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AFGHANISTAN EQUIPMENT DRAWDOWN

Progress Made, but
Improved Controls in
Decision Making
Could Reduce Risk of
Unnecessary
Expenditures

Report Documentation Page

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GAO Highlights

Highlights of [GAO-14-768](#), a report to the Committee on Armed Services, House of Representatives

Why GAO Did This Study

DOD anticipates that the drawdown from Afghanistan will be more difficult than that from Iraq due to logistical challenges and the costs of transporting equipment out of landlocked Afghanistan. As of summer 2013, the Army and Marine Corps had substantial amounts of equipment in Afghanistan. The efficiency and effectiveness of equipment disposition decision making can directly affect the total cost of the drawdown.

GAO was asked to review DOD's efforts to execute the drawdown in a cost-effective and efficient manner. GAO examined: (1) the status of DOD's efforts to draw down equipment from Afghanistan and (2) the extent to which DOD has taken steps to create efficiencies and consider costs concerning the return of equipment from Afghanistan. To evaluate these efforts, GAO reviewed documents and data containing approximately 10,000 disposition decisions made over a 12-month period, in addition to interviewing DOD officials in the United States and Afghanistan.

What GAO Recommends

GAO recommends that DOD ensure that the Army and Marine Corps document and review justifications for the return of potentially unneeded items and that transportation costs and other relevant costs be included in disposition decision making. DOD concurred with GAO's recommendations.

View [GAO-14-768](#). For more information, contact Cary Russell at (202) 512-5431 or russellc@gao.gov.

September 2014

AFGHANISTAN EQUIPMENT DRAWDOWN

Progress Made, but Improved Controls in Decision Making Could Reduce Risk of Unnecessary Expenditures

What GAO Found

The Department of Defense (DOD) has made some progress in its drawdown of equipment from Afghanistan, but ongoing uncertainties about the future force in Afghanistan could affect progress of the drawdown. Specifically, from October 2012 to October 2013, DOD returned from Afghanistan or destroyed 14,664 vehicles, an average of 1,128 vehicles per month. Future progress toward drawdown goals will depend on equipment turn-in rates, which, in turn, depend on having more information about the post-2014 force level and mission. In addition, over the course of the last 8 months of the above period, the number of vehicles turned in by units for the drawdown averaged 55 percent of what had been forecast. This is because some vehicles that had been forecast for turn-in were instead redistributed to other units in Afghanistan. A senior DOD official stated that units have retained equipment because of uncertainty regarding future operational needs in Afghanistan. Once the post-2014 force level and mission are announced, these vehicle turn-in rates may increase.

DOD has taken some steps to improve efficiencies and manage costs in its Afghanistan drawdown processes. For example, U.S. Central Command amended its drawdown instruction to allow for aggregation of equipment at U.S. ports. According to DOD officials, this will allow for shipment of equipment via rail, resulting in potential savings when compared with trucking costs. However, due to ineffective internal controls, the Army and Marine Corps may be incurring unnecessary costs by returning equipment that potentially exceeds service needs or is not economical to return and repair. Specifically, GAO found the following:

- In a 12-month period, the Army and Marine Corps returned more than 1,000 potentially unneeded vehicles, thereby incurring estimated transportation costs of up to \$107,400 per vehicle, depending on the type of vehicle. DOD guidance indicates that equipment exceeding certain service-approved quantities should not be retained unless economic or contingency reasons support its retention. However, neither the Army nor the Marine Corps documented and reviewed justifications for returning items exceeding these approved quantities. Federal internal control standards state that documentation and review should be part of an organization's management to provide reasonable assurance that operations are effective and efficient.
- The Army and Marine Corps may have returned vehicles that were uneconomical to return and repair because they did not consider transportation costs in making equipment-disposition decisions. DOD guidance states that all costs associated with materiel management, including transportation costs, shall be considered in making best-value decisions throughout the DOD supply chain. When all costs are not included in the decision-making process, there is risk of allowing the return and repair of uneconomical-to-return-and-repair equipment.

This is a public version of a For Official Use Only (FOUO) report GAO issued previously, which omits FOUO information and data such as the schedule of drawdown efforts, numbers of vehicles returned, overall drawdown goals, and some cost information that DOD deemed FOUO.

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Abbreviations

CENTCOM	U.S. Central Command
DLA	Defense Logistics Agency
DOD	Department of Defense
FOUO	For Official Use Only
M/M	Multimodal
NDN	Northern Distribution Network
PAKGLOC	Pakistan Ground Lines of Communication
RPAT	Redistribution Property Assistance Team
TRANSCOM	U.S. Transportation Command

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September 30, 2014

The Honorable Howard P. "Buck" McKeon
Chairman
The Honorable Adam Smith
Ranking Member
Committee on Armed Services
House of Representatives

Early in 2013, the President announced that the United States planned to end participation in combat operations in Afghanistan on December 31, 2014. As the Department of Defense (DOD) proceeds with troop reductions, it will also make decisions on the disposition of large stocks of equipment that were shipped to Afghanistan in support of military operations. Generally, DOD distinguishes between non-rolling stock, much of which can be containerized for transport, and rolling stock, or vehicles. DOD officials told us that vehicles are a reliable indicator of drawdown progress. According to these officials, vehicles also represent the most challenging equipment to move out of Afghanistan. In October 2013, DOD estimated that there were thousands of vehicles remaining in Afghanistan. According to DOD officials, some vehicles will remain in Afghanistan for use by the post-December 2014 force, but military service guidance indicates that equipment is not to be left behind or abandoned.

DOD anticipates that the drawdown from Afghanistan will be more complex than was the Iraq effort, which a senior DOD official described as one of the most complex logistical operations in U.S. military history. Logistical infrastructure and seaports in neighboring Kuwait facilitated the equipment drawdown from Iraq. Conversely, from landlocked Afghanistan it takes weeks to drive to the nearest seaport, and there is no staging area where equipment can be stored to await processing and transportation.

DOD officials have three basic disposition options for drawing down equipment in Afghanistan: (1) returning it to DOD inventories outside of Afghanistan; (2) transferring it to another U.S. government agency or the government of another country; or (3) destroying it in Afghanistan.¹ There

¹Transfer to other entities, such as state governments by means of donations or sales, may also be possible.

are extraordinary challenges and costs to returning equipment that has accumulated in a landlocked country after more than 10 years of combat operations. The efficiency of the drawdown process and the effectiveness of decision making on equipment disposition can directly increase or decrease the costs of drawdown in Afghanistan.

This is our second report on DOD's efforts to draw down equipment in Afghanistan. In December 2012, we reviewed DOD's Afghanistan drawdown planning efforts and reported that the return of equipment items from Afghanistan was only supported by informal cost-benefit analyses, and that none of the military services was able to provide us with documentation of these informal cost-benefit analyses.² We therefore recommended that, as part of drawdown planning efforts, the military services and U.S. Central Command (CENTCOM) conduct and document analyses to compare the costs of returning excess major end items against the benefits of returning them. We further recommended the use of these cost-benefit analyses as a key factor in decision making concerning the return of excess major end items. DOD concurred with these recommendations and has taken some actions to implement them.³

For this review, you asked us to examine whether DOD's efforts to execute the drawdown were done in a cost-effective and efficient manner. We examined: (1) the status of DOD's efforts to draw down equipment from Afghanistan; and (2) the extent to which DOD has taken steps to create efficiencies and consider costs concerning the return of equipment from Afghanistan.

This report is a public version of the prior sensitive report that we issued. DOD deemed some of the information in the prior report as For Official Use Only (FOUO), which must be protected from public disclosure. Therefore, this report omits FOUO information and data such as the schedule of drawdown efforts, numbers of vehicles returned, overall drawdown goals, and some cost information about DOD's efforts to draw

²GAO, *Afghanistan Drawdown Preparations: DOD Decision Makers Need Additional Analyses to Determine Costs and Benefits of Returning Excess Equipment*, [GAO-13-185R](#) (Washington, D.C.: Dec. 19, 2012). For additional information see related GAO products listed at the end of this report.

³Both the Office of the Assistant Secretary of Defense for Logistics and Materiel Readiness and the Marine Corps have issued guidance requiring cost comparisons to determine whether certain equipment should be returned.

down its equipment in Afghanistan. Although the information provided in this report is more limited in scope, it addresses the same questions as the sensitive report. Also, the overall methodology used for both reports is the same.

To conduct this work, we interviewed and obtained documentation from cognizant officials from CENTCOM, the combatant command responsible for operations in Afghanistan, as well as from the military services. To examine the status of DOD's efforts to reduce equipment in Afghanistan, we identified drawdown goals and key sources of documentation. Specifically, we identified and analyzed the processes and facilities that support CENTCOM in the execution of the drawdown and examined guidance from the Office of the Secretary of Defense, Joint Chiefs of Staff, CENTCOM, U.S. Transportation Command (TRANSCOM), military departments and services, and the Defense Logistics Agency (DLA). We then examined the metrics used by drawdown decision makers, reviewed Afghanistan drawdown statistics, and compared these statistics with DOD's drawdown goals.

To analyze the steps DOD has taken to create efficiencies and consider costs concerning the return of equipment from Afghanistan, we obtained and analyzed standard operating procedures and other guidance used to return equipment from Afghanistan and interviewed officials familiar with the transportation of equipment out of Afghanistan. To determine the extent to which the services have taken steps in their disposition decision-making process to consider costs related to the return of equipment, we reviewed equipment-management guidance and interviewed service equipment managers. We focused our review on vehicles because of the costs associated with transporting them, the number of vehicles that are candidates for disposition, and the ability to track vehicles by identification number. We also focused our review on theater-provided equipment that will be repaired.⁴ In addition, we focused our review to include only the Army and the Marine Corps since these services have owned the preponderance of equipment in Afghanistan. We surveyed the organizations responsible for maintaining the approved acquisition objective, inventory, and disposition-decision databases in order to

⁴The Army describes theater-provided equipment as equipment that has been identified and positioned in Afghanistan to offset deployment requirements, fill shortages, fill service operational needs, or to fill service component command-validated operational requirements.

determine the reliability of the data we analyzed.⁵ From these efforts, we determined that the data were sufficiently reliable for determining how many vehicles were returned that exceeded approved acquisition objectives. A more-detailed discussion of our scope and methodology is included in appendix I.

We conducted this performance audit from January 2013 to September 2014 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

Drawdown Rates for Personnel Differ from Those for Equipment

One of the DOD lessons learned from Iraq is to begin drawdown operations early because of their complexity. To that end, the Marine Corps began equipment drawdown operations for Afghanistan in August 2011, and the Army began in January 2012—both starting well before the January 2013 announcement that combat operations would end in December 2014.⁶ According to DOD officials, one reason these early actions to reduce equipment were warranted is that it takes longer to draw down equipment from Afghanistan than it does to reduce personnel levels.

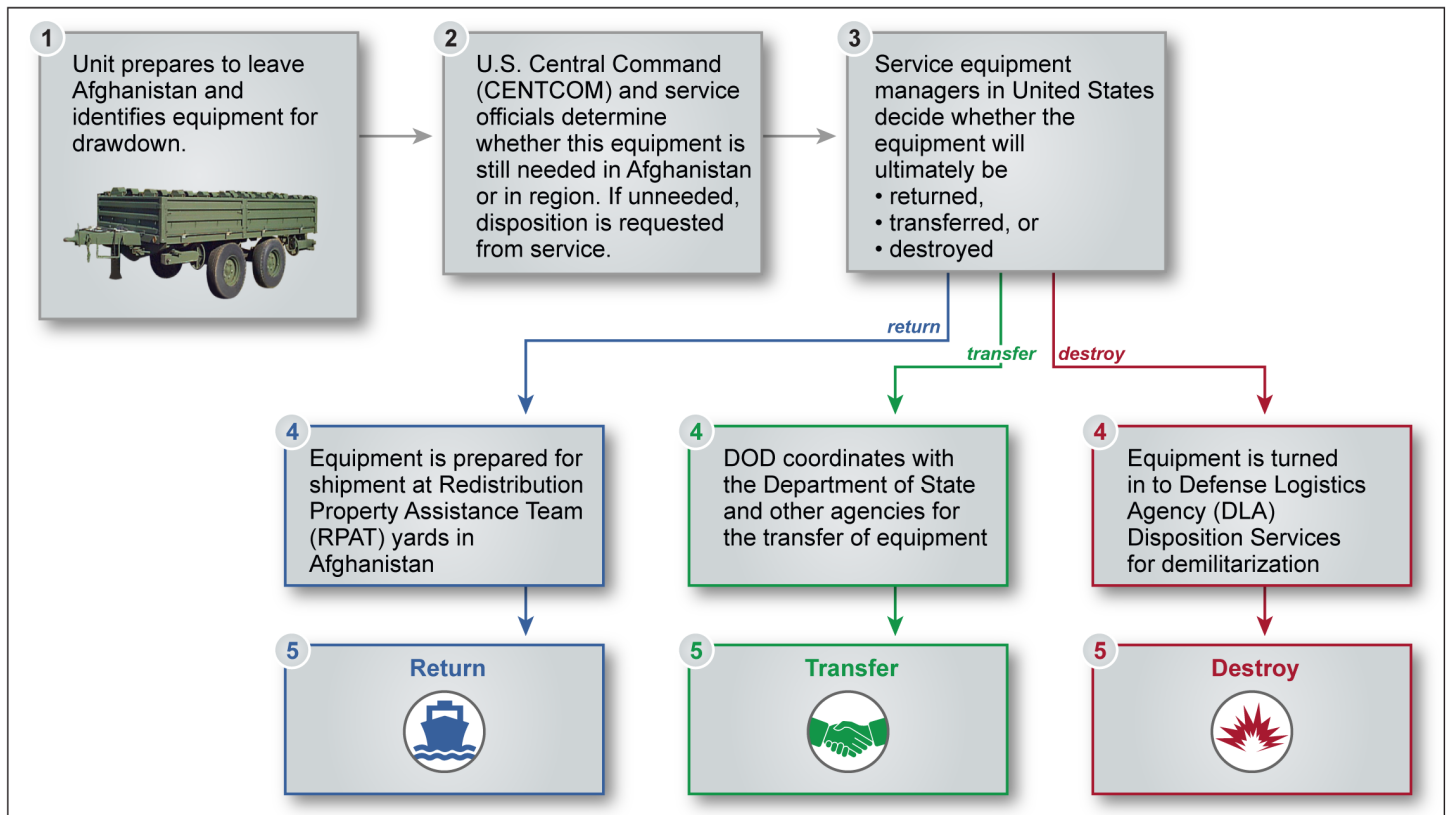
⁵The approved acquisition objective is defined by DOD as the quantity of an item authorized for peacetime and wartime requirements to equip and sustain U.S. and allied forces according to current DOD policies and plans. DOD's definition notes that the quantity shall be sufficient to support other U.S. Government Agencies, as applicable. See Department of Defense Regulation 4140.1-R, *DOD Supply Chain Materiel Management Regulation*, app. 1, para. AP1.1.4 (May 23, 2003).

⁶Subsequent to the issuance of the FOUO report, the President announced specific information pertaining to post-2014 troop levels that may affect drawdown planning and execution. However, the announcement noted that the post-2014 troop levels were contingent upon the Government of the Islamic Republic of Afghanistan signing a bilateral security agreement and a status of forces agreement with the North Atlantic Treaty Organization.

Decision Framework for the Drawdown of Equipment

CENTCOM is the command responsible for drawdown operations in Afghanistan. However, the military services determine disposition for their equipment that is to be drawn down in Afghanistan, and TRANSCOM arranges transportation for the items that the services decide to return from Afghanistan. Figure 1 illustrates the equipment-disposition framework used to draw down Army and Marine Corps equipment from Afghanistan.

Figure 1: Afghanistan Equipment Reduction Disposition Framework



Source: GAO analysis of DOD guidance and data. | GAO-14-768

Officials in the Army and the Marine Corps manage their respective services' equipment throughout the equipment's life cycle. Once CENTCOM officials determine that a piece of equipment is no longer

needed in Afghanistan (see fig. 1, box 2), a request for disposition is sent to equipment managers in the United States, who decide whether to divest or retain the item.⁷ If an item is retained it will be returned from Afghanistan. If an item is divested it will be transferred or destroyed. These three general options are described as follows.

Return: This is the shipment of equipment to a repair facility.⁸ Service officials forecast that the majority of equipment is likely to be returned from Afghanistan to service inventories. Equipment that is to be returned is delivered to one of the seven service-operated Redistribution Property Assistance Team (RPAT) yards or similar facilities situated throughout Afghanistan, where each piece is inspected and readied for transport. (See apps. II and III.)

Transfer: This is the redistribution of equipment to either another U.S. agency or the government of another country.⁹ DOD has described this as a limited option due to the limited ability of the Afghanistan government to absorb and maintain large amounts of equipment. (See app. IV.)

Destroy: This is the demilitarization of equipment at Defense Logistics Agency (DLA) Disposition Service disposition sites. The material may then be sold as scrap. If a serviceable item is to be destroyed, DOD requires certification that the item has been vetted through a service process and that all avenues for reutilization/transfer have been exhausted, or that a cost-benefit analysis was conducted and destruction found to be the most cost-effective option. (See app. V.)

Factors Guiding Services' Equipment Disposition Decision Making

There are a number of factors to be considered in the equipment disposition decision-making process. In determining whether to return, transfer, or destroy an item, equipment managers consider whether an item is still needed by their service; whether a replacement item could or

⁷For the purposes of this report, equipment managers are either item managers (officials who manage the repair of equipment across its life cycle) or program managers (officials who manage the acquisition and retirement of equipment).

⁸This review focuses on theater-provided equipment that will be repaired. There is also unit-owned equipment in theater that will be returned to units' home stations.

⁹Transfer to other entities, such as state governments by means of donations or sales, may also be possible.

should be purchased at a lower cost; and the potential cost and benefit to be derived from repairing or refurbishing the item. Managers' decisions may also be guided by service-wide decisions laid out in strategies specific to a particular equipment type, such as the Mine Resistant Ambush Protected vehicle.¹⁰ Equipment managers stated that these strategies and other factors result in published lists of equipment that are marked either for divestiture (that is, transfer or destruction) or for retention in the service inventory.

The services have processes for their disposition decision making. For example, when determining whether an item is required, Army and Marine Corps equipment managers are to compare the number of these items currently in each service's existing inventory against the approved acquisition objective for each item, which is the quantity of an item authorized for meeting peacetime and wartime requirements.¹¹ In addition, service officials are to determine whether an item is economical to repair. Army equipment managers are guided by Army Regulation 750-1, Army Materiel Maintenance Policy, and related technical bulletins, which establish the process of determining the maximum amount of money—termed the “maintenance expenditure limit”—that should be spent for the repair of an item.¹² A maintenance expenditure limit is the total acceptable onetime cost to repair an item and restore it to fully serviceable condition. If the repair cost is below this limit, the repair is authorized. If it is above this limit, the guidance requires a waiver in order for the item to be repaired. A waiver to make an uneconomical repair can be approved when an urgent operational or training need exists that justifies repair. Ordinarily, however, an item whose repair costs exceed the maintenance expenditure limit would be divested. Similarly, Marine

¹⁰In the Mine Resistant Ambush Protected vehicle strategy, the Army decided either to divest or to retain certain variants of this vehicle based on the long-term needs of the Army. Similarly, the Marine Corps identified the quantity and variants of Mine Resistant Ambush Protected vehicles that would be retained for the post-2014 force. As a result, some vehicles will be returned to the United States and some will be transferred or destroyed in Afghanistan.

¹¹The Marine Corps publishes this information by equipment model in a “Ground Equipment Reset Playbook,” which integrates Marine Corps equipment-requirements data, equipment-reset strategies and on-hand inventories into a single-source document that is used by all levels of the organization in support of equipment drawdown.

¹²See Army Regulation 750-1, *Army Materiel Maintenance Policy* (Sept. 12, 2013); Army Technical Bulletin 43-0002-81, *Maintenance Expenditure Limits for FSC Group 23* (Dec. 14, 2012).

Corps equipment managers are guided by Marine Corps Order 4790.19, *Depot Maintenance Policy*, which calls for comparing the cost of repair against the cost of procuring the item.¹³ Unlike the Army guidance, which establishes a maintenance expenditure limit for a specific item, the Marine Corps order indicates that if the repair equals or exceeds 65 percent of the standard unit price or replacement cost for any piece of equipment, the equipment is not economical to repair. Marine Corps officials stated that these uneconomical-to-repair items should, ordinarily, be divested.

Transportation costs are another factor that Army and Marine Corps equipment managers should generally consider when making equipment disposition decisions. Specifically, Army guidance includes transportation costs in the determination of whether it is economical to repair an item that is located overseas. Marine Corps guidance also indicates that equipment managers should consider the cost to return an item when making disposition decisions. Specifically, a Marine Corps order regarding equipment return indicates that an item normally should not be returned when the cost to return the item exceeds the cost to procure it new.¹⁴ In either case, the return of large and heavy equipment items can be expensive due to the transportation costs of moving an item out of landlocked Afghanistan (see table 1). Moving a tactical vehicle back to the United States, for example, can range in cost from \$0.73 per pound to more than \$3.30 per pound.¹⁵ According to DLA Disposition Service officials, destruction of the same type of vehicle costs between \$0.28 and \$0.31 per pound.¹⁶

¹³See Marine Corps Order 4790.19, *Depot Maintenance Policy* (Jan. 18, 2001).

¹⁴See Marine Corps Order 4440.31E, *Marine Corps Retention and Excess Returns Policies for Wholesale and Retail Materiel Assets* (June 23, 1989). For the purposes of this report we refer to uneconomical-to-return-and-repair items as items that are uneconomical to repair either because the sum of transportation and repair costs exceeds authorized limits (Army) or because either the transportation or the repair costs exceed authorized limits (Marine Corps).

¹⁵This range is based on the cost per pound for transporting a heavy tactical vehicle through the least expensive (low end of range) and most expensive (high end of range) routes.

¹⁶Transfer of a vehicle incurs a minimal cost, but officials have stated that this option is limited.

Table 1: Costs and Transit Times for Different Afghanistan Equipment Return Routes

Route	Average transit time (days)	Mode	Range of transportation costs per vehicle (dollars) ^a
Jordan	61	Air/sea	\$17,400–107,400
Azerbaijan	87	Air/sea	16,100–93,400
United Arab Emirates	60	Air/sea	13,700–83,500
Pakistan Ground Lines of Communication (PAKGLOC)	65	Ground/sea	5,700–23,800
Northern Distribution Network (NDN)-Russia	71	Ground/sea	5,700–23,800

Source: GAO analysis of TRANSCOM data. | GAO 14-768

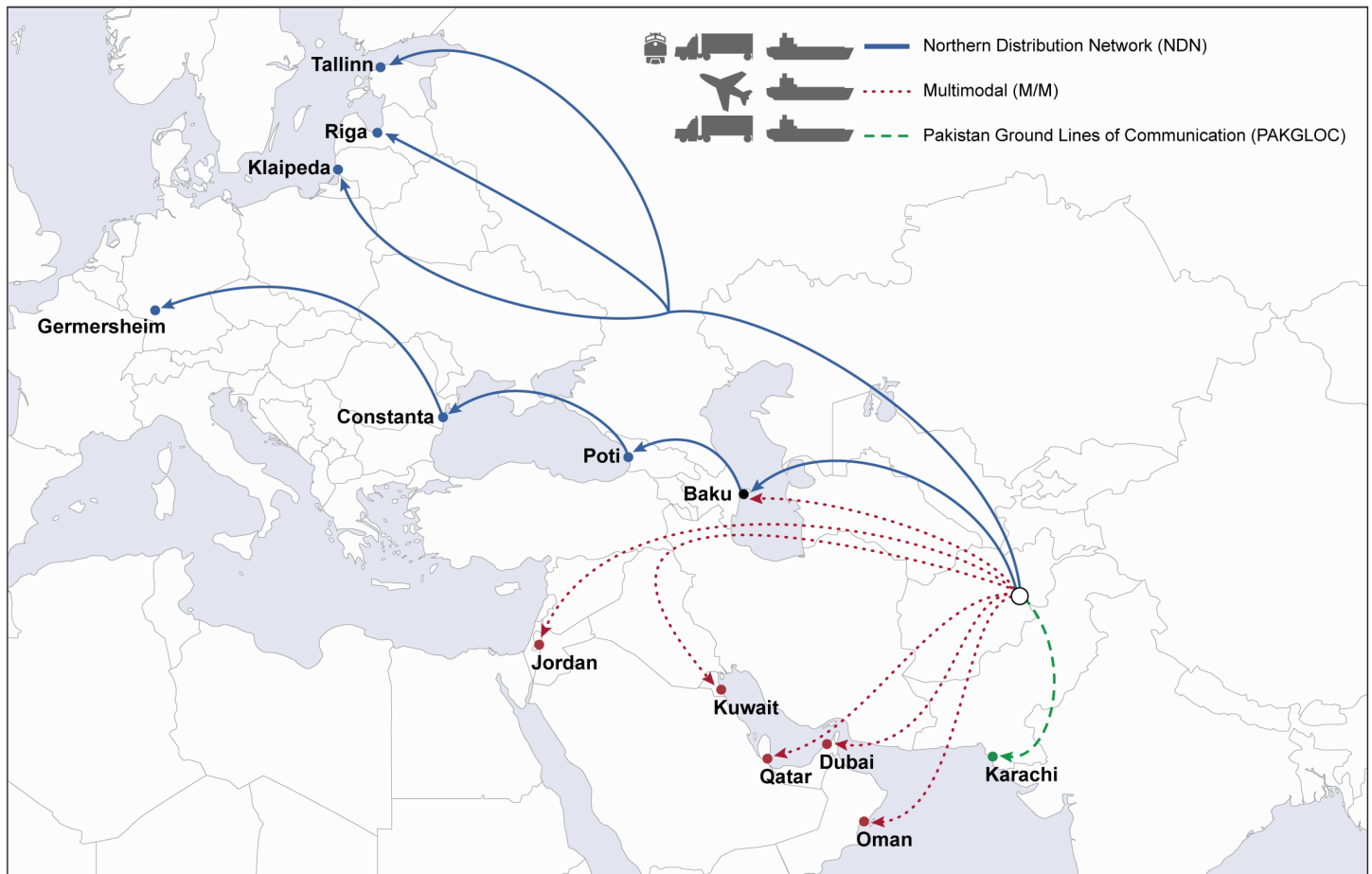
Notes: Data are from fiscal year 2013.

^aThe cost per vehicle is based on data furnished by U.S. Transportation Command (TRANSCOM) for the estimated cost of returning a heavy and a light vehicle from Kandahar Air Force Base, Afghanistan. Lowest cost reflects transport of a trailer. Highest cost reflects transport of a heavy (18.5-ton) tactical vehicle on the same route.

Transportation Routes

To gain as much efficiency as possible in a drawdown, the military seeks a synchronized transportation process that links the drawdown of personnel, equipment, and materiel. A well-synchronized process can expedite movement out of Afghanistan and avoid backlogs at facilities and along transportation networks. Synchronization is characterized by timely and predictable airflow and seaflow, and by the ability to adjust transportation schedules. CENTCOM has issued instructions that guide units as they arrange for equipment to leave Afghanistan through a variety of air and surface routes (see fig. 2).

Figure 2: Transportation Routes for Equipment Leaving Afghanistan



Source: GAO analysis of TRANSCOM data. | GAO-14-768

Note: This illustration of return transportation route lines is notional. The lines do not indicate the exact routes taken or countries transited. DOD also takes advantage of return flights out of Afghanistan as they become available; however these routes are not shown above.

On the ground, equipment moves through Pakistan, using the Pakistan Ground Lines of Communication (PAKGLOC) or through European and central Asian countries, as part of the Northern Distribution Network (NDN), to seaports from which it can be loaded onto ships for onward

movement overseas.¹⁷ As we have previously reported, however, geopolitical complexities in the region make the use of these ground routes challenging for equipment return.¹⁸ There are also airlift and multimodal airlift (air and sea) options that fly equipment from Afghanistan to ports in the region, from which the equipment can be transported onward via ship. According to DOD, although airlift and multimodal airlift are the more expensive transportation options, they have to date been the most reliable in the equipment drawdown due to limitations associated with the ground routes (see app. III).

Some Drawdown Progress Has Been Made, but Key Uncertainties Could Affect Future Progress

DOD has made some progress in its drawdown of equipment from Afghanistan, but ongoing uncertainties about the future force in Afghanistan could affect future progress of the drawdown. Specifically, from October 2012 to October 2013, DOD returned from Afghanistan or destroyed 14,664 vehicles, or an average of 1,128 vehicles per month. Future progress toward drawdown goals will depend on equipment turn-in rates which, in turn, depend on having more information about the post-2014 force level and mission. However, DOD's future force levels and mission requirements beyond 2014 have not yet been announced.¹⁹ Moreover, from March 2013 to October 2013, the number of vehicles turned in by units for the drawdown averaged 55 percent of what had been forecasted. This is because some vehicles that had been forecast for turn-in were instead redistributed to other units in Afghanistan. A senior DOD official stated that units have retained equipment because of uncertainty regarding future operational needs in Afghanistan. Once the post-2014 force level and mission are announced, these vehicle turn-in rates may increase.

¹⁷The Northern Distribution Network (NDN) routes combine ship, rail, and truck modes, and they are used to transport equipment through combinations of countries including Latvia, Estonia, Lithuania, Georgia, Turkey, Kazakhstan, Kyrgyzstan, Tajikistan, Russia, and Uzbekistan. The NDN routes all cross the northern border of Afghanistan.

¹⁸[GAO-13-185R](#).

¹⁹As previously discussed, in May 2014, subsequent to the issuance of the FOUO report, the President announced specific information pertaining to post-2014 troop levels that may affect drawdown planning and execution. However, the announcement noted that the post-2014 troop levels were contingent upon the Government of the Islamic Republic of Afghanistan signing a bilateral security agreement and a status of forces agreement with the North Atlantic Treaty Organization. With these issues unresolved as of August 2014, uncertainties remain concerning the amount of equipment needed to support U.S. operations after December 2014.

Equipment Drawdown Has Progressed as DOD's Drawdown Goals Have Changed over Time

From October 2012 to October 2013, DOD returned from Afghanistan or destroyed 14,664 vehicles, or an average of 1,128 vehicles per month.²⁰ DOD officials reported that, as of October 2013, thousands of vehicles remained in Afghanistan. In March 2012, command officials in Afghanistan established monthly goals for reducing equipment in country. To meet their goals, DOD established capacities at DLA Disposition Services sites, at RPAT yards, and on transportation routes. For the purposes of this report, the term capacity refers to the infrastructure, resources, and personnel in place to return or destroy a specific number of vehicles or containers, or both, in a month. For example, in Afghanistan, DLA Disposition Services initially established a destruction capacity of 450 vehicles per month.

The Army unit responsible for RPAT facilities in Afghanistan initially established a monthly processing capacity, and TRANSCOM also initially established a monthly capacity to move vehicles out of the country.²¹ Although DLA and TRANSCOM officials told us that they are postured to surge beyond current capacities if necessary, there has not been any reason to do so because the amount of equipment turned in has not required them to rely on surge capacity.

TRANSCOM officials also told us that building the capacity of the routes requires time and a steady increase in the amount of equipment required to be moved, since frequent use incentivizes contractors to maintain en-route infrastructure. In June 2013, DOD transitioned from its monthly reduction goals to new classified goals based on operational milestones.²² DOD officials may further adjust these classified drawdown goals as the post-December 2014 mission and size of the enduring force are clarified, and as a result the reduction of vehicles may accelerate.

²⁰The reduction of equipment in Afghanistan has largely been conducted by means of destruction at DLA Disposition Services sites or return through RPAT yards and the transportation system. Transfer to the Afghanistan government has been limited, resulting in only 43 vehicles drawn down by this method from October 2012 to October 2013. Consequently, we did not include these in our analysis.

²¹Equipment transfers to other countries or other U.S. agencies contribute to meeting the equipment-drawdown goals. To date, this disposition option has been limited. See app. IV.

²²In June 2013, DOD produced detailed supporting plans that included phased operations as well as milestones and objectives for equipment reduction. The specific goals are classified; however, DOD officials in theater stated that in the period from June 2013 to September 2013, DOD's Afghanistan equipment reductions exceeded these goals.

Future Drawdown Progress Will Depend on Post-2014 Force Information and Turn-in Rates

Uncertainties about the future force in Afghanistan could affect the progress of the drawdown. Because the United States has not yet announced its post-2014 force level and mission in Afghanistan, the future equipment needs are still uncertain. A high-level Army official has stated that the goal is to draw down all equipment not needed by the enduring force from Afghanistan by October 2014.²³ However, with the bilateral security agreement pending, the mission and size of the enduring force has not yet been finalized, and the date by which all equipment must be drawn down could change. DOD will need this information to determine the amounts and types of equipment that will remain in Afghanistan for the enduring presence and consequently the amount and types of vehicles that will be drawn down.

These post-2014 uncertainties may affect the rate that vehicles are turned in by units in Afghanistan, affecting the progress of DOD's drawdown. The current vehicle drawdown pace has been limited by lower-than-forecast quantities being turned in by units for drawdown. From March 2013 to October 2013, the number of vehicles turned in by units for the drawdown averaged 55 percent of what had been forecasted. In some instances, vehicles that had been forecast for reduction were redistributed to other units in Afghanistan instead of turned in for destruction or return. Commanders in Afghanistan must ensure that they have the equipment necessary to accomplish their mission and sometimes have found it necessary to retain equipment rather than release it. A senior DOD official stated that in some cases units have retained equipment because of uncertainty related to future operational needs in Afghanistan. Consequently, the flow of vehicles to be destroyed at DLA sites or returned via RPAT yards and transportation routes has been limited. These turn-in rates may increase once the post-2014 force level and mission are announced.

²³*Resetting the Force for the Future: Risks of Sequestration*, Before the Readiness Subcommittee of the House Armed Services Committee, 113th Cong. (Oct. 2, 2013) (testimony of Army Lieutenant General Raymond Mason, Deputy Chief of Staff for Logistics).

Steps Have Been Taken to Reduce Transportation Costs, but Improved Controls Could Mitigate Risk of Unnecessary Expenditures

DOD has taken some steps to improve efficiencies and manage costs in its Afghanistan drawdown processes. For example, CENTCOM amended its drawdown instruction to allow for aggregation of equipment at U.S. ports. According to DOD officials, this will allow for shipment of equipment via rail, resulting in potential savings when compared with trucking costs. However, as a result of ineffective internal controls, the Army and Marine Corps may be incurring unnecessary costs by returning equipment that potentially exceeds service needs or that is not economical to return and repair. DOD guidance on supply chain materiel management indicates that equipment exceeding certain service-approved quantities should not be retained unless economic or contingency reasons support its retention. We found that in a 12-month period the Army and Marine Corps returned more than 1,000 vehicles that exceeded their service-approved quantities, thereby incurring possible transportation costs of up to \$107,400 per vehicle, depending on the type of vehicle, for equipment that might no longer be needed. Neither the Army nor the Marine Corps documented and reviewed justifications for returning these potentially unneeded items, although federal internal control standards state that documentation and review should be part of an organization's management to provide reasonable assurance that operations are effective and efficient.²⁴

DOD guidance also states that all costs associated with materiel management, including transportation costs, shall be considered in making best-value decisions throughout the DOD supply chain. While the services considered repair costs, they did not consider transportation costs in determining whether vehicles were economical to return and repair. Consequently, it is unclear how many vehicles the services may have returned that were uneconomical to return and repair. Without adequate internal controls to ensure that DOD is returning only equipment that is needed and is considering transportation costs in these decisions, the services are at risk for incurring unnecessary drawdown expenditures.²⁵

²⁴GAO, *Standards for Internal Control in the Federal Government*, [GAO/AIMD-00-21.3.1](#) (Washington, D.C.: November 1999).

²⁵Many of the costs associated with military operations in Iraq and Afghanistan are funded through the Overseas Contingency Operations portion of the budget to more accurately reflect the temporary and extraordinary requirements of these overseas operations. In May 2013, DOD announced that it was seeking \$79.4 billion in overseas contingency operations funding for fiscal year 2014.

DOD Has Taken Some Steps to Improve Efficiencies and Manage Transportation Costs

DOD has taken some steps to improve efficiencies and manage costs in its drawdown processes, although DOD officials have stated that cost savings or efficiencies gained as a result of these changes have yet to be fully realized. In May 2013, CENTCOM amended its drawdown instruction to provide TRANSCOM with earlier notice of the amount and types of equipment requiring transportation.

Combatant commanders are responsible for redeployment planning, and must consider synchronization—that is, linking the redeployment of personnel, equipment, and materiel in a timely manner. To move equipment out of the country as quickly and cost-effectively as possible, TRANSCOM needs advance knowledge about the amount of equipment to be moved. Acquiring this information is complicated by the fact that, while personnel movements out of Afghanistan can be known 180 days in advance, DOD officials have told us that transportation requirements for equipment are more difficult to identify as early because the equipment may still be needed in country. Prior to May 2013, it was difficult to obtain advance knowledge about the amount of equipment to be moved because TRANSCOM officials were notified that equipment was available for movement only when it arrived at an RPAT yard. To create more efficient transportation scheduling, in May 2013 CENTCOM amended its drawdown instruction to require notifying transportation officials almost 90 days before equipment is turned in, and to require subsequent confirmation of transportation needs 30 days before the arrival of equipment at the RPAT yard.

Another step taken by CENTCOM was the amending of its drawdown instruction in May 2013 to allow for the aggregation of equipment at U.S. ports. According to TRANSCOM officials, this change may yield savings because aggregating equipment at U.S. ports will allow for the subsequent shipment of the equipment to final destinations via rail, resulting in savings of up to 45 percent over trucking the equipment to depots. For example, the cost to move three Mine Resistant Ambush Protected vehicles from an East Coast port to a West Coast depot by truck exceeds \$20,300, while moving the same cargo by rail costs \$11,700. According to TRANSCOM analysis, rail transport is four times more fuel efficient than truck transport and historically has resulted in savings of between 20 and 60 percent for shipments of large volumes of cargo. TRANSCOM officials expect that cost savings will accrue based on these changes to the guidance. In addition, TRANSCOM has reduced costs by more than doubling the number of vehicles returned through the PAKGLOC and less expensive air routes since June 2013. TRANSCOM

estimates that this increased use of the PAKGLOC and less expensive air routes has resulted in a potential cost avoidance of about \$55 million.

Army and Marine Corps Lack Effective Controls for Returning Vehicles from Afghanistan

Ineffective internal controls over the equipment disposition decision process allowed the Army and Marine Corps to return equipment from Afghanistan that may have been unneeded. The DOD instruction providing supply chain materiel-management policy states that all costs associated with materiel management shall be considered in making best-value decisions throughout the DOD supply chain. According to this guidance, best-value decisions include the consideration of both cost and noncost factors. The guidance further indicates that equipment exceeding approved acquisition objectives should not be retained unless economic or contingency reasons support its retention.²⁶ The approved acquisition objective is defined as the quantity of an item authorized for peacetime and wartime requirements to equip and sustain U.S. and allied forces according to DOD policies and plans.²⁷ Consequently, any item in the inventory that exceeds its approved acquisition objective is potentially unneeded.

However, our analysis indicates that both the Army and Marine Corps have returned potentially unneeded vehicles from Afghanistan. Between mid-March 2012 and mid-March 2013, the Army and Marine Corps, combined, returned approximately 9,000 vehicles.²⁸ Of these, 1,034 exceeded approved acquisition objectives and were not supported by documented justifications to retain these potentially unneeded items in service inventories. We estimate that the transportation costs alone associated with the return of these items ranged from \$5.9 million to \$111.1 million. This range of transportation costs represents smaller, lighter vehicles transported through the least expensive routes at the low

²⁶ See Department of Defense Instruction 4140.01, *DOD Supply Chain Materiel Management Policy* (Dec. 14, 2011).

²⁷ See Department of Defense Regulation 4140.1-R, *DOD Supply Chain Materiel Management Regulation*, app. 1, para. AP1.1.4.

²⁸ The term “vehicle” refers to rolling stock, such as tactical wheeled vehicles; multipurpose or special-purpose military wheeled platforms that transport personnel and all classes of supply; and powered and unpowered trailer systems. Vehicles can be specially designed for the military or can be commercial vehicles modified to meet certain military requirements. Vehicles are classified by weight, ranging from less than 2.5 tons to greater than 10 tons. See app. I for a description of the methodology supporting this analysis.

end (\$5.9 million), and larger, heavier vehicles transported through the most expensive routes at the high end (\$111.1 million).²⁹

According to Army and Marine Corps officials, items exceeding approved acquisition objectives may have been returned for a variety of reasons. For example, officials told us that an item may be returned because it is the newest model of a certain type of equipment, or because there may be an increased requirement for an item in the future. However, we could find no documentation that justified the return of these items. According to federal internal control standards, documentation and review should be part of an organization's management to provide reasonable assurance that operations are effective and efficient.³⁰ By returning equipment above approved acquisition objectives without documenting and reviewing the justifications for doing so, the services are at risk for spending funds unnecessarily to retain items that may not be needed.

Army and Marine Corps Did Not Have Effective Controls to Ensure Transportation Costs Were Considered in Disposition Decision Making

Ineffective internal controls over the equipment disposition decision process allowed the return of equipment from Afghanistan without consideration of transportation costs, which may have made the equipment uneconomical to return and repair. DOD guidance on supply chain materiel management states that all costs associated with materiel management, including transportation, shall be considered in making best-value decisions throughout the DOD supply chain.³¹ We found, however, that although the services considered repair costs, they did not consider transportation costs—which range up to \$107,400 per vehicle depending on the type of vehicle—when deciding to return vehicles for repair. By returning equipment without considering the transportation costs, the services are at risk of spending funds unnecessarily to

²⁹We estimated the transportation costs for these vehicles because determining the actual costs would require the review of each vehicle's specific mode and route of transportation, as well as the weight and dimensions of each vehicle. To estimate the cost we multiplied the number of vehicles returned above their approved acquisition objective (1,034 vehicles) by the lowest vehicle transportation cost (\$5,700) and by the highest vehicle transportation cost (\$107,400) as provided by TRANSCOM. This estimate is based on fiscal year 2013 costs. According to a TRANSCOM official, these costs have increased for fiscal year 2014.

³⁰[GAO/AIMD-00-21.3.1](#).

³¹See Department of Defense Instruction 4140.01, *DOD Supply Chain Materiel Management Policy*, encl.4, para.1.c.

transport and repair items that otherwise might not be economical to retain.

The Army has established procedures to determine whether an item is economical to return and repair. To ensure economic and operational effectiveness, Army officials use a preset maintenance expenditure limit to decide whether an item is economical to repair. For items located overseas, the Army specifies that transportation and handling costs be included in determining whether an item is economical to repair.³² When making the decision to return and repair items from Afghanistan, however, Army officials considered repair costs but omitted transportation costs as a factor for consideration, though it is unclear why these costs were omitted. It is unclear how Army officials could determine whether the return and repair of equipment was economical without including the transportation costs as a decision-making factor. It is also unclear how many items returned by the Army from Afghanistan would have been identified as uneconomical to return and repair if transportation costs had been included in disposition decision making.

Similarly, Marine Corps guidance establishes monetary limits to determine whether an item is economical to repair and whether it is economical to return. The Marine Corps uses a threshold of 65 percent of the procurement cost when determining whether an item is economical to repair.³³ Concerning transportation, guidance indicates that an item should not normally be returned to the depot when the cost to transport the item exceeds the cost to procure it new.³⁴ Marine Corps officials told us that equipment managers used repair assessment information from Afghanistan to make disposition decisions, but that they did not consider transportation costs in their disposition decision making, though it is unclear why these costs were not considered. By not including all costs in

³²Specifically, Army guidance provides that cost of freight—including all transportation and handling costs—will be included as an element of cost when the equipment is located overseas and no local capability to repair exists. See Army Regulation 750-1, *Army Materiel Maintenance Policy*, para. 4-6.f(2)(d); Army Technical Bulletin 43-0002-81, *Maintenance Expenditure Limits for FSC Group 23*, para. 4-1.e(1).

³³See Marine Corps Order 4790.19, *Depot Maintenance Policy*, para. 4.a(2)(g).

³⁴See Marine Corps Order 4440.31E, *Marine Corps Retention and Excess Returns Policies for Wholesale and Retail Materiel Assets*, encl. 3, para. 2.b (June 23, 1989).

their decision-making process, the services are at risk of allowing the return and repair of uneconomical-to-return-and-repair equipment.

Conclusions

DOD officials have taken some positive steps to reduce costs and create efficiencies in the drawdown of equipment from Afghanistan. The services have established processes and have guidance that, if applied to decisions about the disposition of equipment in Afghanistan, can inform decision making about such equipment and ensure that decisions are well-reasoned, reviewable, and made on the basis of best value. However, by returning items without documentation and review of justifications and by not including all costs in the decision-making process, the Army and the Marine Corps are at risk of making unnecessary expenditures. As the equipment drawdown accelerates, potentially unneeded and uneconomical-to-return-and-repair items will compete with other equipment for transportation assets. With improved internal controls, the Afghanistan drawdown operations could be made more efficient and cost-effective.

Recommendations for Executive Action

To reduce the risk of unnecessary expenditure of resources, we recommend that the Secretary of Defense direct the Secretary of the Army and the Commandant of the Marine Corps to take the following two actions:

1. ensure that justifications for returning items that exceed their approved acquisition objectives are documented and receive management review; and
2. ensure that transportation and all other relevant costs are included in disposition decision making.

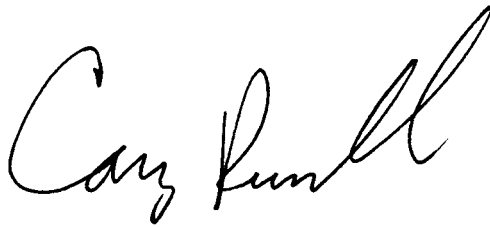
Agency Comments

In written comments on the earlier FOUO version of this report, DOD concurred with both of the recommendations and stated that it will be taking steps to further improve service disposition decision-making processes. DOD also provided technical clarifications, which we incorporated, as appropriate. DOD's written comments are reprinted in appendix VI.

We are sending copies of this report to the appropriate congressional committees; the Secretary of Defense; the Secretary of the Army; and the

Commandant of the Marine Corps. The report is also available at no charge on GAO's website at <http://www.gao.gov>.

If you or your staff have any questions about this report, please contact me at (202) 512-5431 or russellc@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in appendix VII.

A handwritten signature in black ink that reads "Cary Russell". The signature is written in a cursive style with a large initial "C" and "R".

Cary Russell
Director
Defense Capabilities and Management

Appendix I: Scope and Methodology

To conduct this work, we interviewed and obtained documentation from cognizant officials from U.S. Central Command (CENTCOM), the combatant command responsible for operations in Afghanistan, as well as from the military services. To examine the status of the Department of Defense's (DOD) efforts to reduce equipment in Afghanistan, we identified drawdown goals and key sources of documentation. Specifically, we identified and analyzed the processes and facilities that support CENTCOM in the execution of the drawdown and examined guidance from the Office of the Secretary of Defense, Joint Chiefs of Staff, CENTCOM, U.S. Transportation Command (TRANSCOM), military departments and services, and the Defense Logistics Agency (DLA). We then examined the metrics used by drawdown decision makers, reviewed Afghanistan drawdown statistics, and compared these statistics with DOD's drawdown goals.

To analyze the steps DOD has taken to create efficiencies and consider costs concerning the return of equipment from Afghanistan, we obtained and analyzed standard operating procedures and other guidance used to return equipment from Afghanistan and interviewed officials familiar with the transportation of equipment out of Afghanistan. To determine the extent to which the services have taken steps in their disposition decision-making process to consider costs related to the return of equipment, we reviewed equipment-management guidance and interviewed service equipment managers. We focused our review on vehicles because of the costs associated with transporting them, the number of vehicles that are candidates for disposition, and the ability to track vehicles by identification number. We also focused our review on theater-provided equipment or nonunit equipment that will be repaired.¹ In addition, we focused our review to include only the Army and the Marine Corps since these services have owned the preponderance of equipment in Afghanistan. We examined the factors and data used by decision makers who issued disposition instructions, and analyzed the results of those decisions. Specifically, we examined service inventories and approved acquisition objectives—the amount of equipment needed by the services for peacetime and wartime requirements—used by equipment managers to make disposition decisions. To determine the service-approved

¹The Army describes theater-provided equipment as equipment that has been identified and positioned in Afghanistan to offset deployment requirements, fill shortages, fill service operational needs, or to fill service component command-validated operational requirements.

acquisition objective for any specific item, we relied on the databases used by service officials to manage the relevant equipment. These data, along with the disposition decision and inventory data, were used to determine how many vehicles were returned that exceeded approved acquisition objectives. Specifically, to determine whether an item that exceeded its approved acquisition objective was returned from mid-March 2012 to mid-March 2013, we conducted one analysis for the Army and one for the Marine Corps. For the Army, its equipment-management officials determined which types of rolling stock exceeded service-approved acquisition objectives. We then took a list of these types of rolling stock that the Army personnel had identified and compared this list to data that the Army provided that contained the service's disposition decisions regarding rolling stock or vehicles in Afghanistan from mid-March 2012 to mid-March 2013. For the Marine Corps analysis, equipment-management officials provided us with approved acquisition data and inventory data from fiscal year 2012 and fiscal year 2013. We then compared the inventory to the approved acquisition objective for both years to identify the types of vehicles that exceeded the approved acquisition objective. We took this list of the types of vehicles and then compared it to data that the Marine Corps provided that contained the service's disposition decisions regarding rolling stock or vehicles in Afghanistan from mid-March 2012 to mid-March 2013.

To determine the results of each service's equipment disposition decisions, we obtained and reviewed data containing approximately 10,000 disposition decisions made by the Army and Marine Corps over a 12-month period. Of these decisions, roughly 87 percent resulted in the return of vehicles to the United States (the remaining 13 percent resulted in either the return of the vehicles to a site outside of the United States or the transfer or destruction of vehicles in country). Because our second objective is related to the return of equipment, we focused our analysis on these approximately 9,000 vehicle-return decisions. Moreover, we chose the 12-month period spanning mid-March 2012 to mid-March 2013 because by that time each service had several months' experience in drawing down its equipment.

We also examined the transportation costs of returning these vehicles. To estimate the costs of returning equipment, we used the rates TRANSCOM charges the military services for representative types of equipment. We surveyed the organizations responsible for maintaining the databases in order to determine the reliability of the data. From these efforts, we determined that the data were sufficiently reliable for determining how many vehicles were returned that exceeded approved

acquisition objectives. To obtain additional information for our review, we contacted or interviewed officials from the

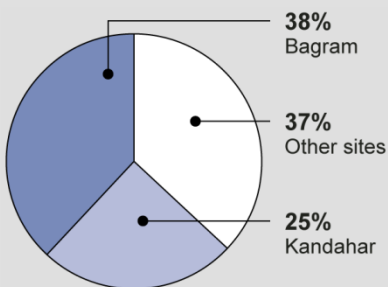
- Office of the Under Secretary of Defense for Acquisition, Technology and Logistics;
- Joint Staff;
- CENTCOM;
- U.S. Forces-Afghanistan;
- TRANSCOM;
- Surface Deployment and Distribution Command;
- Headquarters, Department of the Army;
- U.S. Army Materiel Command;
- U.S. Army Sustainment Command;
- U.S. Army TACOM Life Cycle Management Command;
- U.S. Marine Corps/Installations and Logistics;
- U.S. Marine Corps Logistics Command;
- U.S. Marine Corps Systems Command;
- Headquarters, U.S. Navy;
- Headquarters, U.S. Air Force/Equipment Management Branch; and Defense Logistics Agency (DLA) Disposition Services

We conducted this performance audit from January 2013 to September 2014 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

The Army has stated that equipment will not be abandoned in Afghanistan. To assist units in processing equipment for return and arranging proper disposition, the Army's 401st Army Field Support Brigade operates seven RPAT facilities. Army officials told us that each site has at least 20 acres and is equipped to prepare equipment to meet international and U.S. customs standards. RPAT yards process equipment that is excess to needs in theater and also handle equipment that is battle-damaged or declared as a battle loss. As seen below in figure 4, the Bagram and Kandahar yards account for more than 60 percent of the in-country RPAT capacity.

Figure 4: Capacity of Yards as Percentage of Total Redistribution Property Assistance Teams (RPAT) Capacity in Afghanistan, March 2013



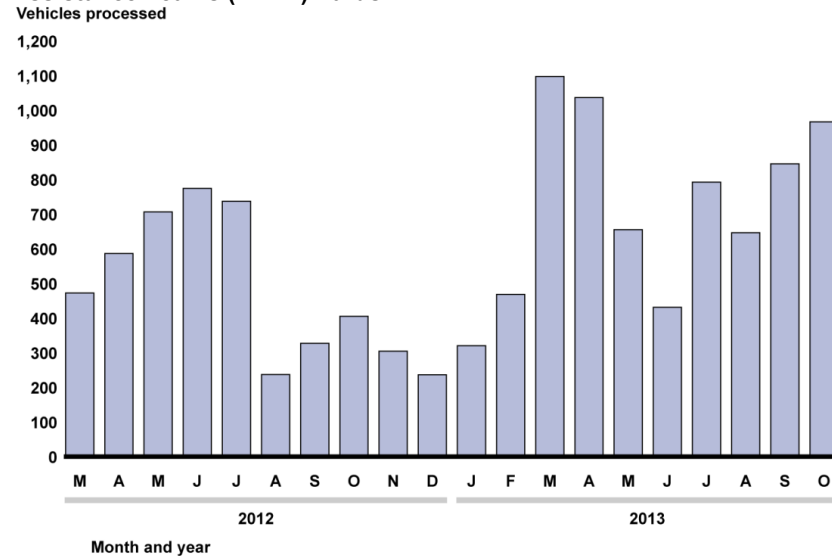
Source: GAO analysis of Army data. | GAO-14-768

Appendix II: Facilities That Process Returning Equipment

Overview

Army Redistribution Property Assistance Teams (RPAT) operate facilities in Afghanistan to process equipment, including vehicles and non-rolling stock, for return to the United States. Units leaving Afghanistan bring equipment that is no longer needed in Afghanistan to an RPAT yard to be processed for return. After turn-in, it can take on average 29 days for non-rolling stock and 60 days for vehicles to be processed for shipment. As a result, there is about a 2-month delay from turn-in to the final processing of vehicles. Because all nonunit equipment must go through RPAT yard processing before shipment, efficient RPAT operations are critical for the transport of equipment out of Afghanistan. Further, to meet future drawdown demand, it is likely that RPAT processing throughput will have to increase from existing levels (see fig. 3).

Figure 3: Number of Vehicles Processed at Afghanistan Redistribution Property Assistance Teams (RPAT) Yards



Source: GAO analysis of DOD data. | GAO-14-768

Potential Future Challenges

RPAT processing capacity may become a limiting factor for the Afghanistan drawdown. Army officials stated that RPAT facilities in Afghanistan have the capacity to process more than 1,000 vehicles per month. However, they have tested the upper limits of this capacity in only 3 months of a 20-month period (see fig. 3). Officials further stated that they have not reached their capacities due to the limited rate of equipment turn-in. Going forward, we note that simultaneous unit moves, base closures, and other events may result in turn-in levels that exceed the capacity of the facilities. Moreover, RPAT capacity is also a function of space availability and the efficiency with which equipment can be moved out of a yard. This efficiency depends on the ability of units to forecast what equipment will be turned in as well as the ability of the transportation system to move the equipment. From March 2012 to October 2013, average transportation wait times were 44 days for vehicles and 19 days for containers. In the future, RPAT output could be limited by the scheduling of transportation assets and the availability of lines of communication.

Background

In the drawdown from Iraq, the majority of equipment was processed and returned through a nearby port in Kuwait. Due to the landlocked geography of Afghanistan and the challenging political environment in Central Asia, TRANSCOM must rely on multiple routes and modes of transportation for the return of equipment from Afghanistan.

Multimodal Routes (Air/Surface)

- Jordan
- Azerbaijan
- United Arab Emirates
- Oman

Surface Routes (Ground/Sea)

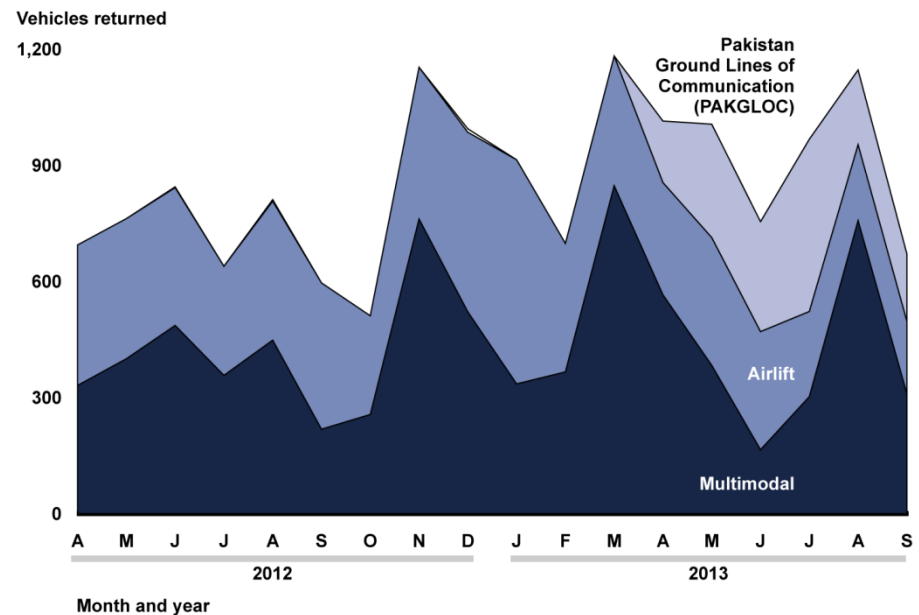
- Pakistan Ground Lines of Communication (PAKGLOC)
- Northern Distribution Network (NDN)

Appendix III: Equipment Return Routes

Overview

U.S. Transportation Command (TRANSCOM) has established 18 surface, airlift, and multimodal airlift routes for the return of equipment from Afghanistan. The Pakistan Ground Lines of Communication (PAKGLOC), terminating at the port of Karachi, is the least expensive route out of Afghanistan. To the north, the Northern Distribution Network (NDN) broadly comprises three land routes terminating at several seaports: one through Central Asia into the South Caucasus; one through Uzbekistan, Kazakhstan, and Russia that ends in the Baltic states; and one through Tajikistan, Kyrgyzstan, Kazakhstan, and Russia that also ends in the Baltic states. These routes have limitations concerning the kinds of equipment that can be transported through them, and availability is subject to geopolitical complexities. For example, the PAKGLOC remained closed for 8 months from 2011 to 2012 and did not become operational until March 2013. Only about 4 percent of equipment return shipments flow through the NDN, but the NDN routes proved critical for inbound cargo during the PAKGLOC closure (see fig. 5). Airlift and multimodal movement (air and sea) reduce the amount of time needed to return equipment, but are substantially more expensive.

Figure 5: Return of Vehicles by Mode, April 2012–September 2013



Source: GAO analysis of DOD data. | GAO-14-768

Potential Future Challenges

Route limitations will affect cost and time required for equipment reduction. Transportation officials told us that when demands for return of equipment increase in late 2013 and early 2014, it is unlikely that the PAKGLOC will be able to fully support the demand. Officials stated that equipment return may continue for some time after December 2014 due to the volume of equipment remaining and the limited availability of assets and capabilities to move it. Officials also anticipate that the physical limits of transportation routes such as aerial port capacities could present a constraint in the drawdown. TRANSCOM officials cautioned that, in the future, it is possible that the volume of equipment to be returned could exceed the capacity of the system.

Background

There are two types of transfers of equipment in the Afghanistan drawdown: those associated with a base closure and those independent of a base closure.

Subject to limitations, equipment in Afghanistan may be transferred within DOD and to other federal agencies, U.S. states, foreign countries, and other recipients.

For transfers to Afghanistan through the Foreign Excess Personal Property program, DOD has issued guidance establishing who can approve the transfer of certain equipment by cost threshold. Transfers are coordinated with the U.S. Embassy team.

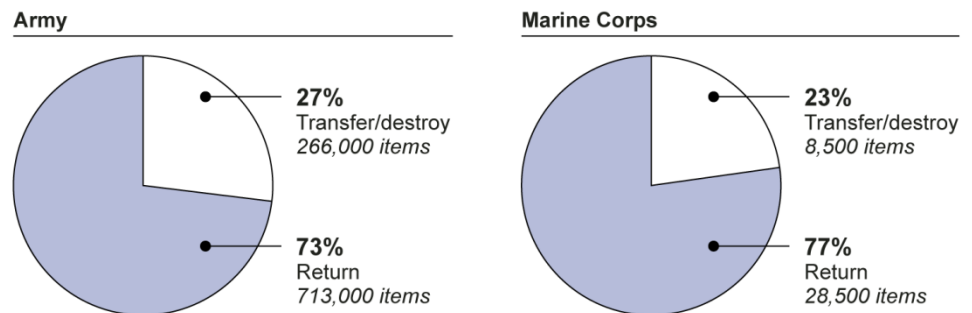
Transfer of equipment may also be possible under other authorities, such as the Foreign Military Sales and Excess Defense Articles programs, as well as specific statutes related to equipment in Afghanistan.

Appendix IV: Transfer of Equipment in the Afghanistan Drawdown

Overview

Equipment in Afghanistan that U.S. Central Command (CENTCOM) determines to be no longer needed in the region and that the services and Department of Defense (DOD) want to divest is either destroyed or transferred to another U.S. agency, to U.S. states, to Afghanistan, to another country, or to certain organizations. A number of factors are used to determine whether equipment used in Afghanistan will be transferred, including whether the equipment is in good condition; the needs of the receiving organization or government; the ability of the recipient to sustain the equipment; and the need to maintain critical timelines for base closures and transfer actions. According to Army and Marine Corps forecasts, the amount of equipment in Afghanistan that will be divested (transferred or destroyed) is limited, and the majority will be returned (see fig. 6). The ability to transfer equipment minimizes the need for in-country destruction and could also avoid transportation charges when equipment is not returned to the United States. In fiscal year 2012, the Army estimated that transfers of excess equipment in Afghanistan resulted in the avoidance of at least \$1.2 billion in return transportation costs.

Figure 6: Forecast Army and Marine Corps Equipment Disposition, Summer 2013



Source: GAO analysis of Army and Marine Corps data. | GAO-14-768

Potential Future Challenges

Transfer will be a limited option for the reduction of the equipment in Afghanistan. According to CENTCOM officials, they have sufficient authorities to transfer equipment to Afghanistan, surrounding countries, and coalition partners. However, while DOD has been able to transfer equipment such as heaters and air conditioners to Afghanistan, it faces challenges in transferring more advanced equipment due to Afghanistan's limitations in absorbing and maintaining these items. Equipment used in Afghanistan can also be transferred to U.S. state and local government agencies, but these transfers may be limited by agencies' having to arrange and fund the transportation of the equipment out of Afghanistan. In addition, Army officials said they may transfer some equipment once it has been returned to the United States. This transfer would occur after transportation costs have been paid through Overseas Contingency Operations funds.



Appendix V: Destruction of Equipment in the Afghanistan Drawdown

Background

The functions of DLA Disposition Services include reutilizing end items, selling or donating surplus property, managing disposal of hazardous property, and coordinating the precious metals recovery program. DLA Central's area of responsibility includes Afghanistan, Kuwait, and Iraq, as well as other Gulf States. Within Afghanistan, it operates facilities at Bagram, Kandahar, Camp Leatherneck, and Camp John Pratt, as well as at several other sites. Protocols are in place to prevent the destruction of serviceable items unless specifically authorized.

Afghanistan Vehicle Demilitarization

Vehicles demilitarized in fiscal year 2013: 2,215 vehicles

Afghanistan Scrap Removal

Scrap removed in fiscal year 2013: 380,525,565 pounds

Overview

If the services choose to divest an item in Afghanistan, it is either transferred or destroyed (demilitarized). The Defense Logistics Agency (DLA) Disposition Services has established procedures and facilities within Afghanistan to demilitarize the equipment. Demilitarization is the act of destroying the military offensive or defensive capabilities inherent in certain types of equipment or materiel. Demilitarization can be effected through mutilation, dumping at sea, scrapping, melting, burning, or alteration designed to prevent the further use of the equipment and materiel for its originally intended military or lethal purpose. Demilitarization applies equally to materiel in unserviceable or serviceable condition that has been screened and declared excess to Department of Defense (DOD) needs.

DLA Disposition Services charges the coalition forces on a per pound basis for the services necessary to demilitarize an item and is currently charging about 28 to 31 cents per pound. The price is generally based on defraying the costs of overhead and operations, and it also considers that sale of resulting scrap material will yield a certain amount of revenue. Because this is a working capital fund operation, the military services pay a rate adjusted proportionally for the amount of the service they receive. Table 2 compares the price of demilitarizing listed items with the cost of transporting the items to the Gulf Coast of the United States.

Table 2: Cost Comparison of Item Destruction and Item Transportation

Vehicle type	Weight (pounds)	Demilitarization cost per vehicle (dollars)	Transport cost to United States per vehicle (dollars)
Tactical vehicle	32,500	\$9,100–\$10,100	\$23,800–\$107,400
Trailer	5,850	1,600–1,800	5,700–17,400

Source: GAO analysis of U.S. Transportation Command and Defense Logistics Agency Disposition Services data. | GAO 14-768

Potential Future Challenges

Space could be a limiting factor at DLA Disposition Services demilitarization facilities in Afghanistan. A senior DLA Disposition Services official said it is conceivable that demand for demilitarization or destruction could exceed the capacity of facilities. To accommodate demand and flow, DLA Disposition Services has created some flexibility by reprogramming personnel from one task to another to match demands. A DLA Disposition Services official also acknowledged that demilitarization or destruction operations are likely to continue well after December 2014, noting that such operations in Iraq continued into 2013.

Appendix VI: Comments from the Department of Defense



LOGISTICS AND
MATERIEL READINESS

ASSISTANT SECRETARY OF DEFENSE
3500 DEFENSE PENTAGON
WASHINGTON, DC 20301-3500

MAR 11 2014

Mr. Cary Russell
Director
Defense Capabilities and Management
U.S. Government Accountability Office
441 G Street, N.W.
Washington, DC 20548

Dear Mr. Russell:

This is the Department of Defense (DoD) response to the Government Accountability Office (GAO) Draft Report, [REDACTED], "Afghanistan Equipment Drawdown: Progress Made but Improved Controls and Decision Making Could Reduce Risk of Unnecessary Expenditures," dated February 6, 2014 [REDACTED]. Detailed comments on the report recommendations are enclosed.

Sincerely,

A handwritten signature in black ink, appearing to read "Paul D. Peters".

Paul D. Peters
Acting

Enclosure:
As stated

GAO DRAFT REPORT DATED FEBRUARY 6, 2014

**“Afghanistan Equipment Drawdown: Progress Made but Improved Controls and Decision
Making Could Reduce Risk of Unnecessary Expenditures”**

**DEPARTMENT OF DEFENSE COMMENTS
TO THE GAO RECOMMENDATIONS**

To reduce the risk of resources the Government Accountability Office recommends that the Secretary of Defense direct the Secretary of the Army and the Commandant of the Marine Corps to take the following two actions:

RECOMMENDATION 1: Ensure that justifications for returning items that exceed their approved acquisition objectives are documented and receive management review.

DOD RESPONSE: Concur. Although both the Army and the Marine Corps have adequate guidance and processes for overall fleet management as it relates to drawdown, the Department is taking steps to further improve these processes. For instance, the Marine Corps initiated organizational steps to better justify, document and review retrograde decisions for items that exceed their approved allowances to the degree that it provides an auditable record of our deliberate inventory decision-making processes.

RECOMMENDATION 2: Ensure that transportation and all other relevant costs are included in disposition decision-making.

DOD RESPONSE: Concur. Although the department has adequate guidance to include all costs, including transportation, the Department is taking steps to improve these processes. For instance, the Marine Corps is finalizing a transportation planning decision support model intended to facilitate formal documentation of retrograde cost benefit analyses and further strengthen our retrograde decision making processes.

Appendix VII: GAO Contact and Staff Acknowledgments

GAO Contact

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Staff Acknowledgments

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