UNITED STATES GENERAL ACCOUNTING OFFICE

WASHINGTON, D.C. 20548

LOGISTICS AND COMMUNICATIONS DIVISION

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JUNE 9, 1980

(REGULAR)

NOT A REPORT

General John R. Guthrie
Commanding General
Army Materiel Development and
Readiness Command

Dear General Guthrie:

Subject: Intransit Visibility and Performance Evaluation Systems Need Improvement ~~(DM-80-23)~~ DO NOT USE

This report discusses the need to improve the quality of data going into the Army's Logistic Intelligence File (LIF), a supply and transportation information system. The report also comments on the need to combine the LIF performance reporting system with the Military Supply and Transportation Evaluation Procedures (MILSTEP) performance reporting system. Our findings are summarized below and are discussed in greater detail in the enclosure.

LIF does not receive complete, accurate, and timely information on the movement of material through the supply and transportation pipeline. This has reduced the effectiveness of LIF in responding to inquiries on the status of material requisitions and reporting on logistical performance.

We tracked 115 requisitions into LIF and found one or more problems with 89 of the requisitions. The problems involved; (1) 52 requisitions with delays of 7 or more days in notifying LIF that actions had occurred, (2) 30 requisitions where erroneous dates were furnished, and (3) 50 requisitions where some required information was not submitted.

In order to improve the effectiveness of LIF, we believe that you should

--emphasize the need to provide accurate, complete, and timely information on the handling of requisitions,

--train personnel responsible for preparing and processing required data and assure that there are adequate numbers of trained personnel,

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--resolve problems concerning an intransit data card (TK-4) that has caused particular difficulties in providing complete information.

We question the need to maintain both the LIF and MILSTEP logistic performance reporting systems. The existence of the two systems had caused the development and maintenance of separate Army organizations, facilities, data bases, performance measurements and indicators, and logistical performance reports. This has resulted in duplicate and overlapping work as well as confusion and conflicts when statistics from the two systems are reviewed for comparable periods.

We believe that you should (1) develop a standard reporting system and data base and (2) merge and consolidate the two organizations, personnel, and facilities to the extent feasible. These actions will result in a more efficient and effective logistical performance reporting system and create greater opportunities for reducing operating costs.

The report contains recommendations to you on pages 8 and 16 of the enclosure. We would appreciate receiving your comments on our findings and recommendations.

We are sending copies of this report to the Secretary of Defense and the Secretary of the Army.

Sincerely yours,

Henry W. Connor
Associate Director

Enclosure

ENCLOSURE

INTRANSIT VISIBILITY AND PERFORMANCE EVALUATION SYSTEMS NEED IMPROVEMENT

Contents

ABBREVIATIONS

DARCOM	Army Materiel Development and Readiness Command
DIIVS	Defense Intransit Item Visibility System
DOD	Department of Defense
GAO	General Accounting Office
LIF	Logistic Intelligence File
MILSTEP	Military Supply and Transportation Evaluation Procedures

CHAPTER 1

INTRODUCTION

The Logistic Control Activity at the Presidio of San Francisco operates a logistics information system referred to as the Logistic Intellgence File (LIF). The LIF was formally established in 1968 to obtain intransit visibility over all U.S. Army Vietnam requisitions. Coverage was extended to Alaska in 1969 and to Europe and the Canal Zone in 1970. With its expansion in 1974 to include continental United States activities, LIF has become a worldwide data bank for supply and movement of most Army-issued commodities.

The LIF is an information computer data file which accumulates and assembles standard supply and transportation data and provides visibility of individual segments of the supply and transportation pipeline. LIF tracks about 1 million Army requisitions a month.

In addition to a LIF inquiry system that permits customers or Army activities at all levels to gain access to the file by telephone, Autodin, or written correspondence, the LIF is used to evaluate performance of the Army's Direct Support System at both the wholesale and retail levels. Each month the file is used to compute a series of performance evaluation reports, examining such areas as average pipeline segment processing time; total order-ship time; national inventory control point, depot, and Defense Transportation System performance; and receipt processing. These reports are compiled for each major command.

Individual Direct Support System activity performance reports are sent to over 500 using units worldwide at the beginning of each month. Summary reports are provided to intermediate levels such as divisions, installations, separate brigades, and corps. These reports display both current month and trend statistics in such areas as requisition processing time, order-ship time, and support activity receipt processing time.

The Logistic Control Activity also uses the file to perform numerous special analyses of the Army's supply and distribution system for its parent organization--the Army Materiel Development and Readiness Command (DARCOM)--and the Department of the Army.

SCOPE OF REVIEW

We tested the accuracy, timeliness, and completeness of reports and services provided by the Logistic Control

Activity to Army organizations; compared their logistics management reports to those promulgated by the Military Supply and Transportation Evaluation Procedures (MILSTEP)--a Defense-wide logistics performance reporting system--and followed up on the status of action taken by the Department of Defense (DOD) regarding our 1975 recommendation to develop a unified transportation data bank.

We examined Army and DOD regulations, management studies, Army internal audit reports, and various Logistic Control Activity reports, documents, and records. We also had discussions with headquarters and installation officials. The review was performed at DOD and Army headquarters; the Logistic Control Activity; and selected Army installations in the continental United States, including Fort Ord, Fort Belvoir, Fort Meade, Fort Eustis, Sharpe Army Depot, Sacramento Army Depot, Letterkenny Army Depot, and Defense Depot Tracy.

CHAPTER 2

QUALITY OF SUPPLY AND TRANSPORTATION INFORMATION TO LIF NEEDS IMPROVEMENT

The LIF does not receive complete, accurate, and timely information on the movement of items through the supply and transportation pipeline. This has reduced the effectiveness of LIF in responding to inquiries on the status of Army requisitions and reporting on logistical performance.

The usefulness of the LIF as an information system is directly related to the quality of the information it receives. For LIF to be effective it needs reliable and timely information on the current status of requisitions. This includes knowing when a material release order was issued by the inventory control point as well as when the requested material was shipped from a supply depot, shipped from a port of embarkation, and received by a requisitioner.

Having knowledge of this type of information not only enables LIF to answer inquiries regarding the status of requisitions but to report on the effectiveness of the supply and transportation pipeline. Accordingly, the Army needs to give increased management attention to the quality of information furnished to LIF and provide installation personnel with better training.

DATA PROBLEMS

In order to determine the quality of supply and transportation information received by LIF, we visited selected Army activities and identified supply and transportation actions in process to track into LIF's records. We selected 115 Army requisitions for detailed analysis. These requisitions were initiated by Army units located overseas and in the United States and were filled by Army, Defense Logistics Agency, and General Services Administration supply depots. The requisitions were shipped by various means, including military-controlled aircraft, commercial containerized ships, commercial truck, U.S. Postal Service parcel post, and United Parcel Service.

We found that 89, or 77 percent, of the 115 requisitions had one or more problems in the way information was recorded in the LIF. These problems involved (1) 52 requisitions with a significant delay of 7 or more days in notifying the LIF that requested material or supplies had been received, (2) 30 requisitions where the LIF was informed of one or more erroneous dates that supply or transportation actions occurred,

and (3) 50 requisitions where one or more required segments of supply or transportation information was not forwarded to the LIF for recording in its data bank.

Examples of the reporting problems follows:

--An Army training installation took 26 days to report to LIF the receipt of requested supplies. In addition, the installation central receiving point reported forwarding the supplies to the using unit before the receiving point had reported it received them.

--An overseas Army unit reported receiving supplies on a date which was 5 days prior to the date the overseas aerial port said it had sent the supplies to the unit.

--An Army container consolidation point reported receiving a shipment 2 days before the Army supply depot said it shipped the items to the consolidation point. The supply depot's reported shipping date was also 1 day before the inventory control point reported it requested the depot to release the items.

--A west coast water terminal port of embarkation reported receiving a sea van container 3 days prior to the date the container consolidation point reported shipping the container to the port.

--All 17 shipments in our sample to one installation, Fort Belvoir, were missing required intransit data cards (TK4s). These cards are supposed to be used to report to LIF the date items are received at an installation and the date the installation's central receiving point forwards the items to the requisitioner. In addition, for 2 of these 17 shipments the requisitioner did not report to the LIF that the items had been received.

The LIF's own records also indicated problems in the quality of data reported to the LIF. Logistic Control Activity personnel monitor the data submitted to the LIF to detect discrepancies of the type found in our sample, and notify Army activities by letter when significant problems in the quality of data are noted. For example, on May 1, 1979, the Commander,

Fort Devens, was notified that his installation was submitting data to the LIF that inaccurately portrayed the dates that requested material was received and posted to accountable records. In these cases, the installation posted receipt of material to accountable records before it actually received the material.

WHY DATA PROBLEMS OCCUR

We asked personnel at U.S. installations why these problems had occurred and received a variety of reasons. Some of the reasons given for the delays in submitting data to the LIF or submitting incomplete or inaccurate data were (1) work backlogs, (2) other higher priority work, (3) personnel turnover, (4) lack of staff, (5) lack of trained staff, and (6) indifference by key military personnel responsible for processing LIF intransit data cards.

During our visits to various Army installations and discussions with Army personnel, we noted that some personnel were not aware of the procedures to follow in processing required LIF documentation. There was no uniformity in the procedures followed and there was also confusion among key personnel as to how the documentation should be prepared and where it should be sent. In some instances, LIF documentation was simply discarded because it was not known what to do with it. It was our impression there was a need for additional field training of personnel in how to properly process the documentation.

Logistic Control Activity officials agreed that documentation problems occur at installations for the above mentioned reasons, but they stated they have no line authority to correct these problems. They stated their role was advisory in nature and that in the final analysis the various Army commands have the prime responsibility for making any needed changes or improvements in the way installations processed data to the LIF and conducted training of installation personnel.

According to the Logistic Control Activity's Commanding Officer, personnel regularly visit Army installations for the purpose of improving their knowledge and awareness of the Logistic Control Activity's mission and services, as well as advising personnel on how to properly process data to the LIF. We noted, however, that the visits were usually only one or two days in duration and were primarily used to emphasize the value of Logistic Control Activity products and services rather than LIF's need for timely, accurate, and complete data.

While the reasons given by the installation personnel for not properly processing data to the LIF may have some merit, in our opinion they represent problems that can be resolved through additional management attention, a more judicious allocation of resources, and improved training of installation personnel. In addition, while we agree that Army commands should have the prime responsibility for processing required data to the LIF, we also believe the importance of this data to the successful operation of the LIF dictates a more direct and active role by Logistic Control Activity personnel in assisting installations in training logistics personnel in the proper processing of this data and in assuring that its submission to the LIF is timely, accurate, and complete.

INTRANSIT DATA CARDS

In our opinion, a major contributing cause to the problem of incomplete or erroneous supply and transportation information at the using installation level was LIF's use of an intransit data card that was almost identical to one used in the MILSTEP logistical performance reporting system. There was a need for these two cards to be consolidated to meet both reporting needs or changed so that the differences between the two cards would be more readily apparent, thus ending the confusion that appeared to exist as to how these cards should be prepared and where they should be sent.

Intransit data cards (TK4 cards) are supposed to contain the date the material is received at the installation central receiving point and the date the material is delivered to the requisitioning activity. Frequently, LIF did not receive the data on these cards. For example, a September 30, 1979, LIF report indicated that as many as 44 percent of the TK4 documents for the month were missing. In an earlier month about 39 percent were missing. Without these documents, a significant number of Army requisitions could not be adequately monitored for supply and transportation performance.

Our sample of 115 requisitions also disclosed a lack of TK4 cards in the LIF data bank. In our sample, 40 or 57 percent of the required 70 U.S. TK4 intransit data cards were missing from the LIF. Our inquiries into the reasons why these cards were missing identified the existence of a long standing problem that needs to be resolved.

Both the LIF and MILSTEP reporting systems used a TK4 intransit data card as input to their systems. Although the two cards were not intended to be identical, they were so similar that it was difficult to tell one from the other. This may have been a major contributing factor as to why many of LIF's TK4 cards were sent in error to the MILSTEP Central Data Collection Point at the Defense Depot, Tracy, California.

An official at Tracy estimated that they receive about 5,000 LIF TK4 cards per month which he said were useless for MILSTEP reporting because the card contains slightly different information. He said these cards may not be forwarded to LIF because the Central Data Collection Point computer is not programmed to distinguish between MILSTEP and LIF TK4 cards. If a LIF TK4 card was sent in error to Tracy it would be accepted as if it was a MILSTEP card even though it would be useless for that purpose. If the MILSTEP card was later received at the Central Data Collection Point it would be rejected by the computer as a duplicate. Thus, if the LIF TK4 card was received first, not only would the LIF system be inaccurate but the MILSTEP system as well.

We visited several Army installations to determine how TK4 cards were being prepared and processed. We found that these cards were handled in various ways. At Letterkenny Army Depot, personnel were addressing both MILSTEP and LIF TK4 cards to McClellan Air Force Base. Since McClellan was no longer a Central Data Collection Point we inquired why these cards were still being used. We were told that it was because this installation still had a 10-year supply of these pre-addressed cards.

At Sharpe Army Depot, we learned that both MILSTEP and LIF TK4 cards were pre-addressed to the Central Data Collection Point at Tracy, California. However, on the reverse side of the LIF TK4 card there was a notation to send the card to the Logistic Control Activity. In our opinion, this was confusing. When we asked why the Tracy mailing address was not removed from the LIF TK4 card we were told it was not done because they were not so authorized.

For some Fort Belvoir shipments we noted that both the MILSTEP and LIF TK4 cards had the same Tracy mailing address while the reverse side of each card was lightly stamped with either a "DSS" or "MILSTEP." Personnel responsible for transmitting these cards were confused as to where they should be sent. Some personnel at Fort Belvoir were simply throwing both types of cards away.

For several years, there have been proposals by several Army organizations to solve the problem of misrouted TK4 documents, but a solution acceptable to all organizations concerned has not been found.

Another reason for missing TK4 documentation was the reluctance and in some cases refusal of the Defense Logistics Agency and the General Services Administration to prepare

Army-required TK4 cards for shipments to Army customers. Because of the added cost involved in preparing the TK4 cards, and because they have their own shipping documentation requirements and procedures, these agencies have generally pressed for the Army to prepare its own documentation.

One Army installation, Fort Eustis, does not prepare replacement TK4 cards because it would cause too much of an additional workload. Thus the LIF would not receive TK4 cards for shipments to Fort Eustis from depots that did not prepare the cards. The number of cards would be sizable. For example, the central receiving point at Ford Ord prepared 600 TK4 cards during a 9-day period for General Services Administration and Defense Logistics Agency shipments received with this documentation missing.

CONCLUSIONS AND RECOMMENDATIONS

In our opinion, there is a need to improve the quality of supply and transportation information submitted to the LIF. With better data the effectiveness of the LIF in providing information on the status of requisitions and in reporting on logistical performance would be enhanced.

To achieve this goal the elements of well-run programs must be provided. They include management attention and emphasis, sufficient personnel, and adequate training. In addition, particular problems of the LIF must be resolved. These problems relate to the duplicate TK4 intransit data cards and the documentation received from Defense Logistics Agency and General Services Administration depots. Accordingly, we recommend that the Commanding General, DARCOM, take the following actions:

--Emphasize to the various commands, depots, and installations the need to provide LIF with accurate, complete, and timely information on the Army requisitions.

--Assure that there is an adequate number of trained personnel responsible for processing data to the LIF.

--Authorize and direct the Logistic Control Activity to take a more active and direct role in the training of personnel responsible for preparing and processing required data to the LIF.

--Develop one intransit data card that will serve the needs of both MILSTEP's and LIF's present TK4 cards.

--Either assume full responsibility for preparing and processing all required LIF documentation for the Defense Logistics Agency and the General Services Administration or obtain their firm agreement to provide the documentation.

CHAPTER 3

QUESTIONABLE NEED FOR TWO ARMY LOGISTICAL PERFORMANCE REPORTING SYSTEMS

We question the need for the Army to maintain two separate and distinct data bases and reporting systems for evaluating logistics performance. The existence of the two systems, MILSTEP and LIF, has caused the development and maintenance of separate Army organizations, facilities, data bases, performance measurements and indicators, and logistical performance reports. This has resulted in duplicate and overlapping work as well as confusion and conflicts when statistics from the two systems are reviewed for comparable or similar periods. Army studies identified similar problems but corrective action was not taken.

LIF AND MILSTEP REGULATIONS

Although both the MILSTEP and LIF systems were implemented in 1968, they were developed independent of each other with separate organizations and equipment, and have since evolved into performing a similar mission--to provide Army managers with information on the effectiveness of supply and transportation systems in handling and processing material requisitions.

Army Regulation 725-50 prescribes policies, procedures, and direction governing the implementation of the DOD Military Supply and Transportation Evaluation Procedures (MILSTEP). According to the regulation, MILSTEP is designed to produce uniform Defense-wide logistics performance measurement reports to be used in evaluating total pipeline performance against specified standards. The Logistics System Support Agency of DARCOM is the Army organization responsible for collecting and processing military standard supply and transportation source documents into MILSTEP reports which are then forwarded through channels to the Department of Army for submission to DOD. The Logistics System Support Agency employes 343 people and has an annual operating budget of $14 million.

Army Regulation 700-54 prescribes policies and procedures governing the operations of the Logistic Intelligence File (LIF) and its use. According to the regulation, LIF is also responsible for providing logistical support performance reports for the purpose of furnishing Army logistics managers at all levels with the capability of determining

the effectiveness of supply support provided to Army units. In accomplishing this LIF also utilizes the data on military standard supply and transportation documents. As stated previously, LIF is operated by the Logistic Control Activity. This organization employs about 175 people and has an annual operating budget of $5 million.

Although both regulations relate directly to the operation of an Army logistics performance system, neither regulation covered such subjects as

--the need for both MILSTEP and LIF,

--how the two systems were to coordinate, and

--how the two systems differed.

Furthermore, neither regulation made reference to the other one or in any way acknowledged the existence of both MILSTEP and LIF.

SIMILARITIES BETWEEN LIF AND MILSTEP

We compared the reports promulgated by both MILSTEP and LIF and found there were many similarities between the two reporting systems. For example, both MILSTEP and LIF reporting systems

--grouped requisitions for performance measuring by the same issue priority designators, i.e., 1 to 3, 4 to 8, and 9 to 15,

--provided logistical performance data for the same Army wholesale supply depots such as Sharpe, Sacramento, New Cumberland, Letterkenny, and Red River Army Depots,

--categorized performance data by the same national inventory control points and by the same geographical areas such as the continental United States, Europe, and the Pacific,

--segmentized the supply and transportation pipeline to measure (1) requisition submission time (2) national inventory control point processing time, (3) depot processing time, and (4) intransit or shipping time,

--reported on the extent that requisitions were filled, rejected, backordered, and canceled.

SYSTEM DIFFERENCES

Although there were a number of similarities between the two systems, their different data bases plus other disparities were sufficient to produce performance statistics that, while similar, were not the same or necessarily comparable.

MILSTEP's reports were based on information on all requisitions filled by Army wholesale sources of supply. Thus, requisitions received from the Army, other military services, civil agencies, and international logistics customers were included. In contrast, LIF's reports were based on information on Army requisitions only, regardless of whether they were filled by Army depots or other sources. Therefore, only Army requisitions filled by an Army wholesale supply depot would be included in the data base of both systems. In October 1979, this amounted to about 73 percent of the requisitions processed by Sharpe Army Depot, a major wholesale supply depot.

Also, data was presented differently in the reports. For example, the October 1979 MILSTEP reports showed that about 79 percent of the Army's requisitions were filled from available stock while the LIF reports showed about 68 percent. The two percentages were not comparable because the LIF percentage represented the rate of fill for both stocked and nonstocked items while the MILSTEP percentage was developed for only regularly stocked items. Since requisitions for regularly stocked items likely would be filled more quickly than requisitions for nonstocked items, the MILSTEP fill percentage would probably always be higher than the LIF percentage.

In another instance, MILSTEP reported that 91 percent of an Army depot's shipments during October 1979 were processed on time whereas LIF reported that about 75 percent were processed on time, a significantly lower rate. Again, these two percentages were not comparable because the MILSTEP rate compared the depot's requisition processing time with the time standards of the Uniform Materiel Movement and Issue Priority System, whereas the LIF rate compared the processing time with the shorter and more strict time standards of the Army's Direct Support System. We also noted that with the exception of the intransit time segment the time frames for the various segments of the supply and transportation pipeline were not measured the same.

INHOUSE STUDIES ALSO QUESTION THE NEED FOR TWO SYSTEMS

Army studies have questioned the need to maintain two logistics performance reporting systems. In addition, our discussions with recipients of the LIF and MILSTEP reports identified problems with their use.

In May 1978 the Army's Director of Supply and Maintenance wrote to DARCOM expressing the following concerns about maintaining both LIF and MILSTEP systems.

--Multiple logistics performance reporting systems cannot be cost effective.

--Reporting Army logistics performance from two sources provides a built-in basis for conflict.

He concluded that the basic differences between LIF and MILSTEP performance data elements were reconcilable and that logistics performance should be evaluated on the basis of information from only one source. He recommended that, as a long term solution to the continuing problems which result from two sources of data, serious consideration be given to (1) producing both LIF and MILSTEP performance reports from a single data base, (2) establishing LIF as the sole data source for evaluating logistics performance within the Army, and (3) limiting dissemination of MILSTEP data to DOD.

As a result of this memorandum the Materiel Readiness Support Activity of DARCOM was asked to study the LIF and MILSTEP data bases and reporting systems. The study group identified significant advantages of a single system.

--A single data base with a single method of measuring logistics performance within the Army.

--A single set of reports used by all Army activities in evaluating supply performance.

--A standard set of data elements and data definitions.

--Reduced operating costs through elimination of duplication.

--Elimination of conflicts and confusion generated by two systems.

The study group cited disadvantages involving personnel and system turbulence, loss of functional expertise by people who would not move if their jobs were transferred, and costs of converting and consolidating the systems.

The study group recommended the establishment of standard data elements, standard data definitions, and standard performance indicators to be used in one reporting system operated from a single data base. At the conclusion of our review no action had been taken or was planned to implement the recommendation.

During our visits to Army installations we discussed the two systems with supply and transportation officials. None supported the need for both LIF and MILSTEP. One official stated that it was "sheer lunacy" to continue maintaining two logistics performance reporting systems.

Some officials either were not familar with the MILSTEP reports or did not regularly use them. One of the few persons that did use the MILSTEP reports was not pleased with the accuracy and timeliness. He said by the time he received the MILSTEP reports it was too late to take corrective action on individual problems because the reports reflected transactions that occurred about two months earlier and the people involved were not easily identifiable.

The official stated that the LIF reports were more timely. On the other hand another official at a wholesale supply depot was not pleased with the LIF reports because they excluded shipments to non-Army customers. He believed that the depot's performance should be evaluated on the basis of all requisitions processed.

SLOW PROGRESS IN DEVELOPING A DOD-WIDE TRANSPORTATION DATA SYSTEM

Progress in developing and implementing a unified transportation management system has been slow and sporadic at best. A unified system, if economically feasible, is still several years in the future.

Since 1967 several DOD studies have commented on the proliferation of fragmented systems which do not provide adequate management data. The studies have pointed out the need for a unified data system to provide management information on all DOD cargo.

On February 11, 1975, we issued a report to the Secretary of Defense entitled "Need for More Effective Management of Transportation Data Systems" (LCD-75-205). In that report

we identified a number of DOD automated data systems sharing responsibility for transportation data management, including the LIF. We noted that many computer facilities were processing the same standard supply and transportation documents for the same shipments and that each of the data systems duplicated, in varying degrees, the functions performed by one or more of the other systems.

We concluded that DOD could save money and more effectively manage transportation data by consolidating the various traffic management systems. At that time, DOD officials agreed the current systems were fragmented and duplicative and that there was a need for a unified data bank. They also agreed to take corrective action, but they had not made a decision as to what that action would be.

In July 1976 a joint prototype test group was convened to design and test a Defense Intransit Item Visibility System (DIIVS) concept. The key system feature of DIIVS was to be a central data bank to provide timely and accurate information on the identity, status, and location of supply items or shipments in the logistics pipeline.

While the prototype test group was in session the Senate Committee on Appropriations asked for an economic analysis of DIIVS. The test group prepared a pretest economic analysis but the Appropriations Committee concluded that the cost savings identified in the economic analysis were incomplete and insufficient to warrant further DIIVS funding. The Committee directed DOD to conduct a full economic analysis of DIIVS and not to plan or develop any DIIVS-type systems pending the outcome of the analysis.

In August 1977 DOD asked the Defense Logistics Agency to proceed with preparations for conducting the economic analysis. Subsequently, on January 9, 1978, a Joint DIIVS Cost/Benefit Evaluation Committee was formed with objectives which included accomplishing a life-cycle cost/benefit analysis of DIIVS by September 17, 1978.

The evaluation committee has yet to complete the cost benefit analysis. The chairman of the evaluation committee said that the delay was a result of staffing, financing, and cooperation problems. The committee now plans to complete the economic analysis by August 1980, almost two years later than originally estimated. The chairman stated that DIIVS probably would not become operational until the mid-1980's, assuming the economic analysis supports its implementation.

Since a unified system, if economically feasible, is still several years in the future, DARCOM should work to minimize or eliminate the duplication and fragmentation in the existing systems so that current operations can be improved. Another reason for making these improvements is that the good features of the existing systems might well form the base for the unified DOD-wide system.

CONCLUSIONS AND RECOMMENDATIONS

In our opinion, there is a need to eliminate existing duplicate and overlapping efforts of MILSTEP and LIF. Maintaining two systems is costly and causes confusion and conflicts among the users of the two systems. Our views are not new; the Army's own studies have advocated a single reporting system.

We believe that a merger of LIF and MILSTEP could be effected without jeopardizing the fulfillment of DOD's requirements for the implementation of MILSTEP, and that such a merger would result in a more efficient and effective logistical performance reporting system. A merger of organizations, personnel, and facilities also would create greater opportunities for reducing operating costs. The two organizations have combined annual operating costs of $19 million and employ over 500 people. We recognize that the two organizations have functions other than LIF and MILSTEP but the figures give an idea of the savings possibilities.

Accordingly, to effect needed improvements in the Army's logistical performance reporting systems and eliminate duplication and fragmentation, we recommend that the Commanding General, DARCOM:

--Develop a standard reporting system and data base.

--Merge and consolidate the LIF and MILSTEP organizations, personnel, and facilities to the extent feasible.