Evaluation Report

U.S. MILITARY ENTRANCE PROCESSING COMMAND

Report Number 98-145 June 3, 1998

Office of the Inspector General
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Acronyms

ASVAB	Armed Services Vocational Aptitude Battery
CLEAP	Command Logistics Evaluation and Assistance Program
ESS	Education Services Specialist
MATT	Management Assistance and Training Team
MEPS	Military Entrance Processing Station
MIRS	U.S. Military Entrance Processing Command Integrated Resources System
USMEPCOM	U.S. Military Entrance Processing Command

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June 3, 1998

MEMORANDUM FOR UNDER SECRETARY OF DEFENSE FOR PERSONNEL AND READINESS
AUDITOR GENERAL, DEPARTMENT OF THE ARMY
COMMANDER, UNITED STATES MILITARY ENTRANCE PROCESSING COMMAND

SUBJECT: Evaluation Report on the U. S. Military Entrance Processing Command (Report No. 98-145)

We are providing this evaluation report for review and comment. We considered management comments on a draft of this report in preparing the final report.

DoD Directive 7650.3 requires that all unresolved issues be resolved promptly. Comments from the U.S. Military Entrance Processing Command were partially responsive. Therefore, the U.S. Military Entrance Processing Command is requested to provide additional comments on Recommendations B.3., B.4. and C. and comment on the potential monetary benefits related to Recommendations A.1. and B.1. and the revised potential monetary benefits related to Recommendation B.3. by July 3, 1998.

We appreciate the courtesies extended to the evaluation staff. Questions on the evaluation should be directed to Mr. Richard A. Brown at (703) 604-9483 (DSN 664-9483) (rbrown@dodig.osd.mil). See Appendix D for the report distribution. The evaluation team members are listed inside the back cover.

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Report No. 98-145 **June 3, 1998**
(Project No. 7RB-9035)

U.S. Military Entrance Processing Command

Executive Summary

Introduction. The U.S. Military Entrance Processing Command (USMEPCOM) is a jointly staffed field operating agency of the Assistant Secretary of Defense (Force Management Policy), under the Under Secretary of Defense (Personnel and Readiness). USMEPCOM is a part of the DoD Accession Triad that includes the Military Recruiting Services and the Military Training Reception Centers. USMEPCOM comprises a headquarters, located in Chicago, Illinois; 2 sector (regional) offices located in Chicago, Illinois, and Denver, Colorado; and 65 military entrance processing stations (MEPS) located in commercial facilities, Federal space, and on military installations throughout the continental United States, Alaska, Hawaii, and Puerto Rico. The primary mission of USMEPCOM is to administer enlistment qualification tests and a medical examination to all applicants for enlistment in the Services, to include the Reserve components and the U.S. Coast Guard and, when required, Selective Service System registrants. During FY 1997, USMEPCOM conducted 529,000 enlistment tests and 401,000 medical examinations and 364,000 applicants were enlisted into the Military Services. The budget and staffing for USMEPCOM in FY 1997 was $138 million and 2,661 civilian positions and military billets, respectively.

Evaluation Objectives. The evaluation objective was to determine the efficiency and economy of USMEPCOM operations. We also reviewed the adequacy of the management control program related to the evaluation objective.

Evaluation Results. USMEPCOM was accomplishing its mission in accordance with established operational requirements. However, the following areas needed improvement.

- The organizational structure of USMEPCOM needed to be streamlined and made more efficient. In addition, leased facility costs of about $387,000 over the Future Years Defense Program (FYs 1999 through 2004), starting in FY 2000, could be avoided (Finding A).

- Of the 834 civilian positions and military billets reviewed at the USMEPCOM, 355 either lacked consistency with the duties assigned, were unsupported, were not aligned to provide equal support to each DoD student testing program market, or were not mission essential. As a result, USMEPCOM could eliminate 65 to 75 civilian positions and put about $12 million over the Future Years Defense Program to better use, realign 130 civilian positions to promote expansion of the DoD Student Testing Program and maximize efficient use of the positions, and reassign 66 military personnel to more essential functions within the Services and put about $15 million over the Future Years Defense Program to better use (Finding B).

- USMEPCOM had not complied with DoD requirements governing the Commercial Activities Program. Specifically, USMEPCOM did not submit the FY 1996 inventory of commercial activities to the Office of the Under Secretary of Defense for Acquisition and Technology. As a result, DoD could not assess the extent to which commercial and industrial functions at USMEPCOM were being performed by DoD civilian employees or private contractors (Finding C).

Management Controls. Management controls applicable to USMEPCOM functions were inadequate (Findings B and C). See Appendix A for details on the review of the management control program.

Summary of Recommendations. We recommend that the Commander, USMEPCOM, review the Command's internal missions and organizations; consolidate and reduce the number of oversight functions; conduct an independent review to eliminate budget positions, realign education services specialist and test coordinator positions, determine the appropriate number of health technician positions, and reassign military laboratory technician billets to their respective Services; and modify the existing contract for Human Immunodeficiency Virus screening to include syphilis testing, if the test is not eliminated from MEPS medical processing. Finally, we recommend that the Commander, USMEPCOM, implement the requirements governing the Commercial Activities Program.

Management Comments. The USMEPCOM concurred with the recommendation to perform a functional review of its Headquarters and sector elements and their missions. It stated that the recommendation will be pursued from two directions. Internally, by continuing to implement the USMEPCOM Strategic Plan, which calls for identifying command-wide processes for possible reengineering and outsourcing to cost-effectively meet customer needs. Externally, the Army Manpower Analysis Agency was contacted regarding manpower reviews. The strategic plan initiative and manpower reviews will begin the process of determining the correct number and need for positions. Regarding the military laboratory technicians and syphilis testing, USMEPCOM concurred and stated that the decision to eliminate the syphilis test is under review within the Office of the Under Secretary of Defense (Personnel and Readiness). If the deletion is approved, the military laboratory technician billet will be negated, but that function will remain. Finally, USMEPCOM concurred with the recommendation to implement the requirements governing the Commercial Activities Program. See Part I for the discussion of management comments and Part III for the complete text of comments.

Evaluation Response. We generally consider the USMEPCOM comments on the recommendations to be responsive; however, USMEPCOM did not comment on the associated potential monetary benefits, which have been revised. USMEPCOM comments to determine the appropriate number of health technicians needed for each MEPS are not fully responsive. We believe the recommendation is still valid because USMEPCOM has not performed a manpower review to determine if replacement with military health technicians would be required considering each MEPS has at least one health technician assigned. Also, USMEPCOM did not comment on what course of action it would take if the syphilis test is not eliminated from MEPS medical processing of recruits. Although USMEPCOM concurred with the recommendation governing the Commercial Activities Program, it did not indicate what actions it has taken or plans to take to comply with the program or specify a date by which actions would be complete. Therefore, we request that the Commander, USMEPCOM provide additional comments on three recommendations and the revised potential monetary benefits by July 3, 1998.

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Part I - Evaluation Results

Evaluation Background

History of U.S. Military Entrance Processing Command. The U.S. Military Entrance Processing Command (USMEPCOM) was established on July 1, 1976, as a Department of the Army field operating agency. It was established under the jurisdiction of the Deputy Chief of Staff for Personnel, Headquarters, Department of the Army. In FY 1993, the Assistant Secretary of Defense for Force Management Policy assumed the operation and organization management of USMEPCOM, thus making it a field operating agency of the Assistant Secretary. The Assistant Secretary placed policy guidance and the immediate management of USMEPCOM under the jurisdiction of the Director for Accession Policy. The Army retained executive agent responsibilities for administrative and resource support. On October 1, 1997, executive agent responsibilities were transferred from the Army Deputy Chief of Staff for Personnel to the Army Training and Doctrine Command (see Appendix C). In its over 20-year history, USMEPCOM has undergone several major reorganizations and internal realignments to meet future challenges, to gain efficiencies, or to reduce costs. USMEPCOM comprises a headquarters, located in Chicago, Illinois; 2 sector (regional) offices located in Chicago, Illinois, and Denver, Colorado; and 65 military entrance processing stations located in commercial facilities, Federal space, and on military installations throughout the continental United States, Alaska, Hawaii, and Puerto Rico.

Mission and Functions. The primary mission of USMEPCOM is to provide qualification tests and a medical examination to all applicants for enlistment in the Services, including the Reserve Components and the U.S. Coast Guard. When required, USMEPCOM will process Selective Service System registrants and induct them into the military. The function of Headquarters, USMEPCOM and its two sectors is to command and control all USMEPCOM organizations. Headquarters establishes policy; develops and manages the overall requirements, plans, programs, and budget; maintains liaison with other DoD, Federal, and commercial activities; and provides the overall supervision of assigned civilian and military personnel. Headquarters also operates the Joint Computer Center, which processes and maintains the USMEPCOM Integrated Resources System (MIRS) and Selective Service System records.

The eastern and western sectors provide day-to-day command and control of the operations of each assigned Military Entrance Processing Station (MEPS). The sectors also perform staff assistance visits and provide operational advice and assistance to the MEPS.

The mission and function of a MEPS is to operationally process an applicant by administering the preenlistment tests, performing a medical examination, and conducting a background screening. If an applicant successfully completes each of the phases, then the applicant takes the enlistment oath and is transported to the respective Service training reception center. Administrative processing of applicants is performed through MIRS. The MEPSs also provide financial management services for control of the meals and lodging program; coordinate

contract negotiations; and serve as the contracting officers representative, as well as perform contract quality assurance functions for services or support provided under commercial contract.

Evaluation Objectives

The evaluation objective was to determine the efficiency and economy of the USMEPCOM operations. We also reviewed the management control program related to the evaluation objective. See Appendix A for a discussion of the scope and methodology, a discussion of our review of the management control program, and a summary of prior coverage. See Appendix B for a discussion of USMEPCOM actions to become Year 2000 compliant and explore available options for outsourcing medical examinations.

Finding A. USMEPCOM Organizational Structure and Oversight Efficiency

The organizational structure of USMEPCOM could be streamlined. Specifically, the use of decentralized sectors did not provide the most efficient organization structure. Further, oversight was duplicated. This occurred because USMEPCOM made organization and management decisions without clearly defining organizational responsibilities and without conducting thorough analyses. As a result, the organizational structure of USMEPCOM did not lend itself to economies and was inefficient. In addition, leased facility costs of about $387,000 over the Future Years Defense Program (FYs 1999 through 2004), starting in FY 2000, could be avoided.

Review and Inspection Policies

DoD Policy. DoD Instruction 5010.37, "Efficiency Review, Position Management, and Resource Requirements Determination," November 17, 1987, provides the criteria, guidance, policy, and procedures for implementing the DoD efficiency review process, in support of the DoD Productivity Program. The Instruction provides policy for managing, providing resources, and evaluating DoD organizations based on output performance requirements and standards documented in performance work statements. It states that the efficiency review process shall be the basis for continued and directed efforts for effectiveness, efficiency, improvement, performance, and productivity.

Inspection Policy. The Department of the Army is the executive agent for USMEPCOM. Therefore, USMEPCOM uses Army Regulation 20-1, "Inspector General Activities and Procedures," March 15, 1994, to provide guidance for implementing an organization inspection program. The Regulation states that an inspection program will be conducted through a deliberate process to identify, evaluate, and prioritize potential inspections; that analysis and planning should ensure that inspection resources are employed in areas that provide the highest payoff to the commander; and that inspections should attempt to determine the magnitude of the deficiency, identify substandard performance and seek the root cause, pursue systemic issues, and identify responsibility for corrective action. Accordingly, USMEPCOM should conduct general inspections as part of an organization inspection program, on individual MEPS.

Organizational Structure and Management

Structure of USMEPCOM. The organizational structure of USMEPCOM could be streamlined. Specifically, the use of decentralized sectors did not provide the most efficient organization structure. In response to the dynamics

of its mission, USMEPCOM affected three major reorganizations during the past 5 years. In each case, the justification for those changes was to improve management structure and responsiveness to the immediate needs of the command and to eliminate duplication and overstaffing. However, reorganization decisions were made without thorough analyses. Specifically, the Command's procedures and processes have not been fully measured and complete workload evaluations have not been performed. As a result, the organizational structure of USMEPCOM did not promote efficient command and control.

Management Within USMEPCOM. The management functions of Headquarters, USMEPCOM and the eastern and western sectors were not clearly defined. Headquarters is responsible for developing policies and plans for implementation of mission requirements and conducting analyses to improve the command's processes and procedures. The sectors affect command and control and provide day-to-day management of their assigned MEPS operations. Examples of unclearly defined management functions follow. The sectors were frequently bypassed during coordination of applicant processing functions between Headquarters and the individual MEPS. In addition, the MEPS were often told to contact Headquarters directly, because the necessary functional personnel were not available at the sector. Also, Headquarters added to the confusion by occasionally tasking MEPS directly and without sector knowledge, thereby circumventing the established chain of command. Because of the perceived chain of command, operations personnel at Headquarters, frequently responded to questions from MEPS personnel regarding day-to-day and routine operations. Another example of functions not clearly defined was the Saturday openings of MEPS for applicant processing. Although the responsibility for coordinating MEPS Saturday processing lies with the sectors, we found that Headquarters mandates the actual schedule.

Decentralized Sectors. Decentralized sectors did not provide the most efficient organization structure. USMEPCOM believed that sectors were necessary to provide effective command and control. We agree that the sectors are necessary, but we believe that a centralized sector facility could provide greater economies and efficiencies. The sector could use Headquarters, USMEPCOM expertise and supporting resources and could help ensure that Headquarters and all sectors speak with one voice. Collocating the western sector headquarters in Chicago with the eastern sector and using Headquarters, USMEPCOM personnel would also allow sector personnel the opportunity to accomplish required assistant visits with staffing augmented by Headquarters personnel, while maintaining a sufficient number of operations personnel at the office to support assigned MEPS.

Potential Benefits. The collocation of the sector headquarters could allow economies to be achieved and funds to be put to better use. Using Headquarters, USMEPCOM, staff and support resources could allow for a reduction of each sector's staff. The western sector's leased facility costs of about $387,000 over the Future Years Defense Program (FYs 1999 through 2004), starting in FY 2000, could be put to better use.

Oversight and Review Functions

Oversight Entities. Four USMEPCOM entities were conducting duplicate and overlapping oversight and performing review and training functions. In addition, the MEPSs were conducting self evaluations of their operations by way of the Command Inspection Program. The entities and their associated functions include the USMEPCOM Inspector General, the Office of Internal Review and Audit Compliance, the Command Logistics Evaluation and Assistance Program (CLEAP), and the Sector Assistance Visit teams. Also, another headquarters USMEPCOM review and oversight entity, the Management Assistance Training Team (MATT) was being proposed for reinstatement.

Oversight Functions. The Inspector General reports to the Commander, USMEPCOM, on matters pertinent to the performance of mission and the state of discipline, economy, efficiency, and morale of USMEPCOM; performs inquiries, inspections, and investigations; provides assistance; teaches; and trains. As part of its mission, the Inspector General performs general inspections at MEPSs. Because the Inspector General implements the Organization Inspection Program, the general inspections should be systematically focused and cover mission programs and significant functions. The Office of Internal Review and Audit Compliance performs single-point audits and functional reviews and advises and assists the Commander on the state of Command internal controls. The CLEAP team conducts logistics reviews of the MEPS whereas the MATT is being proposed to provide management, technical assistance, and training to the MEPS, through the conduct of work flow and regulatory compliance reviews on the MEPS operations, processes, and procedures. The sector assistance visit team analyzes and evaluates the MEPS operation and support missions and provides individual and mission-related training to MEPS personnel. Finally, the individual MEPS command inspection programs promote a self-evaluation process.

Review Similarities. The USMEPCOM Inspector General and the Office of Internal Review and Audit Compliance conducted oversight on the same functional areas; general inspections and sector assistance visits were similar in scope. The CLEAP and MATT functions will be conducted similar to both Inspector General and Internal Review programs and will review the same operational and functional areas.

Both the USMEPCOM Inspector General and the Office for Internal Review and Audit Compliance performed reviews on MEPS functional areas to include medical examination procedures, the Amusement Vending Machine Fund Program, financial management operations, and other logistic and support functions. Both entities conducted checklist type reviews that were oriented and based on compliance with USMEPCOM regulations.

The USMEPCOM general inspection and sector assistance visits were similar in scope and reflected a duplication of effort. Both programs utilized the same checklist from Headquarters, USMEPCOM 20-series Circular, "Assistance, Inspections, Investigations, and Follow-up, USMEPCOM Checklist,"

February 1, 1996, to report on the MEPS compliance with individual functional processes and procedures. In addition, the guidance and training provided during the reviews were duplicated.

The intent of the CLEAP and the MATT were similar to both the inspection and internal review process. Both the CLEAP and MATT looked at some of the same operation and functional areas that are looked at during an inspection or internal review. The CLEAP was conducted at a MEPS by headquarters logistics personnel, who reviewed the logistic functional areas, identified problems, and initiated corrective action on the identified procedural deficiencies. At least one-third of the MEPS are covered each year. The MATT, after being reinstated, will be conducted by headquarters personnel and will look at some of the same operational areas to determine whether the MEPS is in compliance with regulatory guidance, suggest changes to processing procedures, and provide training to correct identified processing problems.

Given those circumstances, the same MEPS functional areas could be reviewed by USMEPCOM organizations up to four times in 2 years. For instance, at MEPS Albuquerque, New Mexico, a sector assistance visit was performed in November 1996 and a general inspection was performed in January 1997. That same MEPS is scheduled to receive a CLEAP in May 1998 and another assistance visit in November 1998. See Table 1 for additional examples of redundancy among USMEPCOM oversight entities.

Table 1. USMEPCOM Oversight and Review Functions

Section or Function Review	Headquarters Organizations				Sector
(Specific Process Reviews)	IG[1]	IRAC[2]	CLEAP	MATT[3]	SAV[4]
Administrative Function	X				X
Personnel management	X	X			X
Logistics Functions	X		X		
AVMF[5] Program	X	X			X
IMPAC[6] Program	X	X	X		
Property summary	X	X	X		
Reports of Survey	X	X	X		
Medical Section	X			X	X
Applicant processing	X	X			X
DAT/HIV[7] logs	X	X			X
Operation Section	X			X	X
Automation Security	X	X			X
Testing Section	X			X	X
(corrective training provided)	X		X	X	X

[1] Inspector General
[2] Internal review and audit compliance.
[3] Management assistance and training teams, proposed for reinstatement.
[4] Staff assistance visits.
[5] Amusement and Vending Machine fund.
[6] International merchant purchase authorization card.
[7] Drug and alcohol testing and Human Immunodeficiency Virus.

Conflicting Guidance for MEPS Personnel. The MEPS personnel received conflicting guidance from the headquarters and sector review personnel. For example, during a FY 1996 general inspection, the MEPS Kansas City, Missouri, was found to be noncompliant in the conduct of a physical examination procedure. Citing Army Regulation 40-501, "Medical Services: Standards of Medical Fitness," August 30, 1995, as the criteria, the inspection reported that the MEPS physician did not examine the nasal passages of applicants. However, the western sector chief medical officer found the procedures for required medical examinations to be in compliance because USMEPCOM Regulation 40-1, "Medical Services: Medical Processing and Examinations," January 29, 1997, did not require examination of nasal passages. Also, as part of the USMEPCOM review process, MEPS personnel received on-site training to correct identified deficiencies. However, this has been an additional source of confusion. As reflected in the case of MEPS Kansas City, Missouri, the reports of an inspection and a staff assistant visit conducted on the same MEPS, showed that the noncompliance was attributed to conflicting guidance and training provided during the review process.

Efficiency Review Process. A thorough review and analysis of headquarters and sectors oversight entities had not been performed to clearly define organizational responsibilities. Also, a functional review and analysis of each oversight entity's mission and responsibilities, its methodology and planning criteria, and the sources and deconfliction of on-site training had not been performed. Specifically, a review of the execution, focus, planning, and reporting associated with the oversight entities could provide more substantial support to USMEPCOM review and oversight functions. The review could refine the organization's oversight program and associated report formats in a systematic manner to provide the Commander, USMEPCOM with an adequate assessment of mission programs and significant related programs, and reduce redundancies. By conducting the analysis, USMEPCOM could consolidate oversight functions and reduce the number and diversity of oversight visits to MEPSs. Finally, additional benefits, without a loss of mission effectiveness, may be achieved by refocusing the role and responsibilities of the USMEPCOM Inspector General, the Office of Internal Review and Audit Compliance, CLEAP, the proposed MATT, and Sector Assistance Visit teams; by reducing the number of assistance visits, inspections, and reviews and the number of personnel associated with the oversight and review functions; and by eliminating the redundancy of USMEPCOM Headquarters directorate review programs.

Recommendations, Management Comments, and Evaluation Response

A. We recommend that the Commander, U.S. Military Entrance Processing Command:

1. Conduct a functional review of its Headquarters and sector elements and their missions and individual programs to maximize economy and efficiency of operations and make organizational and staffing changes as appropriate.

2. Consolidate oversight functions and reduce the number and diversity of oversight visits to Military Entrance Processing Stations.

Management Comments. The USMEPCOM concurred with comment, stating that the recommendations will be pursued from two directions. Internally, by continuing to implement the USMEPCOM Strategic Plan, which calls for identifying command-wide processes for possible reengineering and outsourcing to cost-effectively meet customer needs. USMEPCOM will also explore the recommendations from an external direction and has contacted the Army Manpower Analysis Agency. A representative from the Manpower Analysis Agency met, with USMEPCOM officials on May 12, 1998, and presented a proposed method for addressing USMEPCOM needs and suggesting means of accomplishing a functional review.

In addition to agreeing with the recommendations, USMEPCOM suggested changes to Table 1. While agreeing that the MATT was being considered for reinstatement, USMEPCOM stated that such action did not occur.

Evaluation Response. While USMEPCOM recognized the potential for cost savings, it did not specifically comment on the identified monetary benefits through collocation of the Headquarters and western sector. Therefore, in response to this final report, we request the Commander, USMEPCOM to provide comments on the potential monetary benefits or, alternatively, indicate that the monetary benefits will be provided at the completion of the ongoing and planned internal and external functional reviews.

Finding B. USMEPCOM Staffing Efficiency

Of the 834 civilian positions and military billets reviewed at USMEPCOM, 355 either lacked consistency with the duties assigned, were unsupported, were not aligned to provide equal support to each DoD student testing program market, or were not mission essential. This occurred because USMEPCOM had not performed staffing and workload assessments. As a result, USMEPCOM could eliminate 65 to 75 civilian positions and put about $12 million over the Future Years Defense Program to better use and realign 130 civilian positions to promote expansion of the DoD Student Testing Program and maximize efficient use of the positions. Further, 66 military personnel could be reassigned to more essential functions within the Services and about $15 million could be put to better use over the Future Years Defense Program.

Evaluation of USMEPCOM Personnel

From our review of 834 civilian positions and military billets, 355 either lacked consistency with assigned duties, were not aligned to provide a balanced pursuit of assigned duties, or were not mission essential, as follows.

- MEPS budget analyst positions were not consistent with the duties assigned and were not supported.

- There was an inability to provide equal support to each DoD student testing program market and to satisfy the basic requirements of the education services specialist and test coordinator positions.

- Military billets were authorized for laboratory technician duties that were not essential for the accomplishment of the command's mission.

Number of Budget Personnel

The number of budget and assistant budget analysts assigned to USMEPCOM was clearly excessive. Budget position authorizations lacked consistency with the duties assigned and were not supported. This occurred because USMEPCOM had not performed a staffing and workload assessment to justify the establishment and allocation of budget positions at each MEPS and Headquarters. A manpower review could result in a minimum of 65 to 75 positions being eliminated and funds of about $12 million over the Future Years Defense Program (FYs 1999 through 2004) could be put to better use.

Budget Position Authorizations. A manpower review was not accomplished to justify or support the establishment of 159 civilian budget positions at USMEPCOM. A manpower review involves work measurement, time evaluation, and correlation of work load with standards. During FY 1992, the Manpower Section, USMEPCOM, initiated a study to justify the number of budget positions at the MEPSs but the review was not completed.

Funds Administered. The USMEPCOM managed a budget of $123 million and $138 million for FYs 1996 and 1997, respectively. It operates 2 sector headquarters and 65 MEPSs nationwide. It employs 159 civilian budget personnel at those locations and USMEPCOM headquarters.

The amount of funds administered at each MEPS was not commensurate with the assigned budget positions. During FYs 1996 and 1997, the total funds administered by 130 budget personnel (2 per MEPS) were $28 million and $30 million, respectively. For FY 1997, the amount of funds administered by the individual MEPS ranged from $146,000 to $987,000. The funds were for operating expenses of the MEPS, excluding centralized procurements, lease, and personnel costs. In comparison with other Defense agencies, the USMEPCOM alignment and ratio of the number of budget positions to the amount of funds being administered was extraordinarily high. For example, the Defense Commissary Agency manages a worldwide account of approximately $6 billion with 44 budget personnel located at its Headquarters and 4 separate regions. Also, the DoD Educational Activity manages a budget of $1.3 billion and operates 118 schools overseas. It employs 13 budget personnel at 13 subordinate districts and 10 budget analysts at its headquarters.

Other Streamlining Influences. USMEPCOM has taken action to streamline accounting and payment procedures for meals and lodging. Assistant budget analysts performed the daily accounting for meals and lodging transactions and the monthly processing of contractors' invoices. The USMEPCOM proposed the use of the international merchant purchase authorization card by the Military Recruiting Services, on a direct fund cite basis, as the instrument to pay for meals and lodging expenses. Contractors would be paid by the credit card issuer, who in turn would bill the Services directly. The procedure would eliminate most if not all of the accounting work presently performed by one of the two budget positions at each MEPS. Absorbing remaining duties into functions of other MEPS personnel could result in eliminating 65 to 75 budget positions. With an annual salary and benefits cost of $2 million annually, $12 million over the Future Years Defense Program could be put to better use.

Education Services Specialists and Test Coordinators

The 65 education services specialist (ESS) and the 65 test coordinators were not aligned to provide equal support to each DoD Student Testing Program market and satisfy basic requirements. The USMEPCOM had not performed a staffing and workload assessment to identify the positions needed based on strategic

goals and a realistic analysis of work required to accomplish its mission. As a result, the allocation of USMEPCOM ESS and test coordinator positions did not promote expansion of the DoD Student Testing Program and maximize efficient use of the positions.

DoD Student Testing Program. In accordance with Army Regulation 601-222, "Armed Services Military Personnel Accession Testing Program," October 7, 1994, USMEPCOM administers the DoD Student Testing Program. DoD Directive 1304.12, "DoD Military Personnel Accession Testing Programs," June 22, 1993, states that the Manpower Accession Policy Working Group, chaired by a representative from the Office of the Assistant Secretary of Defense (Force Management Policy), is responsible for the Armed Services Vocational Aptitude Battery (ASVAB) development, implementation, and maintenance. The ASVAB, part of the DoD Student Testing Program, is offered primarily to high school juniors and seniors. Its purposes include providing the Services with access to the high school markets and recruiters with prequalified recruiting leads. In addition, it assists students in performing civilian and military career exploration.

History of ESS and Test Coordinator Positions. The ESS position evolved from the need for a dedicated representative to promote expansion of the DoD Student Testing Program throughout the MEPS geographical area of responsibility. The requirement for a dedicated representative of the ASVAB increased during the 1970s when the test was used in high schools to screen possible candidates for military enlistment. At that time, the psychometric credibility of the ASVAB test and the associated role of military recruiters were criticized by the academic community and by some members of Congress. The criticism prompted the employment of one ESS at each MEPS. The major duties of the position included promoting expansion of the DoD Student Testing Program. In addition and concurrent with the development of the ESS position, an administrative assistant position, the ASVAB test coordinator, was created to provide clerical support for the DoD Student Testing Program. Like the ESS, one test coordinator was assigned to each MEPS, regardless of the size of the individual Student Testing Program market. All 65 ESS positions are pay grade General Schedule-11, and all 65 test coordinator positions are pay grade General Schedule-5.

Assignment of ESSs and Test Coordinators. The allocation of ESS and test coordinator positions did not promote efficient employment of the personnel and maximum market coverage. In recent years, the requirements of the DoD Student Testing Program have been relatively constant whereas the duties to support it have increased. Although ESS responsibilities have remained consistent, test coordinator duties have expanded to include administering the ASVAB test, managing the MEPS Student Testing Program database, and scheduling all arrangements with high schools and recruiting service representatives.

Market Coverage. The market coverage provided by the ESS and test coordinator varied across the nation, as depicted in Table 2.

Table 2. Results of School Year 1996/97 Student Testing Program
(Sampling of MEPS Coverage)

MEPS*	Eligible Schools	Available 11th and 12th Graders	Schools Tested and (Percent)	11th and 12th Graders Tested	Test Sessions
LOW					
Honolulu	100	32,524	80 (80)	5,026	125
Albuquerque	103	24,495	89 (86.4)	5,079	114
El Paso	114	35,043	95 (83.3)	6,041	117
MEDIUM					
Little Rock	325	50,094	270 (82.8)	13,232	289
Harrisburg	333	105,472	255 (76.5)	14,639	283
New Orleans	342	82,371	237 (69.2)	18,238	251
HIGH					
Dallas	523	131,115	281 (53.7)	15,706	297
Los Angeles	687	302,170	268 (39)	37,993	353
New York	776	292,809	198 (25.5)	8,864	241
Mean:	332	90,161	207 (62)	11,842	242

*MEPS categorized by number of eligible schools.

The test coordinator is tasked with conducting all necessary pre- and post-ASVAB test session support. Table 2 demonstrates the varied magnitude of that effort. As a result, the ESSs and test coordinators supporting the DoD Student Testing Program markets, with the highest number of high schools and students, were unable to fully support their respective markets, as reflected in the case of MEPS New York City. Conversely, ESSs supporting medium and low markets are able to provide more comprehensive support to the DoD Student Testing Program, but still did not maximize market coverage.

Use of Previous Analysis. Citing possible market saturation, the effects of previous canvassing efforts, and other issues, USMEPCOM developed criteria during 1989, to determine the appropriate number of ESSs at each MEPS. A resulting study applied the criteria and identified seven MEPSs that should increase their number of ESS positions from one to two, and five that should decrease their number of ESS positions from two to one. However, the criteria and all of the recommendations of that study were not implemented. At the time of our review, we noted that there was one ESS position at each MEPS. We believe that the USMEPCOM should revisit the work load of each ESS and test coordinator and make staffing adjustments where appropriate.

Military Laboratory Technicians

The USMEPCOM was authorized 66 military laboratory technician billets that were not essential for the accomplishment of its mission. The duties and responsibilities of those billets did not support the need or the classification and could be accomplished by lesser-skilled health technicians with no loss of effectiveness or efficiency. The command had not performed a manpower review to identify laboratory technician billets needed based on a realistic analysis of work done and that the work be essential to accomplishing the mission of the command. If the command performed a study and adjusted authorization documents as required, military laboratory technicians could be available for reassignment to more essential functions within the Services.

Laboratory Requirements. Each MEPS performed syphilis testing. DoD Instruction 6440.2, "Clinical Laboratory Improvement Program," April 20, 1994, implements Public Law 100-578, "Clinical Laboratory Improvement Amendments of 1988," which establishes policy, prescribes procedures to implement and administer the Clinical Laboratory Improvement Program within DoD, and establishes the Clinical Laboratory Improvement Program Office at the Armed Forces Institute of Pathology. The Office serves as the DoD Clinical Laboratory Amendment program manager and is responsible for identifying, registering, and certifying clinical laboratory testing sites within DoD. Registration to certify a DoD clinical laboratory testing site as a moderate complexity testing site requires a certified laboratory technician to conduct rapid plasma reagin testing such as syphilis. The MEPS are considered moderate complexity testing sites. MEPS medical laboratories fulfilled the requirement by employing military medical laboratory technicians in their laboratories to conduct the syphilis testing.

Laboratory Technician Assignments. There are 66 military laboratory technicians assigned to USMEPCOM. Of that number, the Army provides 24, the Navy provides 30, and the Air Force provides 12. Within the military force structure, the Army had no shortages of military laboratory technicians. The Navy had a 6-percent shortfall of laboratory technicians, and its total requirement will increase by 15 percent on October 1, 1998, due to the increased training requirements of Public Law 100-578, as implemented by DoD Instruction 6440.2. The Air Force had a 10-percent shortfall of laboratory technicians.

Laboratory Technician Skills. The duties and responsibilities of the laboratory technician billet did not support the need or the classification and could be accomplished by lesser-skilled health technicians with no loss of effectiveness or efficiency. To meet the requirements of DoD Instruction 6440.2, military laboratory technicians must fulfill extensive educational requirements. In the case of the Navy, the laboratory technician rating requires 12 months of training, at a cost of $85,000. However, the higher-skilled military laboratory technicians assigned to the 65 MEPS perform the same functions as the lesser-skilled health technicians. At least one civilian or military health technician is also assigned to each MEPS. With the exception of syphilis screening, the health technicians perform all medical tests and examinations on military

applicants, not performed by a physician. Therefore, during the course of a 3-year assignment to a MEPS, the skills of a military laboratory technician can decrease, and the technicians can require recertification training at their next duty station.

Manpower Review. USMEPCOM had not performed a manpower review to identify laboratory technician billets needed based on a realistic analysis of work done and the need for the work in accomplishing the USMEPCOM mission. In July 1997, the Walter Reed Army Institute of Research did publish a cost-effectiveness analysis of syphilis screening in military recruit applicants. The study revealed that over a 4-year period the prevalence of final positive syphilis tests was 0.021 percent. It also stated that modifying the existing USMEPCOM contract for Human Immunodeficiency Virus screening to include syphilis testing was more cost-effective than the current method of screening all applicants at the MEPSs. However, because no screening is significantly more cost-effective, the study's final recommendation was that the screening of recruit applicants for syphilis cease at the MEPSs. In response to the study, in September 1997, USMEPCOM recommended to the Deputy Assistant Secretary of Defense (Military Personnel Policy) that syphilis screening be eliminated from MEPS medical processing. A final decision on the recommendation is pending. Further, MEPS chief medical officers acknowledged that if the syphilis screening was eliminated or outsourced and the military laboratory technicians were reassigned, there would be no loss of MEPS laboratory testing efficiency or capacity.

Summary

Review of Budget Positions. We believe that a manpower review needs to be performed to ensure staffing and organizational placement of the budget personnel are efficient and effective. A minimum of 65 to 75 positions could be eliminated at a savings of about $12 million over the future years defense program.

Analysis of ESS and Test Coordinator Positions. Given the success of the DoD Student Testing Program and its role in support of the recruiting services' missions, the employment of the ESS and test coordinator warrant further analysis. An analysis of the size of MEPSs markets and staffing will afford USMEPCOM the opportunity to enhance the overall effectiveness and efficiency of the DoD Student Testing Program. In addition, USMEPCOM will gain economy through the realignment of manpower assets and corresponding areas of responsibility.

Reassignment of Military Laboratory Technicians. Finally, requirements of the Clinical Laboratory Improvement Act can be satisfied by outsourcing or eliminating syphilis testing. The policy assigning active duty military laboratory technicians to individual MEPS did not efficiently employ the technicians' training. The policy also negatively affected both the readiness and personnel management of the Active Forces. Because most of the duties performed by the

laboratory technicians were not directly related to their primary specialty, their work load could be assumed by a health technician. The 66 military laboratory technician billets could be reassigned to more essential functions within the Services and about $15 million could be put to better use over the Future Years Defense Program.

Conclusion

Based on the personnel positions in the areas that we looked at, USMEPCOM could realize additional manpower efficiencies and put additional funds to better use by reviewing the entire staffing of the organization. In fact, the streamlining issues cited in this finding reflect only the tip of the iceberg. Further, we believe that USMEPCOM should use the services of an expert outside organization, such as the U.S. Army Manpower Analysis Agency, under the Assistant Secretary of the Army (Manpower and Reserve Affairs), to conduct the manpower review.

Recommendations, Management Comments, and Evaluation Response

B. We recommend that the Commander, U.S. Military Entrance Processing Command:

1. Obtain the services of an independent agency to conduct a manpower review of the budget personnel positions at the Military Entrance Processing Stations and within the Command Headquarters and eliminate unsupported positions.

2. Obtain the services of an independent agency to conduct a manpower review of both the education services specialist and test coordinator positions and develop an alignment that economically, effectively, and efficiently supports the DoD Student Testing Program.

3. Obtain the services of an independent agency to conduct a manpower review to determine the appropriate number of health technicians needed for each Military Entrance Processing Station and reassign all active duty military laboratory technicians to their respective Services as soon as practicable.

4. Modify the existing contract for Human Immunodeficiency Virus screening to include syphilis testing, if the test is not eliminated from Military Entrance Processing Station medical processing.

Management Comments. The USMEPCOM concurred with Recommendations B.1., B.2., and B.3., stating that the internal strategic plan and the external Army Manpower Analysis Agency review will allow USMEPCOM to reach its maximum efficiencies and economies of operation.

With regards to Recommendation B.2., USMEPCOM stated that paragraph D.2.m. of DoD Directive 1304.12 mandates one ESS per MEPS, and any change to the Directive would require action above its scope of authority.

In addressing both Recommendations B.3. and B.4., USMEPCOM stated that a tentative decision to eliminate the rapid plasma reagin or syphilis test at the MEPS is under review within the Office of the Under Secretary of Defense (Personnel and Readiness) and Deputy Assistant Secretary of Defense (Health Affairs/Clinical Services). USMEPCOM further stated that if the deletion is approved, the need for a military laboratory technician at each MEPS will be negated. However, the laboratory technician must be replaced by a service medical specialist [military health technician] because the laboratory function (less the syphilis test) would remain.

Evaluation Response. We consider the comments from USMEPCOM to meet the intent of Recommendations B.1. and B.2.; however, the USMEPCOM did not comment on the associated potential monetary benefits, which we revised. We agree with USMEPCOM that Recommendations B.3. and B.4. are tied together in that they both involve syphilis testing of military applicants. We also acknowledge that the tentative decision is under review within the Office of the Under Secretary of Defense (Personnel and Readiness). However, the USMEPCOM comments to Recommendation B.3. are not fully responsive and it did not directly comment on Recommendation B.4. or state what course of action it would take if the test is not eliminated from the MEPS medical processing of applicants. We believe that Recommendation B.3. is still valid because USMEPCOM has not performed a manpower review to determine if replacement with military health technicians would be required considering that each MEPS has at least one civilian or military health technician assigned. Therefore, we request that USMEPCOM provide comments on Recommendations B.3. and B.4. and the potential monetary benefits in response to the final report.

Finding C. Inventory of Commercial Activities

USMEPCOM had not complied with DoD requirements governing the Commercial Activities Program. Specifically, USMEPCOM did not submit the FY 1996 inventory of commercial activities to the Office of the Under Secretary of Defense for Acquisition and Technology. This condition occurred because USMEPCOM was neither aware of the inventory requirement nor who its senior commercial activities point of contact was. As a result, DoD could not assess the extent to which commercial and industrial functions at USMEPCOM were being performed by DoD civilian employees or private contractors.

Law and Regulations

Title 10 United States Code, Section 2461. 10 U.S.C. 2461, "Commercial or Industrial Type Function: Required Studies and Reports Before Conversion to Contractor Performance," delineates the requirements for converting commercial or industrial type functions being performed by DoD civilian employees to performance by a private contractor. Section 2461(c) requires the Secretary of Defense to submit to Congress, no later than February 1 of each fiscal year, a written report describing the extent to which commercial and industrial type functions were performed by DoD contractors during the preceding year. Additionally, the Secretary is required to include in each such report an estimate of the percentage of commercial and industrial type functions of DoD that will be performed by DoD civilian employees, and the percentage of such functions that will be performed by private contractors, during the fiscal year in which the report is submitted.

Office of Management and Budget Guidance. Office of Management and Budget Circular No. A-76, "Performance of Commercial Activities," August 4, 1983, implements the requirements of 10 U.S.C. 2461. It requires Federal agencies to acquire commercial products or services if they can be procured more economically from commercial sources. The circular defines a commercial activity as the process resulting in a product or service that is or could be obtained from a private sector source. One of the steps in complying with the requirement of the circular is the identification of commercial activities within an agency and making a determination if the commercial activities are not inherently governmental functions, in which case the commercial activities could be contracted out. For the nonexempt commercial activities, agencies are required to perform a cost comparison study to determine if the function should be performed by in-house employees or by contractors. The circular also requires agencies to maintain a baseline of all in-house commercial activities performed by the agency, and to report, when required by the Office of Management and Budget, on their inventories of commercial activities that are exempt from the cost comparison requirement and the status of activities that are subject to a cost comparison.

DoD Guidance. DoD Instruction 4100.33, "Commercial Activities Program Procedures," September 9, 1985, is the implementing instruction for the Commercial Activity Program within DoD. The Instruction requires each DoD Component to update at least annually its commercial activity inventory to reflect changes to its review schedules and the results of reviews, cost comparisons, and direct conversions and submit the updated inventory within 90 days after the end of each fiscal year.

The Office of the Under Secretary of Defense for Acquisition and Technology memorandum, "Commercial Activities Inventory and Annual Report to Congress," November 27, 1996, directed DoD Components to submit the number of workyears that were performed by in-house employees and by contractors in FY 1996, as well as the projected workyears to be performed in-house and by contractors in FY 1997. Further, the memorandum required that the requested information be submitted for the 12 functional areas defined in the Office of Management and Budget Circular No. A-76 "Revised Supplemental Handbook," March 1996.

USMEPCOM Inventory of Commercial Activities

USMEPCOM had not complied with DoD requirements governing the Commercial Activities Program. Specifically, USMEPCOM did not submit the FY 1996 inventory of commercial activities as required. Our review of the DoD Inventory of Commercial Activities gave no indication that USMEPCOM submitted its inventory of commercial activities as required by the Office of the Under Secretary of Defense for Acquisition and Technology memorandum. USMEPCOM personnel explained that they were neither aware of the requirement to submit the inventory nor who its point of contact was within DoD. The purpose of the DoD request for commercial activities inventory was to develop a data base that would be used to comply with the reporting requirement to Congress, as required by 10 U.S.C. 2461. The DoD also used the inventory to assess the extent to which commercial and industrial type functions were being performed by civilian employees or by DoD contractors and its compliance with Office of Management and Budget Circular No. A-76.

The primary aim of the Commercial Activities Program is to encourage competition between in-house resources and private contractors in the management and performance of commercial activities. Economy is achieved by reducing the cost of operating commercial activities by implementing in-house most efficient organizations or by contracting out the commercial activities. Because the required information was not prepared and submitted, DoD could not assess the extent to which commercial and industrial type functions at USMEPCOM were being performed by DoD civilian employees or private contractors. Without the commercial activity inventory of USMEPCOM, the FY 1996 report to Congress was not complete and there was no assurance that commercial and industrial type functions of USMEPCOM were being performed in the most economical and efficient manner.

Recommendation, Management Comments, and Evaluation Response

C. We recommend that the Commander, U.S. Military Entrance Processing Command implement the requirements governing the Commercial Activities Program.

Management Comments. The USMEPCOM concurred with the finding and recommendation.

Evaluation Response. Although USMEPCOM concurred with the recommendation, we do not consider its comment responsive. USMEPCOM did not indicate what actions it has taken or plans to take to resolve the problems or specify a date by which the actions would be complete. Therefore, we request that USMEPCOM provide comments on the final report.

Part II - Additional Information

Appendix A. Evaluation Process

Scope and Methodology

Evaluation Process. We obtained and reviewed DoD, Federal, military, and USMEPCOM policies and regulations, as well as public laws. We interviewed DoD managers who control and manage USMEPCOM programs and mission functions. We obtained and reviewed USMEPCOM historical documentation, financial records, instructions, procedures pertaining to all aspects of the operation and administration of USMEPCOM and staffing from FYs 1993 through 1997. We used those documents as criteria for measuring the efficiency and economy of operations and USMEPCOM readiness to meet mission requirements. We compared oversight missions for the various USMEPCOM entities to identify duplication. We also compared the staffing of budget personnel at USMEPCOM with other DoD agencies to determine consistency with the duties assigned.

We visited the Office of the Deputy Assistant Secretary of Defense (Military Personnel Policy); Headquarters, USMEPCOM; both sector headquarters; and 11 judgmentally selected MEPS. At Headquarters, USMEPCOM, we evaluated key operation and administrative functions in the command group and in the operation and support directorates. At the sectors and at the MEPSs, we evaluated key operation and administrative functions in the command, operation, and support groups. While at the MEPSs, we also met with senior liaison representatives from the Military Recruiting Services, to include the National Guard, to gain their observations as customers of USMEPCOM. We met with key USMEPCOM personnel, who were responsible for the management and execution of mission and significant administrative programs. We evaluated both mission and significant administrative programs using established criteria and sound management practices. From the senior personnel offices of the Army, the Navy and the Air Force, we obtained the respective staffing levels of military laboratory technicians.

Use of Computer-Processed Data. We did not use computer-processed data or statistical sampling techniques for this evaluation.

Evaluation Type, Dates, and Standards. We performed this economy and efficiency evaluation from June 1997 through January 1998 in accordance with standards implemented by the Inspector General, DoD. Accordingly, we included tests of management controls considered necessary.

Contacts During the Evaluation. We visited or contacted individuals and organizations within DoD. Further details are available upon request.

Management Control Program

DoD Directive 5010.38, "Management Control Program," August 26, 1996, 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 the Management Control Program. We reviewed the adequacy of USMEPCOM management controls over applicant testing, background screening, budget, facilities management, financial accounting, general inspections, information management, internal reviews, management oversight and control, medical examinations, organization management, pre-enlistment, regulatory administration, staffing, and other related management oversight activities. We also reviewed USMEPCOM management controls over its implementation of the DoD Commercial Activities Program. We also reviewed the results of any self-evaluation of those management controls.

Adequacy of Management Controls. We identified material management control weaknesses for USMEPCOM as defined by DoD Directive 5010.38. The USMEPCOM management controls for human resources management were not adequate to ensure that staffing was justified by workload and standards, and DoD Commercial Activities Program requirements were not adhered to. Recommendations B.1. through B.4., and C., if implemented, will correct the material weaknesses. A copy of the final report will be provided to the senior official responsible for management controls within the Army.

Adequacy of Management's Self-Evaluation. The USMEPCOM officials identified human resources as a key management control and responsibility and included it as an evaluation element in their USMEPCOM 20-1 series circular. USMEPCOM 20 series circulars are evaluation checklists for evaluation of the key mission programs in each headquarters directorate. Under the USMEPCOM Internal Management Control Program each headquarters directorate is identified as a key management control area. The USMEPCOM 20 series circulars are developed based on USMEPCOM regulations and military regulations, and address the key management controls as part of an evaluation topic. In our opinion, USMEPCOM 20 series circulars are adequate for the self-assessment of operational procedures and management. However, the weakness occurred in an area larger than management identified and reported, and management did not implement corrective actions for the specific material weaknesses identified. The USMEPCOM 20 series circulars do not address DoD and Federal requirements related to implemented USMEPCOM programs, and could allow related administrative requirements for procedures and management to be overlooked.

Summary of Prior Coverage

There has been no prior coverage of the U.S. Military Entrance Processing Command operations during the past 5 years.

Appendix B. Other Matters of Interest

USMEPCOM is performing adequate corrective measures to control the development and growth of the USMEPCOM Integrated Resources System (MIRS), is performing satisfactory measures to become Year 2000 compliant, and has aggressively explored available options for outsourcing medical examinations. However, USMEPCOM has not given full consideration to other concerns raised and the impact that those concerns may have on any anticipated policy decisions regarding medical outsourcing. The concerns are discussed below.

Military Entrance Processing Command Integrated Resources System

USMEPCOM is performing adequate corrective measures to control the development and growth of MIRS and is moving to become Year 2000 compliant.

Status of MIRS. A cursory review of MIRS during the evaluation provided indications that numerous system deficiencies related to its initial development and implementation made the processing of USMEPCOM information unreliable. For example, data input into MIRS may not be received into the system or may be received in an incorrect data field; the system lacks interoperability among organization level systems; and the system does not allow processing of multi-form packets. As a result, systems administrators spend a significant portion of the day verifying and correcting system errors. As of September 18, 1997, software development programming in the USMEPCOM Information Management Directorate reflected 58 MIRS software development projects as outstanding, plus an estimated 15 additional projects that were planned for submission to the Directorate within the next month. Some of the projects are critical for mission accomplishment. For example, a MIRS interface with the Army recruiting service system is being developed, and interface with Air Force and Navy recruiting service systems is planned for future development. The interface will provide the recruiting services with access to needed applicant information. Also, the baselining of MIRS software packages is being performed to establish uniformity among system software packages used by the individual MEPS. The two projects are critical to effective and efficient mission accomplishment.

Corrective Measures. To control the development and growth of its automated information system, USMEPCOM initiated corrective measures. It implemented a Command Configuration Management Program that established a Configuration Control Board. The Board evaluates and takes action on system change proposals and information mission needs statements. Cost benefits and functional review and analysis is conducted on any new MIRS initiative and MIRS program interface, to ensure that proposed system changes are limited to only those necessary. USMEPCOM has developed a tracking system to account

for and control changes, enhancements, and modifications to MIRS. All changes to existing baseline hardware and software must be properly documented, tested, and evaluated.

Compliance with Year 2000 Requirements. USMEPCOM is addressing Year 2000 issues. End-to-end Year 2000 systems testing on MIRS is projected for August 1998. As of September 1997, USMEPCOM had one compliant and two noncompliant systems. The joint computer center system, the USMEPCOM host mainframe master database, is Year 2000 compliant; whereas MIRS and the system supporting the computerized adaptive testing version of the ASVAB were not. Both noncompliant systems were in the Year 2000 Compliance Validation Phase. MIRS interfaces only with the joint computer center system and does not interface with any Service or Federal systems. Also, USMEPCOM is verifying Year 2000 compliance for associated facility and equipment maintenance systems at each MEPS and throughout USMEPCOM.

USMEPCOM Study of Outsourcing Applicant Physical Examinations

Prior to our evaluation, USMEPCOM initiated a study to outsource remote site medical examinations. In addition, recently enacted legislation required DoD to provide a report to Congress by March 31, 1998, on the medical outsourcing initiatives at USMEPCOM. USMEPCOM modified its initial course of action to meet the milestone and continued to aggressively explore available options. However, USMEPCOM had not given full consideration to a number of concerns raised and the impact those concerns could have on any anticipated policy decisions regarding medical outsourcing.

Statutory Requirement. Public Law 105-85, "National Defense Authorization Act for Fiscal Year 1998," section 736, "Use of Personal Services Contracts for Provision of Health Care Services and Legal Protection for Providers," requires the Secretary of Defense to provide a report on the feasibility of alternative means for performing the medical examinations that are routinely conducted at a MEPS.

To satisfy the statutory requirement, USMEPCOM should evaluate alternatives that would reduce the varied costs of performing quality medical examinations while remaining responsive to the needs of the recruiting services. Further, any alternative means for performing routine medical examinations must reflect the observations and experiences of both subordinate and supported organizations.

Applicant Physical Examinations. During FY 1997, USMEPCOM conducted a cost analysis to identify the cost of an enlistment physical at each of the 65 MEPS. The analysis revealed that small MEPS located in the western half of the continental United States have the highest cost per physical. A contributing factor is that some MEPS support expansive and thinly populated

areas of responsibility. Thus, the high cost of the medical examinations relates to the distances military applicants have to travel to the nearest MEPS. For example, MEPS Salt Lake City processes military applicants from Nevada, Utah, and Wyoming as well as portions of Arizona and Idaho. Another factor in the high cost of medical examinations is the low ratio of applicants processed per MEPS medical technician. Across USMEPCOM, the cost per medical examination varied from $95 at MEPS Montgomery, Alabama, to $481 at MEPS Anchorage, Alaska. The average cost per medical examination at USMEPCOM was $175. Upon receiving that information, USMEPCOM initiated a study to explore more economic alternatives to the MEPS medical examination. The study was being conducted on an incremental basis, beginning with exploration of potential sources for contracted examinations. After those sources and appropriate funding have been identified, a pilot project will be conducted at several of the MEPS in the western sector. Initially, the project will be voluntary for the military recruiting services. Recruiters will have the option to either take advantage of the contracted medical examination or to transport applicants to the nearest MEPS for processing. USMEPCOM should further evaluate the issue after the results of the pilot project have been recorded.

Other Concerns. We reviewed the proposal to outsource medical examinations with various USMEPCOM personnel, as well as members of the military recruiting services. While all those interviewed agreed that inefficiencies with the process exist, concerns were raised that warrant the consideration of USMEPCOM prior to establishing a policy for outsourcing medical examinations. Among the chief medical officers' concerns were the perspective of the contracted physicians and the potential increase of entry level separations. Specifically, they were concerned that the medical discretion applied by contracted physicians will not reflect the realities of military service. For example, an orthopedic range of motion that may be acceptable to the contracted physician may not permit an applicant to perform all general military functions or service specific physical exercises. We provided a consolidated list of those concerns to the Commander, USMEPCOM. To ensure completeness and accountability, we believe the concerns should be considered and addressed in the development of the statement of work for the medical examination contract.

Appendix C. USMEPCOM Organizational Structure

Tables C.1 and C.2 show the senior and subordinate commands of USMEPCOM and the internal organization and personnel strengths.

Table C.1. Organizational Structure

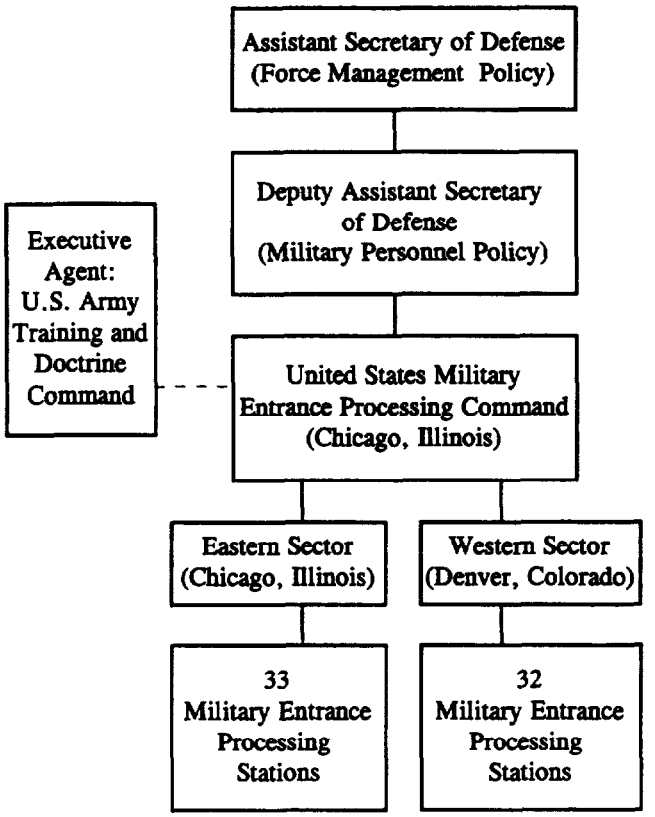
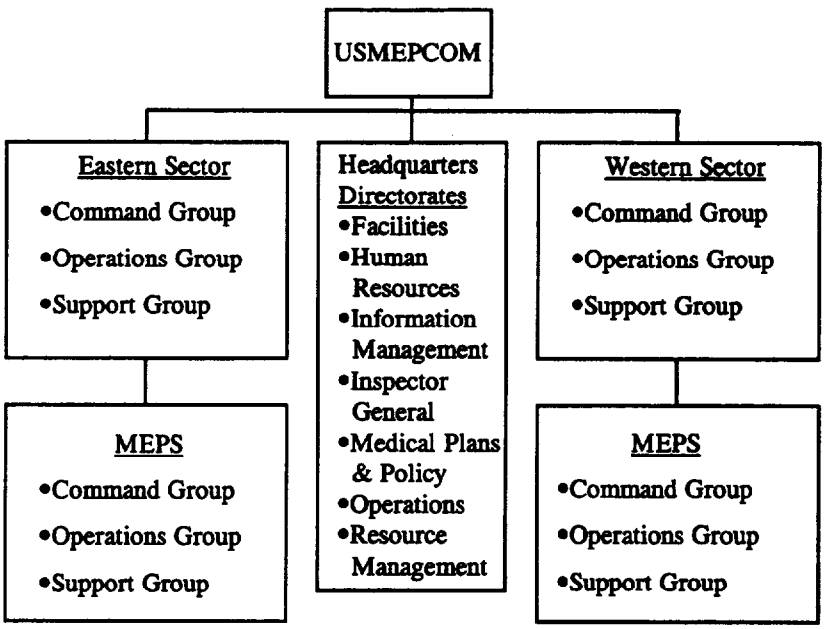


Table C.2. USMEPCOM Internal Organization



Appendix D. Report Distribution

Office of the Secretary of Defense

Under Secretary of Defense for Acquisition and Technology
  Deputy Under Secretary of Defense (Industrial Affairs and Installations)
  Director, Defense Logistics Studies Information Exchange
Under Secretary of Defense (Comptroller)
  Deputy Chief Financial Officer
  Deputy Comptroller (Program/Budget)
Under Secretary of Defense for Personnel and Readiness
Assistant Secretary of Defense (Force Management Policy)
  Deputy Assistant Secretary of Defense for Military Personnel Policy
Assistant Secretary of Defense (Health Affairs)
Assistant Secretary of Defense (Reserve Affairs)
Assistant Secretary of Defense (Public Affairs)

Department of the Army

Commander, Army Training and Doctrine Command
Auditor General, Department of the Army
Assistant Chief of Staff for Installation Management
Commander, Army Recruiting Command

Department of the Navy

Assistant Secretary of the Navy (Financial Management and Comptroller)
Auditor General, Department of the Navy
Chief, Bureau of Naval Personnel
Commander, Navy Recruiting Command
Commanding General, Marine Corps Recruiting Command

Department of the Air Force

Assistant Secretary of the Air Force (Financial Management and Comptroller)
Auditor General, Department of the Air Force
Deputy Chief of Staff for Personnel
Commander, Air Force Recruiting Command

Other Defense Organizations

Director, Defense Contract Audit Agency
Director, Defense Finance and Accounting Service
Director, Defense Logistics Agency
Director, National Security Agency
  Inspector General, National Security Agency

Other Defense Organizations (Cont'd)

Inspector General, Defense Intelligence Agency
Chief, National Guard Bureau
  Inspector General, National Guard Bureau
Commander, United States Military Entrance Processing Command

Non-Defense Federal Organizations and Individuals

Office of Management and Budget
Director, Office of Personnel Management
  Inspector General, Office of Personnel Management
General Accounting Office
  National Security and International Affairs Division
    Technical Information Center
  Health, Education, and Human Services Division

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
  Senate Special Committee on the Year 2000 Technology Problem
  House Committee on Appropriations
  House Subcommittee on National Security, Committee on Appropriations
  House Committee on Government Reform and Oversight
  House Subcommittee on Government Management, Information, and Technology, Committee on Government Reform and Oversight
  House Subcommittee on National Security, International Affairs, and Criminal Justice, Committee on Government Reform and Oversight
  House Committee on National Security

Department of Transportation
  Commandant, United States Coast Guard
Director, Selective Service System

Part III - Management Comments

U.S. Military Entrance Processing Command Comments

DEPARTMENT OF DEFENSE
HEADQUARTERS, UNITED STATES MILITARY ENTRANCE PROCESSING COMMAND
2834 GREEN BAY ROAD
NORTH CHICAGO, ILLINOIS 60064-3094

REPLY TO
ATTENTION OF

MCDR 17 Apr 98

MEMORANDUM THRU

Deputy Assistant Secretary of Defense (Military Personnel Policy) Office of the Under Secretary of Defense (Personnel and Readiness), 4000 Defense Pentagon, Washington, DC 20301-4000

FOR Office of the Inspector General, Department of Defense, 400 Army Navy Drive, Arlington, VA 22202-2884

SUBJECT: Draft Evaluation Report on the U.S. Military Entrance Processing Command (USMEPCOM) Project No. 7RB-9035

1. We have reviewed subject draft report and provide the following comments:

a. Finding A. Concur with comment. In general, we agree that the finding identifies potential to realize certain efficiencies of operations and economical cost savings. Specifically, each of the recommendations for this finding are addressed below.

(1) Recommendation 1 has great merit and will be pursued from two directions. Internally, this command has already implemented a portion of the USMEPCOM Strategic Plan which calls for identifying command-wide processes for possible re-engineering and outsourcing to cost effectively meet customer needs. This bottom-up review begins with a survey of customer need (Recruiting Services and Recruit Training Centers) which in turn will drive a set of recommended options for Military Entrance Processing Stations (MEPS) structure and location. The decisions made on those options will drive associated issues - command and control apparatus, headquarters structure, amount and types of oversight functions, manpower, staffing and contract versus in-house work. In order to avoid a myopic plan, USMEPCOM will also explore this recommendation from an external direction. We have already acted upon another recommendation within the subject report which suggests that USMEPCOM enlist the assistance of an external review organization to conduct a manpower review. The U.S. Army Manpower Analysis Agency (MAA) has been contacted concerning this and other needs, and has reviewed the subject report. A representative from MAA is scheduled to brief USMEPCOM on 12 May 98 to present a proposed method, with associated estimated costs and time frame, of addressing our needs. The internal strategy review will provide a framework with which the MAA can further suggest a means of accomplishing this recommendation to the finding.

Final Report Reference

MCDR
SUBJECT: Draft Evaluation Report on the U.S. Military Entrance Processing Command (USMEPCOM) Project No. 7RB-9035

Since this study will incur significant cost to USMEPCOM, budgetary actions will be implemented to seek additional funding for FY99 in order to conduct the external study. MAA has indicated that the earliest they could begin the project would be January 1999. Civilian contractor support will also be reviewed to determine the most cost-effective means of supplementing our internal review.

(2) Recommendation 2 will be initially addressed with the above mentioned internal study. However, to ensure USMEPCOM has identified the greatest potential increase in organizational efficiency, and attendant reduction in operational expenses, final actions will be deferred until the final report by either MAA or a similar civilian contractor. Related to recommendation 2, and for purpose of accuracy, the following corrections to Table 1 of Finding A are offered:

(a) Remove "X" for CLEAP under Logistics Functions: AVMF Program. The CLEAP program is concerned solely with logistics matters while the AVMF Program is a Financial Policy matter. The CLEAP does not review AVMF matters. — Deleted

(b) Remove entire MATT column from the Table. The MATT has not been performed since May 1994. At the time of the subject evaluation, members of this command indicated that a MATT was being considered for December 1997; however, the MATT was never reinstated and the visit never occurred. — Revised

(c) Amend the Table, or completely delete reference to IRAC, to correctly reflect the role of the IRAC at USMEPCOM. The purpose of the Table was to delineate individual review entities which routinely travel to MEPS on a scheduled basis in order to conduct oversight/review functions. While capable of covering all areas listed in Table 1, the IRAC travels to conduct single-point audits on an on-call basis per guidance from Commander, USMEPCOM. Thus, the visits are neither scheduled nor conducted on any type of routine basis.

(d) Eliminate the MEPS CIP column since it is the function of any/every organization to internally conduct recurring and scheduled self-evaluations of their operations. Inclusion in this Table is not in consonance with the purpose of showing duplicitous efforts since the MEPS CIP is both expected and mandated by regulatory guidance. — Deleted

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b. Finding B. Concur with comment. As previously mentioned, an internal strategic plan initiative will begin the process of determining the correct number or need for positions such as the Budget Assistant (BA), Education Services Specialist (ESS), Test Coordinator (TC) and Health Technician as identified under this finding in recommendations 1 - 3. The external review conducted by an organization such as MAA, or civilian contractor equivalent, will provide the best overall set of options to realize maximum efficiencies and economies of operation. Specifically, the following is offered as update or clarification:

(1) Recommendation 2 focuses on the issue of having one ESS per MEPS versus being workload driven. While the internal and external studies will address this issue, it should be noted that DoD Directive 1304.12, dated 22 June 1993, paragraph D.2.m mandates one ESS per MEPS. Thus, any change recommended by either study will need to be predicated upon a change to the DoD Directive, an action which is above USMEPCOM scope of authority.

(2) Recommendations 3 and 4 are actually tied together since the purpose of the Laboratory Technician billet at a MEPS is predicated upon that same technician performing the Rapid Plasma Reagent (RPR) or syphilis test. Currently, a tentative decision to eliminate the RPR test at the MEPS is under review at the Deputy Assistant Secretary of Defense (Military Personnel Policy) and Deputy Assistant Secretary of Defense (Health Affairs/ Clinical Services) level. If the RPR deletion is approved, the need for a military Laboratory Technician at each MEPS will be negated. However, the laboratory technician must be replaced by a service medical specialist since the lab function (minus RPR) remains. Thus, the studies proposed for the rest of this finding will include the issue of any additional Health Technicians.

c. Finding C. Concur with finding and recommendation.

2. USMEPCOM was additionally tasked to address the Adequacy of Management Controls as mentioned in Appendix A of subject draft report. Further, the draft report stated that if Recommendations B.1. through B.4. and C. are implemented, material weaknesses will be corrected. Subject to our previous comments on these same recommendations, we concur with that statement.

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Additionally, prior to the draft report being issued, Internal Review (IR) of USMEPCOM began a nine month effort in November 1997 to replace all existing Series 20 Circulars with Management Controls Checklists. The evaluation checklists will identify key management controls at three levels within USMEPCOM - Headquarters, Sectors, and MEPS. The evaluation checklists will address DoD and Federal requirements related to USMEPCOM programs as well as the operational, administrative, managerial, and financial requirements. These checklists will allow for the evaluation of key mission programs in each headquarters directorate and continue the self-assessment of operational procedures and management practices at the Sectors and MEPS.

3. While Appendix B does not require comment per the guidance set forth in the draft report, there is one significant error which requires correction. Paragraph 3 (Status of MIRS) of page 24 to the draft report states in part..."Numerous deficiencies in MIRS makes the processing of USMEPCOM information unreliable." This statement is totally inaccurate and does not match the preceeding and following verbiage in the draft report. It is highly recommended, for consistency and accuracy purposes, that this sentence be deleted from the final report.

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