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REPORT TO THE CONGRESS



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Problems Being Experienced
In The Dependent Shelter Program
In The Republic Of Vietnam

B-159451

Department of Defense

BY THE COMPTROLLER GENERAL
OF THE UNITED STATES

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FEB:17:1972



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

B-159451

To the President of the Senate and
the Speaker of the House of Representatives

This is our report on problems being experienced in the Dependent Shelter Program in the Republic of Vietnam. This program is a high-priority undertaking by the Department of Defense.

Our review was made pursuant to the Budget and Accounting Act, 1921 (31 U.S.C. 53), and the Accounting and Auditing Act of 1950 (31 U.S.C. 67).

Copies of this report are being sent to the Director, Office of Management and Budget; the Secretary of Defense; and the Secretaries of the Army, Navy, and Air Force.

A handwritten signature in cursive script that reads "James B. Aboites".

Comptroller General
of the United States

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ABBREVIATIONS

GAO General Accounting Office

MACV Military Assistance Command, Vietnam

D I G E S T

WHY THE REVIEW WAS MADE

The Dependent Shelter Program in the Republic of Vietnam is a high-priority undertaking by the Department of Defense. Under the program living quarters, referred to as shelters, for the immediate families of Republic of Vietnam Armed Forces personnel are being constructed at or near Vietnamese military installations. The shelters are being constructed in an attempt to raise morale and reduce the high desertion rate of the Vietnamese Armed Forces.

Prior to 1966 the Vietnamese Government independently had constructed family living quarters for its servicemen. The Dependent Shelter Program was initiated jointly by the United States and the Vietnamese Government in 1966. U.S. participation in the program is expected to continue until 1975 and to cost the United States about \$37 million. (See p. 4.)

Because of congressional interest in the Dependent Shelter Program and because of its high priority, the General Accounting Office (GAO) made a review to determine:

- The progress made in achieving program objectives.
- The manner in which the program had been managed and carried out.

FINDINGS AND CONCLUSIONS

U.S. military officials were unable to provide GAO with definitive data showing whether progress had been made in achieving the objectives of the Dependent Shelter Program--that is, to improve morale and to reduce the high desertion rate of Vietnamese military personnel.

A test by the U.S. Military Assistance Command, Vietnam, and the Vietnamese Armed Forces to determine whether the provision of shelters had reduced the high desertion rate of Vietnamese military personnel was scheduled to cover the 6-month period which began June 1971. Delays in the construction of shelters at the test site delayed the start of the test for several months.

Implementation of the Dependent Shelter Program has suffered from (1) lack of adequate planning and (2) fragmented and ineffective management. These circumstances have contributed, and, unless corrected, will continue to contribute, to a number of problems affecting overall program performance. These problems relate to:

- Computation of shelter requirements on the basis of assumptions and incomplete data. (See p. 8.)
- Selection of shelter sites without formal criteria for determining suitability of locations. (See pp. 9 and 10.)
- Construction of shelters that were not in accordance with the prescribed design. (See pp. 11 to 14.)
- Variances from good to poor, in the quality of shelter construction. (See pp. 16 and 17.)
- Delays in shelter construction. (See pp. 17 and 19.)
- Partial occupancy and improper use of shelters. (See pp. 20 and 21.)
- Poor maintenance of shelters. (See pp. 21 and 22.)
- Ineffective management of construction materials. (See pp. 23 to 25.)
- Absence of effective controls over program costs. (See pp. 25 and 26.)

During GAO visits to various installations throughout Vietnam, U.S. officials stated that a major difficulty they had encountered had been a lack of interest in the program by the Vietnamese. (See pp. 15 and 16.)

GAO found no evidence that the program had been reviewed by any Department of Defense or military department internal review group. In GAO's opinion, had such reviews been made, program problems could have been identified and corrected much earlier. (See p. 7.)

GAO believes that the conditions it found show that the Secretary of Defense should evaluate the need to continue or redirect the Dependent Shelter Program before substantial additional U.S. funds are expended. (See p. 27.)

RECOMMENDATIONS OR SUGGESTIONS

GAO recommends that the Secretary of Defense direct the U.S. Military Assistance Command, Vietnam, to develop, and to provide him with, data needed (1) to evaluate progress made to date in achieving the program objectives and (2) to determine whether continuation or redirection of the program would be desirable, and, upon receipt of these data, evaluate program progress and the need to continue or redirect the program.

GAO recommends also that, if the Secretary decides that the program should continue, either along its present lines or in a different direction, he direct the U.S. Military Assistance Command, Vietnam, and American officials having responsibility for managing and operating the program to take firm and positive action to overcome the program problems identified in this report. GAO recommends further that the Secretary direct his Department's internal review groups to make periodic reviews of any continuing operations under the Dependent Shelter Program. (See pp. 27 and 28.)

AGENCY ACTIONS AND UNRESOLVED ISSUES

After reviewing a draft of this report, the Office of the Secretary of Defense advised GAO on January 14, 1972, that action to conduct a thorough review of this program had been initiated. (See p. 28.)

MATTERS FOR CONSIDERATION BY THE CONGRESS

This report demonstrates the need for the Department of Defense to critically evaluate the effectiveness and management of the Dependent Shelter Program before expending substantial additional U.S. funds.

CHAPTER 1

INTRODUCTION

The Dependent Shelter Program in the Republic of Vietnam is a high-priority undertaking by the Department of Defense. Under the program living quarters, referred to as shelters, for the immediate families of Republic of Vietnam Armed Forces personnel are being constructed at or near Vietnamese military installations. The shelters are being constructed in an attempt to raise morale and reduce the high desertion rate of the Vietnamese Armed Forces. The program is expected to cost the United States about \$37 million.

The Government of Vietnam began constructing shelters for the families of its armed forces personnel in 1961. In 1966 the U.S. Army and the Vietnamese Government jointly initiated a shelter program for Vietnamese Army dependents. The U.S. Navy began a similar program in 1969 for dependents of Vietnamese Navy personnel, and the U.S. Air Force undertook a shelter program in 1970 for dependents of Vietnamese Air Force personnel.

The Dependent Shelter Program Group--made up of representatives of the U.S. Military Assistance Command, Vietnam (MACV), and the Republic of Vietnam Armed Forces Joint General Staff--was established in November 1969 to centralize direction and control over the Dependent Shelter Program. The group developed a long-range program to consolidate the individual service efforts and to provide a systematic approach to overcome the shortage of housing for dependents of Vietnamese military personnel.

The program was divided into two parts--one to provide shelters for dependents of Republic of Vietnam Armed Forces personnel and the other to provide shelters for dependents of the militia in the hamlets. The second part of the program was terminated after only a few shelters had been constructed, because of lack of interest by militia personnel.

Under the long-range program, it was expected that 202,000 shelter units would be constructed during calendar years 1970 through 1977. The Secretary of Defense later

approved an amended version of this plan, which provided for construction of 100,000 shelter units--20,000 units in each of the years 1971 through 1975. All units constructed in 1971 were to be for the Army. Of the units constructed during each of the following years, 80 percent were to be for the Army, 10 percent for the Navy, and 10 percent for the Air Force. Under this program, the United States is to provide \$6 million annually for materials and the Republic of Vietnam is to provide the additional materials and labor needed to construct the shelters.

Department of Defense officials stated in congressional testimony that the average overall cost to the United States for each shelter would be about \$600.¹ MACV later decided, however, that the U.S. contribution to the consolidated program would be limited to \$300 for the cost of material for each shelter. The remaining \$300 of shelter cost--for additional material and construction labor--would be borne by the Government of Vietnam.

A summary of U.S. funds programmed and the number of shelters authorized and completed as of June 1, 1971, follows.

| | <u>Funds programmed (millions)</u> | <u>Shelter units authorized</u> | <u>Shelter units completed</u> |
|-----------|--|---|--|
| Army | \$ 8.9 | 27,968 | 7,218 |
| Navy | 3.5 | 5,833 | 2,608 |
| Air Force | <u>1.5</u> | <u>2,460</u> | <u>110</u> |
| Total | <u>\$13.9</u> | <u>36,261</u> | <u>9,936</u> |

The Office of the Assistant Secretary of Defense (Installations and Logistics) has primary responsibility for monitoring the U.S. participation in the Dependent Shelter Program. MACV has responsibility for managing the U.S. participation in the program.

¹Military Construction Appropriation Hearings for 1971, Subcommittee on Military Construction, House Committee on Appropriations.

CHAPTER 2

PROGRAM PROBLEMS AND THEIR CAUSES

The Dependent Shelter Program was established to improve the morale and reduce the high desertion rate of Vietnamese military personnel. U.S. military officials were unable to provide us with definitive data showing whether this objective was being achieved. A test by MACV and the Vietnamese Armed Forces to determine whether the provision of shelters had reduced the desertion rate of Vietnamese military personnel was scheduled to cover the 6-month period which began June 1971. Delays in the construction of shelters at the test site delayed the start of the test for several months.

Implementation of the program has suffered from (1) lack of adequate planning and (2) fragmented and ineffective management. These circumstances have contributed, and, unless corrected, will continue to contribute, to a number of problems affecting overall program performance. These problems relate to:

- Determining shelter requirements and construction sites.
- Managing shelter construction.
- Occupancy and upkeep of completed shelters.
- Controlling construction material and costs.

During our visits to various installations throughout Vietnam, U.S. officials told us that a major difficulty they had encountered had been a lack of interest in the program by the Vietnamese.

We found no evidence that the Dependent Shelter Program had been reviewed by any Department of Defense or military department internal review group even though the United States had been actively engaged in the program from 1966. In our opinion, had such reviews been made, program problems could have been identified and corrected much earlier.

CHAPTER 3

DETERMINING SHELTER REQUIREMENTS

AND CONSTRUCTION SITES

ESTABLISHMENT OF QUESTIONABLE SHELTER REQUIREMENTS

The validity of the computations of shelter requirements appears questionable since they were based, in large part, upon assumptions and incomplete data.

Records were not available to show how the U.S. Army had decided the number of shelters to be constructed under the program begun in 1966. For the Navy shelter program, U.S. Navy Forces, Vietnam, computed shelter requirements on the basis of data provided by the Vietnamese Joint General Staff. The U.S. Navy estimated that 50 percent of all Vietnamese Navy personnel at each base were married and that they all would require shelters for their families. No effort was made to determine whether some of the married personnel would have their families living away from the bases, as had been the case.

The U.S. Air Force computed shelter requirements for its program using both its own data and data obtained from the Vietnamese Air Force. U.S. Air Force officials recognized that the data used were estimates without factual support. Nevertheless no effort was made to verify the accuracy of these data.

Early in 1970 the Dependent Shelter Program Group began developing a consolidated long-range program that included a determination of shelter requirements for each military service. The group computed the requirements by using, in large part, assumptions relating to such factors as future military manpower levels and the number of Vietnamese military personnel who would not want their dependents living at or near military installations. The group's requirements computation indicated that about 202,000 shelters should be constructed.

The Secretary of Defense, however, approved construction of only 100,000 units at a rate of 20,000 units annually from 1971 through 1975. In April 1970 the Vietnamese began a study to validate, and, if necessary, revise, the group's requirements computation. We were informed by an official of MACV that the results of the study were considered unreliable and that the original computation would be used until more reliable data were available.

QUESTIONABLE SELECTION
OF SHELTER SITES

MACV officials informed us that, for the earlier individual service programs, there had been no written criteria either for selecting shelter sites or for determining the number of shelters to be constructed at each site. We found no evidence, in the records that were available, that the suitability of the locations--from the standpoint of accessibility to schools and markets--or the permanency of the military installations had been considered in selecting sites. The U.S. Navy Public Works Officer at Cam Ranh Bay stated that Vietnamese Navy personnel had told him that, when American forces left that installation, the Vietnamese might abandon the site because of its desolate location.

The Dependent Shelter Program Group directed that priority be given in 1970 and 1971 to reducing the shortage of shelters in those locations where morale was most seriously affected. The group recommended that generally the order of priorities for satisfying shelter requirements be for families of personnel in:

1. Combat units of all services with preference being given to those located away from areas that could support the dependent-housing needs of the units.
2. Combat-support units.
3. Logistical units.
4. Regional forces.
5. Other Vietnamese Navy and Air Force units.

This order of priorities has not always been followed. For example, in 1971, while dependents of some Vietnamese Army personnel assigned to combat units were without shelters, the Vietnamese Joint General Staff selected sites for shelter construction at such locations as the Animal Agriculture Camp at Bien Hoa, the National Geographic Service at Da Lat, and the 2d Recruiting and Induction Center at Nha Trang.

CHAPTER 4

MANAGING SHELTER CONSTRUCTION

FAILURE TO COMPLY WITH STANDARD SHELTER DESIGN

Before the Dependent Shelter Program Group developed a standard shelter design in August 1970, shelters of various designs were built under the individual service programs. Photographs we took of some of the earlier constructed shelters appear on page 12. After the services were directed to use the standard design, the Army complied but the Navy and Air Force did not.

The standard design provided for construction of a one-story building consisting of 10 adjoining shelter units having compacted-earth floors. Each unit was to measure 46 feet by 11-1/2 feet and to consist of one room, a connecting courtyard, a sheltered kitchen, and simple toilet facilities. The shelters were to be constructed with wooden frames, concrete-building-block siding, and sheet-metal roofs. Photographs we took of shelters constructed to the standard design appear on page 13.

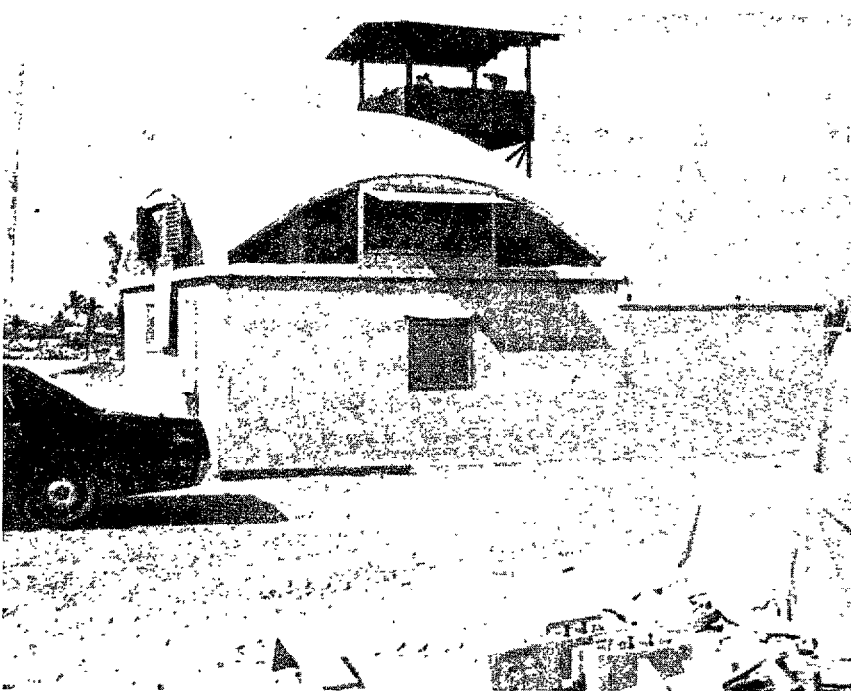
Shelters constructed for the Vietnamese Navy after the standard design was developed included concrete floors and basic utilities, although the design did not provide for these features. MACV tried to force Navy compliance by limiting funds to the cost of materials required to construct shelters to the design. The Navy circumvented this restriction and reportedly still stayed within the funding limit by using excess materials and a labor force made up of U.S. Navy personnel.

Early in the Air Force program, the Vietnamese Air Force asked that concrete floors be included in shelters constructed for its personnel. Initially the Air Force program did not provide concrete floors because the Dependent Shelter Program Group ruled that waivers to the standard compacted-earth floors would not be granted. In February 1971, however, the Air Force began providing concrete floors

**SHELTER DESIGNS USED PRIOR TO THE
ESTABLISHMENT OF THE STANDARD DESIGN**



Shelters constructed near Da Nang, Military Region 1, for dependents of Vietnamese Army personnel

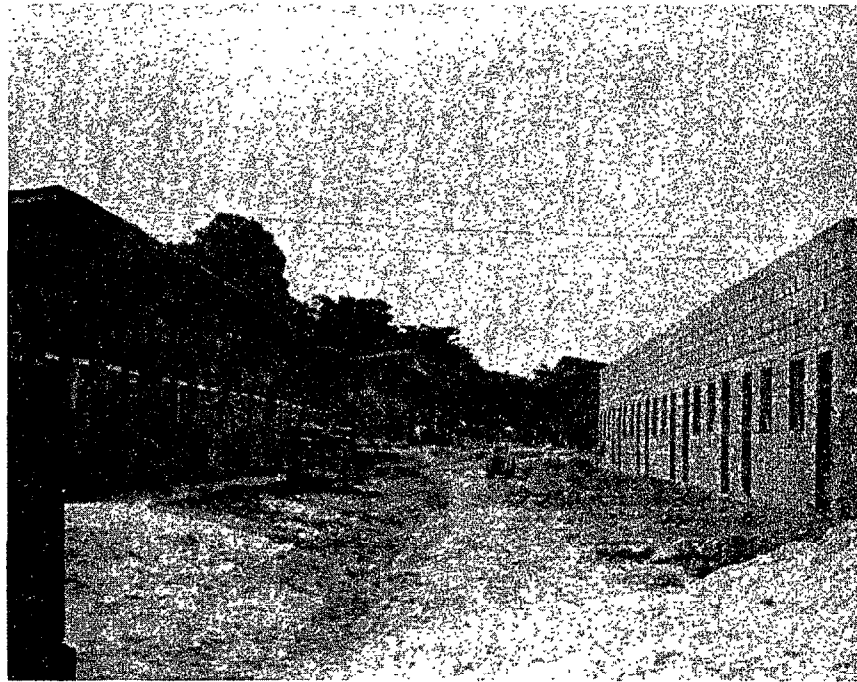


Vietnamese Navy domed shelters at Ben Luc, Military Region 3

STANDARD DESIGN SHELTERS



Front view of standard-design shelters



Rear view of standard-design shelters

because of continuing pressure from the Vietnamese. In the opinion of one U.S. Air Force official, this concession was made to stimulate Vietnamese participation in the program.

DIFFICULTIES IN OBTAINING VIETNAMESE
INTEREST AND PARTICIPATION IN THE PROGRAM

U.S. officials informed us that a major difficulty encountered in the Dependent Shelter Program had been a lack of interest and participation by the Vietnamese.

U.S. Navy policy was to develop the Vietnamese Navy's construction capability. American personnel were to be used, but only in the ratio of one American to every two Vietnamese. Nevertheless construction was performed by U.S. Navy personnel with a minimum of Vietnamese participation. On the average, during the 12 months ended April 1971, 567 Americans and 122 Vietnamese were involved in the construction of shelters.

Records showed that the Vietnamese Navy was reluctant to commit its personnel to shelter construction. Officials said that 25 percent of their personnel were undergoing training and that they were unable to fight a war and build houses at the same time. In several instances Vietnamese participation was terminated because American officers were unable to get productive work from the Vietnamese laborers.

Because of the withdrawal of U.S. Navy construction personnel from Vietnam and because of the lack of active Vietnamese Navy participation in the program, work on Navy shelters came to a virtual standstill during our review. In fact, between May 15 and June 30, 1971, no shelters were constructed.

When the Air Force shelter program was approved, the Vietnamese Air Force Commander decided that he could not supply the installation personnel needed to construct shelters. He asked that a Vietnamese Air Force civil engineering company be assigned the construction task. In rejecting this request the Vietnamese Joint General Staff said that the shelter program was a self-help program and that civil engineering companies could not be provided. The Joint General Staff, however, later allowed the Vietnamese Army to construct the Air Force project at Da Nang. The Vietnamese Air Force made arrangements with Vietnamese Army construction groups to produce windows and wooden doors for the Air Force projects.

In an early afternoon visit to Nha Trang, we observed that most construction activity had ceased for the day. U.S. Air Force advisors said that there was a lack of interest in the program and attributed this condition to the attitude of a senior Vietnamese official. Also they said the Vietnamese laborers felt that construction work was women's work and therefore was degrading to men.

Available data did not show the extent and nature of difficulties encountered in obtaining Vietnamese participation in the construction of shelters for dependents of Vietnamese Army personnel. It appears that limited manpower resources and competition for the use of these resources, including the diversion of construction personnel to meet combat requirements, were factors contributing to the failure of the Vietnamese to actively participate in the program as well as to the stated lack of interest on the part of Vietnamese military leaders.

VARIANCE IN QUALITY OF CONSTRUCTION

The quality of constructed shelters varied from good to poor. Navy shelters built primarily by U.S. personnel appeared to be well constructed. Some Army and Air Force shelters were poorly constructed.

The quality of the concrete building blocks used in the shelters determines, to a large extent, the shelters' structural soundness. No uniform standards had been established to ensure that the blocks being used were of equal quality. The quality of the blocks made for Army and Air Force shelters ranged from good to poor; the quality of those made for Navy shelters generally was good.

Vietnamese Air Force and Navy standards require that concrete blocks withstand about 700 and 800 pounds of pressure, respectively, per square inch (p.s.i.). Blocks made to these standards were believed to be structurally sound. The Vietnamese Army Office of Chief Engineer standard is for blocks to withstand structural failure of 120 p.s.i.

In February 1971 a pressure test of blocks used at Dong Tam was made by the U.S. Army. Two sample blocks were tested; one cracked at 45 p.s.i. and crushed at 67 p.s.i.

The other block crushed at 85 p.s.i. At the Army's Dong Tam and Sa Dec shelter sites, some concrete blocks could be broken by a kick.

Examples of poor construction follow.

1. At the 50-unit Army site near Duc My, some concrete blocks in shelter walls were broken and cracked and others were cemented unevenly into the walls.
2. At the 120-unit Army site at Can Tho, weak concrete blocks were used. Although the shelters had recently been completed, doorframes in some unoccupied units had become loose and others had fallen off.
3. At the 300-unit Air Force site at Nha Trang, there were cracks and patchwork in the shelter walls.

Photographs we took showing poor quality construction and defective concrete blocks used in shelters are shown on the following page.

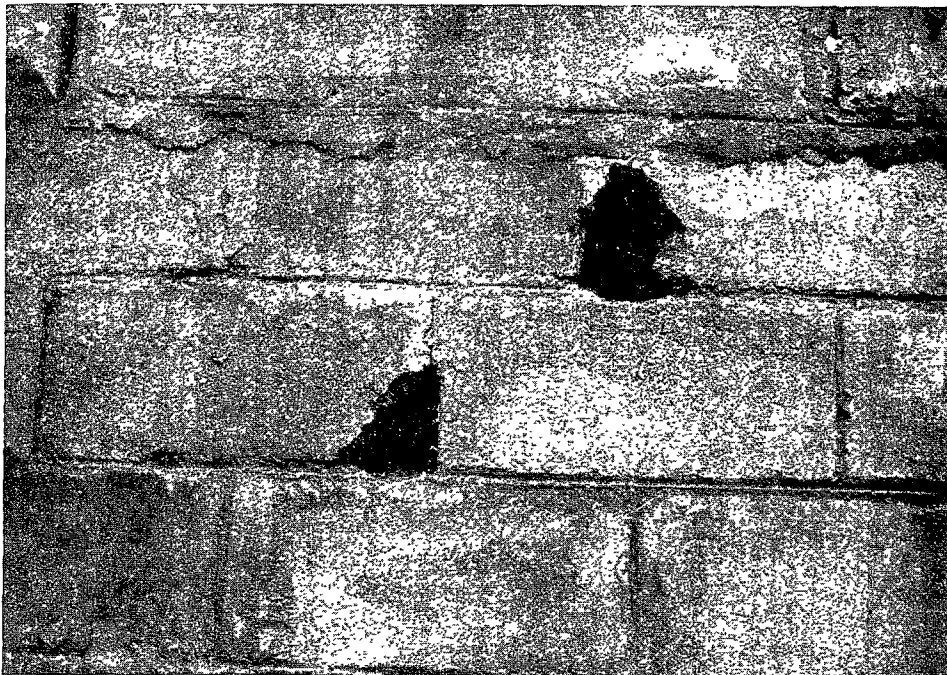
DELAYS IN SHELTER CONSTRUCTION

Each of the military services experienced delays in the construction of dependent shelters. At the time of our review, the Army and Air Force were behind schedule and the Navy program had virtually halted. The delays occurred primarily because of (1) the lack of necessary equipment, materials, and experienced construction personnel, (2) higher priority work, and (3) reported indifference to the program by some Vietnamese commanders.

At June 1, 1971, only 1,600 of the 2,190 Army shelters scheduled for completion in 1970 had been completed and none of the shelters scheduled for 1971 were completed. Only 2,608 of the 4,200 Navy shelters scheduled for completion by June 30, 1971, and 50 of the 2,400 Air Force shelters scheduled for completion by December 31, 1971, had been completed.

In the early years of the Army program, some delays occurred because of military situations which necessitated

EXAMPLES OF POOR QUALITY OF CONSTRUCTION
AT THE NHA TRANG AIR FORCE SHELTER SITE



Poor quality block used in the construction of Air Force shelters at Nha Trang

withdrawal of Vietnamese personnel from construction projects. In some instances the United States did not provide materials as they were needed or did not provide adequate transportation of materials to construction sites. Material shortages occurred throughout 1969, 1970, and the early months of 1971. Available records do not show why the shortages occurred.

Higher priority construction requirements have delayed and, in some instances, caused cancellation of shelter construction. For example, construction at Thu Duc stopped because of redeployment of the U.S. Navy construction team from that site in February 1971 and because of the inability of the Vietnamese to assume the construction work because of higher priority military commitments. Plans for constructing shelters at Nam Can were canceled because U.S. Navy personnel were assigned a higher priority project and because the Vietnamese did not have the required construction skill.

Delays occurred in the Air Force program primarily because of (1) the reported indifference of Vietnamese Air Force Base Commanders, (2) labor problems, such as the lack of an experienced Vietnamese labor force, and (3) the lack of necessary construction equipment.

Although the U.S. Air Force tried to accelerate construction of shelters for dependents of Vietnamese Air Force personnel, during our review construction progress still was being hampered by the lack of equipment and qualified construction personnel and, according to U.S. advisors, the indifference to the program by Vietnamese base commanders.

CHAPTER 5

OCCUPANCY AND UPKEEP OF COMPLETED SHELTERS

PARTIAL OCCUPANCY AND IMPROPER USE OF SHELTERS

At several Navy sites and one Army site, many completed shelters were not being used. In a number of cases, shelters that had been constructed for dependents of Vietnamese Navy personnel were being used improperly.

No uniform criteria were established for assigning shelters to families of Vietnamese servicemen. Each Vietnamese service had one or more methods of making shelter assignments. For the most part these methods provided for shelter assignments on a point-system basis, which allowed a certain number of points for such factors as the servicemember's time in service, size of family, and rank.

At the Lam Son National Training Center, 14 of the 20 units were boarded up and apparently had not been lived in for some time. Vietnamese officers told us that the units were not occupied because the site temporarily was without water. The occupants had purchased water from a truck which periodically visited the site, but the truck had been damaged during an enemy attack and had not been repaired.

Shelters that were completed and turned over to the Vietnamese in February and March 1971 at some Navy sites were only partially occupied as of May 15, 1971, or had never been occupied. At An Khanh none of the 94 shelter units had been occupied. At Ben Luc only 106 of 174 units had been occupied. At Dong Tam only 62 of 285 units had been occupied.

The Base Commander at Dong Tam told us that most of the Navy families lived in a nearby city and did not want to leave their homes and be housed at the military installation. Also the people were reluctant to move to Dong Tam because of the possibility of enemy attack and because of the lack of markets, schools, churches, and transportation.

Although the shelters had been constructed to house dependents of Vietnamese military personnel, we observed a number of instances where shelters at Navy sites were being used

for other purposes. For example, at Phu Cuong, although servicemen's families were waiting to occupy shelters and, according to the U.S. Navy Dependent Shelter Project Officer, there was a need for about 90 more shelters, we observed that one 10-unit complex was being used as a mess hall, social club, and quarters for U.S. Navy personnel; another 10-unit complex was being used by the Vietnamese for office space; two buildings were being used as barracks for Vietnamese Navy personnel; and other buildings were vacant or were being used as a dispensary, classroom, and storeroom. At Nha Trang, about 50 Vietnamese servicemen and their families were waiting to occupy shelters while two units were being used as transient quarters for visiting dignitaries and five units were being used as officers' quarters.

Neither the Vietnamese Army nor the Vietnamese Air Force maintained statistics on, or reported to higher commands, the occupancy rates of completed shelters. The Vietnamese Navy prepared a monthly report showing the number and percent of shelter units occupied in relation to the number of units completed and turned over by the United States. This report, however, was misleading, since it did not differentiate between shelters occupied by dependents of Vietnamese Navy personnel and shelters used for other purposes. Consequently MACV officials and American advisors had no reliable data showing the extent to which completed shelters were being used by the families of Vietnamese military personnel.

POOR SHELTER MAINTENANCE

Although the Government of Vietnam had budgeted funds for routine maintenance of armed forces facilities, only the Vietnamese Navy had established a program for maintenance and repair of dependent shelters.

During our visits to Army shelter sites, we observed sanitation problems which had not been corrected. Filled and overflowing septic tanks caused toilet facilities to operate improperly. Since the toilet facilities were adjacent to cooking and dining areas, this condition was a potential health hazard, as well as a constant source of discomfort to the shelter occupants.

Vietnamese Navy housing regulations require that a maintenance fund be set up at each shelter site. Occupants pay into the fund, which is managed by an administrative committee, a monthly fee in an amount determined by the community. Although the maintenance fund is to be used for general maintenance and repairs, upkeep of individual units is the responsibility of the occupants.

At one Navy site we noted that sewer pipes were plugged and that erosion had started without any corrective action's being taken. A senior U.S. Navy official told us that, although the Vietnamese had maintenance responsibility, they were waiting for the Americans to make the repairs.

The Vietnamese Air Force tried to set up a trash collection service at one site, but the project was discontinued because the shelter occupants objected to paying the monthly fee for the service. The Vietnamese Air Force had not placed any requirements on shelter occupants to keep the units in good repair.

CHAPTER 6

CONTROLS OVER CONSTRUCTION MATERIALS AND COSTS

INEFFECTIVE MANAGEMENT OF CONSTRUCTION MATERIALS

Many practices employed by the U.S. military services to control construction materials used in the initial Army, Navy, and the current consolidated shelter programs have been inadequate and ineffective. We found no major deficiencies in the management of shelter materials used in the Air Force program.

Controls over material receipts and issues

We were unable to determine the quantity of materials received and issued prior to 1971 for the initial Army program because material control records were incomplete or had been destroyed. The Army had established material control procedures requiring that shelter program materials be requisitioned and accounted for separately from supply depot general stock and that all transactions be recorded manually. We observed that these procedures, for the most part, were not being followed. For example, at the Army's Da Nang depot, shelter materials were commingled with general stock. This practice could result in issuance and use of shelter materials for purposes other than the shelter program.

Procedures established by the Navy for control of materials for its shelter program appeared to be adequate, but we found weaknesses in the implementation of these procedures. For example, receiving documents frequently were missing and receipts often were not posted to inventory records. All inventory records prior to November 1970 had been destroyed, which resulted in an incomplete history of receipt and issue transactions.

Moreover the Navy's Da Nang supply yard did not have a complete list of materials required for any of the projects it was supplying, nor did it maintain accurate usage records by location. There was no way of determining whether

proper quantities had been issued. At the Saigon supply yard, records of shipments were not always complete and in some cases quantities in excess of established requirements were being supplied; quantities issued were not being deducted from inventory records; and many issue and transportation documents were missing from the project files.

Under the new consolidated program, U.S. advisors at the Vietnamese area logistics commands are required to report to MACV the total cumulative material receipts as of the end of each month. This information is to be reconciled to the total material issues reported by Headquarters, U.S. Army, Vietnam. As discussed in the following paragraph, this procedure was not being effectively followed at the time of our review.

Little information was available on how reconciliations were made by the U.S. Army of differences in quantities of materials shipped from U.S. depots for the consolidated program and received at Vietnamese area logistics commands, but we noted that significant differences had been found. For example, a comparison of depot shipments with receipts by the Qui Nhon Area Logistics Command for the 6-month period ended March 1971 showed quantity differences valued at about \$13,500 for six items. We were told by a U.S. Army official that these differences were reconciled in April 1971, but, since we found no written record of the reconciliation, we were unable to determine how the reconciled quantities had been determined.

Imbalances between the Navy's physical and recorded inventories

Our physical inventory of 25 selected items at the U.S. Navy's Saigon supply yard showed variances of 10 percent or more from recorded quantities for 16 items. For example, stock records showed that 20,264 insulators were on hand; however, we found only 71 insulators during our physical inventory.

At the Navy's Da Nang supply yard, the only item for which the quantity on hand differed significantly from the quantity shown on the records was cement. Of the 15,750 bags of cement shown on the stock records, only 480 bags

were in the warehouse. Navy officials said that the balance was held by an American contractor because of a lack of storage space at the Navy's supply yard. The cement was not physically separated from the contractor's own stock, and the contractor said that more than 10,000 bags of cement were being held but he could not confirm the exact amount.

Materials and funds used for other than program purposes

Documents at the U.S. Naval Support Activity, Saigon, revealed instances where program materials and funds earmarked to purchase program materials had been used for purposes unrelated to the Dependent Shelter Program. Examples follow.

- Program funds of about \$2,500 had been used to purchase materials, including a hot water heater, shower assembly, fluorescent fixtures and lamps, and plexiglass, for constructing a Vietnamese Navy Commander's residence.
- Program materials valued at more than \$1,500 had been issued for construction of dog kennels, pigpens, and chicken coops.
- Program materials costing about \$200 had been used to construct an office at the Saigon supply yard. A previous request for funds to construct the office had been disapproved by the U.S. Naval Support Activity, Saigon.

ABSENCE OF EFFECTIVE CONTROLS OVER PROGRAM COSTS

No effective system for identifying and managing program costs was established. We believe that, in the absence of such a system, it is doubtful whether the actual cost of the Dependent Shelter Program ever will be known.

Since the inception of U.S. participation in the program, MACV has not provided guidance to the several U.S. services on how to identify and account for program costs.

Consequently each service developed its own cost accounting system, and none of these has been adequate for ensuring appropriate identification of, and accounting for, costs of operating the program.

For example, although each service's accounting system was designed to record the costs of material purchased for the program, the costs of military labor, excess material, and equipment used to construct shelters usually were not being recorded.

CHAPTER 7

CONCLUSIONS, RECOMMENDATIONS, AND AGENCY ACTION

During our review MACV officials were unable to provide us with definitive data showing whether progress had been made in achieving the objectives of the Dependent Shelter Program--that is, to raise the morale and to reduce the high desertion rate of the Vietnamese Armed Forces. A test by MACV and the Vietnamese Armed Forces to determine whether the provision of shelters had reduced the desertion rate of Vietnamese military personnel was scheduled to cover the 6-month period beginning June 1971. Delays in the construction of shelters at the test site delayed the start of the test for several months.

This report shows that there have been many problems associated with the management and operation of the program, and, according to U.S. officials, there have been many instances of disinterest in the program by the Vietnamese. We believe that these conditions show that the Secretary of Defense should evaluate the need to continue or redirect the program before substantial additional U.S. funds are expended.

RECOMMENDATIONS

We recommend that the Secretary of Defense direct MACV to develop, and to provide him with, data needed (1) to evaluate progress made to date in achieving the program objectives, and (2) to determine whether continuation or redirection of the program would be desirable, and, upon receipt of these data, evaluate program progress and the need to continue or redirect the program.

We recommend also that, if the Secretary decides that the program should continue either along its present lines or in a different direction, he direct MACV and American officials having responsibility for managing and operating the program to take firm and positive action to overcome the program problems identified in this report. We recommend further that the Secretary direct his Department's

internal review groups to make periodic reviews of any continuing operations under the Dependent Shelter Program.

Agency Action

After reviewing a draft of this report, the Office of the Secretary of Defense advised GAO on January 14, 1972, that action to conduct a thorough review of this program had been initiated.

CHAPTER 8

SCOPE OF REVIEW

Our fieldwork in Vietnam was performed during the period March through August 1971. At that time there were 197 dependent shelter sites where construction was either completed or in process. We visited and did review work at 31 of these sites. We also reviewed program records and discussed program management and operating procedures and practices with American officials at MACV, the Dependent Shelter Program Group, various supply activities, and other U.S. and Vietnamese installations involved in the program.

Additionally, we met with representatives of and reviewed program records of the Assistant Secretary of Defense (Installations and Logistics).

PRINCIPAL OFFICIALS OF THE DEPARTMENT OF DEFENSE AND
THE DEPARTMENTS OF THE ARMY, NAVY, AND AIR FORCE
RESPONSIBLE FOR THE ADMINISTRATION OF ACTIVITIES
DISCUSSED IN THIS REPORT

| | Tenure of office | |
|---|------------------|------------|
| | From | To |
| <u>DEPARTMENT OF DEFENSE</u> | | |
| SECRETARY OF DEFENSE: | | |
| Melvin R. Laird | Jan. 1969 | Present |
| Clark M. Clifford | Mar. 1968 | Jan. 1969 |
| Robert S. McNamara | Jan. 1961 | Feb. 1968 |
| DEPUTY SECRETARY OF DEFENSE: | | |
| David Packard | Jan. 1969 | Dec. 1971 |
| Paul H. Nitze | July 1967 | Jan. 1969 |
| Cyrus R. Vance | Jan. 1964 | June 1967 |
| ASSISTANT SECRETARY OF DEFENSE (INSTALLATIONS AND LOGISTICS): | | |
| Barry J. Shillito | Feb. 1969 | Present |
| Thomas D. Morris | Sept. 1967 | Jan. 1969 |
| Paul R. Ignatius | Dec. 1964 | Aug. 1967 |
| <u>DEPARTMENT OF THE ARMY</u> | | |
| SECRETARY OF THE ARMY: | | |
| Robert F. Froehlke | July 1971 | Present |
| Stanley R. Resor | July 1965 | June 1971 |
| ASSISTANT SECRETARY OF THE ARMY (INSTALLATIONS AND LOGISTICS): | | |
| Dudley C. Mecum | Oct. 1971 | Present |
| J. Ronald Fox | June 1969 | Sept. 1971 |
| Vincent P. Huggard (acting) | Mar. 1969 | June 1969 |
| Dr. Robert A. Brooks | Oct. 1965 | Feb. 1969 |

APPENDIX I

| <u>Tenure of office</u> | |
|-------------------------|-----------|
| <u>From</u> | <u>To</u> |

DEPARTMENT OF THE NAVY

SECRETARY OF THE NAVY:

| | | |
|------------------|-----------|-----------|
| John H. Chafee | Jan. 1969 | Present |
| Paul R. Ignatius | Aug. 1967 | Jan. 1969 |
| Paul H. Nitze | Nov. 1963 | June 1967 |

ASSISTANT SECRETARY OF THE NAVY
(INSTALLATIONS AND LOGISTICS):

| | | |
|---------------------|-----------|-----------|
| Charles L. Ill | July 1971 | Present |
| Frank Sanders | Feb. 1969 | July 1971 |
| Barry J. Shillito | Apr. 1968 | Jan. 1969 |
| Graeme C. Bannerman | Feb. 1965 | Feb. 1968 |

DEPARTMENT OF THE AIR FORCE

SECRETARY OF THE AIR FORCE:

| | | |
|----------------------------|-----------|-----------|
| Dr. Robert C. Seamans, Jr. | Jan. 1969 | Present |
| Dr. Harold Brown | Oct. 1965 | Jan. 1969 |

UNDER SECRETARY OF THE AIR FORCE:

| | | |
|-----------------|-----------|------------|
| John J. McLucas | Mar. 1969 | Present |
| Townsend Hoopes | Oct. 1967 | Feb. 1969 |
| Norman S. Paul | Oct. 1965 | Sept. 1967 |

ASSISTANT SECRETARY OF THE AIR
FORCE (INSTALLATIONS AND LOGIS-
TICS):

| | | |
|----------------------|-----------|----------|
| Phillip N. Whittaker | May 1969 | Present |
| Robert H. Charles | Nov. 1963 | May 1969 |

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