DEPARTMENT OF DEFENSE

AUDIT REPORT

ROUTING OF DOD FREIGHT SHIPMENTS
BY THE MILITARY TRAFFIC MANAGEMENT COMMAND

No. 91-022

December 19, 1990

Office of the
Inspector General

INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
400 ARMY NAVY DRIVE
ARLINGTON, VIRGINIA 22202-2884

December 19, 1990

MEMORANDUM FOR COMMANDER, MILITARY TRAFFIC MANAGEMENT COMMAND

SUBJECT: Report on the Audit of Routing of DoD Freight Shipments by the Military Traffic Management Command (Report No. 91-022)

This is our final report on the Audit of Routing of DoD Freight Shipments by the Military Traffic Management Command (MTMC) for your information and use. Comments on a draft of this report were considered in preparing the final report. We made the audit from October 1988 through January 1990. The audit objective was to determine if MTMC was providing DoD shipping activities with routing information that resulted in the shipment of freight for the lowest cost from origin to destination consistent with DoD mission priorities. We also followed up on the status of corrective actions taken by management on recommendations in General Accounting Office (GAO) Report No. GAO/NSIAD-86-34 (OSD Case No. 6898), "Routing of Small Shipments of Hazardous or Sensitive Cargo," December 20, 1985. During the period December 1, 1987, through November 30, 1988, approximately 266,000 freight shipments, costing $442.9 million, were required to be routed by MTMC area offices.

The audit showed that MTMC area offices did not provide the lowest cost carriers available on a significant number of shipments that they routed. In addition, shipping activities did not use the lowest cost carriers that were provided by MTMC or did not request routing instructions from MTMC, as required. In responding to one recommendation, MTMC stated that it was not responsible for conditions found at the installation level, even though the "Defense Traffic Management Regulation" assigns it that responsibility. MTMC's corrective actions on recommendations in the GAO report were generally responsive to the intent of the GAO recommendations and therefore did not warrant further review. The Office of the Assistant Inspector General for Analysis and Followup, DoD, will continue to monitor management's actions on the GAO report. The results of the audit are summarized in the following paragraph, and the details and audit recommendations are in Part II of this report.

DoD was not effectively using the lowest cost carriers available to transport DoD freight and will incur approximately $75.9 million in unnecessary transportation charges within the 5-Year Defense Plan time frame. We recommended that MTMC design the CONUS Freight Management (CFM) system with the capability to store all price data for all modes of transportation, accept and

store revised carrier tender data before the revisions' effective dates, maintain historical data on carrier tenders for the last 3 years, and monitor shipping activities' use of MTMC recommended carriers. We also recommended that MTMC make the system more accessible to rate technicians and allocate personnel to provide more internal control reviews of shipping activities' routing actions. In addition, we recommended that MTMC change the "Inland Freight Traffic Regulation," to require that installation commanders be notified of the results of all internal control reviews (page 5).

The audit identified weaknesses in the implementation of internal controls as defined by Public Law 97-255, Office of Management and Budget Circular A-123, and DoD Directive 5010.38. Implementation of controls by MTMC was not sufficient to ensure that shipping activities used the lowest cost carriers provided by MTMC or requested routing instructions from MTMC. Recommendations 3. and 4. in this report, if implemented, will correct the weaknesses. We have determined that the monetary benefit that can be realized by implementing Recommendations 3. and 4. would be $36 million within the 5-Year Defense Plan time frame (July 1990 through September 1994). A copy of this report will be provided to the senior officials responsible for internal controls within the Military Departments and the Defense Logistics Agency.

A draft of this report was provided to the Commander, Headquarters, Military Traffic Management Command on June 11, 1990. MTMC's comments on the draft report were received on August 10, 1990. MTMC's comments are summarized below. The complete text is provided in Appendix G.

MTMC concurred with Recommendations 1.a., 1.b., 1.c., and 1.d. and stated that these recommended capabilities have been incorporated in the CFM system, however, no implementation dates were provided. We consider these comments generally responsive. However, we request that the Commander, MTMC provide the implementation date for each recommendation in response to this final report.

MTMC concurred with Recommendation 2. and stated that the new CFM system would be available to all MTMC routing technicians located on the east and west coast during the full work day, but it did not provide the specific dates. We consider these comments generally responsive. However, we request that, in response to this final report, the Commander, MTMC provide specific dates on when the CFM system will be fully operational and accessible to all rate technicians.

MTMC agreed that savings will occur from implementation of the CFM system, but did not agree that the estimated savings of $39.9 million that we associated with Recommendations 1.a., 1.b., 1.c., 1.d. and 2. should be classified as audit savings. MTMC also stated that the amount of savings should be less than $39.9 million because of planned efforts by MTMC to increase the use of guaranteed traffic and other negotiated agreements to move DoD freight. We have revised the report to show that we are not claiming the savings.

MTMC nonconcurred with Recommendation 3. MTMC does not recognize its authority or responsibility to ensure that shipping activities comply with the Defense Traffic Management Regulation (DTMR). MTMC contends that it is the installation traffic managers and internal control officials' responsibility to ensure compliance with the DTMR. In addition, MTMC indicated that it has scarce resources available for internal control reviews and would rely on the superiority of the CFM design and output quality to encourage installations to rely on MTMC routings. We consider MTMC's comments to this recommendation as partially responsive. We request that MTMC reconsider the recommendation and provide additional comments in response to this final report indicating the specific resources and the extent of internal control reviews that MTMC is capable of performing.

MTMC nonconcurred with Recommendation 4. and stated that prior notification of installation commander and Service headquarters levels of results of MTMC's internal control reviews have not resulted in appreciable improvements in the shipping activities' compliance with the DTMR. We consider the recommendation still valid for reasons discussed in Part II of the report and request that MTMC reconsider its position and provide comments in response to this final report.

MTMC's comments on the total estimated savings of $75.9 million associated with all recommendations in this report indicated partial concurrence. However, we request that MTMC provide more specific comments on the estimated savings of $36 million that we associated with Recommendations 3. and 4., in response to this final report.

DoD Directive 7650.3 requires that all audit recommendations be resolved promptly. Accordingly, final comments on the unresolved issues in this report should be provided within 60 days of the date of this memorandum.

The cooperation and courtesies provided to the audit staff are appreciated. If you have any questions concerning this report, please contact Mr. John Gebka at (703) 614-6206 (AUTOVON 224-6206) or Mr. Albert L. Putnam at (703) 693-0627 (AUTOVON 223-0627). A list of audit team members is in Appendix J. This report is being distributed to activities listed in Appendix K.

Edward R. Jones
Deputy Assistant Inspector General
for Auditing

Enclosure

cc:
Secretary of the Army
Secretary of the Navy
Secretary of the Air Force
Assistant Secretary of Defense (Production and Logistics)

REPORT ON THE AUDIT OF ROUTING OF DOD FREIGHT SHIPMENTS BY THE MILITARY TRAFFIC MANAGEMENT COMMAND

TABLE OF CONTENTS

	Page
TRANSMITTAL MEMORANDUM/EXECUTIVE SUMMARY	i
PART I - INTRODUCTION	1
Background	1
Objective and Scope	2
Internal Controls	3
Prior Audit Coverage	3
PART II - FINDING AND RECOMMENDATIONS	5
Routing Freight Shipments	5
APPENDIXES	See next page.

Prepared by:
Logistics Support
Directorate
Project No. 9ST-0011

LIST OF APPENDIXES

		Page
APPENDIX A -	Followup on Recommendations in General Accounting Office Report No. GAO/NSIAD-86-34	15
APPENDIX B -	Sampling Procedures	17
APPENDIX C -	Audit Procedures	19
APPENDIX D -	Criteria Used in Assigning Routing Authority for DoD Freight Shipments	21
APPENDIX E -	Summary of Sampling Results by Activity	23
APPENDIX F -	Projected Savings on Freight Shipments	31
APPENDIX G -	Deputy Commander, Headquarters, Military Traffic Management Command Comments	33
APPENDIX H -	Report of Potential Monetary and Other Benefits Resulting from Audit	39
APPENDIX I -	Activities Visited or Contacted	41
APPENDIX J -	Audit Team Members	47
APPENDIX K -	Final Report Distribution	49

REPORT ON THE AUDIT OF ROUTING OF DOD FREIGHT SHIPMENTS BY THE MILITARY TRAFFIC MANAGEMENT COMMAND

PART I - INTRODUCTION

Background

From December 1, 1987, through November 30, 1988, DoD paid commercial carriers $676 million to move 1.4 million freight shipments under Government Bills of Lading, which are documents used to procure transportation and related services from commercial carriers. The freight was shipped from 910 shipping offices using motor, rail, and air carriers. Approximately .27 million (19 percent) of these shipments, costing $442.9 million (66 percent of the total freight transportation cost), was required to be routed by the Military Traffic Management Command (MTMC). The remaining 1.13 million shipments, costing $233.1 million, were authorized to be routed by Military Department and Defense agency shipping offices. The types of shipments reviewed included general commodities, ammunition and explosives, track and wheeled vehicles, and bulk liquids and gases, but excluded household goods.

As the single manager operating agency for military traffic, land transportation, and common-user ocean terminals, MTMC is responsible for directing, controlling, and supervising all functions related to the economical and effective procurement of transportation to move DoD freight. The joint "Defense Traffic Management Regulation" (DTMR), which comprises Army Regulation 55-355, Navy Supply Instruction 4600.70, Air Force Regulation 75-2, Marine Corps Order P4600.14B, and Defense Logistics Agency Regulation 4500.3, provides the policy for moving DoD freight shipments within CONUS.

MTMC controls the policies dealing with the establishment of tender files for DoD, and it assumes responsibility for technical supervision of the maintenance of these files. A tender is a document specifying rates, charges, or arrangements made by a carrier for moving, storing, or handling DoD property, or transporting DoD personnel. Carriers that wish to move DoD freight must file a tender with Headquarters, MTMC, Falls Church, Virginia. MTMC maintains approximately 12,000 tenders on file for all modes of transportation.

Copies of all tenders approved by Headquarters, MTMC, are distributed to the MTMC Eastern Area (MTMCEA) Office, Bayonne, New Jersey, and the MTMC Western Area (MTMCWA) Office, Oakland, California. MTMCEA enters the information from the tenders into the Freight Movement Control System (FMCS), which both area offices use to make routing decisions on freight shipments. Copies of approved tenders for shipments that generally do not

require routing by MTMC area offices are sent to the submitting carriers, who send the approved tenders to DoD shipping activities within the geographic areas that the carriers wish to serve. The shipping activities use these tenders to route shipments that generally weigh less than 10,000 pounds (less than 1,000 pounds for air carriers) or are under certain emergency conditions. All approved tenders are also sent by MTMC to the General Services Administration, Transportation Audits Division, Washington, D.C., for use in audits of Government Bills of Lading.

Objective and Scope

The audit objective was to determine if MTMC was providing DoD shipping activities with routing information that resulted in the shipment of freight for the lowest cost from origin to destination consistent with DoD mission priorities. The audit included an evaluation of applicable internal controls related to freight shipment route orders. We also followed up on the status of management's corrective actions on recommendations in General Accounting Office Report No. GAO/NSIAD-86-34 (OSD Case No. 6898), "Routing of Small Shipments of Hazardous or Sensitive Cargo," December 20, 1985 (see Appendix A).

Of the 266,000 shipments that were required to be routed by MTMC area offices from December 1, 1987, through November 30, 1988, approximately 82,500 shipments had total paid charges greater than or equal to $1,000 each. These shipments cost about $218 million or 49 percent of the total cost of shipments that MTMC area offices are required to route. Based on a 95-percent confidence level, we statistically selected 269 of the 82,500 shipments. The 269 shipments in our audit sample included standing route orders, domestic route orders, and export traffic releases, which require recurring routing instructions from MTMC. (The route orders and traffic releases are more fully explained on page 5). We did not review shipments routed under guaranteed traffic agreements or other types of negotiated rates because they do not require recurring routing by MTMC. Our projections of savings for the 12-month period ended November 30, 1988, were based on the results of our review of these 269 shipments. We then estimated the total transportation costs that could be avoided within the 5-Year Defense Plan time frame. See Appendix B for a more detailed explanation of our sampling procedures, Appendix C for an explanation of our audit procedures, and Appendix I for a list of activities visited or contacted.

This economy and efficiency audit was made from October 1988 through January 1990 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 internal controls as were considered necessary.

Internal Controls

We evaluated internal control procedures over MTMC's monitoring of shipping activities' compliance with routing procedures. Specifically, we reviewed internal controls to determine if shipping activities were requesting routing instructions from MTMC, as required, and if the lowest cost available carriers provided by MTMC were used. We determined that although internal controls exist for MTMC to periodically monitor the shipping activities' compliance with routing procedures, MTMC had not emphasized the need to completely implement these controls. These internal control weaknesses are discussed in Part II of this report.

Prior Audit Coverage

The General Accounting Office has issued two audit reports relative to routing DoD freight shipments. Report No. GAO/PLRO-83-70 (OSD Case No. 6191), "Questionable Practices in the Selection of Transportation Services for Small Lots of Hazardous or Sensitive Cargo," May 31, 1983, identified problems in the selection of carriers to transport shipments of ammunition, explosives, and firearms weighing less than 1,000 pounds. The report stated that DoD rate technicians did not have all the necessary data, did not use all available data, and did not comply with established criteria when selecting the mode of transportation and carriers. As a result, DoD lost opportunities to purchase the lowest cost, best services available. GAO recommended that MTMC compile, maintain, and use information related to installations' shipping and receiving capabilities and routinely make cost comparative analyses in selecting the mode of transportation and carriers. GAO also recommended that MTMC enhance competition between carriers in different modes of transportation by keeping carriers informed of opportunities to participate in DoD business and that MTMC keep sufficient records to demonstrate that equitable cargo distribution policies were being followed. MTMC agreed to review these recommendations.

The General Accounting Office issued follow-up Report No. GAO/NSIAD-86-34 (OSD Case No. 6898), "Routing Small Shipments of Hazardous or Sensitive Cargo," December 20, 1985. The report stated that MTMC had attempted to comply with recommendations made in Report No. GAO/PLRO-83-70 by issuing additional installation shipping and receiving data, making and documenting cost comparisons, and increasing disclosure of shipping requirements. However, the report also indicated that MTMC needed clearer and more complete instructions to make better routing decisions. To help accomplish this, the report recommended that MTMC revise and expand instructions to shippers for submitting requests for routing advice, ensure guidelines

call for certain challenge criteria on shippers' requirements, and routinely verify that MTMC guidelines are followed by certifying the shippers' necessity for palletization on small shipments. Corrective actions taken by management on these recommendations are discussed in Appendix A.

PART II - FINDING AND RECOMMENDATIONS

Routing Freight Shipments

FINDING

DoD was not effectively using lower cost carriers that were available to transport freight shipped under Government Bills of Lading. This occurred because the automated system that the Military Traffic Management Command (MTMC) used to make routing decisions contained incomplete carrier price data and was routinely unavailable for use by MTMC rate technicians. Also, shipping activities did not always use the lowest cost carriers provided to them by MTMC or did not obtain routing instructions from MTMC for required shipments. Internal controls did not preclude unauthorized routings by shipping activities. DoD could avoid about $75.9 million in transportation costs within the 5-Year Defense Plan time frame (July 1990 through September 1994) by more effectively identifying and using lower cost carriers that are available to move DoD freight.

DISCUSSION OF DETAILS

Background. Shipping activities are authorized by the "Defense Traffic Management Regulation" (DTMR), July 31, 1986, to independently route some shipments, but are required to obtain routing instructions from MTMC area offices on shipments that meet specific criteria. Generally, the DTMR requires that shipments that are classified, sensitive, oversized, or weigh over 10,000 pounds be routed by MTMC area offices. To determine the most economical and effective means of moving freight within CONUS, MTMC area offices issue route order releases to the shipping activities. A route order release is a shipping instruction specifying the mode of transportation, the carriers to be used (in order of lowest cost), the applicable charges for line-haul and accessorial services, the minimum shipment weight, the tender authority, and other pertinent routing information for freight movement. A domestic route order is a shipping instruction for a specific shipment. A standing route order is a shipping instruction that can be used for two or more shipments per month between the same points in CONUS. The use of standing route orders eliminates the need for repeated issuance of domestic route orders for similar CONUS shipments. An export release is a routing instruction for a shipment between a CONUS point of origin and a CONUS ocean terminal. The criteria used in assigning routing authority are shown in Appendix D.

Shipping activities obtain domestic and standing routing orders from a MTMC area office by submitting a DD Form 1085, "Domestic Freight Routing Request and Order," either in writing or electronically. Upon receipt of the DD Form 1085, rate technicians at the serving MTMC area office research

transportation costs on carrier tenders recorded in the Freight Movement Control System (FMCS) and in hard copy files to determine the least expensive carriers within each mode of transportation. The MTMC area office issues a route order release, which includes the lowest cost carriers identified during research, by completing the "First Endorsement" section of the DD Form 1085 and returning it to the shipping activity. MTMC rate technicians are required to process a route order release within 4 to 16 working hours from receipt of the request, depending on the priority of the shipment. The route order release usually lists four carriers, in order of lowest overall cost, that have filed tenders with MTMC to transport DoD freight in the geographical area of the shipment.

Upon receipt of the route order release, the shipping activity must contact carriers in order of lowest overall cost to determine if the carriers will accept the shipment. If a carrier does not accept the shipment, the shipping activity should document that fact and the reason the carrier did not accept in the shipment file. This information should be forwarded to MTMC in accordance with MTMC's Carrier Performance Program, which is used in evaluating carriers and in issuing future shipping and routing instructions. If none of the carriers listed on the initial route order release accepts the shipment, the shipping activity should request a DD Form 2017, "Route Order Amendment(s)," from the serving MTMC area office and should contact the carriers on the DD Form 2017 in the same manner as on the initial DD Form 1085 until a carrier that will accept the shipment is found.

Routings by MTMC Area Offices. The MTMC Eastern Area (MTMCEA) office and the MTMC Western Area (MTMCWA) office did not consistently provide shipping activities with the lowest cost carriers available to transport DoD freight. Based on the results of our sample of 269 shipments, we estimated that during the 12-month period covered by our audit, the area offices did not provide the lowest cost carriers available on 20,233 (33.2 percent) of the 61,005 shipments routed by them that had transportation charges exceeding $1,000 per shipment. The area offices incurred additional transportation costs of $6.6 million on these 20,233 shipments with an average additional cost of $328 per shipment. Our analysis of the sample results (by individual area office) showed that MTMCEA did not provide the lowest cost carriers available on 9,197 (28.6 percent) of the 32,189 shipments routed by them, which resulted in additional transportation costs of $2.2 million with an average additional cost of $238 per shipment. MTMCWA did not provide the lowest cost carriers available on 11,036 (38.3 percent) of the 28,816 shipments routed by them, which resulted in additional transportation costs of $4.4 million with an average additional cost of $402 per shipment. The sample results by activity are shown in Appendix E, and the sample projections are shown in Appendix F.

Lowest cost carriers were not consistently identified because the FMCS that MTMC rate technicians used to research carriers' costs did not contain complete price data for freight tenders. In addition, the FMCS was routinely out of operation. As a result, rate technicians often relied on "memory and experience" to select carriers because they could not manually research all available tenders. In many cases, MTMC did not identify, and therefore shipping activities did not use, the lowest cost carriers available. The limitations of the FMCS are discussed below.

Price Data. The FMCS did not contain all price data from carrier tenders that were needed to determine the carriers with the overall lowest cost. The FMCS contained only price data on line-haul charges (amounts charged to move freight) for motor and rail tenders. It did not contain price data on accessorial services for motor and rail tenders or any price data for other modes of transportation (for example, air and water). An accessorial service (such as armed guard surveillance, dual driver protection service, and motor surveillance) is rendered by a carrier in addition to the line-haul service. Since the FMCS did not contain all pricing data, rate technicians had to use a combination of manual and automated research of tenders to identify the lowest cost carriers available. Furthermore, the FMCS could not accept revised supplements to tenders before the effective date of the supplements, without eliminating historical pricing data on the existing tenders. This required rate technicians to perform additional manual research of supplements that were in-process. In addition, quality assurance reviews to determine if rate technicians determined the lowest cost carriers available were limited because the FMCS could not store historical data on existing and previous tenders and supplements. Historical data should be maintained in the automated systems for at least 3 years to provide enough time for quality assurance reviews to determine if rate technicians determined the lowest cost carriers available.

Because of the number of tenders on file (12,000), the frequency of supplements to these tenders, and the number of shipments to be routed, the rate technicians' ability to manually research and identify the lowest cost carriers within 4 to 16 working hours was limited. As a result, rate technicians had to rely on "memory and experience" to select carriers to be provided to shipping activities. Based on our review of tenders in effect at the time shipments were made, rate technicians did not identify the lowest cost carriers available on 22,233 (33.2 percent) of the 61,005 shipments they routed.

Periods of Operations. Even if the FMCS included all price data, selection of the lowest cost carrier would not have been guaranteed since the FMCS was not operational for significant periods of time. The FMCS was not routinely available for use by

rate technicians at MTMCWA and MTMCEA. The FMCS was not always used at MTMCWA because the system was not scheduled to operate during the entire workday. The FMCS operated on an east coast schedule; therefore, the FMCS generally came on-line 3 hours before the MTMCWA office opened and went off-line 3 hours before the MTMCWA office closed. In addition, the FMCS was not available to both MTMC area offices because of system malfunctions. For example, documentation maintained at MTMCWA showed that from March 28, 1989, to June 27, 1989, the FMCS could not be accessed by routing personnel approximately 33 percent of the regular working hours because of equipment malfunctions. Therefore, rate technicians manually researched carrier tenders or relied on "memory and experience" from previous routing research to issue routing releases.

Routings by Shipping Activities. Shipping activities did not always use carriers that MTMC recommended or request routing instructions for shipments requiring routing by MTMC (Appendix D). These unauthorized routings occurred on 21,459 (26 percent) of the 82,464 shipments requiring routing by MTMC area commands and resulted in additional costs of $6.0 million with an average additional cost of $337 per shipment. Even though the FMCS could not be relied upon to independently select carriers with the lowest overall cost, centralized routing by MTMC area offices was more cost-effective than independent routings by DoD shipping activities. Of the $12.6 million in lost opportunity savings, $6.6 million occurred on shipments costing $183.3 million that were centrally routed by MTMC; while the other $6.0 million occurred on shipments costing only $34.8 million that were routed by shipping activities.

The shipping activities that made unauthorized routings are in Appendix E, and the sample projections by DoD Component and non-DoD organizations are in Appendix F. The internal controls over the routing process did not preclude these unauthorized routings.

Shipping activities could not justify not using carriers provided on MTMC routing releases or not requesting routing assistance from MTMC. Generally, these shipping activities stated that MTMC's recommended carriers were not used because they could not be contacted or would not accept the shipment, and there was insufficient time to obtain an amended route order release from MTMC. So, they routed the shipment under emergency procedures contained in the DTMR. We considered these shipments to be unauthorized if:

(a) there was no documentation in the shipment files to support the statement that the carriers provided by MTMC were contacted by the shipping activity, or

(b) if contacted, the reason the carriers would not accept the shipment was not documented.

MTMC's Carrier Performance Program requires that carrier refusals of shipments be documented in the shipment file. On those shipments where the documentation did show the carriers had been contacted and did not accept the shipment, we reviewed and compared other information (for example, carrier refusal date to the carrier pick-up date or delivery date) in the shipment file to determine if circumstances justified the use of emergency procedures. For example, on those shipments where the shipping activities satisfactorily documented that the carriers initially provided by MTMC were contacted, we compared the dates that the carriers were contacted to the required delivery date to determine if the shipping activities had sufficient time to obtain additional amended route orders. We also made similar reviews of those shipments where the shipping activity did not request routing instructions from MTMC. We considered these shipments to be unauthorized if the information in the shipment file did not adequately support the shipping activities' use of emergency procedures.

Internal Controls. Although internal controls existed to monitor shipping activities' compliance with routing procedures, MTMC had not applied the personnel necessary to preclude unauthorized routings by shipping activities. As required by MTMC Regulation 55-1, "Inland Freight Traffic Regulation," September 15, 1979, MTMC area offices should review routing actions made by shipping activities and notify shipping activities of the results after each review is completed. The Regulation established goals that required MTMC area offices to review a percentage (which may vary among activities and type of route order) of Government Bills of Lading (GBL's) issued by each shipping activity every 6 months to evaluate the activities' compliance with routing procedures on GBL's issued by the shipping activities. According to MTMC personnel, the percentage of GBL's actually reviewed for most shipping activities had been reduced in the last 2 years because of personnel shortages at the area offices and, when routing problems were identified, usually only the transportation officers at these shipping activities were notified to take corrective action. As a result, the lowest cost carriers were not being used. MTMC area offices should increase the number of GBL's reviewed at each shipping activity to ensure compliance with percentage goals in the MTMC Regulation 55-1 and with routing procedures in the DTMR, and to follow up on the implementation of previously recommended corrective actions. MTMC area offices should also be required to notify installation commanders of the results of each review so the commanders will be aware of the amount of unnecessary transportation costs being incurred. Commanders at these activities were not notified of the results of these reviews to ensure that corrective actions were taken.

Automated Data Processing Improvements In-Process. MTMC was developing a CONUS Freight Management (CFM) system to make the automated routing of DoD freight more efficient and effective. Phase I and Phase II of the system were scheduled to be implemented in May 1990 and June 1991, respectively, at the area offices. During the audit, we were advised that MTMC intended to include in the CFM system, enhancements to correct some of the conditions we found (for example, capability to accept and store all input of revised carrier tender data before its effective date). However, we could not confirm that the particular enhancements needed would be included in the final system as implemented. Therefore, we have made recommendations to ensure that these features are included in the CFM system. We support MTMC's efforts to improve the automated routing process for DoD freight provided the costs to develop the new system do not exceed the monetary benefits that would be expected within the 5-Year Defense Plan time frame (July 1990 through September 1994).

Conclusion. Although the DoD process of centralized routing for specific types of freight shipments does achieve cost savings, opportunities exist to improve the process and strengthen internal controls to achieve further significant reductions of transportation costs within DoD. Based on the overall sample results, we projected that $12.6 million in transportation costs could have been saved during the 12-month period covered by the audit. Since these costs could be avoided on a recurring basis, we further estimate that $75.9 million could be avoided within the 5-Year Defense Plan time frame if DoD were more effective in identifying and using lower cost carriers to transport DoD freight. Approximately $39.9 of the $75.9 million could be avoided by ensuring that the CONUS Freight Management System is capable of independently routing freight shipments. The remaining $36 million could be avoided if shipping activities requested or used the lowest cost carrier provided by MTMC on all required shipments.

RECOMMENDATIONS FOR CORRECTIVE ACTION

We recommend that the Commander, Military Traffic Management Command:

1. Design the CONUS Freight Management system to include the capability to:

a. Store pricing data for line-haul and accessorial charges on carrier tenders for all transportation modes.

b. Accept and store revisions to carrier tender data before the effective date of the revisions.

c. Maintain historical data of carrier tender prices issued within the last 3 years.

d. Provide more effective feedback by facilitating input by shipping activities showing the carriers selected for shipments and reasons for not using carriers recommended by the Military Traffic Management Command area offices.

2. Extend the hours of operation of the Freight Management Control System to make the system accessible to rate technicians for the entire work day at the area offices on each coast.

3. Allocate more personnel within area offices to perform more internal control reviews as required by the Military Traffic Management Command Regulation 55-1, "Inland Freight Traffic Regulation," to evaluate shipping activities' compliance with routing procedures prescribed in the "Defense Traffic Management Regulation" for shipments required to be routed by the Military Traffic Management Command area offices.

4. Revise the Military Traffic Management Command Regulation 55-1 to require that installation commanders be notified of the results of all internal control reviews performed on routing decisions made by shipping activities after the completion of each review.

MANAGEMENT COMMENTS

MTMC concurred with Recommendations 1.a., 1.b, 1.c, and 1.d., which identified specific capabilities needed in the new CONUS Freight Management (CFM) system to allow MTMC to more effectively identify and refer the low cost carriers to DoD shipping activities and monitor the shipping activities' use of these carriers. MTMC stated that the recommended capabilities have been included in the design and development of the CFM system.

MTMC concurred with Recommendation 2., which recommended that the hours of operation of the Freight Management Control System (FMCS) be extended to make the system accessible to rate technicians at MTMC offices located on the east and west coasts for the entire work day. MTMC stated that the FMCS has been replaced by the more efficient interim CFM system, which will require less time for posting daily updates to the data base, and the CFM system will be accessible to rate technicians for the full work day.

Although MTMC agreed that savings will occur, it did not agree that the estimated savings of $39.9 million that we associated with Recommendations 1.a., 1.b., 1.c., 1.d., and 2., should be classified as audit savings because the design of the CFM system had been initiated before the start of the audit. Further, MTMC stated that the amount of estimated savings should be less

because of planned efforts by MTMC to increase the use of guaranteed traffic and other negotiated agreements to move DoD freight.

MTMC nonconcurred with Recommendation 3., which required that MTMC area offices allocate more resources to perform internal control reviews to monitor shipping activities' compliance with the Defense Traffic Management Regulation (DTMR). MTMC stated that the installation traffic managers and internal control officials were responsible for implementing local controls to ensure that procedures in the DTMR were followed, and that MTMC did not have the direct authority to enforce shipping activities' compliance with the regulation. MTMC also stated that it did not have additional manpower resources available to increase the number of internal control reviews to monitor shipping activities. Further, MTMC stated that the superiority of the CFM design and output quality will encourage the installations to rely on MTMC routings versus their present inclination to circumvent the system.

MTMC nonconcurred with Recommendation 4., which required that the installation commanders be notified of the results of MTMC's internal control reviews. MTMC stated that prior notifications to installation and Service headquarters have not resulted in any appreciable improvements in the shipping activities' compliance with the DTMR.

Although MTMC nonconcurred with Recommendations 3. and 4., it did agree that a problem exists that requires corrective action. Management did not dispute the estimated savings of $36 million that could be realized by correcting the reported condition associated with Recommendations 3. and 4.

AUDIT RESPONSE TO MANAGEMENT COMMENTS

MTMC's comments on Recommendations 1.a., 1.b., 1.c. and 1.d. were generally responsive, but did not provide the specific implementation dates for each recommendation. Therefore, we request that the Commander, MTMC provide the implementation date for each recommendation, in its response to this final report.

MTMC's comments on Recommendation 2. were generally responsive, but did not provide specific dates on when the interim CFM system will become fully operational and accessible to all rate technicians during the entire work day. Therefore, we request that the Commander, MTMC provide these implementation dates, in its response to this final report.

MTMC's comments on the estimated monetary benefits of $39.9 million attributable to Recommendations 1.a., 1.b., 1.c., 1.d., and 2. were generally responsive. MTMC is concerned that the savings are attributable to management initiatives that were

started before the audit and, therefore, should not be reported as audit savings. We made this audit to determine the types and costs of problems in the routing of DoD freight shipments by MTMC for management's use in the development and justification of a new automated system. Our audit identified problems that the new system needed to correct to ensure the realization of savings of $39.9 million within the 5-Year Defense Plan time frame. According to MTMC personnel, budget reductions have delayed the full implementation of the CFM system; and additional funding programmed for FY's 1991 through 1994 to acquire all the software and hardware needed is not ensured. This means that the savings may not be fully realized. Our primary interest is in seeing DoD realize the $39.9 million within the 5-Year Defense Plan time frame. Therefore, we are not claiming the savings. Management can make use of the audit results to help ensure continued funding and timely implementation of the CFM system.

MTMC also stated that the total estimated savings should be reduced to reflect potential savings from the increased use of guaranteed traffic and other negotiated agreements to move DoD freight. Use of these initiatives will reduce the need for shipping activities to obtain individual route orders from MTMC. These initiatives would theoretically reduce the savings generated by the implementation of the CFM system. The implementation of these initiatives is ongoing and the overall impact on potential savings has not been quantified.

MTMC's comments on Recommendation 3. were partially responsive. We agree that traffic managers and internal control officials at the shipping activities do have an obligation to comply with regulations, however, the DTMR states that:

> The Commander, MTMC, is responsible for the performance of traffic management functions within CONUS. This includes the direction, control, and supervision of all functions incident to the effective and economical procurement and use of -- a. Freight and passenger transportation services from commercial for-hire transportation companies, including rail, highway, air, pipeline, inland waterway, coastal, and intercoastal carriers. . . .

Therefore, MTMC does have the authority to enforce compliance with the regulation. Furthermore, only MTMC has access to both shipment and tender data needed to evaluate the shipping activities' overall compliance with the DTMR. We understand MTMC's position in regard to increasing the allocation of scarce resources to perform more internal control reviews during this period of austere funding. Therefore, it is important that MTMC maximize the effect of those reviews that are performed and consider increasing resources as they become available. For example, concentrate current efforts on those activities that

repeatedly fail to comply with the DTMR and reassign routing technicians as they become available as a result of the more efficient CFM system. The potential to save $36 million warrants these efforts to ensure that activities comply with routing procedures in the DTMR. We request that MTMC reconsider the recommendation and provide additional comments in response to this final report that indicate the extent of internal control reviews currently being performed, the amount of resources that should become available for reassignment as a result of the more efficient CFM system, or an alternative method for MTMC to exercise its authority and fulfill its responsibility to ensure that shipping activities comply with routing procedures.

MTMC's comments on Recommendation 4. were not responsive. We believe that MTMC has not received appreciable improvements in the shipping activities' compliance with routing procedures as a result of its internal control reviews because the proper level of authority at the shipping activities has not been notified. During the audit, MTMC personnel indicated that notification of a higher level of authority at the installation or Service headquarters was the exception, not the rule. Normally, deficiencies are reported directly to the installation transportation officer where the deficiencies exist. Reporting deficiencies to the installation command level or higher will make the officials aware of the monies being wasted and it will give them an opportunity to execute their responsibility to manage DoD resources more effectively. If appropriate action is not taken at the installation level, it is MTMC's responsibility to elevate the issue to the highest level necessary within DoD to obtain corrective action. We consider the recommendation still valid and request that MTMC reconsider the recommendation and provide additional comments in its response to this final report.

FOLLOWUP ON RECOMMENDATIONS IN GENERAL ACCOUNTING OFFICE REPORT NO. GAO/NSIAD-86-34

In following up on the recommendations in General Accounting Office (GAO) Report No. GAO/NSIAD-86-34 (OSD Case No. 6898), we found that the Military Traffic Management Command (MTMC) was still implementing corrective actions. The corrective actions had not been completed because MTMC was not adequately staffed to finalize them. Specifically, we found that:

- Adequate procedures for shippers' submissions of routing requests are contained in Chapters 17 and 18 of the "Defense Traffic Management Regulation" (DTMR), July 31, 1986. The DTMR is a joint regulation that provides guidance to shipping activities on making economical and effective routing decisions.

- Messages are being provided to shippers specifying guidelines for challenging the need for palletization and for the use of required delivery dates. These guidelines are being incorporated into the DTMR; however, there was no definite completion and/or publication date for the DTMR. MTMC indicated that personnel staffing problems have delayed publishing revisions of the DTMR. In addition, revisions to the MTMC's Military Traffic Management Regulation 55-1 will not occur until the DTMR has been completely updated and published to ensure consistency with the DTMR's policies and guidelines.

- Air taxi landing field data were still being obtained from the Military Departments and will be published in Transportation Facilities Guides (TFG). These TFG's will be incorporated into the DTMR. MTMC has already incorporated the Army and Navy TFG's showing its activities' capabilities to ship and receive freight into the DTMR. MTMC has received and processed data on all the Air Force's shipping activities. Publication of the Air Force's TFG is planned for the second half FY 1990.

The corrective actions taken by MTMC appeared to be responsive to the intent of the GAO recommendations. Therefore, further audit work did not appear necessary. However, the Office of the Assistant Inspector General for Analysis and Followup, DoD, continues to monitor MTMC's progress in completing its proposed corrective actions.

SAMPLING PROCEDURES

We obtained data on 1.4 million Government Bills of Lading (GBL) for freight shipments costing $676 million from the Military Traffic Management Command's (MTMC) Freight Information System. These GBL's were paid from December 1987 through November 1988. We then extracted those shipments that could be identified as meeting the criteria (Appendix D) that were required to be routed by the MTMC, including shipments made under guaranteed traffic and other negotiated agreements.

Further, we extracted only those shipments that were required to be routed by MTMC and had paid charges of $1,000 or more. There were 107,235 shipments costing $364.1 million that met these criteria.

We then grouped the GBL's in the audit universe by Service or agency and randomly selected an audit sample, as follows.

Stratum	Number of GBL's In Universe	Sample Size
Army	34,861	100
Navy	15,228	60
Air Force	9,770	40
Marine Corps	2,397	30
Defense Logistics Agency	43,115	100
Other DoD and Non-DoD Activities	1,864	20
Totals	107,235	350

During the audit, we identified 81 shipments that were made under guaranteed traffic or other negotiated agreements and 1 top secret shipment. We did not review these shipments because they did not fit the definition of our sampling frame. However, we used the number and dollar characteristics of these 81 shipments to purify our universe of a statistically projected number and dollar amount of shipments with similar characteristics. Therefore, our audit projections were based on our review of the remaining 269 shipments and the purified universe of 82,464 shipments.

We made final audit projections using appropriate universe weighted formulas corresponding to the purified figures for the six groups from which our random samples were taken. The original sample design specified results with 95-percent confidence and with a precision of estimate for the dollars not to exceed ±15 percent. The raw sample numbers are not to be interpreted without appropriate formula weights since they are not proportional to the universe results.

After the statistical projections were made for the data sampled for the period December 1987 through November 1988, we estimated the cost avoidances for the remainder of the 5-Year Defense Plan time frame (July 1990 through September 1994), with the assumptions that traffic would remain constant through the period and an annual inflation rate of 4 percent compounded annually.

AUDIT PROCEDURES

We visited or contacted 143 activities to obtain shipping documents and other information on the 269 shipments in our sample. We obtained, from the shipment files at these activities, copies of U.S. Government Bills of Lading (SF 1103-A), Domestic Freight Routing Request and Order (DD Form 1085), and Route Order Amendment(s) (DD Form 2017). We also obtained records documenting the shipping activities' contact of carriers listed on the Military Traffic Management Command (MTMC) routing releases and amendments and records on carriers' performance.

We then visited the Headquarters, MTMC, and the Eastern and Western Area offices to research tender files to determine if the carriers with the lowest overall costs were used on our 269 sample shipments. To accomplish our research, we:

- obtained a list of the 25 lowest cost carriers from the Freight Movement Control System (FMCS) that appeared to satisfy the requirements for each of our sample shipments;

- used the list of the 25 lowest cost carriers as a guide to manually research active and canceled tender files to determine if a carrier with a lower overall cost had a tender on file that satisfied the requirements for our sample shipments at the time of the routing release;

- reviewed MTMC's monthly reports of carrier performance actions to determine if the lowest cost carrier identified during the audit had been suspended or disqualified at the time of the routing request or at the time of shipment when there was a lower cost carrier on file;

- verified our rate computations for those shipments where the lower cost carrier identified during the audit was not suspended or disqualified with MTMC routing personnel before computing the audit savings.

We reviewed internal controls and operating procedures that the MTMC area offices and the shipping activities used to select carriers to move DoD freight, and we performed necessary tests to determine if DoD activities favored one or more carriers in the selection process.

CRITERIA USED IN ASSIGNING ROUTING AUTHORITY FOR DOD FREIGHT SHIPMENTS

Defense Traffic Management Regulation (DTMR), section II, chapter 17, assigns the Military Traffic Management Command (MTMC) area offices and the DoD shipping offices the responsibility of selecting the mode of transportation and carriers to move DoD freight shipments. The DTMR requires that all shipments meeting the following criteria, excluding shipments made under guaranteed traffic agreements and other negotiated tenders, be routed by either the MTMC Eastern Area Command office, Bayonne, New Jersey; the MTMC Western Area Command office, Oakland, California; or the DoD shipping activities.

Routing by MTMC Area Offices

- Surface shipments of general commodities weighing 10,000 pounds or more or those shipments occupying full capacity of rail cars or motor vehicles.

- Shipments of all classified material, except confidential material weighing less than 10,000 pounds.

- All rail, motor, freight forwarder, and water shipments of Class A and B ammunition and explosives, poisons, and radioactive yellow III label material.

- Shipments in vehicles by driveaway service.

- Less than carload or less than truckload quantities tendered as carload or truckload quantities or shipped as 10,000 pounds or more.

- Over dimensional or overweight shipments as specified in items 415 and 416, respectively, in the Military Freight Traffic Rules Publication No. 1A.

- Shipments requiring special service or exclusive use of motor carrier equipment.

- Shipments of bulk liquids and gases and empty towable tank trailers.

- Shipments made in the Defense Freight Railway Interchange Fleet.

- Round-trip shipments of 10,000 pounds or more that are expected to be completed within a 120-day period.

- Shipments in military owned vehicles or military emergency airlift service.

- Bus shipments that weigh 1,000 pounds or more or are classified secret.

- Commercial air and air freight forwarder shipments that weigh 1,000 pounds or more, contain pieces of 125 inches or more in length, or contain classified material.

- Air taxi shipments of 201 pounds or more, Class A or B explosives, or classified material.

- Shipments by charter air service of 90 days or less.

Routing by DoD Shipping Activities

DTMR, section II, chapter 17, authorizes shipping activities to route shipments meeting the following criteria unless certain conditions exist that specifically require routing by MTMC area offices.

- Surface shipments of general commodities and military impedimenta weighing less than 10,000 pounds.

- Surface shipments of confidential materials weighing less than 10,000 pounds. Materials with higher classifications cannot be routed by shipping activities.

- Bus express shipments of general commodities weighing less than 1,000 pounds.

- Bus express shipments of confidential materials weighing less than 1,000 pounds. Materials with higher classification cannot be routed by shipping activities.

- Commercial air and air freight forwarder shipments of materials including those classified as confidential, weighing less than 1,000 pounds, except shipments containing pieces 125 inches or more in length. Materials with higher classification cannot be routed by shipping activities.

- Air taxi shipments of confidential material weighing less than 201 pounds except for shipments containing pieces 125 inches or more in length.

- Shipments by any mode where local emergency prevents shipping activity from requesting routing instructions from MTMC, as required, may be made by the shipping activity when such routing is absolutely necessary.

SUMMARY OF SAMPLING RESULTS BY ACTIVITY

Shipping Activity	(A) Total Shipments Reviewed	(B) Shipments With No Audit Savings	Shipments With Audit Savings: Routed by MTMC 1/ (C) Number	(D) Savings	Routed by Shipping Activity (E) Number	(F) Savings	Total With Savings (G) Number (C+E)	(H) Savings (D+F)	(I) Overall Average 2/ (H/A)
Army									
Aberdeen Proving Ground, MD	1	0	1	$ 298	0	$ 0	1	$ 298	$298
Anniston Army Depot, AL	7	6	1	133	0	0	1	133	$19
Beaumont DET 3/ Gulf Outport, TX	1	1	0	0	0	0	0	0	$0
Campbell Army Air Field, KY	1	0	0	0	1	184	1	184	$184
Fort Belvoir, VA	1	0	0	0	1	1,176	1	1,176	$1,176
Fort Benning, GA	2	2	0	0	0	0	0	0	$0
Fort Bliss, TX	1	1	0	0	0	0	0	0	$0
Fort Drum, NY	1	1	0	0	0	0	0	0	$0
Fort Hood, TX	4	1	3	1,204	0	0	3	1,204	$301
Fort Leonard Wood, MO	1	0	1	351	0	0	1	351	$351
Fort McPherson, GA	1	0	1	1,410	0	0	1	1,410	$1,410
Fort Ord, CA	1	0	1	164	0	0	1	164	$164
Fort Polk, LA	2	0	1	1,051	1	1,416	2	2,467	$1,234
Fort Rucker, AL	1	0	1	41	0	0	1	41	$41
Fort Sill, OK	1	1	0	0	0	0	0	0	$0
HQ USA AMCCOM 4/, IL	5	5	0	0	0	0	0	0	$0
Hawthorne AAP 5/, NV	4	1	0	0	3	344	3	344	$86
Halston AAP, TN	1	1	0	0	0	0	0	0	$0
Indiana AAP, IN	1	1	0	0	0	0	0	0	$0
Iowa AAP, IA	2	0	2	84	0	0	2	84	$42
Letterkenny Army Depot, PA	2	1	0	0	1	19	1	19	$10
Lexington Blue Grass AD 6/, KY	1	1	0	0	0	0	0	0	$0
Longhorn AAP, TX	1	1	0	0	0	0	0	0	$0
Louisiana AAP, LA	4	3	1	17	0	0	1	17	$4
MOT 7/ Oakland, CA	2	0	0	0	2	447	2	447	$224
MOT Sunny Point, NC	3	3	0	0	0	0	0	0	$0
McAlester AAP, OK	5	1	4	1,880	0	0	4	1,880	$376
Milan AAP, TN	1	1	0	0	0	0	0	0	$0

See footnotes on last page of this appendix.

SUMMARY OF SAMPLING RESULTS BY ACTIVITY (continued)

Shipping Activity	(A) Total Shipments Reviewed	(B) Shipments With No Audit Savings	Shipments With Audit Savings: Routed by MTMC (C) Number	Routed by MTMC (D) Savings	Routed by Shipping Activity (E) Number	Routed by Shipping Activity (F) Savings	Total With Savings (G) Number (C+E)	Total With Savings (H) Savings (D+F)	(I) Overall Average 2/ (H/A)
Army (continued)									
Military Academy West Point, NY	1	0	1	$65	0	$ 0	1	$ 65	$65
Mobile Det Gulf Outport, AL	1	1	0	0	0	0	0	0	$0
NTC 8/ Fort Irwin, CA	4	2	2	850	0	0	2	850	$213
Navajo DA 9/ Flagstaff, AZ	2	2	0	0	0	0	0	0	$0
Red River Army Depot, TX	4	2	2	167	0	0	2	167	$42
Rock Island Arsenal, IL	1	1	0	0	0	0	0	0	$0
Savanna Army Depot, IL	1	1	0	0	0	0	0	0	$0
Sharpe Army Depot, CA	1	1	0	0	0	0	0	0	$0
Sierra Army Depot, CA	4	2	0	0	2	152	2	152	$38
Supply Depot Oakdale, PA	1	1	0	0	0	0	0	0	$0
Tobyhanna Army Depot, PA	1	0	1	60	0	0	1	60	$60
Tooele Army Depot, UT	6	3	0	0	3	170	3	170	$28
USA Depot Activity Pueblo, CO	1	1	0	0	0	0	0	0	$0
USA Tank Automotive Command, MI	1	1	0	0	0	0	0	0	$0
USPFO 10/ Augustine, FL	1	1	0	0	0	0	0	0	$0
USPFO Salem, OR	1	0	0	0	1	466	1	466	$466
USPFO Camp Murray, WA	1	1	0	0	0	0	0	0	$0
USPFO Johnston, IA	1	1	0	0	0	0	0	0	$0
USPFO San Luis Obispo, CA	1	0	1	400	0	0	1	400	$400
Totals	92	53	24	$8,175	15	$4,374	39	$12,549	$136
Navy									
Cheatham Annex NSC 11/, VA	1	1	0	0	0	0	0	0	$0
NAVPRO 12/ Magna, UT	1	1	0	0	0	0	0	0	$0
NAVMTO 13/ Oakland, CA	1	1	0	0	0	0	0	0	$0
NAS 14/ Alameda, CA	2	2	0	0	0	0	0	0	$0
NAS Miramar, CA	2	2	0	0	0	0	0	0	$0

See footnotes on last page of this appendix.

SUMMARY OF SAMPLING RESULTS BY ACTIVITY (continued)

Shipping Activity	(A) Total Shipments Reviewed	(B) Shipments With No Audit Savings	Shipments With Audit Savings: Routed by MTMC (C) Number	Routed by MTMC (D) Savings	Routed by Shipping Activity (E) Number	Routed by Shipping Activity (F) Savings	Total With Savings (G) Number (C+E)	Total With Savings (H) Savings (D+F)	(I) Overall Average 2/ (H/A)
Navy (continued)									
NAS Oceana, VA	1	0	0	$ 0	1	$ 670	1	$ 670	$670
NAS Port Hueneme, CA	1	1	0	0	0	0	0	0	$0
NCB 15/ Gulfport, MS	2	0	1	244	1	281	2	525	$263
NCB Port Hueneme, CA	1	1	0	0	0	0	0	0	$0
NCSL 16/ Panama City, FL	1	0	1	256	0	0	1	256	$256
NSC Annex, Longbeach, CA	1	1	0	0	0	0	0	0	$0
NSC Charleston, SC	2	2	0	0	0	0	0	0	$0
NSC Norfolk, VA	2	1	1	26	0	0	1	26	$13
NSRDC 17/ Bethesda, MD	1	1	0	0	0	0	0	0	$0
NTC Great Lakes, IL	1	0	1	254	0	0	1	254	$254
NWS 18/ Charleston, SC	3	1	1	72	1	12	2	84	$28
NWS Colts Neck, NJ	1	0	0	0	1	201	1	201	$201
NWS Concord, CA	2	2	0	0	0	0	0	0	$0
NWS Seal Beach, CA	1	0	1	2,642	0	0	1	2,642	$2,642
NWS Yorktown, VA	4	1	3	1,550	0	0	3	1,550	$388
NAB 19/ Norfolk, VA	2	2	0	0	0	0	0	0	$0
Naval Research Lab, DC	1	0	0	0	1	453	1	453	$453
Naval Shipyard Philadelphia, PA	2	0	1	540	1	39	2	579	$290
Naval Shipyard Puget Sound, WA	2	2	0	0	0	0	0	0	$0
Naval Weapons Support Center, IN	1	1	0	0	0	0	0	0	$0
SSCR 20/ Pascagoula, MS	1	1	0	0	0	0	0	0	$0
SSCR, Groton, CT	1	1	0	0	0	0	0	0	$0
USEA WES 21/, WA	2	1	1	116	0	0	1	116	$58
NUSC 22/, FL	1	0	0	0	1	1,002	1	1,002	$1,002
Totals	44	26	11	$5,700	7	$2,658	18	$8,358	$190

See footnotes on last page of this appendix.

SUMMARY OF SAMPLING RESULTS BY ACTIVITY (continued)

Shipping Activity	(A) Total Shipments Reviewed	(B) Shipments With No Audit Savings	Shipments With Audit Savings: Routed by MTMC (C) Number	Routed by MTMC (D) Savings	Routed by Shipping Activity (E) Number	Routed by Shipping Activity (F) Savings	Total With Savings (G) Number (C+E)	Total With Savings (H) Savings (D+F)	(I) Overall Average 2/ (H/A)
Air Force									
AFPRO 23/ Sacramento, CA	1	1	0	$ 0	0	$ 0	0	$ 0	$0
AFPRO Boeing Company, WA	2	1	1	64	0	0	1	64	$32
AFPRO CSD, CA	2	2	0	0	0	0	0	0	0
AFPRO Detachment Wichita, KS	1	0	1	151	0	0	1	151	$151
AFPRO General Electric Corp, OH	2	0	1	134	1	630	2	764	$382
ANG Fl GR 24/ Ontario, CA	1	1	0	0	0	0	0	0	$0
Barksdale AFB 25/, LA	2	2	0	0	0	0	0	0	$0
Dyess AFB, TX	1	0	0	0	1	308	1	308	$308
EMO 26/ Kelly AFB, TX	1	1	0	0	0	0	0	0	$0
Griffis AFB, NY	1	0	1	133	0	0	1	133	$133
Hill AFB, UT	1	0	0	0	1	61	1	61	$61
Holloman AFB, NM	2	0	1	220	1	251	2	471	$236
Kelly AFB, TX	2	1	1	73	0	0	1	73	$37
MacDill AFB, FL	1	0	0	0	1	1,249	1	1,249	$1,249
McChord AFB, WA	1	1	0	0	0	0	0	0	$0
McGuire AFB, NJ	1	1	0	0	0	0	0	0	$0
Norton AFB, CA	1	0	1	563	0	0	1	563	$563
Patrick AFB, FL	1	1	0	0	0	0	0	0	$0
Robins AFB, GA	2	1	1	779	0	0	1	779	$390
Tinker AFB, OK	5	0	5	1,326	0	0	5	$1,326	$265
USPFO Camp Douglas, WI	1	1	0	0	0	0	0	0	$0
Vandenberg AFB, CA	1	1	0	0	0	0	0	0	$0
Totals	33	15	13	$3,443	5	$2,499	18	$5,942	$180

See footnotes on last page of this appendix.

SUMMARY OF SAMPLING RESULTS BY ACTIVITY (continued)

Shipping Activity	(A) Total Shipments Reviewed	(B) Shipments With No Audit Savings	Shipments With Audit Savings: Routed by MTMC (C) Number	Routed by MTMC (D) Savings	Routed by Shipping Activity (E) Number	Routed by Shipping Activity (F) Savings	Total With Savings (G) Number (C+E)	Total With Savings (H) Savings (D+F)	(I) Overall Average 2/ (H/A)
Marine Corps									
Co C, 8th TNK BN 27/, Tallahassee, FL	2	2	0	$ 0	0	$ 0	0	$ 0	$0
I&IS 28/ Ft. Point, TX	1	0	0	0	1	2,070	1	2,070	$2,070
I&IS Garden City, NY	1	0	0	0	1	189	1	189	$189
I&IS Spokane, WA	1	0	0	0	1	133	1	133	$133
I&IS Tallahassee, FL	2	0	0	0	2	2,922	2	2,922	$1,461
MCAS 29/ Cherry Point, NC	2	2	0	0	0	0	0	0	$0
MCAS Camp Lejeune, NC	5	1	2	1,351	2	775	4	2,126	$425
MCAS Beaufort, SC	2	0	1	13	1	225	2	238	$119
MCAS El Toro, CA	3	2	1	3,124	0	0	1	3,124	$1,041
MCAS Yuma, AZ	2	1	1	85	0	0	1	85	$43
MCB 30/ Camp Pendleton, CA	3	2	0	0	1	120	1	120	$40
MCLB 31/ Albany, GA	4	2	0	0	2	365	2	365	$91
MCLB Barstow, CA	3	0	0	0	3	412	3	412	$137
USMC 32/ Ground Combat Center, CA	1	0	1	2,388	0	0	1	2,388	$2,388
Totals	32	12	6	$6,961	14	$7,211	20	$14,172	$443
Other DoD Activities									
DCASR 33/ Santa Ana, CA	3	1	2	$1,400	0	$ 0	2	$1,400	$467
DCASMA 34/ Atlanta, GA	3	3	0	0	0	0	0	0	$0
DCASMA, Baltimore, MD	1	1	0	0	0	0	0	0	$0
DCASMA Birmingham, AL	1	0	1	104	0	0	1	104	$104
DCASMA Boston, MA	3	2	1	336	0	0	1	336	$112
DCASMA Chicago, IL	1	0	0	0	1	314	1	314	$314
DCASMA Cleveland, OH	1	0	1	157	0	0	1	157	$157
DCASMA Dallas, TX	1	0	1	194	0	0	1	194	$194
DCASMA Dayton, OH	1	0	0	0	1	285	1	285	$285
DCASMA Indianapolis, IN	11	5	3	822	3	1,463	6	2,285	$208

See footnotes on last page of this appendix.

SUMMARY OF SAMPLING RESULTS BY ACTIVITY (continued)

Shipping Activity	(A) Total Shipments Reviewed	(B) Shipments With No Audit Savings	Shipments With Audit Savings: Routed by MTMC (C) Number	(D) Savings	Routed by Shipping Activity (E) Number	(F) Savings	Total With Savings (G) Number (C+E)	(H) Savings (D+F)	(I) Overall Average 2/ (H/A)
Other DoD Activities (continued)									
DCASMA Orlando, FL	2	0	0	$ 0	2	$ 775	2	$ 775	$388
DCASMA Ottowa, Canada	2	2	0	0	0	0	0	0	$0
DCASMA San Francisco, CA	1	0	1	96	0	0	1	96	$96
DCASMA San Francisco, CA	1	1	0	0	0	0	0	0	$0
DCASMA San Antonio, TX	1	1	0	0	0	0	0	0	$0
DCASMA St. Louis, MO	3	0	2	287	1	1,122	3	1,409	$470
DCASMA Milwaukee, WI	7	5	0	0	2	1,202	2	1,202	$172
DFR 35/ San Pedro, CA	2	1	0	0	1	178	1	178	$89
DFR Tyndall AFB, FL	1	1	0	0	0	0	0	0	$0
DFR St. Louis, MO 25	1	1	0	0	0	0	0	0	$0
DFR Houston, TX 25	8	8	0	0	0	0	0	0	$0
DFSC 36/ McGuire AFB, NJ	2	2	0	0	0	0	0	0	$0
DFSC Philadelphia, PA	1	1	0	0	0	0	0	0	$0
Totals	58	35	12	$3,396	11	$5,339	23	$8,735	$151
Non-DoD Activities									
FPI 37/ Oakdale, LA	1	1	0	$ 0	0	$ 0	0	$ 0	$0
FPI Anthony, TX	1	1	0	0	0	0	0	0	$0
FPI El Reno, OK	2	0	0	0	2	856	2	856	$428
FPI Lewisburg, PA	1	1	0	0	0	0	0	0	$0
FPI San Pedro, CA	2	0	0	0	2	1,698	2	1,698	$849
FPI Texarkana, TX	1	0	0	0	1	103	1	103	$103
Government Printing Office, DC	1	1	0	0	0	0	0	0	$0
NASA GSFC 38/, VA	1	0	0	0	1	253	1	253	$253
Totals	10	4	0	0	6	$2,910	6	$2,910	$291
Grand Totals	269	145	66	$27,675	58	$24,991	124	$52,666	$196

See footnotes on last page of this appendix.

Footnotes.

1/ Military Traffic Management Command
2/ Averages may be slightly off due to rounding
3/ Detachment
4/ Headquarters, U.S. Armament Munitions and Chemical Command
5/ Army Ammunition Plant
6/ Army Depot
7/ Military Ocean Terminal
8/ Naval Training Center
9/ Depot Activity
10/ U.S. Property and Fiscal Office
11/ Naval Supply Center
12/ Naval Plant Representative Office
13/ Navy Material Transportation Office
14/ Naval Air Station
15/ Naval Construction Battalion
16/ Naval Coastal Systems Laboratory
17/ Naval Ship Research and Development Center
18/ Naval Weapons Station
19/ Naval Amphibious Base
20/ Supervisor of Shipbuilding, Conversion and Repair
21/ Naval Undersea Warfare Engineering Station
22/ Naval Underwater Systems Center
23/ Air Force Plant Representative Office
24/ Air National Guard Fighter Interceptor Group
25/ Air Force Base
26/ Energy Management Office
27/ Company C, 8th Tank Battalion
28/ Inspection and Instruction Staff
29/ Marine Corps Air Station
30/ Marine Corps Base
31/ Marine Corps Logistics Base
32/ U.S. Marine Corps
33/ Defense Contract Administration Services Region
34/ Defense Contract Administration Services Management Area
35/ Defense Fuel Region
36/ Defense Fuel Supply Center
37/ Federal Prison Industries
38/ National Aeronautics and Space Administration, Goddard Space Flight Center

PROJECTED SAVINGS ON FREIGHT SHIPMENTS

	Shipment Universe			Shipments With Audit Savings				
	(A) Number	(B) Cost	(C) Shipments With No Savings	(D) Number of Shipments With Savings (A-C)	(E) Cost of Shipments With Savings	(F) Percent of Shipments With Savings (D/A)	(G) Amount of Savings	(H) Average Savings Per Shipment (G/D)
All Shipments								
Totals	82,464	$218,078,184	44,451	38,013	$63,618,363	46.1	$12,618,348	$332
Shipments Routed By MTMC								
Eastern Area	32,189	$ 99,852,569	22,992	9,197	$13,756,649	28.6	$2,192,745	$238
Western Area	28,816	83,411,711	17,780	11,036	21,053,661	38.3	4,437,961	$402
Totals	61,005	$183,264,280	40,772	20,233	$34,810,310	33.2	$6,630,706	$328
Shipments Routed By ITO								
Army	4,598	$7,490,123	0	4,598	$7,490,123	100.0	$1,047,975	$228
Navy	2,759	3,124,758	613	2,146	2,542,789	77.8	636,835	$297
Air Force	2,146	4,176,805	613	1,533	2,439,046	71.4	598,740	$391
Marine Corps	4,905	9,349,356	613	4,292	8,698,384	87.5	1,727,698	$403
Other DoD	3,985	6,676,708	613	3,372	5,101,870	84.6	1,279,181	$379
Non-DoD	3,066	3,996,154	1,227	1,839	2,535,841	60.0	697,213	$379
Totals	21,459	$34,813,904	3,679	17,780	$28,808,053	82.9	$5,987,642	$337

DEPARTMENT OF THE ARMY
HEADQUARTERS, MILITARY TRAFFIC MANAGEMENT COMMAND
5611 Columbia Pike
Falls Church, VA 22041-5050

REPLY TO ATTENTION OF

MTIR (36-2b)

Eric A. Orsini 7 AUG 1990
Deputy Assistant Secretary of the Army
(Logistics)
OASA (I&E) 8/10/90

MEMORANDUM THRU DEPUTY ASSISTANT SECRETARY OF ARMY (LOGISTICS), OFFICE, ASSISTANT SECRETARY OF THE ARMY (INSTALLATIONS, LOGISTICS, AND ENVIRONMENT)

Final Report Page

FOR DIRECTOR, LOGISTICS SUPPORT DIRECTORATE, OFFICE OF THE INSPECTOR GENERAL, DEPARTMENT OF DEFENSE

SUBJECT: Report on the Audit of Routing of DOD Freight Shipments by Military Traffic Management Command (Project No. 9ST-0011)

1. The Military Traffic Management Command (MTMC) concurs with the subject report's basic finding that low cost carriers are not always used to haul DOD freight. In fact, MTMC was aware of the problem concerning the routing of DOD freight shipments prior to its documentation in the draft IG DOD report. To improve freight management, MTMC proposed and received approval to develop a CONUS Freight Management (CFM) system in March 1988. Since this approval was prior to the start of the IG DOD review, MTMC does not concur that the $76.9 million identified in the report are "audit" savings.

$76.9 million refers to $75.9 million on Page 10.

2. The report attributes major internal control weaknesses to MTMC for the failure of installation transportation offices (TOs) to either request or use MTMC routing instructions. These internal control weaknesses resulted from the TO's noncompliance with transportation policy guidance rather than MTMC's failure to after-the-fact identify all missed routing opportunities. As such, these reported internal control problems should not be attributed to MTMC.

3. Detailed comments on the report are enclosed.

Encl

Roy T. Baker
ROY T. BAKER
Colonel, USAF
Deputy Commander

0447/CRW-0375

MILITARY TRAFFIC MANAGEMENT COMMAND
COMMENTS ON DRAFT REPORT
AUDIT OF ROUTING OF DOD FREIGHT SHIPMENTS
BY THE MILITARY TRAFFIC MANAGEMENT COMMAND
PROJECT NO 9ST-00117

Additional Facts.

While concurring with the report's basic finding that low cost carriers were not always used to haul DOD freight, MTMC disagrees with the reported causes, proposed corrective actions, and projected savings. MTMC reasons for disagreement are:

a. Causes. In order to insure that the low cost carrier handles any particular shipment, four distinct steps must be taken; (1) the TO must request a routing from MTMC; (2) MTMC must identify the low cost carrier; (3) the TO must offer the shipment to the low cost carrier; and (4) the low cost carrier must accept the shipment. The report, however, focuses primarily on step No. 2, MTMC identification of low cost carriers. Although the report gives MTMC credit for influence and control over steps 1 and 3, MTMC does not have direct command and control over the DOD shipping activities. MTMC Area Commands do provide recommendations and advice to the services. However, the TOs, under the control of their services, have latitude in routing "their" freight. Step No. 4. is perhaps the most important, both in terms of past and current failures of TOs to request and use MTMC low cost carriers routings. MTMC's goal is to ensure carrier service commitments through the voluntary tender system and MTMC Carrier Performance Program. However, TOs do not always request MTMC assistance or the low cost carriers are unavailable because:

- Paper Rates. Deregulation of the Motor Carrier industry in 1980 resulted in innumerable truck drivers with a single piece of equipment and a telephone answering machine filing rates to do CONUS-wide line haul for the DOD. As a result, many rates on file are in fact "paper rates" filed by haulers who cannot perform when requested. A MTMC Western Area study during 1987 found that approximately 35 percent of the tenders filed with MTMC were "paper rates" published by carriers who had neither over road equipment nor terminals capability to serve the DOD shipper. This is confirmed by the fact that approximately 30 percent of MTMC Western Area workload includes the issuance of at least one amendment because the previous provided low cost carriers were unavailable to provide the service. These amendments to routing requests are considered high priority and must be processed within 4 hours by the routing technicians.

- Carrier Performance Program. Most TOs are not actively participating in this program. MTMC is receiving carrier performance data from only approximately 10 percent of the shipper TOs. The TO, with limited time and personnel resources, does not feel that reporting carrier performance data to MTMC

is beneficial to assuring the shipment of freight as directed by their Shipper Service. As such, it is easy for the respective TOs to justify to themselves the need to bypass MTMC and use carriers they know will perform rather than providing data to MTMC to police bad carriers.

- Misuse of Transportation Priorities. Compounding the conditions discussed above is the misuse of the Uniform Materiel Movement and Issue Priority System. Currently, approximately 40% of TO's routing requests are for transportation priority one shipments and required a 4 hour response.

- Processing Time. Background paragraph, page 9 of the draft states..."MTMC rate technicians are required to process a route order within 4 to 16 working hours from receipt of the request". The statement, while factual, infers that a rate technician has between 4 to 16 hours to process each request. In reality, because of the volume of requests received, the technicians normal work standard for completing a route request is approximately 25 to 73 minutes, depending on the commodity being routed. This limited time available to complete a routing is a contributing factor to the condition as presented in the report. 6

b. Corrective Actions. The report correctly assesses Freight Movement Control System (FMCS) as inadequate and recommends several enhancements for CFM to improve low cost carrier identification by MTMC. MTMC agrees. The design and development of the CFM system has addressed and incorporated each of the report's recommendations:

(1) Complete pricing data, including accessorial and protective services charges, is included in the data base. Presently motor and rail modes are incorporated in system. Air, Driveaway, Towaway, Barge, and pipeline modes await only the standardization of their rules tariffs before assimilation into system.

(2) CFM presently has capability to accept and store revisions to tender data prior to effective date of the revisions.

(3) CFM will maintain historical data of carrier tender prices within the 3 year statutory requirements of paragraph 11706 of CFR title 49. Presently, hardware and software constraints limit on-line historical data to 5 months. However, use of disc packs and other storage media will allow for access of data to accommodate the 3 year statutory limitations on overcharge/undercharge claims.

(4) CFM is designed to provide a feedback loop which will integrate shipment "origin" information data with shipment "receipt" information at installations which identifies GBL and cost data of actual shipment/carrier.

(5) Due to the extensive amount of space required by FMCS data base, posting time averaged 14-16 hours per working day. This limited the daily operational time of the system to only 8 hours. In contrast, CFM's posting mechanism requires only about 2 hours daily, thereby allowing access by the Area Commands for their full working day.

Final Report Page

The implementation of CFM with these features should indeed remedy MTMC's failure to identify low cost carriers (step No. 2). However, identification does not automatically translate into usage. The TOs must still request and use MTMC routings (steps No. 1 and 3). Neither of the remedies offered by the report (expanded GBL review or installation commander notification) is likely to insure the performance of these two steps. The audit staff's conception of MTMC's influence and control over the shipper services is inflated. Actually, less-than-10% of TOs actively participate in MTMC's Carrier Performance Program. Experience has shown time after time that the services and installations ignore MTMC's after-the-fact review of GBLs.

c. Savings. MTMC nonconcurs that the $79.4 million savings identified in the report are in fact "audit" savings. This report validates the Command decision to implement the CONUS Freight Movement System. The report qualifies the effect of not having the system operating during the audit sample period of December 1987 - November 1988. Management actions to better manage the volume of tenders and accessorial services were identified and in process prior to the start of this audit. Using the IG DOD logic, any audit made between the phase out of an older program and the implementation of a revised or new system would result in an audit savings. As such, normal management actions become audit savings which are reportable to Congress in the IG DOD semiannual reports. The IG assumption that "traffic would remain constant through the period (July 1990 through September 1994)" disregards the MTMC thrust to increase long-term relationships with the commercial carrier industry, i.e., more and more volume moving via guaranteed traffic or other negotiated agreements. By itself, this trend will substantially improve the carrier industry's inclination to service DOD. Also, implementation of MTMC Carrier Qualification Program with the objective of identifying "up front" the capabilities of carriers proposing to do business with DOD will eliminate many paper rate carriers from the routing files. With better performing carriers, shipper activities "misroutings" by not requesting or using MTMC routing should decline.

$79.4 million refers to $75.9 million on Page 10.

RECOMMENDATIONS FOR COMMANDER, MTMC

Recommendation 1.
IG DOD recommended MTMC design the CONUS Freight Movement System to include the capability to:

a. Store pricing data for line-haul and accessorial charges on carrier tenders for all transportation modes.

b. Accept and store revisions to carrier tender data before the effective date of the revisions.

c. Maintain historical data of carrier tender prices issued within the last 3 years.

d. Provide for more timely input by shipping activities showing the carriers selected for shipments and reasons for not using carriers recommended by the Military Traffic Management Command area offices.

MTMC Position
Concur. The design and development of the CONUS Freight System (CFM) has addressed and included all of these items.

Recommendation 2.
Extend the hours of operation of the Freight Movement Control System to make the system accessible to rate technicians for the entire work day at the area offices on each coast.

MTMC Position:
The Freight Movement Control System as outlined in the report has been replaced by the implementation of the Interim CONUS Freight Movement system. This system is now available to both area commands for their entire work day.

Recommendation 3.
Allocate more personnel within area offices to perform more internal control reviews as required by the Military Traffic Management Command Regulation 55-1 "Inland Freight Traffic Regulation," to evaluate shipping activities' compliance with routing procedures prescribed in the "Defense Traffic Management Regulation" for shipments required to be routed by the Military Traffic Management Command area offices.

MTMC Position.
Nonconcur. The breakdown of internal controls as discussed in the report results from the shippers failure to follow the Defense Traffic Management Regulation (DTMR). As such, installation transportation managers and internal control officials are responsible for implementing local control actions to assure that the guidance in the DTMR is followed. MTMC does not currently have additional manpower resources available to assign more personnel to this area. DOD is currently initiating "Total Quality Management" (TQM) programs. TQM goals are to "cease dependency on inspection, achieve quality, and eliminate the need for inspections on a mass basis by building quality into the product in the first place. MTMC goal is to build TQM concept using the CFM system. The superiority of the CFM design and output quality, over the FMCS, will encourage the

installation customers to rely more on MTMC routings versus their present inclination to circumvent the system. It is our position that resources should be focused on defect prevention rather than defect detection. Therefore, our "internal control" efforts should be concentrated "up front" in order to bolster the day-by-day operational effectiveness of the entire system. This concept has also led MTMC to establish the Carrier Qualification Program, with the express objective of identifying "up front" the capabilities, both financial and operational, of carriers that propose doing business with DOD.

Recommendation 4.
Revise the Military Traffic Management Command Regulation 55-1 to require that installation commanders be notified of the results of all internal control reviews performed on routing decisions made by shipping activities after the completion of each review.

MTMC Position.
Nonconcur. Prior notifications to installations and even service headquarters have not resulted in any appreciable improvements in the TOs' request and use of MTMC routings. As stated in response 3 above, MTMC believes more can be achieved through TQM concepts focused on fielding of the new CFM system.

REPORT OF POTENTIAL MONETARY AND OTHER BENEFITS RESULTING FROM AUDIT

Recommendation Reference	Description of Benefits	Amount and/or Type of Benefits
1. and 2.	Economy and Efficiency - By designing an automated system to identify the lowest cost carriers available to move freight, MTMC can reduce overall transportation charges, expedite the routing process and shipment of freight, allow for more efficient and effective use of limited manpower, and improve controls over the routing of all DoD freight.	Funds Put to Better Use. We are not claiming monetary savings through implementation of our recommended actions since the automated system was being designed prior to our audit.
2. and 3.	Economy and Efficiency - By MTMC improving controls over the monitoring of shipping activities, compliance with DTMR and reporting deficiencies to a higher command levels, DoD would further reduce transportation charges paid to carriers.	Funds Put to Better Use. An estimated $36 million in transportation costs could be avoided from Operation and Maintenance Appropriations (Army 21* 2020 and 21* 2065, Air Force 57* 3400, and Defense Agencies 97* 0100), Military Personnel Funds (Army 21* 2010, Navy 17* 1453, and Air Force 57* 3500), Army Industrial Fund (21X 4992), and Navy Management Fund (17* 3980), within the 5-Year Defense Plan time frame (July 1990 through September 1994).

ACTIVITIES VISITED OR CONTACTED

Office of the Secretary of Defense

Office of the Assistant Secretary of Defense (Production and Logistics), Washington, DC

Department of the Army

Deputy Chief of Staff for Logistics, Washington, DC
Headquarters, Military Traffic Management Command, Directorate of Inland Traffic, Falls Church, VA
Military Traffic Management Command - Eastern Area, Directorate of Inland Traffic, Bayonne, NJ
Military Traffic Management Command - Western Area, Directorate of Inland Traffic, Oakland, CA
U.S. Army Armament, Munitions, and Chemical Command, Rock Island, IL
U.S. Army Training and Doctrine Command, Hampton, VA
U.S. Army Forces Command, Fort McPherson, GA
Military Ocean Terminal, Sunnypoint, Southport, NC
Ramstein Air Base, Germany
Charles E. Kelly Support Facility, Oakdale, PA
Army Material Command, Chief of Staff - Internal Review, Alexandria, VA
Army Depot Systems Command, Internal Review, Chambersburg, PA
Anniston Army Depot, Anniston, AL
Blue Grass Army Depot, Lexington, KY
Letterkenny Army Depot, Directorate of Supply, Chambersburg, PA
Navajo Army Depot, Yuma, AZ
New Cumberland Army Depot, New Cumberland, PA
Pueblo Army Depot, Pueblo, CO
Red River Army Depot, Directorate of Supply, Texarkana, TX
Savanna Army Depot, Savanna, IL
Sharpe Army Depot, Lathrop, CA
Sierra Army Depot, Herlong, CA
Tobyhanna Army Depot, Directorate of Supply, Tobyhanna, PA
Tooele Army Depot, Tooele, UT
Hawthorne Ammunition Plant, Hawthorne, NV
Holston Army Ammunition Plant, Kingsport, TN
Indiana Army Ammunition Plant, Charleston, IN
Iowa Army Ammunition Plant, Middleton, IA
Longhorn Army Ammunition Plant, Special Assistants, Marshall, TX
Louisiana Army Ammunition Plant, Special Assistants, Shreveport, LA
McAlester Army Ammunition Plant, Special Staff, McAlester, OK
Milan Army Ammunition Plant, Milan, TN
U.S. Property and Fiscal Office, San Luis Obispo, CA
U.S. Property and Fiscal Office for Florida, St. Augustine, FL
U.S. Property and Fiscal Office, Office of the Adjutant General, Sacramento, CA

U.S. Property and Fiscal Office for Iowa, Johnson, IA
U.S. Property and Fiscal Office for Oregon, Salem, OR
U.S. Property and Fiscal Office for Vermont, Winooski, VT
U.S. Property and Fiscal Office for Washington, Tacoma, WA
U.S. Military Academy, West Point, NY
U.S. Army Tank Automotive Command, Warren, MI
Rock Island Arsenal, Rock Island, IL
Military Traffic Management Command - Mobile Detachment, Gulf Outport, Mobile, AL
Military Traffic Management Command - Gulf Outport, New Orleans, LA
Aberdeen Proving Ground, Aberdeen, MD
Military Ocean Terminal - Bay Area, Oakland Army Base, CA
Fort Belvoir, Directorate of Logistics, Alexandria, VA
Fort Benning, Columbus, GA
Fort Bliss, El Paso, TX
Fort Campbell, Installation Transportation Office, Hopkinsville, KY
Fort Hood, Killeen, TX
Fort Irwin, National Training Center, Barstow, CA
Fort Leonard Wood, Waynesville, MO
Fort Lewis, Tacoma, WA
Fort McPherson, Greensboro, GA
Fort Ord, Monterey, CA
Fort Polk, Directorate of Logistics, Leesville, LA
Fort Richardson, Anchorage, AK
Fort Rucker, Dothan, AL
Fort Shatner, Honolulu, HI
Fort Sill, Directorate of Logistics, Lawton, OK

Department of the Navy

Comptroller and Supply Department Directorate, Washington, DC
Naval Sea Systems Command, Washington, DC
Chief of Naval Operations, Strategic System Program, Washington, DC
Naval Air Systems Command, Washington, DC
Naval Facilities Command, Alexandria, VA
Naval Supply Systems Command, Washington, DC
Naval Air Pacific Command, San Diego, CA
Naval Supply Systems Command, Arlington, VA
Naval Supply Center, Audit Liaison, Internal Review, Norfolk, VA
Roosevelt Roads Naval Base, Puerto Rico
Naval Supply Center, Oakland, CA
David Taylor Research Center, Material Division, Bethesda, MD
Little Creek Amphibious Base, Norfolk, VA
Cheatham Annex - Naval Supply Center, Material Division, Williamsburg, VA

Military Ocean Terminal - Sunnypoint, Southport, NC
Naval Material Transportation Office, Internal Review, Norfolk, VA
Naval Material Transportation Representative Office, Oakland, CA
Naval Air Station, Whidbey Island, WA
Naval Plant Branch Representative Office, Hercules, Inc., Magna, UT
Naval Air Station, Alameda, CA
Naval Air Station, Lemoore, CA
Naval Air Station - Miramar, San Diego, CA
Naval Air Station - Oceana, Virginia Beach, VA
Naval Undersea Warfare Engineering Station, Keyport, WA
Naval Underwater System Center, West Palm Beach, FL
Naval Support Center, Long Beach, CA
Naval Construction Battalion Center, Port Hueneme, CA
Naval Weapons Station, Seal Beach, CA
Naval Weapons Station, Concord, CA
Naval Weapons Station, Charleston, SC
Naval Weapons Station, Yorktown, VA
Naval Weapons Station, Earle, NJ
Naval Shipyard, Philadelphia, PA
Naval Supply Center, San Diego, CA
Naval Supply Center, Charleston, SC
Naval Weapons Support Center, Crane, IN
Naval Research Laboratory, Washington, DC
Naval Training Station, Great Lakes, IL
Naval Construction Battalion, Gulfport, MS
Naval Air Station, Pacific Missile Test Center, Point Mugu, CA
Naval Plant Representative Office, McDonnell Douglas Corp., St. Louis, MO
Shipbuilding Conversion and Repair, Groton, CT
Shipbuilding Conversion and Repair, Pascagoula, MS
U.S. Naval Construction Battalion Center, Davisville, RI
Navy Coastal Systems Center, Panama City, FL

Department of the Air Force

Deputy Chief of Staff - Logistics and Engineering, Washington, DC
Headquarters, United States Air Force, Washington, DC
Headquarters, Strategic Air Command, Offutt Air Force Base, Omaha, NE
Headquarters, Military Airlift Command, Scott Air Force Base, IL
Air Force Logistics Command, Deputy Chief of Staff, Wright Patterson Air Force Base, Dayton, OH
U.S. Air Force Systems Command, Washington, DC
Air National Guard, Andrews Air Force Base, MD
15th Air Force/CSI, March Air Force Base, CA

Tinker Air Force Base, Directorate of Distribution, Oklahoma City, OK
Air Force Plant Representative Office, DET 34, Manufacturing Support Branch, Wichita, KS
MacDill Air Force Base, Traffic Management Office, Tampa, FL
Patrick Air Force Base, Traffic Management Office, Cocoa Beach, FL
Andrews Air Force Base, MD
Dyess Air Force Base, Abilene, TX
Hill Air Force Base, Ogden, UT
Holloman Air Force Base, Alamogordo, NM
McGuire Air Force Base, Wrightstown, NJ
Vandenberg Air Force Base, Lampoc, CA
Air Force Plant Representative Office, Sacramento, CA
Air Force Plant Representative Office, Chemical Systems Division, San Jose, CA
Norton Air Force Base, Traffic Management Office, San Bernardino, CA
California Air National Guard Fighter Group, March Air Force Base, Riverside, CA
Air Force Plant Representative Office, General Electric Corp., Cincinnati, OH
Kelly Air Force Base, San Antonio, TX
McChord Air Force Base, Tacoma, WA
Air Force Plant Representative Office, Seattle, WA
Air Force Plant Representative Office, Sunnyvale, CA
Robins Air Force Base, Warner-Robins, GA
Dover Air Force Base, DE
Griffis Air Force Base, Rome, NY
Barksdale Air Force Base, Traffic Management Office, Shreveport, LA

Marine Corps

Commandant of the Marine Corps, Washington, DC
Marine Corps, Headquarters, Fiscal Director, Arlington, VA
Marine Corps Logistics Base, Logistics Center Operations, Albany, GA
Marine Corps Base, Camp Pendleton, CA
Marine Corps Air Ground Combat Center, 29 Palms Marine Base, CA
Marine Corps Air Station, Cherry Point, NC
4th Marine Division, New Orleans, LA
Company C, 8th Tank BN, United States Marine Corps, Leon County, FL
Camp LeJeune Marine Corps Base, Jacksonville, FL
Marine Corps Air Station, Yuma, AZ
Marine Corps Air Station, Beaufort, SC
Marine Corps Air Station, El Toro, CA
Marine Corps Logistics Base, Barstow, CA

Defense Agencies

Defense Logistics Agency, Directorate of Supply Operations, Alexandria, VA
Defense Personnel Supply Center, Philadelphia, PA
Defense Contract Administration Services Region, Transportation and Packing Division, Philadelphia, PA
Defense Contract Administration Services Management Areas:
- Atlanta, GA
- Baltimore, MD
- Birmingham, AL
- Boston, MA
- Chicago, IL
- Cleveland, OH
- Dallas, TX
- Dayton, OH
- Denver, CO
- Fort Benjamin Harrison, IN
- Indianapolis, IN
- Milwaukee, WI
- Ontario, Canada
- Orlando, FL
- Pittsburgh, PA
- Reading, PA
- St. Louis, MO
- St. Paul, MN
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- San Diego, CA
- San Francisco/San Bruno, CA
- Santa Ana, CA
- Van Nuys, CA

Defense General Supply Center, Richmond, VA
Defense Depot, Transportation and Shipping Division, Richmond, VA
Defense Fuel Region - Central, St. Louis, MO
Defense Fuel Region - Southwest, Houston, TX
Defense Fuel Region - Northeast, McGuire Air Force Base, NJ
Defense Fuel Region - West, San Pedro, CA
Defense Subsistence Region - Pacific, Alameda, CA
Defense Depot, Transportation and Shipping Division, Mechanicsburg, PA
Defense Depot, Ogden, UT
Defense Depot, Tracy, CA
Defense Depot, Memphis, TN
Armed Forces Entrances and Examination Station, Boston, MA

Non-DoD Activities

Department of Justice, Bureau of Prisons, Washington, DC
RCA Electronic Systems Department, GE Company, Material Handling and Traffic, Moorestown, NJ
Federal Prison Industries, Superintendent of Industries, El Reno, OK
Federal Prison Industries, Superintendent of Industries, Texarkana, TX
Federal Prison Industries, Superintendent of Industries, Tallahassee, FL
Federal Prison Industries, Superintendent of Industries, Anthony, TX
Federal Prison Industries, Superintendent of Industries, San Pedro, CA
Federal Prison Industries, Superintendent of Industries, Oakdale, CA
Federal Prison Industries, Allenwood, Montgomery, PA
Government Printing Office, Washington, DC
Amoco Oil Co., Whiting, IN
NASA Goddard Space Flight Center, Wallops Island, VA

AUDIT TEAM MEMBERS

Shelton Young, Director, Logistics Support Directorate
John Gebka, Program Director
Albert Putnam, Project Manager
Dianna Pearson, Team Leader
Hugh Pollon, Team Leader
Rico Clarke, Team Leader
Glenda Jenkins, Lead Auditor
Thomas Wright, Lead Auditor
LaVaeda Coulter, Auditor
Art Bohlinger, Auditor
Eva Daniel, Auditor
Marvin Tuxhorn, Auditor
Gregory Donnellon, Logistics Management Specialist

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Senate Committee on Governmental Affairs
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House Subcommittee on Defense, Committee on Appropriations
House Ranking Minority Member, Committee on Appropriations
House Committee on Armed Services
House Committee on Government Operations
House Subcommittee on Legislation and National Security, Committee on Government Operations