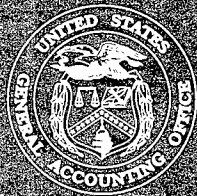


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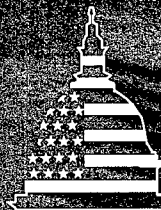
CIVIL AIR PATROL

Proposed Agreements With the Air Force Are Intended to Address Identified Problems



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United States General Accounting Office
Washington, D.C. 20548

National Security and
International Affairs Division

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June 5, 2000

Congressional Requesters

The Civil Air Patrol is a congressionally chartered, private, nonprofit corporation that uses about 61,000 dues-paying volunteers to perform its missions. The missions are to provide (1) emergency services—including counternarcotics, disaster relief, and search and rescue missions using small aircraft; (2) aerospace education; and (3) cadet training. Congress has designated the Civil Air Patrol the civilian auxiliary of the Air Force and provided about \$26.6 million in fiscal year 2000 for the Patrol in the Air Force appropriation. The Air Force is responsible for providing advice and assistance to the Patrol's management and overseeing its operations.

A series of Air Force and Department of Defense audits and inspections since 1998 have raised concerns about Civil Air Patrol's financial management and inventory control practices as well as Air Force oversight of the Patrol. Consequently, you asked us to review Air Force proposals to reorganize the Patrol's management. In addition, section 934 of the National Defense Authorization Act for Fiscal Year 2000¹ required us and the Department of Defense Inspector General to independently review potential improvements to Patrol management. During our review, we assessed (1) the nature of the relationship between the Air Force and Civil Air Patrol, (2) the Air Force's oversight of the Patrol, (3) the Patrol's management and oversight of its own activities, and (4) plans to resolve identified problems.

Results in Brief

The Air Force and Civil Air Patrol relationship is usually cooperative. The Air Force includes the Patrol in its internal budget process to determine what the Patrol needs and how much money will be available to support the Patrol. The Air Force also provides technical advice to ensure flying safety. For its part, the Civil Air Patrol performs search and rescue and other flying missions for the Air Force, and the Air Force reimburses the Patrol for this service. The Air Force oversees the Civil Air Patrol to ensure that federal funds provided are used appropriately. At times, the

¹P.L. 106-65, October 5, 1999.

relationship involves conflict. The Air Force and Civil Air Patrol initially disagreed over plans to reorganize the Patrol's board and could not even agree on a means for the Air Force to explain its position to the Patrol's volunteers. Conflict in the financial relationship includes the Civil Air Patrol's practice of lobbying Congress for more funding if the Patrol disagrees with the amount supported by the Air Force. Nonetheless, the Air Force and Civil Air Patrol believe each get benefits from the relationship and want to continue it.

The Air Force monitors activities of the Civil Air Patrol by reviewing its flight, financial, and logistics operations. However, most of the personnel who monitor the Patrol's activities for the Air Force are Civil Air Patrol employees who are at the Patrol's operating locations and receive their annual performance appraisals from the commanders whose operations they monitor. This raises questions about the independence of the officers. Moreover, even when problems are brought to the attention of the Air Force, it has not always been able to enforce corrective action. Air Force officials believe that they have limited authority over Civil Air Patrol because it is a private corporation, although they can refuse to reimburse the Patrol for certain missions and restrict the purchase of new equipment or parts when the Patrol has not corrected problems. Nonetheless, Air Force action to date has not been sufficient to resolve problems.

Civil Air Patrol commanders do not have much incentive to aggressively enforce the regulations, and they have not exercised their authority sufficiently to ensure that all units follow regulations intended to ensure flying safety and accountability for assets. As a result, the Patrol lacks assurance that all assets have been used safely and appropriately. Civil Air Patrol leaders recognized the need to maintain adequate accountability over assets but are concerned that if the accountability requirements became too burdensome, some volunteers might quit, since most joined to participate in aviation-related or youth development-related activities, not to do the paperwork sometimes necessary to manage assets. The Civil Air Patrol needs a sufficient number of aircraft and vehicles to perform its mission but has not adequately determined how many aircraft and vehicles it needs. When the Air Force tried to study aircraft requirements, it relied on sometimes inaccurate data, raising questions about the study's conclusions. When the Air Force tried to perform a similar study on vehicle requirements, the Civil Air Patrol did not provide sufficient information for the Air Force to complete the study. The Civil Air Patrol is planning to conduct another vehicle requirements study and hopes to complete it by February 2001.

To improve accountability and oversight, the Air Force and Civil Air Patrol have proposed legislation to establish a new governing board for the Patrol. The proposed legislation would also allow the Air Force to use personal service contractors to monitor the Patrol's operations at its various operating locations and to end reliance on Civil Air Patrol employees for monitoring. The Air Force and the Patrol also plan to implement a cooperative agreement to comply with the requirements of the Grant and Cooperative Agreement Act of 1977, which requires the use of a formal funding agreement. The agreement would also implement a statement of work that provides new flying safety and asset accountability requirements. However, a consultant to Civil Air Patrol has estimated that it will need to hire about 60 new employees at a cost of about \$6.4 million per year to implement some of the proposed changes, and the Air Force and the Patrol have yet to agree on the expected implementation costs or who will pay. The Air Force believes that the Civil Air Patrol can implement the agreement for as little as \$1.8 million.

Background

President Franklin D. Roosevelt established the Office of Civilian Defense in the Office of Emergency Management in 1941 to encourage coordination and cooperation between the federal and state or local governments and ensure civilian participation in defense during World War II. The office formed the Civil Air Patrol.

In 1943, the Civil Air Patrol was transferred to the War Department. The Patrol's wartime missions included doing coastal patrols, searching for enemy submarines, doing search and rescue missions, towing aerial gunnery targets, and running courier flights. In 1946, Congress established the Civil Air Patrol as a federally chartered corporation to (1) encourage and aid American citizens in contributing their efforts, services, and resources in developing aviation and maintaining air supremacy; (2) encourage and develop contributions of private citizens to the public welfare; (3) provide aviation education and training to Patrol members; (4) encourage and foster civil aviation in local communities; and (5) provide an organization of private citizens with adequate facilities to assist in responding to local and national emergencies. When the Air Force was established in 1948, Congress designated the Civil Air Patrol as the civilian auxiliary of the Air Force.

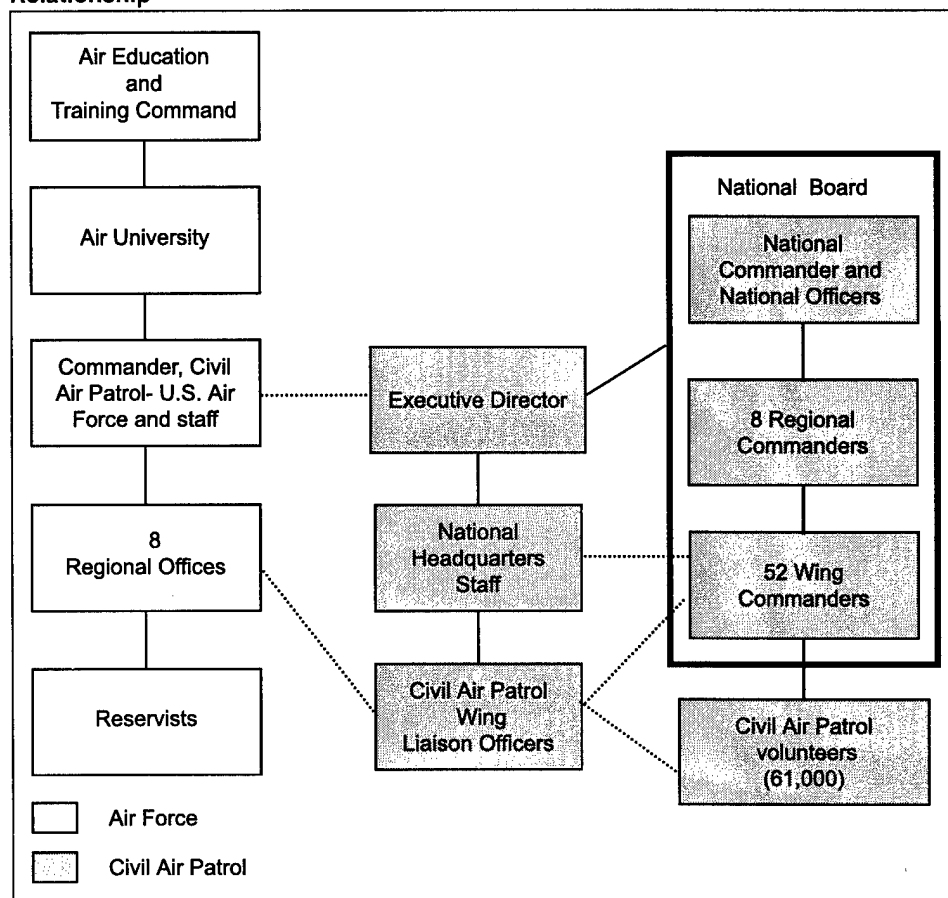
Today, the Civil Air Patrol has three primary missions.

- Flying missions include (1) search and rescue, (2) reconnaissance of illegal narcotics production or distribution, and (3) assistance to federal or state emergency management and disaster relief agencies using aircraft and vehicles.
- The Civil Air Patrol's aerospace education program promotes basic aerospace knowledge and provides instruction on advances in aerospace technology by providing aviation-related materials to middle and high school teachers to relay to their students. In 1999, the Patrol reported that it distributed about 30,000 free aerospace education products to teachers, sponsored the annual National Congress on Aviation and Space Education (a program that trained about 800 teachers), and held 100 workshops in 36 states to develop the educational skills of over 200 participating teachers.
- The Civil Air Patrol's cadet program provides instruction on leadership skills, aerospace education, and physical training to people aged 20 and younger. According to Patrol officials, the program also introduces cadets to certain aspects of military life and gives some an opportunity to learn how to fly.

Organization and Administrative Structure

To accomplish its assistance and oversight responsibilities, the Air Force relies on the Civil Air Patrol-U.S. Air Force, a unit of the Air Education and Training Command, the Air Force command that operates the Air University and recruits and trains new people in the Air Force. Figure 1 displays the current—Civil Air Patrol-U.S. Air Force and Civil Air Patrol structure and relationship.

Figure 1: Civil Air Patrol and Civil Air Patrol-U.S. Air Force Organization and Relationship



Source: Our analysis of Civil Air Patrol and Civil Air Patrol-U.S. Air Force documents.

According to the Air Force, until 1995, the Air Force ran the day-to-day affairs of Civil Air Patrol through Civil Air Patrol-U.S. Air Force by mutual agreement between the two organizations. At the time, Civil Air Patrol-U.S. Air Force had a full-time staff of about 250, comprised of active duty servicemembers and federal civilian employees, and the part-time services of about 450 reservists. In a 1995 reorganization, the Civil Air Patrol-U.S. Air Force reduced its full-time staff from 250 to 73 and turned over to the Civil Air Patrol the responsibility for its own day-to-day management. The downsized Civil Air Patrol-U.S. Air Force continued to have a role in overseeing the Patrol; providing financial, material, technical, and other assistance; and providing access to bases for certain cadet activities.

A volunteer national commander and national vice-commander, who are assisted by four other volunteer national officers, head the Civil Air Patrol. The national commander appoints eight volunteer regional commanders, who lead operations in eight Patrol-designated geographic regions. The regional commanders appoint wing commanders—one in each state, the District of Columbia, and Puerto Rico.² These officials, along with the active duty colonel who commands Civil Air Patrol-U.S. Air Force, make up a 67-member national board that governs the Civil Air Patrol.

A paid executive director manages the Patrol's headquarters at Maxwell Air Force Base, Montgomery, Alabama. However, the executive director has no command authority over the more than 61,000 volunteers assigned to the 52 wings and over 1,600 units throughout the United States.³ The Civil Air Patrol has a paid administrative staff of about 100 persons primarily assigned to headquarters. The headquarters staff provides day-to-day administrative services such as financial management, legal services, planning, marketing and public relations, information management, and other services. The Patrol also has 42 employees assigned to its bookstore in Alabama and its parts depot in Texas. Finally, the Civil Air Patrol employs the 89 liaison officers assigned to wings around the country who monitor and assist the Patrol for the Air Force. The Patrol pays the liaison officers their salaries, benefits, and operating expenses, using a portion of the Air Force appropriation designated for the Patrol.

The Civil Air Patrol agreed to limit itself to 530 powered aircraft at the suggestion of the Air Force. These aircraft are mostly Cessna (172 and 182 models) light aircraft. Similarly, the Civil Air Patrol also voluntarily limited itself to 950 vehicles. These assets were purchased mostly with federal funds. In addition, the Civil Air Patrol owns land, buildings, computers, office equipment, and other items. Most of these assets are corporate property and are assigned to wings and squadrons. Patrol volunteers also own or lease another 4,700 aircraft that can be used on missions when needed.

The majority of the Civil Air Patrol's operating revenue comes from funds included in the Air Force's appropriation and designated by Congress for

²A wing is the basic operational unit of the Civil Air Patrol.

³Most wings are subdivided into squadrons. Most aircraft, vehicles, and other assets are assigned to squadrons and the squadrons perform most of the missions.

the Patrol. In fiscal year 2000, this amounted to \$26.6 million. Civil Air Patrol also received appropriations of about \$2.9 million from 36 states and member dues totaling \$2.1 million. The states usually designate their funds for their local wing. Certain wings raise additional revenue through fund-raising or receiving private donations. Also, the Civil Air Patrol has about \$20 million in investments in equities and other financial instruments that have generated revenue. In addition, the Air Force has budgeted \$5.8 million in appropriated funds in fiscal year 2000 to cover the operating costs of Civil Air Patrol-U.S. Air Force.

Relationship Between Air Force and Civil Air Patrol Is Usually Cooperative

The relationship between the Air Force and Civil Air Patrol is usually cooperative but is sometimes marked by conflict. The Air Force cooperates with Civil Air Patrol by permitting it to participate in the Air Force's internal budget process and providing other assistance, including technical advice to promote safe operations. This arrangement establishes a financial and operational relationship between the Air Force and Civil Air Patrol. For its part, Civil Air Patrol cooperates with the Air Force by conducting search and rescue missions for the Air Force and is reimbursed for the expenses associated with those missions. The Air Force conducts oversight of the Patrol's activities to ensure that public funds are used properly. By the same token, the Civil Air Patrol is a private, nonprofit corporation that is generally independent from the Air Force. This situation sometimes creates tension between the two organizations and has led to some public disagreements. For example, the Air Force and the Patrol initially disagreed over how to reorganize the Patrol's governing board. Nonetheless, each recognizes benefits stemming from the relationship.

The Relationship Is Usually Cooperative

The Air Force routinely assists the Civil Air Patrol in many ways specified in law (10 U.S.C. 9441), including (1) giving, lending, or selling to the Patrol surplus Air Force equipment such as spare parts and vehicles; (2) detailing Air Force personnel to the Civil Air Patrol; (3) permitting the use of Air Force services and facilities; (4) providing funds for the operational expenses of the Patrol's national headquarters; (5) authorizing payment of expenses related to operational, testing, and training missions; and (6) reimbursing the Patrol for the cost of major equipment purchases. The law also allows the Air Force to reimburse Patrol members for expenses incurred in carrying out Air Force missions during a war or national emergency. In a 1980 amendment to the law, Congress designated the Civil Air Patrol and its individual members as instrumentalities of the United States, making the United States liable under the Federal Tort

Claims Act for negligent acts or omissions of Civil Air Patrol or its members while they are engaged in an Air Force-assigned mission. The Air Force pays for liability insurance for Civil Air Patrol's non-Air Force missions. In addition, under 5 U.S.C. 8141, Patrol members (except cadets under age 18) are eligible for Federal Employees Compensation Act benefits if injured or killed while serving on noncombat missions for the Air Force.

The Air Force also cooperates with the Civil Air Patrol by permitting it to participate in the Air Force's annual internal budget process to determine the amount of funds needed for Patrol activities. For fiscal year 2000, Congress designated \$26.6 million of the Air Force's appropriation for the Civil Air Patrol. The funds are used to reimburse the Civil Air Patrol for Air Force-assigned missions; headquarters operations; asset procurement; and salaries, benefits, and operational expenses of the 89 liaison officers. For accountability purposes, the liaison officers review the Civil Air Patrol's flight, financial, and logistics operations and provide technical assistance in those and other areas, including flying safety at the wing level and below.

The Civil Air Patrol works with the Air Force on an ongoing basis by performing search and rescue missions and searching for the production or distribution of illegal narcotics. The Civil Air Patrol reported that it had saved 275 lives during 1997-99 in about 30,000 hours of flying time. The Civil Air Patrol also reported that law enforcement authorities interdicted millions of dollars of illegal narcotics as a result of Patrol flights totaling over 100,000 hours. The Civil Air Patrol also cooperates with the Air Force by giving inspectors from the Civil Air Patrol-U.S. Air Force access to Patrol wing and squadron facilities and records and trying to implement recommendations stemming from these inspections.

The Relationship Is Sometimes Marked by Conflict

The Air Force and Civil Air Patrol have not always cooperated with each other and sometimes engaged in public disputes. For example, in 1999, the Air Force and the Patrol disagreed about plans to reorganize the Patrol's governing board. The Air Force wanted to contact Patrol members by letter to explain the Air Force's position on the matter and asked the Patrol for its mailing list. The Civil Air Patrol refused to provide the mailing list and offered to publish the Air Force's letter in the Civil Air Patrol national newspaper, but the Air Force refused that offer. Later, in a letter to the Air Force General Counsel, the Patrol accused the Air Force of stealing the list. The Air Force denied the allegation and did not send letters to Patrol members. At times, the Air Force or Civil Air Patrol have made their disagreements public. For example, in May 1999, the Civil Air Patrol posted

items on its internet home page to respond to Air Force allegations directed at the Patrol about financial irregularities, safety concerns, and other issues.

There are also problems with the financial relationship. While the Air Force includes the Civil Air Patrol in the Air Force's internal budget process, the Patrol has not always agreed with the Air Force's funding levels or restrictions. At such times, the Civil Air Patrol has contacted Congress directly to seek more funding than the Air Force has supported. The Air Force believes that this can end up forcing the Air Force and the Civil Air Patrol to compete for resources and has strained the relationship at times. The vehicle through which the Air Force funds the Patrol has also been questioned. In a 1998 report,⁴ the Air Force Audit Agency concluded that the Air Force had not complied with the Federal Grant and Cooperative Agreement Act of 1977 (31 USC 6301-6308). That law requires federal agencies to use contracts, grants, or cooperative agreements to acquire property or services for the government or to transfer money, property, services, or anything of value to recipients to accomplish a federal purpose. Initially, the Civil Air Patrol resisted using a cooperative agreement suggested by the Air Force but in January 2000 tentatively agreed to the arrangement. In February 2000, the Civil Air Patrol National Board overwhelmingly approved the draft cooperative agreement and statement of work. However, as of May 2000, the Air Force and Civil Air Patrol had yet to sign the cooperative agreement and an associated statement of work that specifies new safety and asset accountability requirements.

Benefits From the Relationship

Despite some problems in the relationship, both the Air Force and Civil Air Patrol believe the relationship benefits both parties. The Air Force believes it benefits from the relationship because the Patrol provides highly trained and motivated new recruits and saves the Air Force from using its resources on the war on drugs. The Civil Air Patrol also provides some recruiting benefit because Patrol cadets have a lower attrition rate from the Air Force Academy than those without Civil Air Patrol experience, according to Academy data. Also, the Civil Air Patrol believes it gets some recruiting benefit from the association with the Air Force because Patrol officials believe some cadets are attracted to the organization by the

⁴Installation Report of Audit: Air Force Oversight of FY 1996 Civil Air Patrol Corporation Activities, CAP-USAF, Maxwell AFB AL (EB098013, May 13, 1998).

opportunity to participate in flying missions, wear an Air Force-style uniform, and participate in military-style activities.

Limited Air Force Authority Over Civil Air Patrol Hinders Oversight

Through the Civil Air Patrol-U.S. Air Force, the Air Force provides advice, assistance, and oversight to the Civil Air Patrol but believes it has a limited ability to effect change in the Patrol because it is an independent, private corporation not controlled by the Air Force. While the Air Force can use and has used certain sanctions when the Civil Air Patrol has not complied with requirements, problems remain.

Internal control standards that we issued in accordance with the Federal Managers' Financial Integrity Act of 1982 (31 USC 3512) require that organizations establish physical control procedures to provide reasonable assurance that assets are not lost or used without authorization.⁵ The Air Force conducts oversight to identify problems in Civil Air Patrol wings and squadrons, recommending improvements when appropriate. For example, the Civil Air Patrol-U.S. Air Force inspects every wing once every 3 years, and its regional officials inspect wings or squadrons in their regions routinely and also make recommendations to correct identified shortcomings. Since 1997, the Air Force has found numerous inventory control problems during inspections at wings and squadrons. The problems ranged from wings' or squadrons' inability to locate all of the items for which they were accountable to a lack of records needed to determine the inventory. For example, one wing had inventory problems in 77 percent of the squadrons inspected from September 1998 through February 2000. A Civil Air Patrol-U.S. Air Force Regional Office found similar problems at wings it inspected in 1998 and 1999.

Other Air Force audits and reviews have also found problems with Civil Air Patrol or Air Force oversight.

⁵*Standards for Internal Control in the Federal Government* (GAO/AIMD-00-21.3.1, Nov. 1999).

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- In a 1998 review of Air Force oversight of Civil Air Patrol, the Air Force Audit Agency found numerous problems, including ineffective management controls by the Air Force over the Patrol's use of about \$23 million in appropriated funds and the failure to enter into a grant or cooperative agreement.⁶ The Air Force and Civil Air Patrol plan to enter into such an agreement to address the problems.
 - In July 1999, the Air Force Office of Special Investigations and the Federal Bureau of Investigation seized records at Civil Air Patrol and Civil Air Patrol-U.S. Air Force headquarters in Alabama and locations in Kentucky, Texas, West Virginia, Florida, and Puerto Rico. According to officials in the Air Force Office of Special Investigations, the seizures were in response to the problems identified by Air Force studies, informants' reports, and an allegation of double-billing for a flying mission. The Office of Special Investigations indicated that it was pursuing a criminal investigation in the matter of the alleged double-billing.

The Air Force believes it has limited authority to enforce the implementation of recommendations it makes because the Civil Air Patrol is an independent corporation. However, it does have some leverage in promoting corrective actions. For example, the Air Force can deny wings federal funds to purchase new equipment and spare parts or deny the transfer of surplus parts from the Department of Defense. The Air Force has occasionally exercised this authority when it finds inadequate controls over resources in the wings. During our review, eight wings were denied such funds. The Air Force may also withdraw approval for Air Force missions, denying reimbursement to the wing for the missions. The Civil Air Patrol-U.S. Air Force has used its available authority sparingly because of the importance of continued availability of aircraft for search and rescue missions. Air Force officials told us that withdrawal of mission status could leave some states without search and rescue coverage. Thus, problems have continued in the areas of compliance with safety and asset management regulations by Civil Air Patrol units.

⁶We did not verify the results of the Air Force Audit Agency review.

Management and Oversight of Wing Activities Have Been Weak

The Civil Air Patrol National Commander leads the organization but relies on the region and wing commanders to manage the day-to-day affairs of their respective areas in performing assigned missions and managing assets. However, some wings did not always follow Patrol policies and regulations regarding flying safety and asset management. Furthermore, the Civil Air Patrol has not determined how many aircraft and vehicles it needs to accomplish its missions. This raises questions about whether it has too few or too many aircraft or vehicles and whether they are located where needed most.

Civil Air Patrol Wings Have Not Always Followed All Patrol Regulations

GAO-issued internal control standards require an organization's management to establish an internal control system that provides reasonable assurance that organizational components comply with applicable regulations. The Civil Air Patrol has written various regulations and issued policy manuals that provide guidance on safe and effective air operations and asset management and accountability. For example, Patrol safety regulations require that designated flight release officers authorize flying missions in writing. Before authorizing the flight, these officers are supposed to ensure that pilots have a current license and medical certificate and are qualified in the aircraft they intend to operate, among other things. In some cases, missions were not properly authorized. One wing we visited lacked assurance that all flights were properly authorized because authorization documents on file lacked the officers' signatures, raising questions about whether the officers had authorized the flights. Based on our inquiry, the wing staff contacted the flying squadrons, which had kept a second set of records that ultimately documented proper authorization on most but not all of the missions in question. Nonetheless, without contacting the squadrons first, the wing's headquarters could not answer our questions about whether the flights were properly authorized. Wing officials lacked assurance that about 170 flights had been appropriately authorized. In addition, flight release officers sometimes authorized flights and then flew as passengers, in violation of the regulations.

Such problems existed at other wings as well. To determine the extent to which the wings follow Patrol safety, asset, and financial management regulations, we asked each of the 52 wings to provide us with evidence of compliance with selected regulations; 49 wings responded to our request. Our analysis showed that in fiscal year 1999 many of the wings that

responded did not follow all regulations, as indicated by the following examples.

Fifty-five percent of the wings could not demonstrate that they did all the annual no-notice inspections required by Civil Air Patrol regulation to ensure compliance with safety regulations, and another 14 percent did not provide sufficient records for analysis. Among other things, wing-level inspectors are required to review the (1) flying unit's safety program; flying records, including pilots' records; flight authorization procedures; and condition and maintenance of Civil Air Patrol aircraft assigned to the unit. The inspectors are also required to provide an overall evaluation of the unit's compliance with Patrol flight safety and other operational requirements. Two wing commanders told us that no-notice inspections are difficult to conduct in an organization run by volunteers. Since the regulations require inspectors to visit squadrons without notice, there is little assurance that any of the squadron's volunteers will be present to provide access to the necessary records when the inspectors arrive. When no-notice inspections were done, inspectors found problems. For example, numerous wings found noncompliance with aspects of the flight authorization regulations. A key Civil Air Patrol official told us that the Patrol plans to change the regulation to permit short-notice inspections in the future.

Twenty percent of the wings did not separately account for administrative fees related to counternarcotics missions, as required by Civil Air Patrol financial management regulations, and another 8 percent did not provide sufficient records for analysis. The fees are an add-on to reimbursements for flights related to counternarcotics missions. These fees must be accounted for separately. Patrol regulations specify that the wings may use these fees only for expenses directly attributable to the wing's counternarcotics program.

Thirty-seven percent of the wings did not have annual budgets, as required by Civil Air Patrol regulation, and another 12 percent did not provide sufficient records for analysis. Civil Air Patrol regulations require each wing to have an annual budget approved prior to the start of each fiscal year and to monitor expenditures during the year.

Civil Air Patrol Has Not Determined Aircraft and Vehicle Requirements

Each Civil Air Patrol wing needs a sufficient number of aircraft, vehicles, and other assets to complete their assigned missions, but the Patrol has not determined how many aircraft and vehicles are needed. In 1998, the Air Force Audit Agency found that the Air Force had purchased aircraft and ground vehicles without appropriately determining aircraft and vehicle requirements. As a result, the Air Force studied Civil Air Patrol aircraft requirements to try to determine whether the currently authorized powered aircraft fleet size of 530 was the number needed for the Patrol's missions. The study concluded the Civil Air Patrol may need 648 aircraft for its missions. However, the Air Force did not verify the accuracy of the Patrol's flying-hour data and sometimes relied on inaccurate data, raising questions about the study's conclusions.

Moreover, Civil Air Patrol officials could not explain the basis for assigning aircraft to the wings, and they used no systemic process to periodically revalidate their basing decisions. However, in 1997, the Patrol attempted to address aircraft use, which can be used to determine basing requirements, and established an average of 200 hours per year per aircraft as the target flying rate for Civil Air Patrol aircraft. In 1998, the wings had widely varying aircraft use rates, raising questions about whether some wings had more aircraft than they needed and some had too few. For example, three wings reported that they flew an average of over 460 hours per aircraft in 1998, whereas another three wings reported they flew about 160 hours or less. At the same time, the Civil Air Patrol wing with one of the lowest usage rates had one of the highest rates of use of members' aircraft, raising questions about the extent to which the wing tried to fully use Civil Air Patrol aircraft, which cost less to fly than member-owned aircraft. Another wing had a relatively high rate of use of member aircraft in fiscal year 1998 and this wing's officials believe they could reduce member aircraft usage if they had more Civil Air Patrol aircraft.

Civil Air Patrol recognizes the need to analyze the use and assignment of its aircraft, and it developed a flying-hour database in 1998 to support such analysis. However, the database, managed at Patrol headquarters, is not always accurate.

- The database reported that one wing averaged about 75 hours of flying time per aircraft in fiscal year 1998, well below the Patrol's target of 200 hours per aircraft. However, our review of wing data shows that the wing used each aircraft on average over 200 hours that year. Moreover, four of the other six wings that we visited also had data problems. The

Civil Air Patrol believes that the errors in the database have since been corrected.

- The database shows two aircraft in a wing in fiscal year 1999 that were not in the wing's inventory. The database even shows hours flown by the wing on one of the aircraft.
- Inaccurate data has hampered decision-making at times. According to a Patrol official, the reported low use of aircraft in one wing during 1998 led to the transfer of one aircraft from the wing to another wing thought to have a greater need. Civil Air Patrol information management officials at headquarters acknowledged problems in the data and attributed it to staff turnover and changes in the software used to maintain the database. Further, they believe that the problem has been compounded by late submission of wing flying reports and some wings' reluctance to enter data directly into the computer, as is now required. These officials also told us they are trying to improve the accuracy of the system. In addition, a key Patrol official told us that the database is now being made available to the wings to permit them to verify the accuracy of their aircraft use data.

In addition to questions about aircraft fleet size requirements and use, Civil Air Patrol has also not determined how many vehicles it needs and whether its 950 vehicles match requirements. The Air Force tried to study Civil Air Patrol vehicle requirements in February 1999 but abandoned the effort in August 1999 after some wings did not provide any data, despite repeated requests by the Air Force and the Civil Air Patrol over an 8-month period. Civil Air Patrol officials were unable to explain the reason for the poor response to the data request. Officials at one wing told us they did not send in any data because they believed that a response to the request was not mandatory. However, without adequate data on the usage and location of aircraft and vehicles, Patrol management cannot determine whether they have too few or too many or whether they are located in the places where most needed. The Civil Air Patrol has begun another study of vehicle requirements and plans to complete it by February 2001.

Patrol leaders face a significant challenge in designing and operating an accountability system and managing assets. They agree that proper accountability is necessary but said that it is sometimes difficult to get volunteers to do the necessary paperwork. Civil Air Patrol officials told us that they try to achieve a balance—designing and implementing accountability systems that provide reasonable assurance of appropriate asset use but are not so burdensome that volunteers leave the Patrol.

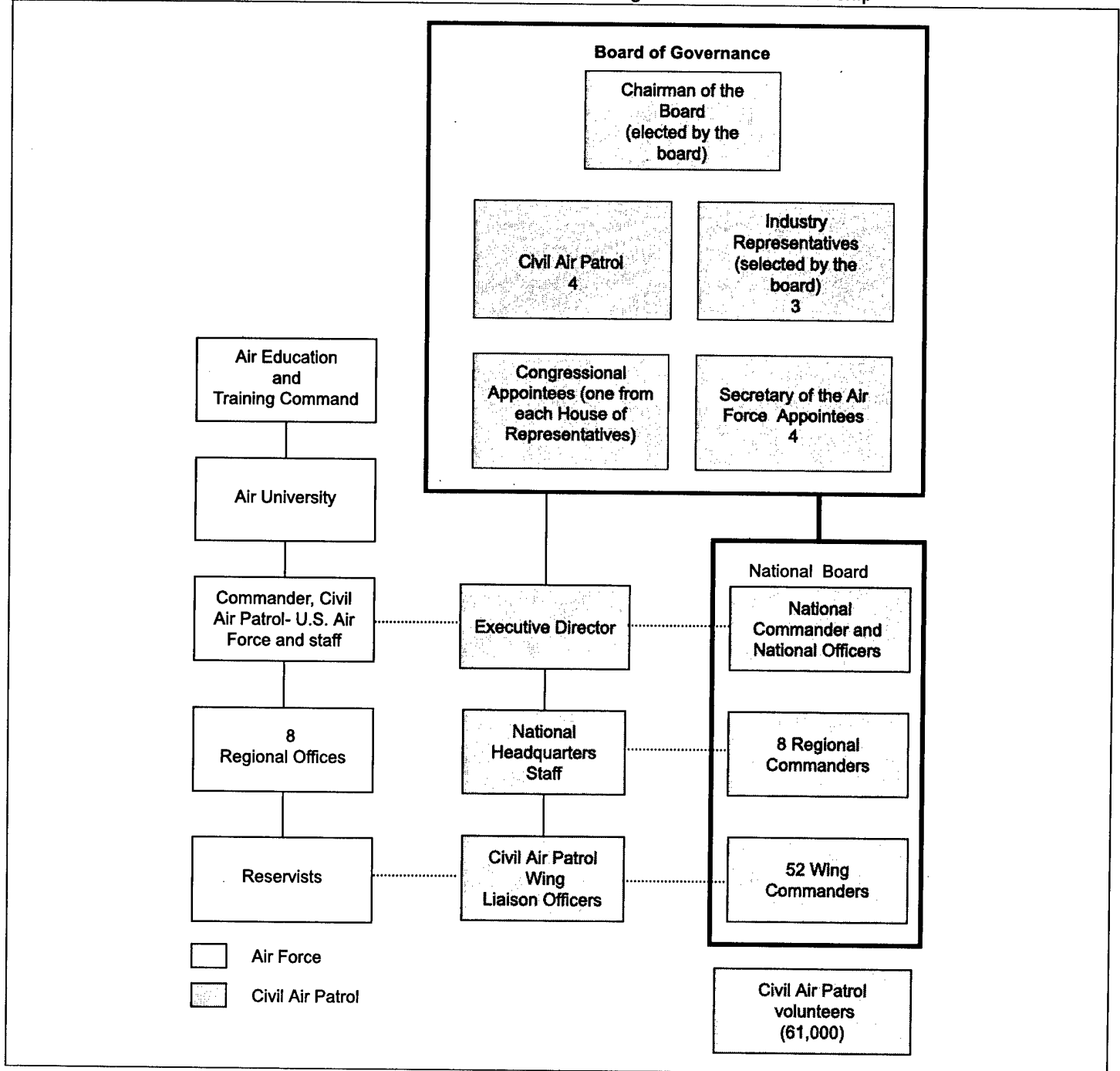
The Air Force and Civil Air Patrol Plan to Address Identified Problems

In March 2000, the Air Force and the Civil Air Patrol submitted to Congress a proposed revision of 10 U.S.C. 9441 to reorganize the Civil Air Patrol governance. First, the proposed legislation would establish a new board of governance for Civil Air Patrol, with some members appointed by the Air Force, others by Civil Air Patrol, some jointly by the Air Force and the Patrol from among private organizations interested in civil aviation and the missions of the Patrol, and one each by the Speaker of the House and the President of the Senate. The board would carry out the purposes of the Civil Air Patrol as specified in its 1948 congressional charter. The Civil Air Patrol intends to keep its National Board as currently constituted because its members are corporate officers and the Patrol believes wing commanders need to remain corporate officers to execute certain financial responsibilities. The proposed legislation would also allow the Air Force to use personal service contractors as liaison officers, thereby addressing concerns about the independence of the liaison officers arising from their current status as Civil Air Patrol employees. The Air Force would pay the liaison officers with Air Force funds to oversee the Air Force reimbursements for Patrol flights and continue to provide the other oversight and assistance that they do now.

In addition to the proposed legislation, the Patrol has agreed to accept funding under a cooperative agreement beginning October 1, 2000. The agreement clarifies the relationship by specifying the Air Force's and the Patrol's rights and responsibilities in a range of areas, including management, asset accountability, audits, dispute resolution, financial and performance reporting, and procurement standards. Moreover, a statement of work, which specifies certain accountability and management requirements under the cooperative agreement, addresses many of the issues that we raised. For example, the statement of work (1) requires that the Civil Air Patrol revalidate its aircraft and vehicle fleet every 2 years, (2) allows the Air Force to withhold funds or take certain other actions if the Patrol does not properly account for its resources, (3) requires the Civil Air Patrol and the Air Force to establish and operate a joint wing-level inspection program, and (4) requires the Patrol to operate an inspection program below the wing level. Moreover, Department of Defense grant regulations permit the Air Force to terminate the current award temporarily, withhold payments, or take other remedial action if the Patrol is in serious noncompliance with the cooperative agreement or statement of work.

Implementing the cooperative agreement may be costly. A Civil Air Patrol consultant concluded that to fulfill additional responsibilities, Patrol headquarters would need to hire about 60 individuals at a cost of about \$6.4 million a year. Their responsibilities would include financial management, planning, information technology management, procurement, accounting, inspections, operations, professional development, and administrative and operational support; about half would be at headquarters and the other half at the wings. The Air Force and Civil Air Patrol had not agreed on the actual implementation costs and who would pay for these officials as of May 2000. The Air Force believes that implementation could cost as little as \$1.8 million annually and require fewer than 60 new employees. Figure 2 displays the likely organization that would result from adoption of the proposed legislation and implementation of the cooperative agreement and statement of work by the Civil Air Patrol and the Air Force.

Figure 2: Proposed Civil Air Patrol and Civil Air Patrol-U.S. Air Force Organization and Relationship



Source: Our analysis of Civil Air Patrol and Air Force documents.

As noted earlier, the number of persons employed by the Civil Air Patrol and the Civil Air Patrol-U.S. Air Force is expected to change if the (1) proposed legislation is passed and implemented as currently written, (2) cooperative agreement and statement of work are implemented as currently written, and (3) consultant's recommendation to hire 60 additional Civil Air Patrol employees is implemented. Table 1 displays Civil Air Patrol and Civil Air Patrol-U.S. Air Force employment before and after implementation of the proposed changes, by location of assignment.

Table 1: Expected Civil Air Patrol and Civil Air Patrol-U.S. Air Force Employment by Location of Assignment

Personnel	Employment prior to implementation of the changes		Employment after implementation of the changes	
	Civil Air Patrol	Civil Air Patrol-U.S. Air Force	Civil Air Patrol	Civil Air Patrol-U.S. Air Force
Headquarters	101	27	129	27
Bookstore/depot	42	0	42	0
Liaison officers	89	0	0	89
Regional offices	8	46	16	46
Wings	0 ^a	0	25	0
Total	240	73^b	212	162^b

^aSome wings have paid staff positions funded through state appropriations or local wing funds.

^bExcludes about 450 reservists who augment Civil Air Patrol-U.S. Air Force staff.

Source: Our analysis based on Civil Air Patrol and Air Force documents.

Conclusions

Despite recent disputes between the Air Force and Civil Air Patrol, both organizations have indicated that they value their relationship and want to continue it. Because the Air Force's and the Patrol's proposed legislation, cooperative agreement, and statement of work, address many of the problems that we and others have identified, we believe that specific recommendations to address these problems are unnecessary at this time. The Civil Air Patrol's independence from the Air Force, coupled with limits on the Air Force's authority to promote corrective action in the Patrol, has created a situation in which there are few serious penalties for noncompliance with regulations. That will change if the cooperative agreement and statement of work are approved as written because if the Civil Air Patrol is unable to ensure compliance with applicable regulations and the terms of the cooperative agreement and statement of work, it risks unilateral termination of the agreement by the Air Force.

Agency Comments and Our Evaluation

The Air Force concurred with our report's findings and conclusions. The Air Force also believed that costs associated with implementation of the cooperative agreement should not prevent the Air Force and the Patrol from signing the agreement. The Air Force's comments are included in their entirety in appendix II.

The Civil Air Patrol also concurred with our report. The Patrol felt that if adequately funded, implementation of the cooperative agreement and statement and proposed legislation would address identified problems. The Patrol's comments are included in their entirety in appendix III.

Scope and Methodology

To conduct our work, we interviewed officials and obtained key documents from the Civil Air Patrol headquarters in Alabama. We also contacted all 52 Civil Air Patrol wings and requested certain data and performed more extensive fieldwork at the Delaware, New York, Ohio, Missouri, Nevada, and Arizona Wings and limited work at the Maryland Wing. We also interviewed officials and obtained key documents from the Office of the Deputy Assistant Secretary of the Air Force (Reserve Affairs); Civil Air Patrol-U.S. Air Force; and Patrol employees who monitor Civil Air Patrol wing activities for the Air Force in the field. We discuss our scope and methodology in detail in appendix I.

We conducted our work from August 1999 through April 2000 in accordance with generally accepted government auditing standards.

We are sending copies of this report to interested congressional committees; the Honorable William S. Cohen, Secretary of Defense; the Honorable F. Whitten Peters, Secretary of the Air Force; the Honorable Jacob J. Lew, Director of the Office of Management and Budget; Brigadier General James C. Bobick, Civil Air Patrol National Commander; and Colonel Robert L. Brooks, Civil Air Patrol Executive Director. We will make copies available to other interested parties on request.

If you or your staff have any questions about this report, please contact me at (202) 512-3610. Key contributors on this assignment are listed in appendix IV.

Norman J. Rabkin

A handwritten signature in black ink that reads "Norman Rabkin". The signature is written in a cursive style with a large, looped initial 'N'.

Director, National Security
Preparedness Issues

List of Congressional Requesters

The Honorable John W. Warner
Chairman

The Honorable Carl Levin
Ranking Minority Member
Committee on Armed Services
United States Senate

The Honorable Ted Stevens
Chairman

The Honorable Daniel K. Inouye
Ranking Minority Member
Subcommittee on Defense
Committee on Appropriations
United States Senate

The Honorable Tom Harkin
United States Senate

The Honorable Floyd D. Spence
Chairman

The Honorable Ike Skelton
Ranking Minority Member
Committee on Armed Services
House of Representatives

The Honorable Jerry Lewis
Chairman

The Honorable John P. Murtha
Ranking Minority Member
Subcommittee on Defense
Committee on Appropriations
House of Representatives

Objective, Scope, and Methodology

During our review, we assessed (1) the nature of the relationship between the Air Force and Civil Air Patrol, (2) the Air Force's oversight of the Patrol, (3) the Patrol's management and oversight of its own activities, and (4) plans to resolve identified problems. To complete this work, we interviewed the Civil Air Patrol-U.S. Air Force Commander and the Commanders and key staff of Civil Air Patrol's Middle East¹ and Great Lakes Liaison Regions. We also interviewed the Civil Air Patrol National Commander, Executive Director, and the Wing Commanders and key staff from the Maryland, Delaware, New York, Ohio, Missouri, Nevada, and Arizona Wings and the Liaison Officers and Liaison Noncommissioned Officers assigned to these wings. We selected the wings except the Maryland Wing based on certain reported extremes in flight data, such as unusually high or low usage of corporate or member aircraft.

To understand the nature of the relationship between the Air Force and the Patrol, we reviewed laws defining the relationship; proposed legislation to enhance the relationship; memorandums of understanding between the Air Force and the Patrol; the *Joint Report: Air Force-Civil Air Patrol Funding Policies, Procedures, Relationship* issued to Congress; the cooperative agreement; the statement of work; Air Force guidance and manuals; briefing slides; and other documents. We also reviewed the Department of Defense Inspector General report issued in February 2000,² correspondence, materials supporting several draft Civil Air Patrol governing board reorganization proposals, and other documents. In addition to the officials identified previously, we interviewed an official from the Air Force Office of the General Counsel and another from the Office of the Deputy Assistant Secretary of the Air Force (Reserve Affairs); the Civil Air Patrol-U.S. Air Force Inspector General; and other Civil Air Patrol-U.S. Air Force officials, including the Comptroller, the Directors of Logistics, the Aircraft Branch, the Vehicle Branch, the Director of Operations, and the Staff Judge Advocate. We also obtained attrition data from the Air Force Academy in Colorado.

To assess the Air Force's oversight of Civil Air Patrol, in addition to interviewing the officials identified in the first paragraph of this appendix, we reviewed Civil Air Patrol-U.S. Air Force Inspector General reports; a

¹The Middle East region includes the states of Delaware, Maryland, North and South Carolina, West Virginia, Virginia, and the District of Columbia.

²Department of Defense Inspector General *Administration and Management of the Civil Air Patrol* (Report No. D-2000-075, Feb. 15, 2000).

staff assistance visit report from the Civil Air Patrol-U.S. Air Force Great Lakes Liaison Region; Civil Air Patrol-U.S. Air Force inspection guidance; and other documents.

To assess Civil Air Patrol's management and oversight, we reviewed the legislation incorporating the Patrol and defining its mission; Civil Air Patrol's *Constitution and Bylaws*; manuals; guidance; organization charts; the meeting minutes from every Civil Air Patrol National Board and National Executive Committee meeting held from February 1996 to February 2000; Civil Air Patrol's annual report to Congress for fiscal years 1997, 1998, and 1999; and other documents. In addition to the Patrol officials identified previously, we also interviewed Civil Air Patrol's General Counsel; the directors of Financial Management, Operations, Plans and Requirements, Cadet Programs, Aerospace Education and Training, and Mission Support; and the Great Lakes and Middle East Region Commanders. We also discussed management and oversight with the Liaison Officers or Liaison Noncommissioned Officers from the selected wings. In addition to the Air Force officials identified above, we discussed Civil Air Patrol's management and oversight with the Deputy Assistant Secretary of the Air Force (Reserve Affairs).

We also reviewed regulations and guidance applicable to flight operations and financial management and determined whether the wings followed the requirements by requesting that each of the 52 wings provide us information to assess compliance with Patrol regulations; 49 wings responded.

To assess asset management and related management activities, we reviewed budgets, annual audit reports, financial reports, reimbursement requests, training guides, recruiting materials, and other documents. To determine the need for the number of aircraft and vehicles in the Patrol's inventory, we reviewed the Air Force Logistics Management Agency's April 1999 aircraft requirements study,³ flying hour reports, and the attempted vehicle requirements and interviewed key Civil Air Patrol officials to determine how basing decisions were made. To determine the reliability of Civil Air Patrol's flying hour system, we reviewed wing flight reports and underlying data and compared them to database reports.

³Air Force Logistics Management Agency *Civil Air Patrol (CAP) Aircraft Requirement Study* (AFLMA Final Report LM199900600, Apr. 1999).

To assess planned corrective actions, we reviewed the proposed legislation, the draft cooperative agreement, the draft statement of work, memorandums, and other documents. We also discussed general provisions of grant and cooperative agreements with officials from the Office of Management and Budget and reviewed Office of Management and Budget Circulars A-110, *Uniform Administrative Requirements for Grants and Agreements With Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations*; Circular A-133, *Audits of Institutions of Higher Education and Other Nonprofit Institutions*; and Circular A-122, *Cost Principles for Non-Profit Organizations*. We also reviewed the Department of Defense grant and cooperative agreement regulations.

We did not review safety, pilot qualifications, maintenance, billings and reimbursements; and accident and incident reporting because the Department of Defense Inspector General planned to review those issues concurrently with our review. The Inspector General issued a report on its review in February 2000 and plans to issue another report later in 2000.

Comments From the Department of the Air Force



DEPARTMENT OF THE AIR FORCE
WASHINGTON, DC

MAY 15 2000

Civil Air Patrol Management Improvement Team
1140 Air Force Pentagon
Washington, DC 20330-1140

Mr. Norman J. Rabkin
Director, National Security Preparedness Issues
National Security and International Affairs Division
United States General Accounting Office
Washington, D.C. 20548

Dear Mr. Rabkin

This is the Department of Defense (DoD) response to the GAO draft report, 'CIVIL AIR PATROL: Proposed Agreements with the Air Force are Intended to Address Identified Problems,' dated April 20, 2000, (GAO Code 702019/OSD Case 1987). The Civil Air Patrol Management Improvement Team (CAP MIT) concurs with the findings contained in the draft report. The following comments are submitted to help clarify sections of the report:

Results in Brief (Page 3, second paragraph, last sentence) and The Air Force and Civil Air Patrol Plan to Address Identified Problems (Page 19, second paragraph, second sentence).

The Civil Air Patrol (CAP), based on an analysis conducted for them by the accounting firm of Price, Waterhouse, Coopers, initially estimated that it would cost \$6.3 million for additional employees, equipment, and related costs to comply with the requirements of the DoD Grant and Cooperative Agreement Regulations, or DODGARs, and some of the provisions of the statement of work. Specifically, CAP would need to hire 55 additional corporate employees with associated equipment and operating expenses, provide computers and associated software and support throughout its organization, and hire an accounting firm to perform a detailed A-133 audit of its financial records. During April 2000 meetings with the Air Force, CAP revised its estimate to \$2.98 million. Working together, both CAP and the Air Force have further reduced this down to a figure of \$1.8 million. We are continuing to work to reduce this figure further.


Both CAP and the Air Force were able to trim the initial \$6.3 million figure down to the current estimate of \$1.8 million through a variety of methods. For example, twenty-five of the additional corporate employee positions were deleted through agreement between the Air Force and CAP to have the Air Force liaison personnel take on additional responsibility by assisting with some financial and logistics management at the CAP wing level, reducing the estimate by \$1.18 million. Additionally, the Air Force is examining the feasibility of using Air Force or DOD auditors to perform a portion of the A-133 audit to save additional funds.

Appendix II
Comments From the Department of the Air
Force

2

CAP has stated that it believes that the \$1.8 million is the initial cost for compliance and that additional funding may very well be needed in the future. The Air Force and CAP are committed to continuing to work to find ways to reduce the costs associated with compliance. Both CAP and the Air Force have stated that the costs associated with compliance would not prevent approval of the cooperative agreement.

Sincerely,


FELIX M. GRIEDER
Colonel, USAF

cc:
SAF/FMPF
CAP MIT

Comments From the Civil Air Patrol



OFFICE OF THE NATIONAL COMMANDER
CIVIL AIR PATROL

UNITED STATES AIR FORCE AUXILIARY
Maxwell Air Force Base, Alabama 36112-5332

12 May 2000

Mr. Norman J. Rabkin
Director, National Security Preparedness
U.S. General Accounting Office
441 G Street, NW
Washington, DC 20548

Dear Mr. Rabkin:

I am replying to your April 20, 2000 letter requesting Civil Air Patrol (CAP) comments to the subject draft report.

CAP appreciates the balanced, factual and constructive tone of the draft report and your recognition of the opportunities, challenges and mutual benefits presented by the relationship between Civil Air Patrol and the U.S. Air Force.

CAP concurs with the conclusion contained in the GAO Draft Report. Implementation of the cooperative agreement and statement of work negotiated between CAP and the Air Force, if adequately funded, together with the restructuring of CAP included in draft legislation recently jointly proposed to Congress by CAP and the Air Force, should adequately address the problems identified.

Sincerely,

A handwritten signature in dark ink, appearing to read "James C. Bobick".
JAMES C. BOBICK
Brigadier General, CAP
Commander

GAO Contacts and Staff Acknowledgments

GAO Contacts

William E. Beusse (202) 512-3517

Acknowledgments

In addition to the contact name above, Brian J. Lepore, Maewanda L. Michael-Jackson, Charles O. Burgess, Katherine H. Woodward, and Ernie E. Jackson made key contributions to this report.