SYNOPSIS OF SIGNIFICANT

INTERNAL REVIEW REPORTS

FY00 - VOLUME II

Army Internal Review

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Office, Assistant Secretary of the Army
(Financial Management and Comptroller)

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Research and Development

Effectiveness of AWOL Law. The AWOL Law in this State was signed into law in April 1998. This review was to determine if the law was being used, and if it was effective. The AWOL Law was being used in 38% of the battalions looked at in the study. Battalions that filed charges with a magistrate against AWOL soldiers had 47% fewer AWOLs, in 1999, than those battalions that did not bring charges. That equated to nine fewer AWOL soldiers per battalion each month. Administrators in four additional units found that they had success in keeping AWOLs down by using the AWOL Law as a threat, and not actually filing charges. It was determined that other variables also played an important roll in deterring and/or reducing AWOLs, especially in those units that used the AWOL Law as a 'threat'. Practices such as (and they're not new ideas): (i) "taking care of the soldier", (ii) special training platoons for non-prior recruits and/or 'split option' soldiers, and (iii) using a constable, sheriff, or section leaders to pick-up AWOL soldiers. It's important to note, however, the AWOL trend for this State, including the battalions using the AWOL Law, showed an increase in AWOLs since July 1998 through 1999.

Procurement-Inventory Control Activities

Medical Supplies. This audit was conducted to evaluate compliance with the Command Logistics Review Team (CLRT) checklist and overall management controls in use with Medical Supplies. The records reviewed included: stock accounting records and related documents; formularies; equipment maintenance records; SOPs and manning documents. Also reviewed was the medical storage area, security and the pharmaceuticals and supplies stored therein. The audit identified that medical supplies were not being maintained IAW the CLRT checklist. The stock Accounting Record (DA 1296) was not a true and accurate reflection of the pharmaceuticals on hand. A formulary had not been developed and approved for use at the medical facility. The medical facility did not have all Type 1 Medical Materiel Quality Control Messages required on file. Hazardous material was commingled with pharmaceutical supplies in the Medical Supply Room. Information from the Department of Health and Environment stated that the law indicated the fines for such violations would range from $25 to $100 per violation per day. Monetary Benefit: $273,750.

Procurement-Other

IMPAC Program.

- A review of the IMPAC program was performed with a focus on training. IR found that although cardholders had been trained, the approving officials had not. This was important as the approving official is the key internal control in the IMPAC system to ensure purchases are appropriate and for general management of the program at their level. In addition, IR used a special query of the CEFMS system to produce a report to consolidate VISA purchases by each cardholder for a specific period of time. This special report saved considerable audit time to choose a sample of purchases to review for proper authorizations of the purchase and for adequate support documentation. Management concurred with the report and scheduled special IMPAC card training for all approving officials and an appropriations law course.

- Another IR office was requested to audit the IMPAC purchases of normal administrative supplies and meals for enlisted soldiers. The objective was to evaluate the effectiveness of internal control over IMPAC credit cards in general. Purchase record files from October 1999 through May 2000 were selected. Examination of purchase records included observation of cost incurred, item purchased, and the particular vendor. IR found several instances where cellular telephones, ADPE hardware, and monthly bottled water contracts were purchased with the IMPAC card. Although verbal permission from DCSLOG and DCSIM was cited, there was no evidence of written documentation to confirm this practice. IR also found that a wide variety of vendors were being used, both for food and supply, but there was no evidence to support these vendors were the most advantageous in terms of either cost advantage or location. In addition, IR found that the RSC regulation requiring a sales tax exemption certificate, from each state in which a cardholder makes purchases, was not being complied with. The non-monetary benefits derived from this audit were increased compliance with RSC rules and regulations.

- This audit was performed to ensure proper management controls are maintained over the authorization and use of the government IMPAC card. IR sampled 25 percent of the District's IMPAC approving officials and cardholders and 33 percent of the accommodation check custodians. IR evaluated the adequacy of administrative oversight, if credit cardholders are making authorized purchases and accounting for items received, the extent to which approving officials are reviewing cardholder purchases for payment, the adequacy of management controls, and accommodation check accounts administrative controls. IR found credit card and accommodation check purchases for personal property without Property Authorization Document documentation in the transaction records, PR&Cs are generated in CEFMS after the credit card procurement transaction date, US Bank rebates are not being deducted from payments of original cardholders statement of account, billing statements and accommodation checks (with the account numbers readily visible) kept in unattended and unlocked files and desk drawers, and accommodation checking accounts were not audited annually. IR made recommendations to correct all deficiencies found. Management generally concurred with our findings and recommendations and agreed to correct the deficiencies. IR was able to quantify $61,752 in potential monetary benefits.

- During a review of the credit card quality control program, IR identified potential cost savings of $669,000 over 5 years. The Acquisition Center's draft inspection plan reflected the use of higher graded personnel (GS- 11 and GS-12) to perform required inspections of cardholders. Based on a recommendation, approximately $93,000 per inspector could be realized if lower graded GS-08 personnel are used for inspections versus using personnel at grades GS-11 and GS-12. IR also analyzed FY 99 workload data for 19 purchasing agents and recommended that three could be more effectively used for other acquisition functions, to include credit card inspections. This reprogramming of workload could result in additional savings of $576,000. Monetary Benefit: $669,000

Revenue Management SJA. The savings came from mismanagement of funds received from traffic-fines collected by SJA,that were to be sent to the Central Violations Bureau. (CVB). Monetary Benefit: $18,047.

Review of Convenience Check Program. IR's review revealed that overall compliance has been achieved in all areas of the program except the inspection feature. IR noted that unannounced inspections are not being completed in accordance with regulatory guidelines or local policy. The F&AO has designated inspectors from its office to perform this function on an annual basis. In addition, inspectors have been designated at most field locations to complete quarterly unannounced inspections. Despite this, inspections were not actually carried out at several of the checking account locations. The checklist for completing inspections needs improvement. It does not draw attention to deficiencies that need to be corrected. Also, F&AO follow-up of inspections is needed to ensure that deficiencies identified are corrected in a timely manner. IR made recommendations and management concurred to address these problems. This audit did not provide definitized monetary benefits, but improved controls should result.

Enhanced Skills Training Program (ESTP).

- Internal Review auditors found that a major university under review generally operated a successful Enhanced Skills Training Program. Over the last seven school years the Army paid the University $957,320 to provide Enhanced Skills Training courses to cadets working towards graduation, commissioning, and the Officer Basic Course. For two school years the university miscalculated student load numbers on reports to the Army by allowing students not enrolled in the Reserve Officers' Training Program to take Enhance Skills courses. The Army did not have procedures to verify the accuracy of the reports. For three other school years the university did not meet their contracted student loads. However, the Army did not take action to reduce the contract costs. As a result, the Army overpaid the university $51,690 in contract costs. However, because the previous ESTP contract and purchase order are closed, the statue of limitations limits the Government to collecting only $25,823 overpaid or erroneously adjusted on the current contract.

- Internal Review auditors found that a major university generally complied with the provisions of the ESTP contract. However, they did not meet three provisions of the contract: (i) a small percentage of non-contract military science (MS) I students took the Enhanced English course; (ii) 84 students were charged tuition for taking ESTP courses; and, (iii) the program manager did not support ESTP on a full-time basis. During the audit, auditors found that the university allowed non-contracted MS I students to take Enhanced English Expression. For three of the school years we reviewed, this further dropped the university below the -10% variance. Therefore, using the formula in the contract, the Army can recoup 50% of the losses (based on cost of the contract and contracted student load), or $15,395.

Contract Administration

Review of Processes for Granting Delay Days and Voucher Review. IR's review disclosed that delay days allowed the contractor were proper and in accordance with the contract. Delays were allowed for weather related conditions that prevented the contractor from performing the necessary task at the time. Delay days were also allowed for soil removed in excess of the base amount (249 cubic yards) as stipulated in the contract. The on-site District Quality Assurance Representative's (QAR) approved weather delays. Weather delays were recorded in the QAR's daily and monthly reports. IR observed that in many cases the contractor was able to complete the remediation of the property without using the additional delay days allowed. IR also found that the voucher review process is functioning effectively.

BASOPS Cost Comparison - Navy ISA vs Municipalities. After the 1994 BRAC closure of Fort Ord, an Interservice Support Agreement (ISA) with the Naval Post Graduate School in Monterey provided BASOPS for DLIFLC & POM from FY95 through FY97. As a result of dissatisfaction with the ISA, DLIFLC & POM negotiated a BASOPS contract with the cities of Monterey and Seaside through the Presidio Municipal Services Agency (PMSA) under the Demonstration Project Legislation (DPL). DPL with municipalities needs to be permanent to ensure service/savings. Internal review validated the savings of the DPL versus the Navy contract. The 1st option year, (June 1999-May 2000), under PMSA BASOPS "performance based" contract cost $2,276,460 versus the Navy "labor based" BASOPS ISA (FY99 inflation adjustment) of $4,811,022. This represents a savings of $2,534,562. The bottom line is that municipalities provide more timely, better quality, greater range of services, and a substantially less cost than provided by the Navy ISA. Monetary Benefit: $2,534,562.

Special Review of Fuel Services Contracts. The initial purpose of this review was to assess the internal controls over aviation fuel sales at the airfield. However, during the review, IR uncovered contract arrangements that, if not changed, had a strong possibility of generating an Anti-Deficiency Act violation. Teaming with the Requiring Activity and the Contracting Officer, Internal Review helped forge revised contract terms that will not only avoid an Anti-Deficiency Act violation, but will improve airfield operations as well.

Review of Contracts. In conjunction with an ongoing management study, Internal Review was tasked to review a number of contracts to determine the most effective method to complete work that was being contracted. IR found that a Directorate of

Public Works could eliminate three contracts by using the in-house workforce more effectively. Establishing an aggressive self-help program in conjunction with a multi-purpose or handyman team would substantially reduce in-house and contract work requirements. The better self-help program would ensure that building tenants perform work that any prudent homeowner would do. The multi-purpose team would assist building occupants to accomplish less than urgent tasks that do not require special expertise. The recommended actions would result in a savings of 8 persons and about $600,000 in contract work. Monetary Benefit: $903,392.

Advisory Report of Birchwood 801 Family Housing (Settlement Protocol). Birchwood Estates is a 400 unit, Section 801 Housing project. It was developed and built for the Army by North Star Alaska Housing Corporation. The contract administrator for this lease is the Corps of Engineers, Alaska District. Review was conducted in preparation for the Settlement Protocol issues brought by the Alaska District Corps of Engineer's Legal Office and the mediation meeting proposed by the Alaska District Corps of Engineers and the Army Family Housing Office with North Star Alaska Housing Corporation. Contractor was unable to justify overhead charge of 10% and margin charge of 10% on all work orders. Additionally, the contractor was unable to justify depreciation schedules for carpeting, vinyl flooring, household appliances, and other major components needing replacement during the 19.5-year lease period from November 1987 to May 2007. Monetary Benefit: $4,694,000.

Review of Aircraft Maintenance Contractor Purchases. IR’s objective of the review was to evaluate controls over aircraft maintenance contractor purchases of parts and supplies. Review disclosed the contracting officer and property administrator as required by the contract did not always approve contractor reimbursable purchases and IMPAC credit card purchases. Some credit card purchases were split to keep within the $2,500 limitation. Prices paid for some parts were unreasonable because the contractor and purchasing agent didn't consider alternative sources of supply. Key duties of authorizing, approving, requisitioning and receiving were not always separated. The report included 12 recommendations to improve controls over purchases and reduce costs. Monetary benefits could not be accurately estimated but will be reevaluated during the follow-up review.

Follow-up Audit Of USAAA Audit Of Service Contracts. The follow-up audit was performed to determine if command had taken effective action to implement agreed to corrective actions. USAAA made recommendations to consolidate contracts and reduce costs, and to improve procedures the contracting officer representatives (CORs) followed in administering contracts. The follow-up audit disclosed that command had taken effective action to renegotiate the garbage contract based on a reduced scope of work, transportation costs, and landfill fees. However, contract requirements for some trash collection and custodial services contracts had not been reviewed to identify opportunities to obtain potential cost savings through reduced requirements. Requirements for the sludge and human waste removal and oil and water separator cleaning contracts at two camps had not been consolidated. Command also did not implement corrective action to track small appliance repair costs to identify instances where it was more cost effective to replace rather than repair appliances. Additional costs savings might be obtained by including a warranty clause in the small appliance repair blanket purchase agreement. In addition, COR procedures were always adequate to ensure that contract work (i) was performed, (ii) performed in accordance with contract specifications, and (iii) accurately paid for. Monetary Benefit: $338,220

Maintenance and Repair of Equipment

Hagglunds Crane Replacement. MOS 88H (Stevedore) Training Options. Internal Review initiated and prepared a POM submission for lifecycle replacement of the Hagglunds Cargo Handling Crane. The Hagglunds Crane is being disassembled from its land-based location and mounted aboard the Fort Eustis Landship as a critical component of the Landship's renovation to a combination FSS/LMSR training platform. The crane will be used to provide realistic, hands-on lift-on/lift-off training to soldiers in the MOS 88H career field. The age of the crane will approach 22 years as the Landship renovation is completed in 2001--a life expectancy of 25 years is typical for a crane of this type. If a new crane is not acquired in 2004/5, the crane can be expected to become increasingly prone to failure resulting in substantial degradation of training. An investment of $1.14 million for a replacement crane in 2004/5 ensures that MOS 88 soldiers will continue to have access to a reliable and safe training platform. Over its 25 year life, as many as 62,500 soldiers will train on the new crane for a cost of just $18.25 per soldier trained.

Paint Facility. The Internal Review Office supervised an economic analysis (IR received collateral support from an Officer enrolled in a graduate engineering course) using the net present value (NPV) approach. The analysis compared the lifecycle costs of building a new paint facility versus sending tactical vehicles, equipment, and marine components to a commercial facility. The analysis examined costs over a 25-year period. The analysis favored the cost of building a new facility with a NPV of $18,067,000 (including construction, operating costs, and equipment replacement) over 25 years compared to $41,936,000 for sending the work to a commercial vendor. This savings of $23.9 million will be used to justify an MCA project request for the paint facility. Limited to the six-year period (POM cycle), savings over the period is projected at $6.8 million contingent upon Congressional approval and funding. Monetary Benefit: $6,800,000

Supply Operations – Wholesale

Review of Requirements Determination Execution System (RDES). IR reviewed a sample of planned secondary item buys starting with high dollar spares Procurement Work Directives (PWD's). IR also reviewed a sample of items for which cutback recommendations were generated by the RDES. IR issued the three reports in reference to this review:

(a) Circuit Card Assemblies and Power Supply. Recommendations: (i) cut PWD buy quantities on three NSN's and save $688,700; (ii) examine the feasibility of incentive for field units to order an older related NSN until older inventory is used up. Command agreed with both recommendations. As of now, there is no dollar savings identified until follow-up on how (or if) this recommendation was actually implemented.

(b) Cryogenic Coolers (after action report). The LRC instructed the Acquisition Center to cancel the buy for this PWD worth $801,915. Action met intent of IR's planned recommendation.

(c) Electric Mounting Bases. IR recommended the LRC to cut PWD buy quantities and save $178,000. LRC concurred and amended the PWD immediately.

Savings from the three reports, where quantity buys were cancelled, amounted to $1,668,615.00.

Depreciation of Army Working Capital Fund Assets. IR was directed to determine the financial impact to the installation of guidance received by the Resource Manager that laid-away equipment had to have funded depreciation beginning 1 October 2000. This guidance came down as the result of a USAAA audit at some other installation. IR determined that the monthly unfunded depreciation for the laid-away assets did not have to be funded because it is being held for wartime production, which is specifically exempted from funded depreciation. The guidance the RM received did not mention the mobilization issue. The cost avoidance was projected for five years at the monthly unfunded amount of $47,658.91 x 60 = $2,859,534.60. Monetary Benefit: $2,859,535.

Supply Operations – Retail

***CFO Review of Personal Property for FY 2000*.** A CFO review of Personal Property for FY 2000 was intermittently performed 3 April - 8 June 2000. Audit objective was to determine compliance with regulatory requirements related to the Personal Property Accountability Standard Business Process. Results showed that the district was in compliance with requirements issued in April 1998. The PBO effectively scheduled and monitored completion of 87 hand receipt account inventories to ensure completion by FY 00 yearend. Authorization documentation codes were in property book. Sampled property items validated items were properly bar coded, in existence and shown on property book. Reports of Survey were processed timely and per applicable regulations. Documentation was on hand to support Commander's walk-through inspection under CSDP and Equipment Usage Management Program. LM and RM-F concurred. One recommendation included in report to track completion of APPMS and CEFMS general ledgers by FY00 yearend.

U. S. Army Historical Clearing House. The objective of the audit was to determine if (i) all items at the U.S. Army Center of Military History (CMH) had been identified and included on CMH property books and (ii) the 100% inventory required by regulation had been completed and reconciled to accountable records. Results of the audit disclosed that management controls were effectively established and applied over the inventory process. However, improvements were required to (i) finalize the biennial inventory, (ii) elevate need for additional resources from AMC and CMH in order to accomplish mission of cataloging, inventorying and establishing accountability of historical artifacts currently stored in Building 53, (iii) review requirements within the contract that cannot be performed as identified or requirements that are being performed by the curatorial staff, and (iv) clarify and define responsibilities for record accountability between CMH and AMC.

Property Disposal

Excess Equipment Disposition.

- One IR office found that Command had $29M of excess equipment which some was unreported to the USARC. Some of the commanders did not respond in a timely manner to the RSC LOGSA when reporting their excess. The RSC was using Automated Redistributing System, (RVARS), but was not using it to its optimum capability. The USARC is developing a new excess equipment disposition program called Reserve End Management System (REIMS) to provide better visibility of readiness, maintenance, transportation and supply (SARSS) data, and it also provides a single research database system to facilitate making a more informed lateral transfer decision. IR recommended that the CLRP report on a quarterly basis the status of the excess equipment disposition, and that adequate controls are in place and submit a report two times a year.

- Another IR office found that Command had $70.5 million dollars in excess equipment, which the majority of it had not been reported to the USARC. The RSC did not use the excess equipment disposition system to its optimum capability. This Command was one of two RSC's participating in and using the 'Reserve End Items Management System (REIMS) development process. It is a learning process and has not been used to its optimum capability. IR recommended that the CLRP from the Readiness Command assure that adequate controls are in place and report on a quarterly basis the status of the excess equipment disposition, and that the CLRP and the USARC Audit Branch follow-up REIMS to evaluate readiness effectiveness.

Excess Property Management. IR found that controls to ensure effective management of unreported excess property needed improvement. A total of $1,438,045 of unreported excess equipment was identified during a sampling review of judgmentally selected units. This excess was a result of authorization changes not posted in a suitable timeframe and the accuracy of monthly excess reports wasn't monitored closely enough. Consequently, the Command’s goal of less than .5% of unreported excess was not met. In addition to unreported excess, the disposition of

excess assets was not accomplished within established time periods. This was due primarily to lack of command emphasis in ensuring prompt transfer of assets. Delays in transferring excess equipment had an adverse affect on unit readiness.
Monetary Benefit: $1,438,045.

Military Personnel Management

Quarterly Visit to Subordinate Commands – Readiness. Fieldwork revealed systemic weakness in leadership (mentoring) attributable to provisional promotions. These promotions put soldiers into first-line supervisory roles over first-term enlistees prior to training. Consequently, these untrained supervisors are prematurely required to mentor/develop soldiers. First-term soldiers lose interest because the structure and leadership is not present with their first-line supervisor. Recommendation to close that gap is to widely distribute Appendices B and C of August 1999 FM 22-100 Leadership. Appendix B educates on performance indicators and Appendix C educates on mentorship and counseling. This guides mentoring by a standard, which takes it out of subjectivity and makes it objective and useable for many first-time users.

Audit of Holdovers. Internal review auditors audited internal and external processes that contribute to the time a soldier is in a holdover status. Auditors found that soldiers missed scheduled appointments for physicals, shots, and required briefings. Soldiers that volunteered for airborne withdrew from those assignments 37% of the time. Additionally, soldiers coming from basic training arrived with injuries and not physically fit, thus resulting in 11% PT failure rate. Command needed to establish performance measures, evaluate the screening process for airborne volunteers and ensure essential information goes to the proper level of command.

Real & Installed Property

Equipment Accountability. Audit was cancelled in place. The IRAC Office scheduled an audit of equipment accountability in the FY 2000 Audit Program and had already completed several audit steps when the depot received an AMC policy Letter (1 June 2000) directing all AMC installations to pick up all property book-type items costing $300 and over, except 17 identified Federal Stock Classes. Actions were taken to accomplish required changes. Wall to wall inventories will start Sept 2000 and are scheduled for completion by 31 Aug 2001. Audit findings developed prior to audit cancellation should be corrected by wall-to-wall inventory.

Information Technology

Audit of Information Systems Security. IR found that Commands did not maintain adequate safeguards to ensure that illegal and pirated software was not being installed on Government computers. IR accessed 20 computers and found 34

cases of unauthorized software and the possibility of 34 copyright violations. IR found that internal controls as they apply to computer software were in place. This situation was caused by: (i) personnel not adhering to the Division's software infringement and copyright policy (Policy Ltr # G6-00-01); and, (2) periodic software inventories were being conducted on a random basis. As a result, criminal penalties and civil damages of $250,000 and imprisonment for up to five years, per unauthorized copy and could cost up to $8,500,000. Damages and fines at $100,000 per infringement could cost nearly $3,400,000. Each command has agreed with their portion of responsibility for ensuring adherence to software validation and has begun to remove unauthorized software from computers.
Monetary Benefit: $3,400,000.

Verify the Accountability of Personal Computers (PC's). The review and verification of Government owned personal computers identified short falls for the accountability of Government owned assets. The audit identified $1,092,000 in excess computers not listed on property books at 18 of 24 units visited. This lack of proper accountability was caused by: (i) Higher Headquarters above the RSC level force issuing new computer systems by drop shipping items at units without going through the proper chains of command and (ii) units failing to properly post the new system to property records when delivered. This was caused by lack of proper shipping records from Higher Headquarters. As a result, property accountability of Government owned assets was not being maintained. IR did identify approximately $1,092,000 of computer assets, which were not listed on Property Records.
Monetary Benefit: $1,092,000.

COGNOS, 2 STAR. This command Information Technology system was being implemented command-wide and each MSC needed to have an individual or section lead the way. IR found that the following databases, ATTARS, DJMS, RLAS, TAPDB-R and STANFINS need to have their reporting capabilities broadened. The software program, 2 STAR, COGNOS model dynamically incorporates data from multiple databases to leverage our reporting ability when analyzing or comparing data from different sources becomes necessary. IR recommended that command continue with the implementation and training of COGNOS since the software program will take the command to another dimension in the way managers at each echelon will receive and report vital information.

Information Security Systems. IR’s overall objective was to assess the division's Information Systems Security (ISS) Program. Specifically, IR evaluated ISS responsibilities, systems accreditation, security, licensed software, classified data on equipment, and the management controls in place for IM security IAW Army and USARC Regulations. The division is currently developing a plan that includes IM security appointments, responsibilities, and documents that are required to protect all Information Systems within the division. IR recommended that all appointments and responsibility assignments be made by the end of this fiscal year or ASAP to be in compliance with AR 380-19. All automated information was accredited or was in the process of being accredited. All systems were affixed with the label stating: "This equipment will not be used to process classified information". Software inventory is being reviewed with an estimated completion date of 30 September to ensure that valid licenses are on hand or they will be procured. Three unclassified computers were found to have old and partial USR (FY 97) data. On-the spot corrections were made to delete the data. Management control evaluations were completed in the past five years for Information Security and will also be in the Management Control Plan for FY 2001. The division had some minor problems in its ISS plan and its overall management of IM Security but has corrected or is in the process of correcting discrepancies.

RCAS Accountability. This management advisory review was conducted to determine if accountability is maintained for computer systems during the receiving, the fielding and the repair/replacement process. Objectives included: determine if RCAS computers were properly accounted for during their fielding, determine if current procedures for receiving and repair maintains accountability of equipment, and determine the disposition and accountability of displaced or replaced computer equipment. IR found that RCAS equipment and computer network communication equipment had not been properly managed and accounted for during the fielding, accountability had not been maintained for the displaced equipment, and accountability was not maintained for repaired or replaced equipment. Accountability of RCAS equipment became a material weakness since the contractor could not provide an accurate number of units or a serial number listing for the equipment they provided to this command under their national contract. Recommendations included conducting a state-wide inventory/validation of all computers, peripherals, and network equipment; a state-wide, no-questions asked turn-in of old and excess computer equipment; changes to the existing computer and peripheral repair process to improve and maintain equipment accountability and having the Property Management Office assign a local LIN and NSN to all computer peripherals and computer network equipment. A follow-up plan was established.
Monetary Benefit: $1,152,272.

Audit of Cellular Telephones. The Command was paying for questionable cellular service and active cellular phones were not all accounted for on the property book. Cellular phones were incurring monthly charges even though they had not been used during the previous seven months. This happened because the Command had not published written guidance requiring justification for issue or controls to prevent inappropriate or unauthorized use of the phones. IR made two recommendations for improving control and use of cellular phones. As a result, over $18,000 was identified as funds that could be put to better use by discontinuing service to inactive and unaccounted for cellular phones. Improved controls will result in additional savings as evidenced by the $671 that was recovered for unauthorized cellular phone use. Monetary Benefit: $18,671

Telephone Costs. IR found that past practices didn't encourage telephone control officers to control costs. Activities were not held accountable for the costs of the services. IR conservatively estimate that the command could save over $1M of the costs expended for telephone services over the next 5 years if the audit recommendations are implemented. Monetary Benefit: $1,356,274

Communications

Cell Phone Usage.

- One IR found that information managers didn't ensure that cellular telephones were appropriately justified with mission needs statements. To determine the command's requirements for phones, IR looked at their actual usage between October 1999 and March 2000. IR found that 15 of the 86 phones weren't used during that 6-month period. Additionally, IR found that the managers didn't perform reviews of itemized phone bills to validate the use of cellular phones. Information managers didn't require employees to prepare mission needs statements and explain the reasons they needed cellular phones. Only 3 of 86 cellular telephones issued and assigned to employees were supported with mission. The information managers didn't investigate additional needs statements charges made by the contractor to determine whether they were valid. The mangers stated that they couldn't be expected to validate each of the monthly bills. As a result, the installation incurred costs of about $1,800 for cellular phones that weren't needed. The information managers agreed to validate the need for cellular telephones issued to employees, and to require organizations to justify the need for the phones. Additionally, the installation may have paid $1,700 to the contractor for an invalid charge. The managers agreed to improve the phone bill certification process by requiring supervisors to review and approve employees' phone bills each month.

- During another audit, it was determined that the DCSIM did not always ensure adequate compliance with regulatory guidance in the requirement to provide a copy of usage instructions to the cellular user. In addition, DCSIM did not ensure that management controls were in place and operating, as appropriate, for the cellular telephones used. IR found that within the Command, there was no policy published on the use of cellular telephones. DCSIM has a draft annex and is very close to publication. AR 25-1, Army Information Management, effective 15 March 2000, contains very specific cellular telephone usage guidance. Although cellular usage was very limited in number, and total cost was very small, the lack of policy and management controls in place created the potential for abuse.

Telecommunications Cost Distribution. The review had two objectives (1) examine the contract award process used to acquire the new telephone switch gear and (2) examine how the telecommunications costs are distributed to end users especially the remote field offices. The review found that the system requirements for the new telephone switch were developed in consideration of current needs, future growth and compatibility with changes in digital communications technology. The contract was properly advertised and was awarded to the low bidder. The Information Management Office developed a detailed budget of both direct and distributive costs. However, problems were noted with the distribution of monthly phone service costs. Cell phone costs were being lumped into the telephone account, rather than kept in a separate cell phone account as required by the accounting regulation. IMO did not bill field offices for their long distance voice and data charges every month if the distributive account balance was in a surplus condition. Also, approximately 8 percent of each month's telecommunications costs could not be billed to end-users because their commitment document contained insufficient funds. The user would then have to be billed again in the succeeding month. Four recommendations for corrective action are currently being implemented.

Telecommunications Costs. The auditor at one facility recommended that active unused telecommunication lines be considered for deactivation. Recommendations also addressed additional efforts to help further reduce the number of active used lines. Monetary Benefit: $8,287

Military Pay & Benefits

Audit Pay and Administration. IR's objective was to determine if the Command was properly administering pay and other administrative functions and to identify the impact of any pay/admin deficiencies on the readiness of the Battalion. Multiple pay problems were uncovered as well as many administrative deficiencies. These issues ranged from pay lacking for months at a time, NCOERs outstanding for years, in certain cases, and no support on promotion packets. IR recommended the Unit Administrator attend necessary training courses to enable the smooth administration of the Battalion.

Follow-up, Pay Administration Audit. IR's objective was to determine if any discrepancies were corrected, in particular, if the unit was administering pay IAW Command regulations. IR found that Unit record of IDT attendance was not properly coded, attendance rosters were not available, CDR signature was missing on several Division forms, unit Pay SOP was not available for review. IR recommended the pay administration procedures be adhered to IAW USARC Pamphlet 37-1 and applicable regulations: the unit chain of command remain diligent in monitoring the pay administration program; and make the recently revised SOP available for review.

Civilian Pay & Benefits

Compensatory Time Converting to Overtime. This audit was in response to a request by the Deputy to the commander to determine (i) amount of compensatory hours converted by directorate, (ii) hours which may convert prior to the end of the year, (iii) plans to prevent compensatory hours from converting to overtime, (iv) preparation of overtime requests for compensatory time earned and converted, (v) annual leave balances, and (vi) how converted overtime related to budget data for overtime each month. Audit provided necessary data and identified the absence of management controls in place to prevent compensatory time from converting to overtime. Audit also surfaced the fact that overtime requests were not prepared for compensatory time converted to overtime and that when time was converted to overtime pay, amount was not reported in actual overtime cost.

Overtime and Compensatory Time. The auditors at one activity reviewed management of overtime and compensatory time. They found that overtime and compensatory time were not always controlled effectively by supervisors. Overtime and compensatory time were not always documented, justified and approved prior to being worked. In some cases, justifications did not contain enough information to fully evaluate the validity of the overtime or compensatory time requests. Compensatory time earned was not always adequately monitored, as a result, was often converted to paid overtime. Suggested management actions to increase supervisory control and improvement in the management of overtime and compensatory time could result in overtime cost being reduced by $100,000.
Monetary Benefit: $100,000.

Program & Budget

Utility Cost. This audit was conducted at the request of the Directorate of Engineering. The overall objective was to evaluate whether proper controls were in place to ensure that billing for utilities were properly charged, reviewed, and verified prior to payment. The results indicated that the FMO and Resource Management have adequate review procedures in-place to verify utility bills, however those procedures are not consistently enforced. The sample included 100% review of MIPRs established and implemented by the Navy Public Work Center (PWC) Office between FY97-99. The results indicated the following: (1) funds were not deobligated efficiently to allow for reuse, (2) procedures used to make cost adjustments to established MIPRs were not consistently followed, (3) supporting documentation was not always presented to verify actual cost of services performed by the Navy PWC, and (4) the SOP did not address areas of responsibilities when modifications to MIPRs were necessary. Monetary Benefit: $48,600

Other Comptroller Functions

T&A Policies & Procedures.

- IR noted inadequate separation of duties over T&A cards. One person was both the Timekeeper (who held and made notations to the T&A cards) and the Certifying Official (who signed the T&A cards) for a given group of employees. This dual Timekeeper & Certifying Official, however, did not have daily knowledge as to the whereabouts/comings-and-goings of certain employees since this person was neither the immediate supervisor nor anywhere in the rating chain of the employees. Consequently, the weak internal controls made it possible for one particular employee to take time without being charged for it. CID was called in based upon this finding and it was proven that, in fact, the employee had perpetrated a fraud with respect to their T&A. The employee was subsequently removed from government service. Audit recommendations accepted by management were (1) employees are required to notify their immediate supervisor upon those occasions when they will be out from work; (2) a Timekeeper will be appointed who will mark or record time taken by an employee when notified by the immediate supervisor of the employees; and (3) the immediate supervisor of the employees will be the Certifying Official who will sign the T&A cards since the immediate supervisor has the ultimate responsibility to ensure that all info/data reflected on the T&A cards is accurate, proper, complete, and timely.

- The immediate supervisor of two employees was physically located about 200 miles from the clinic. The supervisor was the T&A card Certifying Official who signed the cards. The two employees held and recorded data on their own time cards. The T&A cards, along with Daily Sign-In/ Sign-Out Sheets, were faxed to the immediate supervisor once every two weeks. IR found that often times the employee's signatures were not found on the Sign-In/Sign-Out Sheets. Calls placed to the clinic found that the two employees were not at work on those particular dates, however, no time was charged on their T&A cards for those dates. The immediate supervisor noted that the signatures of the two employees seemed to be slightly different from one signing to another, indicating possible collusion. The auditor advised Command that the conditions for fraud was ripe. Based upon the auditor's findings and upon a complaint registered by another clinic employee, the Command decided to involve CID. CID tracked the comings and goings of the two employees over a period of time and then matched that vs. the T&A cards. Often times, they did not agree. The two employees subsequently decided to terminate their employment. IR recommended (1) On-Site, direct supervision be established or Time-Punch Clock utilization and (2) Frequent E-Mail messages/telephone calls to the clinic.

Informal Fund Consulting and Advisory Service. IR's objective was to determine if a fund could be maintained at the Division HQ in order to assist soldiers in a variety of ways, i.e., pay admission for soldiers to be recognized at ROA dinners and the like. IR found that a fund is allowed under certain guidelines. The purpose and function of the fund must be detailed in written format and a custodian assigned. Operation of the fund must be consistent with DOD 5500.7R. IR recommended an informal fund may be funded and maintained IAW stated requirements.

Government Bills of Lading. IR was asked to perform a review of practices used to obligate Government Bills of Lading (GBL). Results of the audit disclosed that procedures were established and applied to review GBL charges daily, weekly, and monthly. Additionally, tri-annual reviews were conducted between Command and Defense Finance and Accounting Service - Rock Island. However, duplicate charges and rejects had occurred that required correcting. Audit resulted in implementation of an improved process that prevented duplicate entries into the system.

Production Job Costing. This synopsis is for Army working capital installations. This is a consolidation of two quick response audits. Review objective was to determine why production jobs had cost overruns. Review found duplicate and erroneous expenses charged to the production job with no oversight from management or resource management. Consequently, financial position of installation and US Army working capital fund was misstated. Recommendations addressed implementation of a process to review job costs at least weekly and assigning responsibility to appropriate work center. Monetary Benefit: $143,185

Information Management Unliquidated Obligations. Command Group requested Internal Review to determine the validity of the large number of unliquidated obligations of the Information Management Directorate. The review concluded that the joint reconciliation program pertaining to the Information Management Directorate needed improvement. A large number of unliquidated obligations for various fiscal years were identified for deobligation/cleanup. The review found a MIPR issued to GSA for information management support that showed little disbursement activity. Further review identified prior year funding was still available and being used for the same task. Analysis of the projected billings resulted in the recommendation to withdraw $500,000 from the current MIPR. Resource Management personnel agreed with the determination and coordinated the transfer of $502,000 to support an unfounded information management requirement. Monetary Benefit: $502,000

Suggestion Program. The auditor at one facility reviewed a proposal submitted to the Suggestion Program. The review showed that the suggested savings of $354,375 from discontinuing screening chest x-rays for ETS and Chapter physicals was overstated by $274,869. As a result of the review, the cash awarded for the suggestion was reduced by $2,000. Monetary Benefit: $2,000

Review of VA Reimbursements. The auditors at one facility conducted a Quick Response Audit of VA Beneficiary (VAB) Clinic Visits and Billings. The purpose of the review was to compare VAB clinic visits with billings and determine whether unbilled VAB visits existed at this facility. This review was a result of the facility's Resource Management Division finding significant variances between the facility's clinic's VAB visits (based on the Worldwide Workload Report) to the facility's Patient Administration Division's VAB billings. The auditors found 3 outpatient visits that should have been billed for the Facility's Adult Medicine Clinic and no unbilled visits for the facility's Gastroenterology Service. Significant variances between VAB outpatient visits and VAB outpatient billings resulted from dual status patients' Patient Category (PATCAT) Codes were being charged back and forth between retiree and VAB statuses and inpatient visits were processed in the CHCS as outpatient visits. As a result, the auditors found that $387 should have been billed for VAB outpatient visits and a need for an automated authorization-based billing system.
Monetary Benefit: $387

Funds from Outside Sources. IR reviewed clinical studies at one facility and found that the studies were not properly executed; specifically, (i) a contract existed between the facility and a university student where appropriated funds were being utilized to pay for the student's training, (ii) a principal investigator in a clinical study was making payments to the spouse for data entry and secretarial support for the study, and (iii) transactions for educational programs using funds from a foundation were questionable. The auditors also found that foundation funds were used inappropriately to pay for luncheons. Deficiencies were caused by a lack of effective management review and oversight. The auditors estimated $22,595 in monetary benefits.

Latin American Cooperation Fund. Internal Review evaluated the use and control over Latin American Cooperation (LATAM COOP) funds issued to the Command Group. In several instances, documentation was insufficient to explain the rationale for fund use. The fund custodian had not retained documentation showing proper advance approvals of all expenditures. Legal personnel had not reviewed fund expenditures for appropriateness. Some official functions were not supported by a complete guest list. Auditors also found that improvements were needed in management control procedures to ensure fund transactions were properly entered in the fund control register and that beverage stock and gift items purchased were properly controlled.

Support Services

Billing for Utilities. Procedures and controls existed to ensure that the State's National Guard Training Site and other tenants of the installation were paying for the utilities used; however, the process was not in compliance with the Master Cooperative Agreement (MCA) between the State and Federal Government. State Reservation Maintenance (SRM) managed utilities and billed tenants for just those utilities that they consider part of the infrastructure of the installation. They included water, sewage, refuse and electricity. Payments for the four utilities, maintained by SRM, were deposited into an account managed by SRM Manager, instead of being controlled by the State's Comptroller Office. Total funds in the account, as of 1 February 1999, were $220,840. IR determined that the Federal government was paying twice the cost of the electricity and water, and paying sewage costs even though the Federal Government owned the sewage plant and paid the salary of the state employees who worked there. Finally, the Federal Government was also paying refuse costs even though the cost for the landfill had been pre-paid by the U.S. Army. Total monetary benefits were $6,057,981.

IG Assist on PRD Laundry. The Payroll Deduction (PRD) laundry program was not being operated on a break-even basis. Methodologies used by DOL and DRM to record PRD laundry earnings were inconsistent and provided management with ambiguous information about the break-even status of the PRD Program. Both DOL and DRM failed to calculate the allowable overhead as set forth in AR 210-130 and make adjustments to the required break-even amount. At the end of May 2000, earnings data from DOL and DRM differed significantly and suggested that we had either excess funds of $164K (DOL) or a shortage of funds in the amount of $195K (DRM) prior to charging any overhead to the PRD laundry program. Charging overhead to the PRD laundry program would increase the amount of funds needed to break-even and potentially places the installation at risk of having a serious shortfall in the PRD laundry account.

Food Service Program. Government and commercial meals for IDT were not properly accounted for using Army Field Feeding System (AFFS) and NGB procedures, mainly because food service personnel did not receive adequate training. Local procedures to order and account for catered meals using AFFS procedures also were not developed so purchases and consumption were not properly documented. Purchasing rations that far exceed requirements is a waste of funds and improprieties could easily go undetected if controls to safeguard resources are ignored. Also, major control weaknesses in the cash meal payment book process occurred because managers at every level did not follow regulatory requirements. Responsible individuals also did not know established procedures, which compounded the problem. Monetary Benefit: $77,483

DPW Housing Furnishing Management. The review disclosed that the actual repair cost for delivery/pickup, bench check, shop repair, and appliance parts exceeded the corresponding estimated cost for the Appliance Repair Contract by over $370,000. The increased cost was a result of the Family Housing Appliance Removal Program, the FS Warehouse procedure for processing returned appliances, and the appliance repair contractor having blanket authority to perform shop repairs. IR estimated a potential cost avoidance of over $225,000 for the remaining period of the contract when the proponent agency acts on IR recommendations.
Monetary Benefit: $225,000

Audit of Mailroom Functions. The servicing mailroom was performing functions that duplicated those accomplished in the Command's recently established Customer Contact Office. Also, other internal and external communications and records were needlessly being processed through an office within the mailroom before delivery to the intended recipients. The support required from the servicing mailroom had not been clearly identified to coincide with the Command's initiatives to provide improved customer service. These extra processes, in the mailroom, were causing delays in delivery to the individuals responsible for responding to customer requests and had a significant impact on payroll. IR made six recommendations for elimination of the duplication and improve the mail processing procedures. Over $620,000 was identified as funds that could be put to better use by realigning four employees from the mailroom into other productive positions. Monetary Benefit: $620,000

Nonappropriated Fund Activities

Bingo Cash Controls and Sales Accountability. The audit covered the period, 1 November 1999 through 31 March 2000. The bingo cash receipts did not agree with the calculated value of the inventory items sold. There were errors in computing the value of overages and shortages, inventory to cash register, on the Bingo Sales Report. Accountability for unissued bingo cards had not been established including periodic inventory of these cards. Policy had not been established requiring any shortages to be brought to the attention of the general manager for resolution. Night deposits were not always made when required. Internal control responsibilities were not included in the performance standards for the bingo supervisor. The management controls for bingo operations were not adequate to ensure accountability for bingo sales. Standard operating procedures had not been written. Management concurred with the results of the audit and took appropriate corrective action.

Review of Resource Recovery and Recycling Program. The objective of the review was to determine the most cost effective and environmentally friendly methods of disposing of installation refuse. Recommendations were to establish a recycling operation and use a commercial waste Transfer Station. Recycling would generate $67,000 in annual revenue for nonappropriated fund activities. Recycling and use of a commercial waste Transfer Station would reduce garbage truck tipping fees at the local landfill by $28,000 annually. In addition, implementation of the recommendations would reduce the installation's operating costs for in-house refuse operations $66,000 annually. Total estimated saving over the POM years are $966,000.

Review of Document Imaging and Management System. IR conducted a review of the Nonappropriated Fund Employee Benefit program's document imaging and management system. The objectives were to determine if (a) internal controls were adequate; (b) contract costs and billings were fair and reasonable and adequately supported; and (c) the contractor was in compliance with the terms and conditions in the contract and task orders. The review indicated that several areas needed improvement: controlling contract costs; billing and payment procedures; quality controls; monitoring progress reports by the contractor; property controls; and the contracting officer's representative function. Management concurred with the recommendations. IR will follow up to ensure agreed upon actions to be taken by management are completed.

Review of Commercial Sponsorship Income and Expenses. IR conducted a review of the commercial sponsorship program. The review was made to determine actual income received and expenses for FY 99 transactions and related programs. The results of the review showed that the commercial sponsorship program has been very successful. However, the administration of the program needed improvement. Although the program is self-supporting and adequately staffed, better tracking of revenues and expenses was recommended. Management concurred with all of the recommendations and IR will perform a follow-up review to ensure corrective actions have been taken.

Commercial Activities Program

Independent Audit Assessment of the Quartermaster Laundry In-house Estimate and Contractor Cost Differential. IR reviewed the reported 26% cost savings between the in-house cost estimate for the Quartermaster Laundry and the contractor's bid. The scope of the review included the in-house personnel cost estimate, the Portland Habilitation Center bid, the National Institute for the Severely Handicapped (NISH) Committee Fair Market Price, the laundry transportation contract cost, the laundry contract DAHC76-96-D-0009, and the interagency support agreements for the Quartermaster Laundry. IRACO recomputed the contractor cost differential to be 4% and not the 26% presented during contract negotiations. The 26% cost differential computed by DOL officials was too high primarily because it did not take into consideration the method of costing as prescribed by DA Pamphlet 5-20, Commercial Activities Study Guide, which requires government in-house cost estimates to include overhead and conversion costs. Monetary benefits identify Army civilian cash counter clerk positions that should be reimbursed, or replaced with Air Force personnel. Monetary Benefit: $539,679

Review of TSC CA Study-PWS. IR's objective was to determine if the PWS contained all the performance tasks that were to be performed during the proposed period of contractual performance. IR confirmed that the PWS contained the necessary information. However, IR did identify numerous changes that had to be incorporated into the PWS in order for it to meet the criteria of an approved PWS. IR issued a report to command, documenting the results of the review, and also identified improvements in business practices for the TSC. Command agreed with the contents of our report.

Performance Work Statement Advisory Update. Command is currently involved in the first phase of commercial activity cost competition studies. Directorates' of Information Management (DOIM), Adjutant's General (AG), and Training Support Center's (TSC) throughout the Command are currently developing performance work statement's (PWS). Command Internal Review prepared this report as a reference to activities involved in the preparation of their PWS. To assist in the development of the PWS, Command Internal Review included in the report summaries of various recent appeals problems involving PWS issues and our suggestions on how to avoid these common problems.

Investigative Support

CID Assist - Golf Course Snack Bar. In response to a request for assistance from the Criminal Investigation Division (CID), this office determined that $45,608.87 was misappropriated by the former Snack Bar manager for personal use. The manager inflated the club's ending inventory to lower the club's cost of goods sold to keep it in line with industry standards. IR provided findings to the CID. CID used the data in preparing their report of investigation. IR provided this report of investigation to the Directorate of Community Activities (DCA) who in turn submitted a claim to their fidelity bonding insurance provider. The DCA received a payment of $20,000, which is the maximum bonding amount for a Class I position. Monetary Benefit: $20,000

CID Assist – IMPAC Card Fraud. IR assisted the CID in an investigation in which an employee used an IMPAC card to defraud the Government. Potential monetary benefits were estimated to be $221,576. Litigation is pending and further details are not available. Monetary Benefit: $221,576.

Investigation of Government Property Potential Loss. The auditors at one facility assisted in an AR 15-6 investigation of property cited as missing in a report of survey. The investigation showed that the dollar amount of "missing" property cited in the original report of survey was grossly overstated, and the investigation surfaced numerous "missing" items. The auditors reported about $294,838 in recovered property. Monetary Benefit: $294,838

Health Care

Workload Reporting. Auditors found that official reports did not accurately reflect workload performed at this clinic. Some work centers had included workload with "parent" services at the responsible hospital. Other areas had not reported certain types of services provided. Time reports did not reflect actual hours of service. Providers had not completed automated records of outpatient visits. As a result, provider productivity was significantly understated, and the clinic could lose resources.

Selected MEPRS Data Issues. The auditors found that the integrity of MEPRS data was questionable. Financial, workload, and personnel utilization data did not meet quality standards for accuracy, completeness, timeliness, or appropriateness. Personnel had not reviewed data for significant variances or to identify, research, and resolve discrepancies. Financial data imported from STANFINS was not always reliable, and budget personnel had not participated in reviewing financial data for accuracy. Employees throughout the command had not always accounted for and reported work hours correctly. As a result, local managers and those at higher headquarters did not have quality data to evaluate performance and support decisions.

Optimization in the Family Practice Clinic. Internal Review provided the Commander with an in-depth analysis with recommendations on advancing optimization in a primary care clinic, by objectively studying patient access problems, workflow patterns, and utilization of resources. By identifying key problems and quantifying them as a productivity loss [patient no-show, cancellations, and unbooked appointments] the Commander has been able to make more informed decisions and improve access. Monetary Benefit: $694,000

Review of Pharmacy Inventory, Accountability, and Control Procedures. At the hospital Commander's request, Internal Review evaluated controls and procedures for ordering, receiving, dispensing, inventorying, and disposing of pharmaceuticals. Controls and procedures for managing pharmaceuticals were in place and working well overall. The report included 15 suggestions to further strengthen controls. One of the suggestions was to establish inventory controls over high-cost, frequently dispensed, non-controlled drugs. As part of the audit, inventory balances of high-cost non-controlled drugs were established to serve as a baseline for an inventory and reconciliation at a future date.

Appointment of Medical Officers. Bonus and stipends for newly appointed medical officers were being needlessly delayed and constructive service credit was not always used to compute the correct date of rank for medical officers. This occurred due to a lack of procedural guidance and coordination between servicing commands. Specifically, the payment process was not being initiated until a paper copy of an appointment order was received even though the orders were readily available by using automated techniques. Responsibility for the computation of medical officer's date of rank was not being accomplished by the US Army Recruiting Command because responsibility was not clearly defined in an Army Regulation. As a result, retention of medical officers was being jeopardized because of the delay in payment of incentives promised when these officers take their oath of office. Consideration for promotion was also being delayed because of missing credit on their date of rank. IR made four recommendations to improve the medical appointment process to ensure timely processing of incentive payments and for having the computation of date of rank accomplished by the Recruiting Command.

Uniform Business Office. During an audit of the Uniform Business Office, the auditor at one Army hospital noted outpatient third party billing clerks were not always notifying the insurance paralegal when certain insurance companies fail to promptly pay insurance claims. As a result of this audit, (a) the insurance paralegal took action to ensure patients filled out the required form, so an insurance company would pay the claims, and (b) the insurance paralegal started getting periodic copies of the third party accounts receivables aging report - so he could follow up on delinquent accounts. The auditor estimated that completed and planned actions by the insurance paralegal would result in at least $90,000 in additional third party collections from 2000 to 2007.
Monetary Benefit: $90,000

External Audit Liaison

Assessment Management Team. A 20-member team visited during the period 1-12 May 2000 for the purpose of determining how well Command was performing tasks and operations in five specific areas - supply support management, base operations, resource management/budget, workload/production, and organizational effectiveness. The Assessment Team identified 23 areas requiring management attention and provided recommendations for improvement. The IRAC Office was tasked with monitoring implementation of corrective actions as recommended by the team. Actions include establishing milestones for implementation of recommendations, ensuring responsible directorates report progress bi-weekly, identifying any delays in implementing, and providing results to the Commander, Deputy to the Commander, and the Chief of Staff.

AAA Management of Chemical Stockpile Sites. A five-member Army Audit Agency (AAA) team visited during the period 1-4 Aug 2000 as part of a multi-location audit. Their audit objectives were to determine if - methods used to develop and allocate base operations and general administrative costs are reasonable; base operation costs are adequately funded; security, safety and surveillance operations are effective; and, Army regulations that prescribe policy for management of the chemical stockpile contain key management controls. AAA expects audit to be completed and draft report issued in October 2000. Command liaison for the team included processing security clearances, arranging entrance conferences, establishing points of contact and providing information as required.

Command Supply Discipline Program (CSDP) Assessment Historical Clearing House. A five-member team visited during the period 20-22 June 2000 for the purpose of conducting a Command Supply Discipline Program (CDSP) Assessment of the Historical Clearing House. The CDSP assessment focused primarily on the Historical Clearinghouse's compliance with regulatory guidance. Audit liaison provided to the team during their visit included a briefing of audit findings.

GAO - DOD Logistics Planning Issue. A GAO auditor visited during the period 23-24 August 2000 for the purpose of gathering data in support of an audit concentrating on DOD logistics planning issues. Audit objectives at Command included gathering information/data on Command’s (i) input to updated core requirements; (ii) support for the current capacity analysis; (iii) investments in new technologies; and (iv) plans to revitalize the workforce. Audit liaison included arranging entrance conferences, identifying responsible personnel, and providing data as required.

Follow-Up

Follow-up Audit of Temporary Duty and Travel Costs. IR conducted a follow-up review to determine whether the corrective actions taken by management resolved the problems identified in the prior audit with the computations of travel entitlements for official travel. Review of 68 travel voucher computations showed that the finance offices did not compute accurate travel entitlements or ensure that the travel claims were properly supported before payment was made for 29 of the 68 vouchers reviewed. Specially, per diem was paid to travelers for excess travel days between the permanent duty station (PDS) and the TDY location; incorrect rates for Meals and Incidental Expenses (M&IE) were used to compute per diem payments; reimbursable expenses were not calculated properly; required receipts were not submitted for reimbursable expenses claimed; or reimbursements were paid for expenses that were not claimed on the travel vouchers or authorized by the travel orders. These problems occurred due to a combination of factors to include not enough supervisory guidance and instructions for the travel examiners, lack of formal training for travel examiners and a shortage of examiners. Additionally, the finance offices had not established effective prepayment audit procedures to provide assurance that the travel settlements were accurately computed and properly supported.

Follow-up of USAAA Audit of Long Haul Communications - Defense Switched Network. A follow-up was conducted on the USAAA audit of Long Haul Communications - Defense Switched Network. The follow-up disclosed that 4 of the 11 recommendations in the USAAA audit report have been implemented, 2 are considered no longer applicable and 5 remain open. Overall, improvements have been made in management of DSN usage and costs. Precedence lines and circuits have decreased significantly and DSN usage has decreased at almost all installations. The number of DSN calls over $25.00 has also been reduced. However, improvements are still needed to better manage DSN usage and costs. Formal guidance on DSN management and usage needs to be completed and published. Identification of DSN lines by customer groups needs to be completed in order to better analyze usage and to establish a charge-back system for DSN customers. And service support agreements for DSN services have not yet been established for tenant activities at the major subordinate commands. Potential monetary benefits of $2M were validated.

Follow-up of Utility Costs –Garrison. IR concluded that the Air National Guard bill to the Army for utilities was inaccurate. The auditors found that the Air National Guard had inadvertently used an incorrect square footage to allocate electricity costs. Also, Army personnel did not provide the current number of people in the building that was needed to allocate water costs. Additionally, duplicate bills for three buildings were noted for electric and gas use. The review concluded that the working relationship and the allocation of costs between the two services would benefit from improved communication. We verified that the one-year savings of $457,150 resulted from implementation of the actions. The estimated savings based on a 6-year budget projection was projected to be $3,032,284.

Financial Statements (CFO)

CFO - Accounts Receivable for Outgrants. This was a validation audit to determine if all active, billable outgrants had been correctly recorded in the financial records and whether term leases were recorded in accordance with the established business process. Based on samples of data, IR concluded the financial transactions were properly recorded; however, IR found expired term leases that either weren't terminated or renewed. IR recommended that Real Estate Division complete a review of all expired leases to determine if they should be renewed or terminated. In our follow-up, we concluded the recommendation was implemented.

CFO - FY99 Civil Works and Military CIP Query. IR's review determined that CIP queries were not run on a periodic basis to determine if expense items, anomalies or negative balances occurred. Problem reports were not submitted or when submitted were not follow-up to determined the status of outstanding problems.

Management Control Process Administration

Consulting Engagement - Management Control Program. In performing a management control review of the Fire Department, it was discovered that staffing was getting cut so low in FY 01 that mission failure would result. Bottom Line: The impaired fulfillment of essential mission was avoided.

Other

Army Travel Card Program. An audit of the Army Travel Card (ATC) Program at one location disclosed the need for a written policy to address travel card abuse (e.g., either unauthorized purchases or cash withdrawals, or failure to promptly pay balances due). Policy was developed during the audit, to (a) ensure all cardholders sign an agreement indicating they are aware of the consequences of ATC abuse, and (b) help ensure more even-handed treatment of all who abuse the card - with suggested management actions for 1st, 2nd, 3rd, and 4th offenses (e.g., 30, 60, 90, and 120 days late, respectively). Also, the ATC Program Coordinator began sending monthly delinquency reports to the Security Manager to determine which cases, if any, would be reported to the U.S. Army Central Clearance Facility, pursuant to AR 380-76.