Audit Report

OFFICE OF THE INSPECTOR GENERAL

CONTROLS OVER THE RETURN OF REPAIRABLE ASSETS

Report No. 97-014 November 1, 1996

Department of Defense

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Acronyms

CECOM	Communications and Electronics Command
ICP	Inventory Control Point
DLR	Depot Level Repairable

INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
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November 1, 1996

MEMORANDUM FOR ASSISTANT SECRETARY OF THE AIR FORCE
(FINANCIAL MANAGEMENT AND COMPTROLLER)
AUDITOR GENERAL, DEPARTMENT OF THE ARMY

SUBJECT: Audit Report on the Controls Over the Return of Repairable Assets
(Report No. 97-014)

We are providing this report for review and comment. We considered comments from the Air Force on a draft of this report when preparing the final report. The Army did not respond to our draft report in time for comments to be incorporated into the final report.

DoD Directive 7650.3 requires that all recommendations and issues be resolved promptly. Therefore, we request that the Air Force provide a completion date for planned action in response to the final report. We will consider the Army comments as comments to the final report unless additional comments are provided. All comments should be received by January 6, 1997.

We appreciate the courtesies extended to the audit staff. Questions on the audit should be directed to either Mr. Gordon Nielsen, Audit Program Director, at 703-604 9402 (DSN 664-9402) or Mr. Pat Golden, Audit Project Manager, at (215)-737-3881 (DSN 444-3881). See Appendix H for the report distribution. The audit team members are listed inside the back cover.

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Office of the Inspector General, DoD

Report No. 97-014 **November 1, 1996**
(Project No. 5LD-0047)

Controls Over the Return of Repairable Assets

Executive Summary

Introduction. The Military Departments' inventory control points (ICPs) manage about 549,000 secondary items identified as depot level repairable (DLR) items. The inventory value was about $50.5 billion as of September 1995. DLR items are identified during the item introduction process and represent those type assets that can usually be economically repaired, on a program basis, and returned to use. DLR items are relatively high unit cost items and are uniquely coded in the Services' logistics systems. Assets requiring repair, recovered from users, are scheduled for repair or rework by depot repair facilities or commercial contractors. The repaired assets are a more economical and more timely source of supply than new procurement. DoD ICPs spend about $6 billion annually for DLRs, about 60 percent for repair programs and the remainder for new procurements.

Audit Objectives. The objectives were to determine whether the Army and the Air Force had established adequate systems and procedures for the return of repairable assets to the supply system. The audit evaluated the processes established in the Army and the Air Force at various echelons of the supply system to recover or otherwise account for repairable assets to be returned for repair and reuse. We also examined the Army and the Air Force management control programs as they applied to the audit objectives.

We did not evaluate the processes established in the Navy for tracking and accounting for repairable assets because the Naval Audit Service had plans to audit the repairable asset area.

Audit Results. The Army and the Air Force did not adequately account for repairable assets. Based on a sample of 127 materiel return transactions for repairable assets sent to 6 contractor repair facilities in June, July, and August 1995, 49 were not on contractor records. Also, Army owned DLRs stored at an Air Force location were not recorded on the Army's wholesale inventory account. As a result, about $126 million in unreported wholesale inventory was not visible to inventory managers to be considered in the requirements computation process. Also, Government-owned DLRs, in the possession of contractors, were vulnerable to loss.

The management control program needs improvement, because materiel weaknesses related to management controls over the process used to track DLRs were identified (Appendix A).

The Army and the Air Force initiated action to improve the controls over DLRs returned for repair. We commend the Army and the Air Force on these actions. The initiatives, the Commercial Asset Visibility, Phase II, program and the Air Force Advanced Traceability and Control system are discussed in Appendix D.

Summary of Recommendations. We recommend that the Commanders, Army Materiel Command and Air Force Materiel Command establish standard reporting procedures for contractors to report receipt transactions and establish procedures for the electronic reporting of wholesale inventory, stored at the Air Force Sacramento Air Logistics Center, to applicable Army ICPs. We also recommended that the Army Materiel Command ensure that asset reporting requirements be included in all commercial repair contracts. Finally, we recommend that the Commander, Air Force Materiel Command, update the shipping data of the Repairable Item Movement Control system to preclude misdirected shipments of repairable assets.

Management Comments. The Army did not respond in time for the comments to be included in the final report. The Army generally agreed with the draft report. Its comments will be considered as comments on the final report unless additional comments are received. The Air Force concurred with the audit report and stated that in an effort to provide greater visibility of materiel in the hands of repair contractors, it will implement computer systems changes that will provide repair contractors the capability to report materiel receipt transactions by document number. The Air Force also planned to implement supervisory controls that would preclude misdirected shipments of repairable items and procedures to provide for the electronic processing of wholesale inventory data. See Part I for a complete discussion on the Air Force comments and Part III for the complete text of the Air Force comments.

Audit Response. The Air Force comments on all recommendations were responsive. However, the Air Force did not provide a completion date for the action planned to satisfy the recommendation to have ICPs update the shipping data for the Repairable Item Movement Control system to preclude misdirected shipments of repairable items. Accordingly, we request a completion date from the Air Force in response to the unresolved recommendation by January 6, 1997.

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Part I - Audit Results

Audit Background

The Military Departments' inventory control points (ICPs) managed about 549,000 secondary items identified as depot level repairable (DLR) items. As of September 1995, the inventory value was about $50.5 billion, $39.6 billion in wholesale stock and $10.9 billion in retail stock. Of that amount, the Army and the Air Force managed about 366,000 DLR items, valued at about $35.1 billion (Appendix C). DLRs were identified during the item introduction process and represented those type assets that could usually be economically repaired, on a program basis, and returned to use. DLR items, relatively high unit cost items, were uniquely coded in the Military Departments' logistics systems. Assets requiring repair, recovered from users, were scheduled for repair or rework by depot repair facilities or commercial contractors. The repaired assets were a more economical and timely source of supply than new procurement. DoD ICPs spend about $6 billion annually for DLRs, about 60 percent for repair and the remainder for new procurements.

Defense Management Report Decision 904 (Decision 904), "Stock Funding of Repairables," November 9, 1989, required the Army and Air Force to transfer the management of DLRs from appropriated funds to the Military Departments' stock funds on a time-phased basis. The Navy had managed DLRs in the Navy stock fund since 1981 for shipboard repairables and since 1985 for aviation repairables. Implementation of Decision 904 required the Military Departments to establish systems, or improve existing systems, to track expected returns of repairable assets. Adequate controls, including followup processes to ensure that assets returned for repair are accounted for, were required to minimize new acquisitions of established items. DLRs are capitalized in the Military Departments Supply Management business areas of the Defense Business Operations Fund.

In 1986, the Navy developed and implemented an asset tracking system called the Advanced Traceability and Control system which provided optimum management controls over DLRs returned for repair. The asset tracking system provided accountability and control from the failure point of the DLR to the repair point by using the same document number for a returned DLR, from initial turn in, to repair, to reinduction into the Navy supply system. Visibility was never lost. (See Appendix D for a detailed description of the Navy Advanced Traceability and Control system.) The Army and the Air Force, however, did not mandate the perpetuation of a single document number for each DLR during the return process.

Audit Objectives

The objectives were to determine whether the Army and the Air Force had established adequate systems and procedures for the return of repairable assets to the supply system. The audit evaluated the processes established at various echelons of the Army and Air Force supply systems to recover or otherwise account for repairable assets to be returned for repair and reuse. We also examined the Army and Air Force management control programs as they applied to the audit objectives. See Appendix A for a discussion of the scope, methodology, and management control program, and Appendix B for a summary of prior audit coverage.

Depot Level Repairable Asset Visibility

The Army and the Air Force ICPs did not adequately account for DLRs. Based on a sample of 127 materiel return transactions for repairable assets sent to 6 contractor repair facilities in June, July, and August 1995, 49 were not on contractor records. Also, Army owned DLRs stored at an Air Force location were not recorded on the Army's wholesale inventory account. DLRs were not adequately accounted for because:

o standard reporting procedures were not established for contractors to report receipt transactions;

o Air Force records, indicating locations of repair facilities, were not updated timely;

o standard reporting procedures were not established for contractors to report DLRs on hand; and

o procedures were not established for the electronic reporting to the Army of wholesale inventory stored by the Air Force.

As a result, ICPs did not have visibility of about $126 million in DLR inventory. Additionally, DLRs in the possession of contractors were vulnerable to loss.

Guidance and Procedures

DoD Criteria. DoD Regulation 4140.1-R, "DoD Materiel Management Regulation," January 1993, provides policy and guidance for item accountability, control, and stewardship. It states that the integrated materiel manager is responsible for initiating discrepancy research and taking actions necessary to ensure that the physical on hand quantity and the total item property record quantity are in agreement for all DoD materiel, whether the materiel is in the physical custody of non-DoD or DoD facilities.

Accountability Procedures. Accountability of DLRs involves reconciliation of ICP wholesale inventory records by matching due-in transactions and on-hand balances with contractor and DoD facility receipt transactions and on-hand balances. The field unit that returns the DLR is to notify the ICP, by way of a materiel return transaction, to establish a due-in on the ICP records. Upon receipt of the DLR items sent to a contractor repair facility, the contractor, when contractually required to do so, is to issue a receipt notification to the ICP. To account for the DLR returned to the contractor for repair, the ICP should periodically reconcile supply records by matching the receipt and due-in transactions and on-hand balances.

DLR Reconciliation

The Army and the Air Force DLRs were not adequately accounted for. Specifically,

- o contractors were not reporting receipt transactions,
- o Air Force had misdirected shipments, and
- o contractors were not reporting on-hand DLRs.

We reviewed 272 materiel return transactions that the Army and the Air Force sent to three Government and six contractor repair facilities, to determine whether the repair facilities had received DLRs and whether the contractor and the Government facilities had acknowledged receipt to the respective ICPs. Of the 272 transactions, 145 were sent to the 3 Government repair locations. We could not find 15 of the transactions on the Government repair records. In contrast, of the remaining 127 transactions sent to contractor repair locations, we could not locate 49 of the transactions in the contractors' receipt records. However, ICP personnel did not follow up on the missing transactions to determine whether they were lost in shipment, received by the contractor and not reported or whether the field units had failed to ship the DLRs (see Appendix E for a synopsis of our test results by location). Because of the significance of the nonaccountability by the contractors, we focused our audit in this area.

Reporting Receipt Transactions. Contractors were not reporting receipt transactions for DLRs received. The ICPs were unable to perform reconciliations between their records and the contractors' records because standard reporting procedures were not established for contractors to report receipt transactions. The Army and Air Force did not require all contractors to report individual DLR receipts with corresponding document numbers so that corresponding due-in transactions on the wholesale inventory records could be matched. Without the ability to match transactions, the Army and the Air Force were compelled to periodically purge their records of unmatched transactions.

Of the six contractors reviewed, three were not required to report individual receipts with document numbers to the managing ICP. Of the three, two were required to submit monthly reports with overall receipt summaries to the ICPs. The summary reports, however, did not include document numbers or any other method of identifying individual receipts. The remaining contractor, Prime Time Clock, did not report any receipts to the managing Air Force ICP. Without a requirement to report by document number, the Army and the Air Force could not verify whether an individual DLR transaction was received by a contractor or whether contractors reported all DLR receipts to the managing ICP.

The remaining three contractors were required to report individual DLR receipts with document numbers to the managing ICPs. For example, Lockheed Martin, Orlando, Florida, electronically transmitted any changes in asset balances to the

managing ICP, the Aviation and Troop Command, St. Louis, Missouri, twice daily. The transmissions were in Military Standard Requisitioning and Issue Procedures format and included individual document numbers that were automatically matched against the corresponding due-in transaction. Aviation and Troop Command was also provided on-line visibility of Lockheed's internal supply control system, which enabled the item managers to verify DLR account balances. Lockheed Martin's system provided optimum asset visibility to item managers, which allowed the item managers to make supply management decisions based on accurate asset data.

Lockheed Martin's automated system also sent asset balances electronically via autodin to the Army Communications and Electronics Command (CECOM). However, the asset balance for one of our sampled items, a cooler dewar, was not accurately reflected on the CECOM wholesale records because receipt transactions sent by the contractor were not recorded due to a computer malfunction.

The cooler dewar, a critical night vision system component on the Apache helicopter, had a unit value of $19,649. As of December 28, 1995, 190 of 222 backorders were high priority (priority 2 or 3). However, 187 unserviceable cooler dewars, valued at $3.6 million, were not recorded on the CECOM wholesale inventory account. We notified the CECOM item manager of the asset imbalance at which time the item manager arranged to perform a reconciliation of records with Lockheed Martin.

Purged Due-In Transactions. The Army and the Air Force purged due-in transactions from wholesale inventory accounts when there was build up of unmatched transactions. The Army and the Air Force used different procedures to determine when the due-in transactions were to be purged.

Army Purging Procedures. The Army Materiel Command was concerned that the asset value, which pertained to the unmatched due-in transaction file, inflated the Army's wholesale inventory accounts and, therefore, misrepresented the effects of the Army's inventory reduction initiatives. In response, CECOM developed a local program, which was run semi-annually, to eliminate unmatched due-in transactions from CECOM records. CECOM deleted unmatched due-in transactions from the wholesale asset inventory accounts after the due-in transactions went unmatched with a receipt transaction for 6 months.

Although CECOM had run the program to delete due-in transactions since December 1993, statistics concerning actual lines deleted were not compiled. We requested a compilation of deleted due-in transaction data from CECOM for the 6-month period ended August 1995. Information provided showed that CECOM reviewed $89.5 million in unmatched due-in transactions for possible deletion from the wholesale inventory accounts and deleted $56.6 million. Of the $56.6 million of due-in transactions deleted, $13.2 million were shown as in-transit to contractor repair facilities. CECOM did not determine why matching receipt transactions were not processed.

Before deleting due-in transactions from the records, CECOM circulated a list of overage due-in transactions to the respective individual item managers. After 10 days, CECOM deleted all due-in transactions for which there was no response from the individual materiel managers. There were 315 individual materiel manager codes on the list of due-ins to be reviewed for deletion. However, only 86 of the materiel item managers listed identified transactions that were not to be deleted from the CECOM due-in file. CECOM did not follow up with those individual materiel item managers that did not respond. Rather, CECOM personnel who ran the deletion program assumed that no response indicated approval for due-in transaction deletions.

Air Force Purging Procedures. Visibility of DLRs in transit between Air Force bases and depot repair facilities was adequate. However, when assets were shipped from an Air Force base directly to a contractor, the Air Force had no way of ensuring that the assets were received and reported by the contractor. Due-in transactions from shipments of DLRs to non-Air Force locations were automatically removed from Air Force wholesale inventory records 15 days after they were established. The Air Force did not retain records on the inventory value of deleted due-in transactions. Those transactions were removed from the wholesale inventory account because non-Air Force locations were not required to submit receipt transactions by document number. As a result, the necessary components for asset reconciliation did not exist. The Air Force relied on summary inventory reports, sent by non-Air Force locations for asset data needed for use in the requirements computation process.

Misdirected Shipments. Air Force bases had misdirected DLR shipments because Air Force records, indicating the locations of repair facilities where field units should ship DLRs for repair, were not updated timely.

Air Force Shipment Procedures. The Air Force had an on-line system, the Repairable Item Movement Control system, which Air Force users were directed to refer to for shipping instructions when returning a DLR to storage or for repair. Air Force Manual 67-1, "Air Force Supply Manual," January 9, 1989, requires the inventory management specialist to update the Repairable Item Movement Control system to reflect any shipping data changes. In the event of a misdirected shipment, the Air Force Supply Manual directs the inventory management specialist to verify the accuracy of the shipping data of the Repairable Item Movement Control system and to contact the base that misdirected the shipment.

Effects of Misdirected Shipments. Of the six contractor repair facilities reviewed, two had a total of $7.78 million in DLRs on hand that resulted from misdirected shipments. Of the misdirected shipments, $7.5 million were the result of incorrect shipping data on the data base of the Repairable Item Movement Control system. The managing ICP, the Air Force Warner Robins Air Logistics Center, had not updated the data base when the repair contract at Lockheed Martin had expired, and been awarded to another repair facility.

Reporting On-Hand Balances. Contractors were not reporting on hand DLR balances. The Army and the Air Force had not established standard reporting procedures by which contractors could report balances of DLRs on hand. As a result, about $17.3 million in DLR inventory was not recorded on the ICPs wholesale inventory accounts, and was not visible to item managers to be considered in supply system requirements computations.

Contractors Reviewed. We visited three of the largest Defense repair contractors and selected a separate sample of 75 national stock numbers with an inventory dollar value of $185.7 million. We determined whether DLRs held by the three contractors were reported to the managing ICP. In addition, we reviewed the reporting processes that were in effect at the six other contractor locations. These nine locations held an inventory dollar value of $558.5 million. The nine contractors used a variety of reporting. A synopsis of the reporting methods used at each contractor repair facility is in Appendix F.

Reporting of On-Hand Assets. Of the nine contractors reviewed, two did not report on-hand assets. One of the contractors, International Telegraph and Telephone Corporation, Clifton, New Jersey, did not report $17.3 million of Army owned assets that it repaired. There was no reporting requirement included in the repair contract that CECOM issued. Of the 41 different items at the plant, 719 DLRs, valued at $15.4 million, were not reported to CECOM. The Air Force Warner Robins Air Logistics Center, in contrast, had issued International Telephone and Telegraph Corporation a repair contract that included a reporting requirement. As a result, Warner Robins Air Logistics Center could account for DLRs. The International Telephone and Telegraph Corporation had reported 465 Air Force DLRs, valued at $76.3 million, to Warner Robins Air Logistics Center.

The second contractor, Prime Time Clock, had not reported assets because since August 1995, it had been waiting for reporting instructions from the managing ICP, the Air Force San Antonio Air Logistics Center. DLRs, valued at $1.9 million, went unreported at Prime Time Clock.

Army DLRs at an Air Force Facility

Army owned DLRs stored at an Air Force location were not recorded on the Army's wholesale inventory account. The DLRs went unrecorded on wholesale records because the Army and the Air Force had not established procedures for the electronic reporting of wholesale inventory stored at the Sacramento Air Logistics Center to the Army ICPs. The automated supply systems of the Army and the Air Force were incompatible. As a result, Army inventory managers did not have visibility of over $97 million in DLR inventory.

Unrecorded Assets Stored at a Government Storage Depot. Substantial amounts of Army owned DLRs, stored at the Government storage depot located at the Sacramento Air Logistics Center, were not recorded on the Army ICPs wholesale inventory accounts. About $97.4 million of DLRs stored at the

Sacramento storage depot were not visible to the Army inventory managers. CECOM managed the preponderance of the inventory (about $85 million) and the Army Missile Command managed about $12 million.

Repairs at the Sacramento Air Logistics Center. When the Sacramento Army Repair Depot closed in 1994, the Sacramento Air Logistics Center won the competition to perform the repairs previously done at the Sacramento Army Repair Depot. The shift of repair responsibility aggravated a systemic problem that already existed between the Army and the Air Force supply systems. The problems were caused by how the Air Force Wholesale and Retail Receiving and Shipping system treated items that were managed by more than one Service. The Air Force Wholesale and Retail Receiving and Shipping system recognized only a single source of supply for a DLR. If the Air Force was a source of supply, either as the primary inventory control activity or as a secondary inventory control activity, the DLR was posted to the Air Force account. The only option available for the Air Force to keep Army DLRs segregated was to identify the DLRs and track them off-line.

Recording and Storing DLRs. As of November 8, 1995, a substantial number of Army owned DLRs, valued at approximately $97 million, were not recorded on the Army ICPs wholesale inventory accounts. The DLRs were stored at the Sacramento storage depot because the Air Force was designated as the repair source for the DLRs. However, the Air Force system prevented the posting of the DLRs to the Army account and they were held off-line. CECOM reported to us that the off-line information required an intensive manual effort that was very inconvenient and was acceptable only as a temporary solution until supply system changes were made. CECOM also reported that it experienced large discrepancies and an undeterminable loss of DLR inventory because DLRs were recorded incorrectly. Also, the Air Force wholesale and retail receiving and shipping system replaced the Army due-in transaction, which contained the Army document number that was used for tracking purposes, with a generic Air Force document number. As a result, the Army could not determine which DLRs were received at the Sacramento Air Logistics Center. That caused unmatched due-in transactions to occur on CECOM wholesale inventory records and added to the CECOM inability to track DLRs.

Government Owned DLRs Were Vulnerable to Loss

Accountability controls should be in place to ensure that items sent to the contractors for repair were accounted for in the DoD supply system. The Defense Criminal Investigative Service investigators informed us that, because there was a lack of management controls at one contractor location (Contractor X), about $8 million in DLRs returned for repair went unaccounted. At Contractor X, the contractor received Air Force J-85 and J-69 jet engines and related spare parts that could be used on commercial aircraft as well

as military aircraft. After the DLRs were repaired by Contractor X, they were sold to commercial enterprises and not returned to the Air Force wholesale supply system.

The DLRs received for repair were to be entered into the Government property control system by contractor personnel. After the assets were entered into the Government property control system, contractor personnel should have notified the resident Government property control officer. However, before the contractor notified the Government property control officer that DLRs were received, the shipping records (DD Form 1348) were destroyed and the assets placed on the contractor's records. Subsequently, contractor personnel sold the DLRs to commercial enterprises. The root of the problem was that the Government property control officer had not received any advance notification that the DLRs were sent to the contractor location. The Government property control officer reacted only to DLR receipts and could not be proactive because there had been no advance notification of incoming shipments.

The controls over the DLRs shipped to contractors' facilities were at the ICP level. The wholesale system item managers should have monitored their asset accounts (by national stock number) and when discrepancies occurred, they should have had an inventory taken. At the San Antonio Air Logistics Center, where the DLRs were managed, procedures required inventory managers to have a world-wide inventory taken to reconcile the missing assets (reconciling due-ins not received). However, based on the observations of the Defense Criminal Investigative Service at the San Antonio Air Logistics Center, worldwide asset reconciliations were not done to determine the status of the missing DLRs.

Investigators tried to determine how many DLRs were actually shipped to the contractor repair facility. However, even though Air Force bases shipped thousands of DLRs to various contractor locations, the DD Form 1348 shipping documents were not retained on file. Based on that discovery, the investigators concluded that the Air Force had no system to track and account for DLRs shipped to contractor repair locations, subjecting DLRs to loss.

Army and Air Force Initiatives

The Army and the Air Force had initiated action to improve the controls over DLRs returned for repair. The initiatives, the Commercial Asset Visibility, Phase II program, and the Air Force Advanced Traceability and Control system, are described in Appendix D. We commend the Army and the Air Force for these actions. By implementing the initiatives and our recommendations, asset visibility of DLRs will be greatly improved.

Recommendations, Management Comments, and Audit Response

1. We recommend that the Commanders, Army Materiel Command and Air Force Materiel Command, establish standard reporting procedures for contractors to report receipt transactions by document number, for repairable assets received, to the respective inventory control points.

Management Comments. The Air Force concurred with the recommendation, stating that it tracks materiel at contractor locations through the Government Furnished Materiel Transaction System (G009), which reports composite balances to the Item Manager Wholesale Requisition Process System (D035A) monthly. However, in an effort to provide greater visibility of materiel in the hands of repair contractors, the Air Force submitted a computer systems change request to modify the G009 and the D035A. The change request will provide the capability for repair contractors to report receipt transactions by document number to the ICPs. The estimated completion date is July 1997.

2. We recommend that the Air Force Materiel Command establish controls to ensure that the inventory control points update the shipping data for the Repairable Item Movement Control system to preclude misdirected shipments of repairable items.

Management Comments. The Air Force concurred with the recommendation. It stated that appropriate supervisory controls and checks would be implemented to correct the cited conditions.

Audit Response. The Air Force's planned actions satisfy the intent of the recommendation. However, the Air Force did not provide a completion date for planned action. Therefore, we request that the Air Force provide additional comments in its response to the final report.

3. We recommend that the Commander, Army Materiel Command, instruct inventory control points to include asset reporting requirements in all repair contracts to ensure all assets received by contractors are reported to the inventory managers.

4. We recommend that the Commanders, Army Materiel Command and the Air Force Materiel Command, establish procedures for the electronic reporting of wholesale inventory that is stored at the Air Force Sacramento Air Logistics Center to the Army inventory control points.

Management Comments. The Air Force concurred with the recommendation. It stated that it is implementing procedures for electronic processing of wholesale inventory data. Its target date for implementing the change is July 1997.

Management Comments Required

The Army did not respond to the draft report in time to have their comments incorporated into the final report. Therefore, the Army comments will be considered as comments to the final report unless additional comments are received.

Part II - Additional Information

Appendix A. Audit Process

Scope

Procedures Reviewed. We reviewed procedures at the wholesale and base levels of supply to determine whether adequate controls existed for the return and accountability of repairable assets We reviewed the procedures at repair facilities to account for assets received from field units and to report to the ICPs the assets received.

Related Documents Reviewed. We reviewed supply status reports, procurement history reports, transaction history reports, item stratification reports and cataloging reports that were obtained for the national stock numbers included in our sample, to determine whether repairable assets were recorded on wholesale inventory accounts and used in the requirements determination process. The reports we reviewed covered the period from May 1995 through March 1996. We also interviewed the responsible inventory managers at the eight Army and Air Force ICPs included in our audit.

Audit Period, Standards, and Locations. This economy and efficiency audit was made from May 1995 through March 1996. The audit was made in accordance with auditing standards issued by the Comptroller General of the United States as implemented by the Inspector General, DoD, and accordingly, included such tests of management controls as were considered necessary. The organizations we visited or contacted are in Appendix G.

Methodology

Audit Site Selection. Our sample consisted of an extract of 310,108 materiel return transactions for DLRs processed through the Defense Automatic Addressing System Center (DAASC) during June, July, and August 1995. We selected all document identifier code FTA transactions for unserviceable assets (materiel condition code F) that were processed for Army materiel returns and all document identifier code D7 transactions for unserviceable assets that were processed for Air Force materiel returns.

We sorted the data by the routing identifier code for the Army transactions and by the supplementary address for the Air Force D7 transactions. The Army and Air Force transactions were put into two separate data bases and arranged in descending order, by the number of transactions that had occurred from June through August 1995. We labeled the transactions as either transactions that went to contractor repair facilities or transactions that went to Government repair depots. From a total of 119,030 transactions for unserviceable assets, we

selected the nine highest volume receiving sites for the Army and the Air Force. We looked at six contractor repair facilities and three Government repair depots.

For our reverse sample (see below) we obtained the Defense Logistics Agency data base that compiled data from DD Form 1662, "DoD Property in the Custody of Contractors" as of September 1994. The forms were filed each year by all DoD contractors with Government furnished property in their possession. From the DD Form 1662 data base, we isolated line 16: Military Property. Line 16 shows the value of assets that were located at contractor locations to be repaired. There were 687 contractors that reported about $17.1 billion in assets to be repaired. We ranked the contractors by value of assets and selected the three contractors with the highest value of Army and Air Force assets to be repaired.

Sampling Methodology

Forward Sampling Plan. We used a judgmental sample plan to select 272 materiel return transactions, that included 120 corresponding national stock numbers, with an inventory value of $5,078,412. The sample was selected for items that were shipped to contractor repair facilities and to Government repair depots. See Table A for the site samples and values.

Reverse Sample Selection. As a final portion of our sample, we selected three contractors for a reverse sample. We selected a random sample of 25 national stock numbers for each contractor from the contractors' records to determine if asset balances were reported to the ICPs. For the 75 national stock numbers selected, the inventory value was $185,655,299. See Table A for the contractor sites and sample values.

Table A. Audit Sites and the Number and Value of DLR Transactions Selected for Review

Forward Sample

Location	Transactions	Value
Boeing Aerospace	12	$ 633,741
Corpus Christi Army Depot	45	1,839,443
GTE Fort. Bragg	25	258,146
GTE Taunton	25	433,315
Lockheed Martin	15	339,100
Prime Time Clock	25	19,000
Sacramento ALC[1]	50	1,039,040
Thompson Aircraft Tire	25	21,656
Tobyhanna Army Depot	50	494,971
Total	**272**	**$5,078,412**

Reverse Sample

Location	National Stock Number	Value
Hughes	25	$ 27,400,284
ITT[2]	25	85,565,835
Westinghouse	25	72,689,180
Total	**75**	**$185,655,299**

[1]Sacramento Air Logistics Center.
[2]International Telephone and Telegraph.

Management Control Program

DoD Directive 5010.38, "Internal Management Control Program," April 14, 1987, requires DoD organizations to implement a comprehensive system of management controls that provides reasonable assurance that programs are operating as intended and to evaluate the adequacy of the controls.

Scope of Review of Management Control Program. We reviewed the adequacy of management controls over the process used to track DLRs that were sent to repair facilities by field units and to record the DLRs on the wholesale inventory records of the ICPs. We did not assess the adequacy of management's self-evaluation of those controls.

Adequacy of Management Controls. We identified material management control weaknesses as defined by DoD Directive 5010.38. Management controls over the process to track DLRs were not adequate to ensure that DLRs sent to repair facilities were recorded on the wholesale inventory records of the ICPs. All recommendations, if implemented, will improve the tracking of DLRs. A copy of the report will be provided to the senior official responsible for management controls in the Army and the Air Force.

Appendix B. Prior Audit Coverage

General Accounting Office Report NSAID-94-131 (OSD Case No. 9630) "Army Inventory - Changes to Stock Funding Repairables Would Save Operations and Maintenance Funds," May 1994. The review focused on whether stock funding of DLRs had reduced demands on and procurements by the wholesale level supply system and affected management of maintenance and inventory activities and use of operation and maintenance funds at the unit level. The conclusion was that the Army's switch to stock funding of DLRs helped reduce demand for DLRs about 55 percent - from $8.3 billion in fiscal year 1991 to $3.7 billion at the end of fiscal year 1993. The decreased demands enabled the wholesale system to reduce procurement of repairable assets by about 75 percent, from $1.8 billion to $443 million during the same period. DoD generally agreed with the findings and fully agreed with the recommendations to revise the credit rate for items turned in by units so that the credit received by the units is linked to the amount of credit given by the wholesale system, and to expand the number of excess supply items being offered at a reduced price.

U.S. Army Audit Agency Report No. 94-471 "Army Defense Business Operations Fund FY93 Financial Statement," September 1994. The audit focused on two primary business areas, supply management and depot management, and three lines in the Statement of Financial Position, Inventories Held for Sale, Net; Inventories Not Held for Sale; and Property, Plant and Equipment, Net. The report concluded that the accuracy of logistics and financial records could not be relied upon because wholesale and retail organizations did not reconcile significant differences between logistical and financial inventory records, controls over materiel that retail activities returned to wholesale organizations for credit were not effective, personnel could potentially gain access to and adjust logistical and financial records without approval, depot maintenance organizations did not have adequate controls to ensure that amounts recorded on financial records as due-in from suppliers were valid, controls over materiel that maintenance organizations returned to the wholesale supply system for credit were not effective, and maintenance organizations did not properly value excess and unserviceable inventory at net realizable value. The Finance Service and the Industrial Operations Command (Provisional) agreed with the issues and recommendations.

Naval Audit Service Report No. 027-N-93 "Navy Ships Parts Control Center Commercial Asset Visibility Program-PHASE II," April 1993. The Commercial Asset Visibility Program Phase II (CAV II) is an automated system used to provide visibility, accountability, and control over materiel that the Navy Ships Parts Control Center managed and located at commercial facilities. The audit objective was to evaluate the effectiveness of CAV II at 15 of the 47 largest contractors using the CAV II system. CAV II was a significant improvement over CAV I, used at contractors plants. Because CAV II automatically updates supply inventory and financial records with each transaction, the need for manual manipulation of data in determining requirements, developing budgets, and monitoring repairs is eliminated. The report recommended that the Navy continue efforts to expand CAV II coverage

to as many commercial repair facilities as possible, correct deficiencies regarding the Master Repairables Items List, determine the status of lost and unaccountable assets, improve the frequency of visits to contractor facilities, and to periodically monitor the suitability of contractors security documentation. The Navy Ships Parts Control Center concurred with all recommendations and agreed to take appropriate corrective action.

Appendix C. Repairable Items in the DoD Inventory

Table C shows the number of items managed by each Military Department and their respective values as of September 1995. The number of repairable items in the DoD supply system totaled 549,000, valued at about $50.5 billion. The combined number of repairable items managed by the Army and the Air Force was 355,000 items, valued at $35.12 billion.

Table C. Repairable Items Managed in DoD

Services	Total Items Managed	Value (Billions)
Army	83,000	$ 7.27
Navy	189,000	15.09
Air Force	272,000	27.85
Marine Corps	5,000	.26
Total	**549,000**	**$50.47**

Appendix D. Army and Air Force Improvement Initiatives

Army and Air Force Initiatives for Tracking and Reporting DLRs. The Army and the Air Force had initiated action to improve their ability to track and report DLRs. The Army and Air Force were in the process of implementing the Commercial Asset Visibility, Phase II (CAV II) program, and the Air Force had also started to implement its version of the Navy Advanced Traceability and Control (ATAC) system. The initiatives and their implementation status follows.

CAV II Program. The CAV II program was implemented by the Navy to provide ICPs with asset visibility of DLRs at contractors plants. It is a computer based tracking system that tracks DLRs from time of receipt at a contractor's facility through shipment back to the Government storage location. The basis for the program's management controls is in the assignment of a unique document number that identifies the asset throughout the repair process.

The CAV II program is designed to allow a wide range of transaction reporting, achieve timely resolutions of financial and inventory imbalances, and provide specific DLR tracking and accountability while the DLR is at the contractor repair facility. The program also provides a means to track material that is in transit to and from the repair facility and allows for daily transaction reporting to the ICPs. The transaction reporting provided automatic updating of ICP management programs.

The DLR item managers, who are directly responsible for maintaining adequate stocking levels, use information from CAV to make decisions to induct items for repair, purchase new items, or reconsign the DLRs to satisfy urgent requirements. Additionally, the program provides statistical information to measure the contractor's repair turn around time.

The CAV II program was implemented by the Navy at the Ships Parts Control Center in 1988. Because of the Navy's overall success with the CAV II program, the Army and the Air Force decided to adopt the CAV II program too. The Army is scheduled to implement CAV II during 1998. As of June 1996, the Air Force had not determined its implementation date for the CAV II program.

Air Force ATAC System. In 1993, the Air Force Materiel Command contracted with the Naval Supply Systems Command to design and install the Air Force version of the Navy ATAC system. The Navy ATAC system, implemented in 1986, was the Navy's first logistics pipeline to couple logistics and transportation into a single physical distribution system. The system

provides transportation; screening; consolidation; and reports the return, repair, and reissue of Navy DLRs. The program is comprised of three major elements, the nodes; the hubs; and the ATAC system database.

Under the ATAC system, Navy fleet units return DLRs to the supply system through 1 of 12 nodes located throughout the world or directly to 1 of the 2 hubs located at either Norfolk, Virginia, or San Diego, California. When the DLR reaches a node or a hub, the returned DLR is registered in the ATAC data base with a unique document number. At the hubs, the ATAC contractor records the DLR receipt in the ATAC data base and the DLRs are screened to verify that the correct national stock number is indicated on the turn-in document. Information in the ATAC data base is used by the Navy ICP to determine the disposition of each DLR that is returned by users for repair.

Through the ATAC system network, fleet units' work load is significantly reduced, because the ATAC system handles nearly all DLR returns; and because fleet units send essentially all failed components to one place, individual shipping and disposition decisions are left to ATAC system personnel. Because of the controlled environment that existed under the ATAC system, the Navy realized optimum shipment consolidations and better response times without incurring increased transportation costs.

As of March 1996, the Air Force version of the ATAC system was under development and the Air Force was scheduled to implement the ATAC program in 1997.

Appendix E. Assets Tracked to Repair Facilities

Contractor Locations	Transactions	Not Reported	Value
Boeing	12	5	$ 28,636
GTE, Fort Bragg	25	2	13,082
GTE, Taunton	25	5	79,518
Lockheed Martin	15	3	89,283
Prime Time Clock	25	25	19,000
Thompson Aircraft Tire	25	9	6,009
Subtotal	**127**	**49**[1]	**$235,528**

Government Locations	Transactions	Not Reported	Value
Corpus Christi	45	7	$129,050
Sacramento	50	3	116,438
Tobyhanna	50	5	87,112
Subtotal	**145**	**15**[2]	**$332,600**
Total	**272**	**64**	**$568,128**

[1]Of the 127 transactions tracked to contractor repair facilities, 49 of the transactions were not reported to the applicable ICP and could not be located on the contractors' records.

[2]Of the 145 transactions tracked to Government repair depots, 15 were not reported to the applicable ICP and could not be located on the depots' records.

Appendix F. Asset Reporting by Contractor

Contractor	Method of Reporting		
	Automated	Manual	Not Reported
Boeing	X	-	-
Hughes[1]	X	X	-
ITT[2]	-	X	X
GTE Fort Bragg	X	-	-
GTE Taunton	X	-	-
Lockheed Martin	X	-	-
Prime Time Clock	-	-	X
Thompson Tire	-	X	-
Westinghouse [3]	X	X	-

[1]Hughes had manual and automated reporting systems. The repair contract issued by the Army required manual reporting and the repair contract issued by the Air Force required automated reporting.

[2]The repair contract issued by the Army did not require International Telegraph and Telephone (ITT) to report DLRs received to the Army ICPs. The repair contract issued by the Air Force to ITT required manual reporting of DLRs to the Air Force ICPs.

[3]Westinghouse had manual and automated reporting systems. The repair contract issued by the Army required manual reporting of DLRs to the Army ICPs and the repair contract issued by the Air Force required automated reporting of DLRs to the Air Force ICPs.

Appendix G. Organizations Visited or Contacted

Office of the Secretary of Defense

Office of the Under Secretary of Defense for Acquisition and Technology, Washington, DC

Department of the Army

Deputy Chief of Staff (Logistics), Supply and Maintenance Policy, Washington, DC
Army Materiel Command, Alexandria, VA
- U.S. Army Armament, Munitions, and Chemical Command, Rock Island, IL
- U.S. Army Aviation and Troop Command, St. Louis, MO
- U.S. Army Communications and Electronics Command, Fort Monmouth, NJ
- U.S. Army Missile Command, Redstone Arsenal, AL
- U.S. Army Tank Automotive Command, Warren, MI

Headquarters, 4th Infantry Division, Fort Carson, CO
Tobyhanna Army Depot, Tobyhanna, PA

Department of the Navy

Naval Supply Systems Command, Washington, DC
- Fleet Industrial Support Center, Norfolk, VA
- Navy Aviation Supply Office, Philadelphia, PA
- Naval Ships Parts Control Center, Mechanicsburg, PA
- Navy Materiel Transportation Support Office, Norfolk, VA

Naval Air Systems Command, Washington, DC
- Navy Aviation Depot, Norfolk, VA

U.S. Marine Corps (Logistics), Washington, DC
- Marine Corps Logistics Base, Albany, GA
- SASSY Management Unit, Camp Lejuene, NC

Department of the Air Force

Deputy Chief of Staff (Logistics and Engineering), Supply Policy, Washington, DC
Air Force Materiel Command, Dayton, OH
- Ogden Air Logistics Center, Hill Air Force Base (AFB), UT
- Oklahoma City Air Logistics Center, Tinker AFB, OK
- Sacramento Air Logistics Center, McClellan AFB, CA
- San Antonio Air Logistics Center, Kelly AFB, TX
- Warner Robins Air Logistics Center, Robins AFB, GA
- 436TH Military Airlift Wing, Dover AFB, DE

Defense Organizations

Defense Logistics Agency, Fort Belvoir, VA
- Defense Automatic Addressing Systems Center, Dayton, OH
- Defense Contract Management Command, Fort Belvoir, VA
  - Defense Contract Management District Northeast, Boston, MA
  - Defense Contract Management District South, Marietta, GA
  - Defense Contract Management District West, El Segundo, CA
    - Defense Contract Management Area Office, Birmingham, AL
    - Defense Contract Management Area Office, Springfield, NJ
    - Defense Plant Representative Office Hughes, Los Angeles, CA
    - Defense Plant Representative Office Northrop/Grumman, Baltimore, MD
- Defense Logistics Services Center, Battle Creek, MI

Non-Government Organizations

Boeing Aerospace Operations, Dyess AFB, Texas
GTE, Government Systems Corporation, Fort Bragg, NC and Taunton, MA
Hughes Aircraft Corporation, Long Beach, CA
International Telegraph and Telephone Corporation, Avionics Division, Clifton, NJ
Lockheed Martin Corporation, Electronics and Missiles Division, Orlando, FL
Prime Time Clock Corporation, Ozark, AL
Thompson Aircraft Tire Corporation, Miami, FL
Westinghouse Electric Corporation, Electronics Systems Group, Aerospace Division, Baltimore, MD

Appendix H. Report Distribution

Office of the Secretary of Defense

Under Secretary of Defense for Acquisition and Technology
- Deputy Under Secretary of Defense (Logistics)
  - Assistant Deputy Under Secretary of Defense for Materiel and Resource Management Policy
  - Director, Defense Logistics Studies Information Exchange

Under Secretary of Defense (Comptroller)
- Deputy Chief Financial Officer
- Deputy Comptroller (Program and Budget)

Assistant to the Secretary of Defense (Public Affairs)

Department of the Army

Auditor General, Department of the Army
Commander, Army Materiel Command
- Commander, Armament, Munitions, and Chemical Command
- Commander, Aviation and Troop Command
- Commander, Communications and Electronics Command
- Commander, Missile Command
- Commander, Tank Automotive Command

Department the Navy

Assistant Secretary of the Navy (Financial Management and Comptroller)
Auditor General, Department of the Navy
Commander, Naval Supply Systems Command
- Commanding Officer, Navy Aviation Supply Office
- Commanding Officer, Naval Ships Parts Control Center

Commandant of the Marine Corps, Deputy Chief of Staff for Logistics
- Commanding General, Marine Corps Logistics Base

Department of the Air Force

Assistant Secretary of the Air Force (Financial Management and Comptroller)
Headquarters, Deputy Chief of Staff (Logistics)

Department of the Air Force (cont'd.)

Auditor General, Department of the Air Force
Commander, Air Force Materiel Command
  Commanding Officer, Ogden Air Logistics Center
  Commanding Officer, Oklahoma City Air Logistics Center
  Commanding Officer, San Antonio Air Logistics Center
  Commanding Officer, Sacramento Air Logistics Center
  Commanding Officer, Warner Robins Air Logistics Center

Other Defense Organizations

Director, Defense Contract Audit Agency
Director, Defense Logistics Agency
Director, National Security Agency
  Inspector General, National Security Agency
Inspector General, Defense Intelligence Agency

Non-Defense Federal Organizations and Individuals

Office of Management and Budget
General Accounting Office
  National Security and International Affairs Division
    Technical Information Center

Chairman and ranking minority member of each of the following congressional committees and subcommittees:

  Senate Committee on Appropriations
  Senate Subcommittee on Defense, Committee on Appropriations
  Senate Committee on Armed Services
  Senate Committee on Governmental Affairs
  House Committee on Appropriations
  House Subcommittee on National Security, Committee on Appropriations
  House Committee on Government Reform and Oversight
  House Subcommittee on National Security, Internal Affairs, and Criminal Justice, Committee on Government Reform and Oversight
  House Committee on National Security

Part IV - Management Comments

Department of the Air Force Comments

DEPARTMENT OF THE AIR FORCE
HEADQUARTERS UNITED STATES AIR FORCE
WASHINGTON, DC

03 SEP 1996

MEMORANDUM FOR ASSISTANT INSPECTOR GENERAL FOR AUDITING
OFFICE OF THE INSPECTOR GENERAL
DEPARTMENT OF DEFENSE

FROM: HQ USAF/LG
1030 Air Force Pentagon
Washington DC 20330-1030

SUBJECT: Draft Audit Report on the Controls Over the Return of Repairable Assets (DoD(IG) Project No. 5LD-0047)

This is in reply to your memorandum requesting the Assistant Secretary of the Air Force (Financial Management and Comptroller) provide Air Force comments on the subject report.

The Air Force concurs with subject draft audit report. Detailed comments are attached.

George T. Babbitt

GEORGE T. BABBITT
Lieutenant General, USAF,
DCS/Logistics

Attachment:
Air Force Comments

DETAILED AIR FORCE COMMENTS

ON

DoD DRAFT AUDIT REPORT ON THE CONTROLS OVER

THE RETURN OF REPAIRABLE ASSETS

(PROJECT NO. 5LD-0047)

Recommendation 1. We recommend that the Commanders, Army Materiel Command and Air Force Materiel Command establish standard reporting procedures for contractors to report receipt transactions by document number, for repairable assets received, to the respective inventory control points.

Management Comments: 1. Concur with the findings and recommendation. The Air Force currently tracks materiel at contractor locations through the G009 (Government Furnished Material Transaction System) program, which reports a composite balance to the D035A program (Item Manager Wholesale Requisition Process system) on a monthly basis. However, as stated in the audit this information is not at document number level. In an effort to provide greater visibility of materiel in the hands of repair contractors, AFMC submitted a Computer Systems Requirement Document (CSRD) to modify the G009 and D035A programs. This will report receipt transactions by document number to the inventory control points (ICPs). The estimated completion date is July 1997.

2. Under the new system, the base will forward a DLR to a contractor for repair. It will be accompanied by a DD Form 1348-1 (DoD Single Line Item Release/Receipt Document), which will have a document number recorded on it. Using a personal computer, the contractor will report the unserviceable receipt and document number to the GOO9 program and the ICP. After repair, the contractor will report the serviceable item by contract number, to the ICP. The ICP will then be able to direct the contractor to either ship the item to a base to fill a back-order requirement or return the item to depot stock. This action will enable the document number to be closed out.

3. When implemented, it will provide the following:

a. Capability to maintain asset records on D035A for a contractor location.

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b. Daily visibility of asset movement at a contractor's location to include:

1. Unserviceable assets received by the contractor.

2. Unserviceable assets moving into the maintenance process.

3. Serviceable assets coming from the maintenance process.

4. Visibility of assets condemned in place.

c. Capability to generate Materiel Release Orders (MROs) to a contractor to direct ship to a customer.

d. Capability to receive an issue transaction from a contractor and create a shipment confirmation record to post to the open document file.

e. Capability to receive and process MRO denials.

f. Capability to receive and process shipments to disposal from a contractor location.

4. This increased visibility will enable the Air Force to:

a. Use due-in information provided to the ICP and contractors to track unserviceable materiel intransit.

b. Close the unserviceable intransit loop. As a result of the increased visibility the Air Force can eliminate the purging of due-in transactions after 15 days. The D035C program will receive receipt information to close the intransit loop from the Air Force retail customers to contractor's locations. This also should improve requirements computations as intransit time is one of the factors used in these computations and determining pipeline requirements.

c. Provide a starting point for serviceable intransit time from a contractor facility. Directing the contractor to ship serviceable materiel directly to a customer will start the serviceable intransit time "clock." The serviceable intransit time is one factor used in calculating order and ship times.

d. Provide receipt information at document number level, so that information can be provided to other services and agencies. This includes granting a credit when an unserviceable carcass is turned in.

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Final Report Reference

e. Provide daily asset balance and condition code information for use by the wholesale item manager in determining repair and other requirements.

5. Another change in progress is to decrease the process time of providing update Reparable Item Movement Control System (RIMCS) shipment information to users. The change will decrease RIMCS process time from weekly to daily. The estimated completion date for this change is July 1997.

Recommendation 2. We recommend that the Air Force Materiel Command establish controls to ensure that the inventory control points update the shipping data for the Repairable Item Movement Control system to preclude misdirected shipments of repairable items

Management Comments: 1 Concur with the findings and the recommendation. As stated at the top of page 8 of the report in the paragraph entitled "Air Force Shipment Procedures," we have policies and procedures in place, which if followed by the item managers, should ensure that shipping address data are updated and maintained in a timely manner.

2. Because the problem is one of the item managers not complying with existing directives, no changes are required in current policies. However, we will request that HQ AFMC bring this problem to the attention of the Air Logistic Centers and have the Inventory Control Points institute appropriate supervisory controls and checks to ensure the Item Managers change addresses as they occur, as prescribed AFM 67-1, Volume I, Part Two, Chapter Section C, dated 19 September 1994. 7

Recommendation 3 is an action for the Army Materiel Command.

Recommendation 4: We recommend that the Commanders, Army Materiel Command and the Air Force Materiel Command, establish procedures for electronic reporting of wholesale inventory that is stored at the Air Force Sacramento Air Logistics Center to the Army inventory control points.

Management Comments: Concur with the finding and the recommendation. We are in the process of implementing procedures for electronic processing of wholesale inventory data. The Air Force discovered this problem after it accepted the Sacramento Army Depot workload. A Computer Systems Requirements Document (CSRD) has been submitted. It involves changing portions of the DO35K program that involve both the Air Force and the Defense Logistics Agency. This should resolve the problem of tracking Army DLRs, which was cited on pages 9 and 10 of the report - see paragraphs entitled "Repairs at the Sacramento Air Logistics Center" and "Recording and Storing of DLRs." The target date for implementing the change is July 1997.

Air Force comments on page 17, Appendix A, Audit Process, entitled Adequacy of

Management Controls. We concur that our controls over the management of DLRs are not adequate; however, we anticipate that they will become satisfactory when our actions contained in Recommendations 1, 2, and 4 are implemented.

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Audit Team Members

This audit report was prepared by the Logistics Support Directorate, Office of the Assistant Inspector General for Auditing, DoD.

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