	Evaluation of Air Force Internal Control Review Program, Management of Narcotics and Dangerous Drugs, Fairchild AFB, WA	10/4/83	448-4-02	Fiscal Year 1981 OMB Circular A-76 Commercial Activities Decision, Commissary Shelf-Stocking and Custodial Services, Mather AFB, CA	11/3/83
428-4-02	Fiscal Years 1981 and 1982 A-76 Commercial Activities Decisions, Malmstrom AFB, MT	10/26/83	448-4-04	Internal Controls for Small Computer Systems, Mather AFB, CA	12/14/83
428-4-06	Fiscal Years 1981 and 1982 A-76 Commercial Activities Decisions, Fairchild AFB, WA	12/7/83	450-4-04	Management of the Federal Employees Compensation Act (FECA) Program, McChord AFB, WA	12/27/83
428-4-08	Accounting and Finance (ADSN 6647), Management of Paying and Collecting Area, Malmstrom AFB, MT	12/22/83	450-4-05	Management of Commissary Front-End Operations, McChord AFB, WA	1/9/84
428-4-13	Accounting and Finance (ADSN 6664), Management of Paying and Collecting Area, Fairchild AFB, WA	2/7/84	450-4-06	Certification of Fiscal Year-End Accounting Reports (Section 1311), McChord AFB, WA	1/30/84
435-4-03	Management of Foreign Military Sales Reports of Discrepancy, Hill AFB, UT	10/20/83	450-4-07	Accounting and Finance (ADSN 6691), Management of Paying and Collecting Area, McChord AFB, WA	1/6/84
435-4-07	Maintenance Inventory Center Backorder Excesses, Hill AFB, UT	11/30/83	450-4-09	Management of War Readiness Spares Kits (WRSK), MChord AFB, WA	2/17/84
435-4-08	Accounting & Finance (ADSN 5044), Management of Paying and Collecting Area, Hill AFB, UT	12/15/83	452-4-01	Evaluation of the Use of Commercially Rented Vehicles During Official Travel in the 1849 Electronics Installation Squadron (EIS), McClellan AFB, CA	10/19/83
435-4-14	Repair of Line Generated Items, Hill AFB, UT	2/22/84			

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452-4-02	Maintenance Management of Direct Materiel on Backorder, McClellan AFB, CA	10/7/83	456-4-02	Use of Commercially Rented Vehicles During Official Travel, Nellis AFB, NV	10/7/83
452-4-03	Management of Foreign Military Sales Reports of Discrepancy, McClellan AFB, CA	10/11/83	456-4-05	Review of ARBUT Engine Repair Cycle Information Processing, Nellis AFB, NV	1/20/84
452-4-04	Repair of Items in Long Supply, McClellan AFB, CA	10/14/83	458-4-01	Accounting and Finance (ADSN 672300), Management of Paying and Collecting Area, March AFB, CA	10/12/83
452-4-05	Base-Level Accounting and Finance Office Inputs to the Retiree/Annuitant Pay System (RAPS)—Internal Controls and Efficiency, McClellan AFB, CA	10/18/83	458-4-03	Selected Aspects of Financial Management for the Peacekeeper Program, Ballistic Missile Office, Norton AFB, CA	2/29/84
452-4-07	Evaluation of the Use of Commercially Rented Vehicles During Official Travel, McClellan AFB, CA	10/31/83	468-4-02	Evaluation of the Use of Commercially Rented Vehicles During Official Travel, Travis AFB, CA	11/10/83
452-4-08	Internal Controls for Small Computer Systems, McClellan AFB, CA	11/3/83	468-4-03	Management of 463L Pallets and Nets, Travis AFB, CA	12/8/83
452-4-09	Control of Transportation Requests and Refunds, McClellan AFB, CA	11/10/83	468-4-04	Management of Air Logistics and Aerial Port Type Materiel Handling Equipment (463L), Travis AFB, CA	1/12/84
452-4-13	Management of Communications-Electronics (CE) Scheme Materiel, McClellan AFB, CA	11/28/83	468-4-05	Air Force Management of R-9 Tank Trucks and Hydrant Systems, Travis AFB, CA	1/13/84
452-4-14	Accounting and Finance (ADSN 5032) Management of Paying and Collecting Area, McClellan AFB, CA	12/5/83	468-4-06	Certification of FY 1983 Accounting Reports, Travis AFB, CA	2/8/84
452-4-15	Followup Review - Air Force Depot Manufacture of Parts and Equipment, McClellan AFB, CA	12/22/83	468-4-07	Accounting and Finance (ADSN 503800), Management of Paying and Collecting Area, Travis, AFB, CA	2/16/84
452-4-18	Management of the Federal Employees' Compensation Act (FECA) Program, McClellan AFB, CA	1/13/84	472-4-02	Identification of Customers for Reimbursable Research, Development, Test, and Evaluation (RDT&E) Activities	11/9/83
452-4-19	Certification of FY 1983 Accounting Reports, McClellan AFB, CA	2/2/84	472-4-03	Use of Commercially Rented Vehicles During Official Travel, 1 STRAD, Vandenberg AFB, CA	2/6/84
454-4-01	Accounting and Finance (ADSN 665500), Management of Pay and Collecting Area, Mt. Home AFB, ID	10/3/83	502-4-01	Review of Test Contract (41687-80-C0080) for Food Service Attendant Services at Bergstrom AFB, TX	10/7/83
454-4-02	Followup Review - Air Force Depot and Field Manufacture of Part and Equipment, Mt. Home AFB, ID	10/18/83	503-4-02	Evaluation of the Use of Commercially Rented Vehicles During Official Travel, Cannon AFB, NM	10/6/83
454-4-03	Accounting and Finance (ADSN 665500), Management of Paying and Collecting Area, CY 83-4, Mt. Home AFB, ID	11/16/83	503-4-05	Accounting & Finance, Management of Paying and Collecting Area, Cannon AFB, NM	1/24/84
454-4-06	Internal Controls for Small Computers, Mt. Home AFB, ID	12/12/83	503-4-06	Review of Internal Controls for Small Computer Systems, Cannon AFB, NM	2/8/84

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503-4-07	Review of Internal Controls for Small Computer Systems, Reese AFB, TX	2/10/84	515-4-06	Management of Air Force Official Representation Funds, Kelly AFB, TX	12/13/83
504-4-03	Management of the Federal Employees' Compensation Act Program, Carswell AFB, TX	11/9/83	515-4-07	Certification of Year End Accounting Reports, Kelly AFB, TX	12/20/83
504-4-04	Accounting and Finance (ADSN 6717), Management of Paying and Collecting Area, Carswell AFB, TX	12/1/83	515-4-09	Management of Foreign Military Sales Reports of Discrepancy, Kelly AFB, TX	12/29/83
508-4-03	Accounting and Finance (ADSN 6755), Management of Paying and Collecting Area, 3480 TTW, Goodfellow AFB, TX	11/7/83	515-4-10	Contract Engineering and Technical Services (CETS), Kelly AFB, TX	12/30/83
508-4-06	Accounting and Finance (ADSN 6630), Management of Paying and Collecting Area, 96 BMW, Dyess AFB, TX	2/23/84	515-4-11	Managemnt of the Federal Employees' Compensation Act (FECA) Program, Kelly AFB, TX	12/30/83
510-4-01	Accounting and Finance (ADSN 668200) Management of Paying and Collecting Area, 44th Strategic Missile Wing, Ellsworth AFB, SD	12/9/83	515-4-12	Utilization of Iranian Assets in ALC Holding Account, Kelly AFB, TX	1/12/84
510-4-02	Internal Controls for Small Computer Systems, 44th Strategic Missile Wing, Ellsworth AFB, SD	12/9/83	517-4-01	Customer Reimbursement for Research, Development, Test and Evaluation (RDT&E), Air Force Weapons Laboratory (AFSC), Kirtland AFB, NM	10/14/83
510-4-07	Management of War Readiness Spares Kits (WRSK), 44th Strategic Missile Wing, Ellsworth AFB, SD	2/9/84	517-4-03	Payments to Government Contractors by the Air Force Contract Management Division (AFCMD), Accounting and Finance Branch (DSSN 5924), Kirtland AFB, NM	11/22/83
512-4-03	Fiscal Years 1981 and 1982 A-76 Commercial Activities Decisions, 321st Strategic Missile Wing, Grand Forks AFB, ND	1/11/84	517-4-05	Accounting and Finance, Managemnt of Paying and Collecting Area, (DSSN 6623), Kirtland AFB, NM	12/14/83
513-4-02	Evaluation of the Use of Commercially Rented Vehicles During Official Travel, Holloman AFB, NM	11/10/83	517-4-07	Certification of FY 1983 Accounting Reports, Kirtland AFB, NM	1/5/84
515-4-01	Evaluation of Air Force Internal Control Reviews - Unauthorized Alteration or Destruction of Computer Records, Kelly AFB, TX	10/20/83	518-4-01	Automated Data Processing Sharing Program—Reimbursements, AFAFC, Denver, CO	10/13/83
515-4-02	Accounting and Finance—Management of Paying and Collecting, CY 83-3, Kelly AFB, TX	10/26/83	518-4-02	Accounting and Finance (ADSN 6701), Managemnt of the Paying and Collecting Area, F. E. Warren AFB, WY	10/20/83
515-4-03	Management of Air Logistics and Aerial Port Type Materiel Handling Equipment (463L), Kelly AFB, TX	11/18/83	518-4-04	Evaluation of the Air Force Internal Control Review, Accounting and Finance (ADSN 5043), Travel and Civilian Pay, Lowry AFB, CO	11/10/83
515-4-04	Management of Air Logistics and Aerial Port Type Materiel Handling Equipment (463L), Kelly AFB, TX	11/18/83	518-4-05	Fiscal Years 1981 and 1982 A-76 Commercial Activities Decision—Military Family Housing Maintenance, F. E. Warren AFB, WY	11/18/83
515-4-05	Management of Logistics and Aerial Port Type Materiel Handling Equipment (463L), Kelly AFB, TX	12/13/83	518-4-06	Certification of FY 1983 Accounting Reports, AFAFC, Denver, CO	12/5/83
			518-4-07	Evaluation of Air Force Internal Control Review, Civilian and Travel Pay, AFAFC, Denver, CO	12/21/83

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518-4-08	Accounting and Finance (ADSN 380100), Management of Paying and Collecting Area, FAFC, Denver, CO	12/21/83	524-4-04	Base Level Accounting and Finance Office (AFO) Inputs to the Retiree/Innuitant Pay System (RAPS), Internal Controls and Efficiency, Randolph AFB, TX	11/7/83
518-4-10	Fiscal Years 1981 and 1982 A-76 Commercial Activities Decision—Military Family Housing Maintenance, F. E. Warren AFB, WY	12/23/83	524-4-14	Fiscal Years 1981 and 1982 A-76 Commercial Activities Decisions, Basic Military Trainee Clothing Alterations, AFMTC, Lackland AFB, TX	12/14/83
518-4-11	Evaluation of the Air Force Internal Control Review, Foreign Military Sales Billings, AFAFC, Denver, CO	1/3/84	524-4-15	Fiscal Years 1981 and 1982 A-76 Commercial Activities Decisions, Basic Military Trainee Clothing Alterations, SACC, San Antonio AFS, TX	12/15/83
519-4-01	Air Force Management of R-5/R-9 Tank Trucks, 184 TFG, Kansas ANG, McConnell AFB, KS	10/14/83	524-4-17	Fiscal Years 1981 and 1982 A-76 Commercial Activities Decisions, Basic Military Trainee Clothing Alterations, Det 6 MET, Lackland AFB, TX	12/19/83
519-4-02	Accounting and Finance (ADSN 6665), Management of Paying and Collecting Area, 381 SMW, McConnell AFB, KS	11/1/83	524-4-19	Accounting and Finance (ADSN 525000), Management of Paying and Collecting Area, 12 FTW, Randolph AFB, TX	12/29/83
519-4-09	Management of War Readiness Spares Kits (WRSK), 381 SMW, McConnell AFB, KS	12/29/83	528-4-01	Use of Commercially Rented Vehicles During Official Travel, 443 MAW, Altus AFB, OK	10/6/83
520-4-01	Management of R-5/5-9 Tank Trucks and Hydrant System, 91st Strategic Missile Wing, Minot AFB, ND	10/14/83	528-4-03	Accounting and Finance (ADSN 6767) - Management of Paying and Collecting Area, Altus AFB, OK	10/21/83
522-4-01	Management of the Federal Employees Compensation Act (FECA) Program, 3902 ABW, Offutt AFB, NE	10/3/83	528-4-04	Accounting and Finance (ADSN 6767) - Accountability Verification, 443 MAW, Altus AFB, OK	11/10/83
522-4-04	Accounting and Finance (ADSN 6771), Management of Paying and Collecting Area, 351, SMW, Whiteman AFB, MO	11/21/83	528-4-05	Fiscal Years 1981 and 1982 A-76 Commercial Activities Decisions, Shepard AFB, TX	2/10/84
522-4-05	SAC Management of R-5/R-9 Tank Trucks, HQ SAC, Offutt AFB, NE	11/30/83	528-4-06	Certification of Fiscal Year 1983 Accounting Records (ADSN 6767), 443 MAW, Altus AFB, OK	2/29/84
522-4-15	Accounting and Finance (ADSN 5257), Management of Paying and Collecting Area, 3902 ABW, Offutt AFB, NE	1/31/84	600-4-01	Accounting and Finance (ADSN 6789), Reirece/Annuitant Pay System (RAPS), Ramstein AB, GE	10/17/83
522-4-17	Air Force Small Computer Software Acquisition, Development, and Sharing Efforts, Offutt AFB, NE	2/14/84	600-4-02	Management of the Tactical Air Forces Small Computer Program, HQ USAFE, Ramstein AB, GE	10/18/83
522-4-18	Management of Special Morale, Welfare, and Recreation Funds, HQ SAC, Offutt AFB, NE	2/28/84	600-4-04	Base Supply, Management of Communications-Electronics Scheme Materiel, Ramstein AB, GE	10/24/83
523-4-03	Accounting and Finance (ADSN 6792), Management of Paying and Collecting Area, USAF Academy, CO	11/22/83	600-4-06	Management of Air Refueling Support, Ramstein AB, GE	10/26/83
523-4-04	Management of Air Force Official Representation Funds, USAF Academy, CO	12/9/83			

Report No.	Title	Date Issued	Report No.	Title	Date Issued
600-4-07	Internal Controls for Small Computer Systems, HQ USAFE, Ramstein AB, GE	11/1/83	610-4-07	Accounting and Finance (ADSN 659700), Management of Paying and Collecting Area, RAF Lakenheath, England	1/31/84
600-4-08	Management of Communications-Electronics Scheme Materiel, Ramstein AB, GE	11/10/83	610-4-08	Accounting and Finance (ADSN 659700), Management of Commissary Accounts Receivable, RAF Lakenheath, England	2/9/84
600-4-09	Management of Air Force Official Representation Funds, Ramstein AB, GE	12/6/83	610-4-09	Management of Commissary Front-End Operations, RAF Lakenheath, England	2/17/84
600-4-10	Accounting and Finance, Management of Paying and Collecting Area, Ramstein AB, GE	12/30/83	612-4-03	Management of Forward Bench Stock and Digital European Backbone Warehouse, Lindsey AS, GE	11/7/83
600-4-11	Management of Tank Trucks and Hydrant Systems, Zweibrucken AB, GE	2/29/84	612-4-10	Accounting and Finance (ADSN 5982), Management of Paying and Collecting Area, San Vito AS, IT	1/27/84
602-4-03	Accounting and Finance (ADSN 598400), Management of Paying and Collecting Area, RAF Chicksands, England	12/22/83	614-4-04	Management of Communications-Electronics Scheme Materiel, Aviano AB, IT	12/7/83
604-4-02	Accounting and Finance (ADSN 6752), Management of Paying and Collecting Area, Camp New Amsterdam, The Netherlands	10/7/83	614-4-05	Management of Communications-Electronics Scheme Materiel, Aviano AB, IT	12/7/83
604-4-04	Internal Controls for Small Computer Systems, Bitburg AB, GE	11/10/83	616-4-01	Management of R-5/R-9 Tank Trucks and the Base Fuel Hydrant System, RAF Upper Heyford, England	10/31/83
604-4-05	Accounting and Finance (ADSN 6747), Management of Paying and Collecting Area, Bitburg AB, GE	11/10/83	616-4-06	Accounting and Finance (ADSN 539300), Management of Paying and Collecting Area, RAF Upper Heyford, England	2/10/84
604-4-10	Management of War Readiness Spares Kits/Base Level Self-Sufficiency Spares (WRSK/BLSS), Bitburg AB, GE	2/22/84	700-4-03	Followup Review, Air Force Depot and Field Manufacture of Parts and Equipment, Hickam AFB, HI	12/2/83
608-4-02	Accounting and Finance (ADSN 5960), Management of Paying and Collecting Area, Iraklion AS, Greece	12/9/83	700-4-05	Accounting and Finance (ADSN 668300), Management of Paying and Collecting Area, Hickam AFB, HI	1/13/84
608-4-03	Accounting and Finance (ADSN 5938), Management of Paying and Collecting Area, Incirlik AB, Turkey	12/21/83	700-4-07	Management of Air Force Official Representation Funds, HQ PACAF, Hickam AFB, HI	2/1/84
608-4-07	Accounting and Finance (ADSN 5960), Management of Paying and Collecting Area, 7276ABG, Iraklion AS, Greece	2/23/84	700-4-09	Management of R-5/R-9 Tank Trucks and Hydrant Systems, HQ PACAF, Hickam AFB, HI	2/15/84
610-4-02	Accounting and Finance (ADSN 659700), Management of Paying and Collecting Area, RAF Lakenheath, England	10/19/83	702-4-01	Accounting and Finance (ADSN 6636), Management of Paying and Collecting Area, Andersen AFB, Guam	11/14/83
610-4-05	Accounting and Finance (ADSN 666700), Management of Paying and Collecting Area, RAF Bentwaters, England	12/9/83	704-4-04	Management of International Passenger Airlift, Clark AB, R. P.	11/14/83

Report No.	Title	Date Issued	Report No.	Title	Date Issued
704-4-07	Selected Aspects of Managing the R-5/R-9 Tank Trucks and Hydrant System, Clark AB, R. P.	2/7/84	820-4-08	Management of the Federal Employees' Compensation Act Program, Eglin AFB, FL	10/28/83
704-4-08	Review of PACAFs Centralized Intermediate Logistics Concept, Clark AB, R. P.	2/7/84	820-4-09	Retired/Annuitant Pay System (RAPS), Eglin AFB, FL	10/31/83
708-4-01	Accounting and Finance (ADSN 5935), Management of Paying and Collecting Area, Kunsan AB, Korea	10/7/83	820-4-12	Controls of Government Transportation Requests (GTR) and Refunds, Eglin AFB, FL	12/13/83
708-4-02	Aircraft Maintenance, PACAFs Centralized Intermediate Logistics Concept, Kunsan AB, Korea	12/28/83	820-4-18	Accounting and Finance (ADSN 5279), Management of Paying and Collecting Area, Eglin AFB, FL	2/22/84
710-4-01	Accounting and Finance (ADSN 6778), Management of Paying and Collecting Section, Osan AB, Korea	10/11/83	820-4-19	Acquisition Management of the Advanced Medium Range Air-to-Air Missile, Armament Division, Eglin AFB, FL	2/29/84
710-4-06	Evaluation of the Air Force Internal Control Review - Standard Base Supply System (FB 5294)	11/21/83	825-4-01	Field Manufacture of Parts and Equipment, Columbus AFB, MS	10/7/83
710-4-07	Management of Centrally Repaired Aircraft Parts Osan AB, Korea	12/23/83	825-4-02	Fiscal Years 1981 and 1982 A-76 Commercial Activities Decisions, Gunter AFS, IL	11/16/83
710-4-08	Management and Control of Materiel Handling (463L) Equipment, Osan AB, Korea	1/11/84	825-4-04	Air Force Policies, Procedures and Practices for the Security of Automated Systems, Gunter AFS, AL	1/23/84
710-4-09	Management and Control of Materiel Handling (463L) Equipment, Osan AB, Korea	1/18/84	830-4-0	Air Force Management of R-5/R-9 Tank Trucks and Hydrant Systems, Homestead AFB, FL	11/4/83
712-4-01	Accounting and Finance (ADSN 6688), Management of Paying and Collecting Area, Yokota Air Base, Japan	10/18/83	830-4-05	Fiscal Years 1981 and 1982 A-76 Commercial Activities Decisions, Homestead AFB, FL	12/8/83
712-4-04	Management of Commissary Operations, Yokota AB, Japan	11/15/83	835-4-01	Evaluation of the Use of Commercially Rented Vehicles During Official Travel, Keesler AFB, MS	10/7/83
712-4-06	Air Force Management of R-5/R-9 Tank Trucks and Hydrant Systems, Yokota AB, Japan	1/18/84	835-4-02	Control of Government Transportation Requests and Refunds, Keesler AFB, MS	11/4/83
712-4-08	Accounting and Finance (ADSN 6688), Management of Paying and Collecting Area, Yokota AB, Japan	2/24/84	835-4-03	Management of Federal Employees' Compensation Act (FECA) Program, Keesler AFB, MS	11/8/83
815-4-05	Accounting and Finance (ADSN 6609), Management of Paying and Collecting Area, Howard AFB, PN	2/22/84	840-4-01	Base-Level Accounting and Finance Office Input to the Retiree/Annuitant Pay System (RAPS)--Internal Control and Efficiency, Langley AFB, VA	10/14/83
820-4-03	Evaluation of Air Force Internal Control Reviews, Eglin AFB, FL	10/5/83	840-4-04	Management of Air Force Official Representation Funds, Langley AFB, VA	12/6/83
820-4-06	Use of Commercially Rented Vehicles During Official Travel, Armament Division, Eglin AFB, FL	10/20/83			

Report No.	Title	Date Issued	Report No.	Title	Date Issued
840-4-06	Air Force Management of R-5/R-9 Tank Trucks and Hydrant Systems, Langley AFB, VA	1/12/84	865-4-05	Accounting and Finance (ADSN 5900), Management of Paying and Collecting Area, Seymour Johnson AFB, NC	11/15/83
840-4-07	Management of Special Morale and Welfare (SM&W) Funds, Langley AFB, VA	1/25/84	865-4-13	Air Force Management of R-5/R-9 Tank Trucks and Hydrant Systems, Seymour Johnson AFB, NC	2/6/84
845-4-10	Base Supply - Management of War Readiness Spares Kits (FB 4460), Little Rock AFB, AR	1/17/84	870-4-03	Review of Contract F38606-82-C0004, Food Service Attendant Services, Myrtle Beach AFB, SC	10/21/83
850-4-01	Fiscal Years 1981 and 1982 A-76 Commercial Activities Decisions, MacDill AFB, FL	10/7/83	870-4-08	Accounting and Finance (ADSN 528100), Management of Paying and Collecting Area, Shaw AFB, SC	12/21/83
850-4-02	Accounting and Finance (ADSN 6600), Management of Paying and Collecting Area, MacDill AFB, FL	11/8/83	870-4-09	Computer Software Acquisition, Development and Sharing Efforts	12/21/83
850-4-05	Accounting and Finance (ADSN 6600), Management of Paying and Collecting Area, MacDill AFB, FL	11/30/83	870-4-10	Accounting and Finance (ADSN 5281), Management of Paying and Collecting Area, 363 TFW, Shaw AFB, SC	2/23/84
850-4-13	Management of Selected Aspects of Basic Allowance for Quarters (BAQ) and Variable Housing Allowance (VHA), MacDill AFB, FL	2/23/84	875-4-01	Management of Air Logistics and Aerial Port Type Materiel Handling Equipment (463L), OC-ALC, Tinker AFB, OK	10/5/83
855-4-07	Accounting and Finance (ADSN 6624), Management of Paying and Collecting Area, Patrick AFB, FL	1/13/84	875-4-02	Management of Air Logistics and Aerial Port Type Materiel Handling Equipment (463L), 137 Tactical Airlift Wing (TAW), Oklahoma Air National Guard, Oklahoma City, OK	10/5/83
860-4-01	Cooperative Logistics Supply Support Arrangements (CLSSA), Robins AFB, GA	10/18/83	875-4-03	Maintenance Inventory Center (MIC) Back Order Excesses, OC-ALC, Tinker AFB, OK	10/13/83
860-4-06	Repair of Line-Generated Items, Robins AFB, GA	11/23/83	875-4-04	Management of Air Logistics and Aerial Port Type Materiel Handling Equipment (463L), OC-ALC, Tinker AFB, OK	11/3/83
860-4-07	Fiscal Years 1981 and 1982 A-76 Commercial Activities Decisions, Robins AFB, GA	11/28/83	875-4-06	Reclamation of Excess Aircraft Engines, OC-ALC, Tinker AFB, OK	12/6/83
860-4-08	Maintenance Inventory Center (MIC) Back Order Excesses, Robins AFB, GA	12/20/83	875-4-07	Accounting and Finance (ADSN 503100), Management of Paying and Collecting Area, OC-ALC, Tinker AFB, OK	2/1/84
860-4-09	Accounting and Finance (ADSN 5033), Management of Paying and Collecting Area, Robins AFB, GA	1/23/84	875-4-08	Certification of Fiscal Year 1983 Accounting Reports, OC-ALC, Tinker AFB, OK	2/3/84
860-4-10	Management of System 463L Vehicles and Air Cargo Pallets and Nets, 5th Combat Communications Group (5CMBTCG), Robins AFB, GA	2/7/84	880-4-01	Accounting and Finance (ADSN 526500) Management of Paying and Collecting Area, Tyndall AFB, FL	10/7/83
865-4-02	Use of Commercially Rented Vehicles During Official Travel, Seymour Johnson AFB, NC	10/17/83	880-4-03	Review of Test Contract F0863782C0024, Food Service Attendant Services, Tyndall AFB, FL	11/18/83

Report No.	Title	Date Issued	Report No.	Title	Date Issued
	Military Exchange Systems Audit		MCX171	San Diego, CA	9/13/83
	Army and Air Force Exchange Service		MCX111	Henderson Hall, Arlington, VA	10/12/83
82-38	Customer Services	10/83	MCX161	Parris Island, SC	10/14/83
82-39	Special Review, Barber & Beauty Shop Contracts	1/84	MCX1451	Iwakuni, Japan	10/18/83
			MCX3141	Panama	11/4/83
82-42	Requirements Determination of Warehoused Merchandise	10/83	MCX151	Twenty-nine Palms, CA	11/14/83
83-09	German Local National Payroll System	1/84	MCX181	Albany, GA	11/18/83
83-10	AAFES-Europe Auto Parts Stores and Garages	2/84	MCX1111	Camp Elmore, Norfolk, VA	12/5/83
			MCX191	Barstow, CA	12/22/83
83-11	Frankfurt Area Exchange	3/84	MCX141	Camp Pendleton, CA	1/6/84
83-14	Spangdahlem Area Exchange	1/84	MCX131	Camp Lejeune, NC	1/12/84
83-24	Turkey Area Exchange Followup	12/83	MCX121	Quantico, VA	1/25/84
83-26	AAFES-Pacific Followup	10/83	Navy Resale and Services Support Office		
83-29	Golden Gate Exchange Region	3/84	83-37	Mechanicsburg	9/15/83
83-33	Human Resources Career Management Followup	1/84	83-21	Naples	9/27/83
83-34	Exchange Services Catalog Program Followup	1/84	83-22	Brunswick	9/28/83
83-38	MOVERS and Vehicle Maintenance	10/83	83-23	South Weymouth	9/28/83
83-40	Ohio Valley Exchange Region Followup	11/83	90-31	Bayonne	10/6/83
83-43	AAFES-Pacific Concessionaire Risk Analysis Followup	10/83	83-29	Charleston	10/17/83
83-47	HQ AAFES Temporary Duty Travel Program	1/84	83-41	Glenview	10/17/83
83-53	General Accounting And Payroll Branches — PCS Travel and Salary Advances	1/84	83-30	Jacksonville	10/20/83
			83-32	Argentia	10/26/83
83-54	U.S. Army Audit Agency Followup on Recommendations	2/84	83-46	Holy Loch	11/18/83
			83-31	Norfolk	11/18/83
84-13	EDR & WDR Outlying GMDA Followup	3/84	83-48	Mitchell Field	12/6/83
			83-39	Atsugi	1/19/84
			83-40	Subic Bay	1/24/84
Marine Corps Exchange Service			83-60	Mechanicsburg	2/14/84
MCX191	Barstow, CA	8/12/83	83-38	Yokosuka	2/6/84
MCX101	MCX Fund, Quantico, VA	8/18/83	83-45	Orlando	2/6/84
MCX221	Cherry Point, NC	9/9/83	83-47	Scotia	2/6/84
MCX271	Yuma, AZ	9/9/83			

Report No.	Title	Date Issued
83-58	Lemoore	2/6/84
83-20	Willow Grove	2/28/84
83-56	San Diego	2/29/84

APPENDIX 2

DEBT COLLECTION

The Senate Committee on Appropriations in its report on Public Law 96-304 requested the Office of the Inspector General to provide data on debts due the Department of Defense. This information is provided through the Office of the Assistant Secretary of Defense (Comptroller). The schedule of debts due as of September 30, 1983, follows.

**REPORT ON STATUS OF ACCOUNTS AND LOANS RECEIVABLE
DUE FROM THE PUBLIC AS OF SEPTEMBER 30, 1983
(\$ rounded to nearest thousand)**

	<u>Accounts Receivable</u>	<u>Loans Receivable</u>	<u>Other Receivables</u>
SECTION I: RECONCILIATION			
1. Beginning Receivables	\$ 1,129,090	\$ 861	\$ 13,726
2. Activity			
a. New receivables during the fiscal year	5,313,624	—	56,749
b. Repayments on receivables	- 5,394,721	—	- 406
c. Reclassified amounts	- 314,244	—	2,998
d. Amounts written off	- 41,540	—	—
	<u>\$ 692,209</u>	<u>\$ 861</u>	<u>\$ 73,067</u>
SECTION II: OUTSTANDING RECEIVABLES			
1. Current Receivables			
a. Not delinquent	\$ 418,996	—	—
b. Delinquent			
1. 1-30 days	45,018	—	—
2. 31-90 days	35,687	—	—
3. 91-180 days	26,261	—	—
4. 181-360 days	72,682	—	—
5. Over 360 days	93,565	\$ 857	—
	<u>\$ 273,213</u>	<u>\$ 857</u>	<u>—</u>
Total Delinquent Receivables	\$ 273,213	\$ 857	—
2. Noncurrent Receivables	—	4	\$ 73,067
	<u>—</u>	<u>4</u>	<u>\$ 73,067</u>
3. Total Receivables	<u>\$ 692,209</u>	<u>\$ 861</u>	<u>\$ 73,067</u>
SECTION III: ALLOWANCES AND WRITEOFFS			
1. Total allowances for uncollectible accounts, beginning of period.	\$ 25,339	—	\$ 4,807
2. Total actual writeoffs during the fiscal year.	- 41,540	—	—
3. Adjustment to allowance account for the period (provision for loss expense).	51,959	—	941
	<u>51,959</u>	<u>—</u>	<u>941</u>
4. Total Allowances, End of Period	<u>\$ 35,758</u>	<u>—</u>	<u>\$ 5,748</u>

<u>Accounts Receivable</u>	<u>Loans Receivable</u>	<u>Other Receivables</u>
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SECTION IV: ADMINISTRATIVE ACTIONS

1. Delinquent Accounts Referred to GAO			
a. Number	62	—	2
b. Amount	\$ 8,836	—	\$ 290
2. Delinquent Accounts Referred to Justice			
a. Number	991	—	1
b. Amount	\$ 2,905	—	\$ 1,250

SECTION V: RESCHEDULED RECEIVABLES

1. Current Rescheduled Receivables			
a. Not delinquent	\$ 17,374	—	—
b. Delinquent			
1. 1-30 days	9	—	—
2. 31-90 days	131	—	—
3. 91-180 days	89	—	—
4. 181-360 days	38	—	—
5. Over 360 days	70	—	—
	<u> </u>	<u> </u>	<u> </u>
Total Delinquent Rescheduled	\$ 337		
2. Noncurrent Rescheduled Receivables	<u>—</u>	<u>—</u>	\$ 11,551
3. Total Rescheduled Receivables	<u>\$ 17,711</u>	<u>—</u>	<u>\$ 11,551</u>

SECTION VI: INTEREST AND PENALTIES ON DELINQUENCIES

1. Beginning Interest and Penalties	\$ 8,363	—	—
2. Activity			
a. New interest and penalties assessed during the fiscal year.	13,824	—	\$ 50
b. Interest and penalties collected during the fiscal year.	- 958	—	—
c. Interest and penalties written off during the fiscal year.	<u>- 1,249</u>	<u>—</u>	<u>- 50</u>
3. Total Interest and Penalties	<u>\$ 19,980</u>	<u>—</u>	<u>—</u>

APPENDIX 3

DENIALS OF REQUESTS FOR INFORMATION

The Inspector General Act of 1978 gives the Inspector General access to all records, reports, documents or materials available to the agency relating to the programs for which the Inspector General has responsibility. Section 5(a)(5) of the Act requires inclusion in this report of a summary of any report made to the Secretary whenever information or assistance is denied. During the reporting period, there have been no reports to the Secretary of Defense concerning denial of access to pertinent documentation or information.

APPENDIX 4

DEFINITIONS OF TERMS

Article 15	A punishment imposed upon a military member by his or her commanding officer for a violation of the Uniform Code of Military Justice. Punishment may consist of a combination of the following: forfeiture/withholding of pay, extra duty, restriction, reprimand, and reduction in rank.		tices that influence and control costs. The purpose of these audits is to assure that final contract prices are reasonable; costs are applicable to the contract, and determined in accordance with generally accepted accounting principles and cost accounting standards.	Effectiveness	The extent to which an action or activity serves its intended or expected purpose. The degree of performance or amount of capacity related to improvements/eradication compared to mission objectives while maintaining a cost-effective environment.
Audit	A term used to describe not only work done by accountants and auditors in examining financial statements, but also work done in reviewing compliance with laws and regulations, economy and efficiency of operations and effectiveness in achieving program results.	Collection	Amounts that agency management have actually recovered through billings or offset against subsequent claims.	Efficiencies	Management actions or decisions which improve the ratio of resources used to accomplishments achieved by changing the manner in which functions are performed and which results in those functions being performed at lower costs or with fewer resources than would be required in the absence of the decision or actions.
Audits of Forward Pricing	Proposal audits represent the review and evaluation of estimated future costs associated with proposed contract prices, proposed contract change orders, estimates to complete for redeterminable fixed-price contracts, and costs incurred but not yet covered by definitized contracts. These efforts include performance of 'should cost studies' and an evaluation of contractor estimating methods and procedures. Audit exceptions are generally reported as costs questioned.	Contract Audit	Provides for accounting and financial advisory services in connection with the negotiation, administration and settlement of contracts and subcontracts, to procurement and contract administration activities.	Fine	A sum of money required to be paid as punishment or penalty for an offense.
		Conviction	A finding of guilty rendered by an authorized court of law for an offense charged.	Fraud and Other Unlawful Activity	Any act of wrongdoing willful or not that adversely affects the Government's interests. It includes, but is not limited to, acts of dishonesty which contribute to a loss or injury to the Government. The following are some examples of fraud or other unlawful activity: falsification of documents, charging personal expenses to government contracts; diversion of government property or funds for unauthorized uses; deceit by suppression of the truth; regulatory or statutory violations, and any attempt or conspiracy to engage in or use the above devices.
		Defective Pricing Audits	Public Law 87-653 compliance reviews or defective pricing audits are performed to determine contractor compliance with the 'Truth in Negotiation Act.' These reviews are specifically intended to determine whether contracts subject to the law were priced on the basis of current, complete and accurate cost or pricing data.	Illegal Acts	Violations of laws.
Audits of Incurred Costs	Incurred costs audits represent the review and evaluation of the actual direct and indirect costs incurred on government contracts and the policies, procedures and practices that influence and control costs. The purpose of these audits is to assure that final contract prices are reasonable; costs are applicable to the contract, and determined in accordance with generally accepted accounting principles and cost accounting standards.	Economies	Careful and prudent management of resources through actions or decisions which results in savings, cost avoidances, or improvements in productivity for a given program level, or decisions to reduce approved program levels in order to reduce costs.	Imputed Costs	Costs which are not actually incurred in an economic transaction

	but are relevant to the decision at hand. Traditional accounting procedures fail to recognize these imputed costs; however, recognition of these economic costs results in better decisions. The most common example of an imputed cost is the inclusion of an 'interest cost' when a company uses internally generated funds for a special project. No actual interest payments would be required; but, if the internally generated funds were invested in another manner, interest revenues would have been earned. The revenue foregone represents an opportunity cost of undertaking the special project. Thus, imputed costs are a type of opportunity cost.		managerial responsibilities (including financial, operational and support activities) are being carried out. The function in DoD is performed by the Office of the Assistant Inspector General for Auditing, Army Audit Agency, Naval Audit Service and Air Force Audit Agency.		reprogramming based on management's commitment to implement recommended improvements in operations and systems.
		Internal Review	An evaluation of command programs, procedures and operations (especially those related to expenditure of funds, use of resources and control of command property, material and supplies) by staff advisors of the commanders of bases, installations, activities or separate commands.	Non-Substantive Matters	Telephone calls or letters which can be categorized as generalized accusations, general suggestions, obvious nuisance or crank calls and letters or cases where insufficient information is provided or available to warrant the initiation of an inquiry.
		Investigation	The gathering of testimony from witnesses and documentary and physical evidence to prove or disprove allegations of wrongdoing.	Operation Audits	An operations audit is an evaluation of an organizational unit or function within a contractor's business to determine whether efficient and economical methods are employed in that entity's performance of government work. Such an audit involves the review and evaluation of policies, procedures, controls and actual performance to assure that a reasonable level of cost efficiency is achieved in accomplishing contract requirements. Audit exceptions are reported as cost avoidances when identified with unnecessary or inefficient operations. When the same audits disclose instances of mischarging or improper accounting, the audit exceptions are reported as costs questioned.
Indictment	A formal written accusation charging one or more persons with the commission of a crime, presented by a grand jury to the court when the jury has found, after examining the evidence presented, that there is sufficient reason to hold a trial.	Investigative Referrals	Cases that require additional investigative work by another agency. Cases are referred to investigative agencies at federal, state and local levels. A case is considered "referred" if the other agency accepts primary jurisdiction.		
Inquiry	An inquiry is similar to an investigation (see below), but its subject matter is less significant and therefore the procedures are less formal, sworn statements are not required and the overall coverage is less detailed.	Management Improvement	Any action taken to improve the quality and/or timeliness of program performance, increase productivity, control costs or mitigate adverse aspects of agency operations. Includes descriptions of economies and efficiencies that will be achieved and the estimate of dollar savings or cost avoidances that will result when action is taken.	Penalty	A punishment fixed by law or imposed by an administrative action.
Inspection	An examination of a command, activity or function conducted for the purpose of evaluating matters that affect mission performance.			Potential Cost Avoidance	Cost avoidances result when reductions are made in the amount of resources needed to accomplish an assigned mission or function. For this report, potential cost avoidances represent estimated dol-
Internal Audit	A constructive evaluation of the economy, efficiency and effectiveness with which	Monetary Savings	Amounts of deobligations, budget revisions, reductions or		

lar costs that may be avoided as a result of management's commitment to implement audit, internal review or inspection recommendations. If action is taken, funds may be made available to meet other important resource needs.

Savings

Used throughout the report to present potential cost avoidances or actual monetary savings (see these definitions).

Significant

Significant is a relative concept, often dependent upon evaluation of several factors. Normally, no single criterion is used. Different factors will assume greater or lesser importance depending upon the nature of the incident considered. Therefore, judgment is exercised in evaluating the factors surrounding an issue to decide whether or not it should be classified as significant.

Waste

The extravagant, careless, or needless expenditure of government funds or the consumption of government property, which results from deficient practices, systems, controls or decisions. It also includes improper practices not involving prosecutable fraud.

APPENDIX 5

ABBREVIATIONS

AAA	Army Audit Agency	GAO	United States General Accounting Office
AAFES	Army and Air Force Exchange Service		
AFAA	Air Force Audit Agency	NAVAUDSVC	Naval Audit Service
AFIG	Air Force Inspector General	NIR	Navy Internal Review
AIG	Army Inspector General	NIS	Naval Investigative Service
AIR	Army Internal Review	OAIG-AUD	Office of the Assistant Inspector General for Auditing, Office of the Inspector General, Department of Defense
AUSA	Assistant United States Attorney		
CHAMPUS	Civilian Health and Medical Program of the Uniformed Services	OAIG-INS	Office of the Assistant Inspector General for Inspections, Office of the Inspector General, Department of Defense
CID	Army Criminal Investigation Command		
COE	United States Army Corps of Engineers	OAIG-INV	Office of the Assistant Inspector General for Investigations, Office of the Inspector General, Department of Defense
DCAA	Defense Contract Audit Agency		
DCIS	Defense Criminal Investigative Service	OIG	Office of the Inspector General, Department of Defense
DoD	Department of Defense	OSD	Office of the Secretary of Defense
DOJ	Department of Justice	OSI	Air Force Office of Special Investigations
FBI	Federal Bureau of Investigation		

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