

Inspector General

United States
Department of Defense



Wholesale Accountability Procedures Need
Improvement for the Redistribution Property
Assistance Team Operations

Additional Copies

To obtain additional copies of this report, visit the Web site of the Department of Defense Inspector General at <http://www.dodig.mil/audit/reports> or contact the Secondary Reports Distribution Unit auditnet@dodig.mil.

Suggestions for Audits

To suggest or request audits, contact the Office of the Deputy Inspector General for Auditing at auditnet@dodig.mil, or by mail:

Department of Defense Office of Inspector General
Office of the Deputy Inspector General for Auditing
ATTN: Audit Suggestions/13F25-04
4800 Mark Center Drive
Alexandria, VA 22350-1500



DEPARTMENT OF DEFENSE
hotline

To report fraud, waste, mismanagement, and abuse of authority.

Send written complaints to: Defense Hotline, The Pentagon, Washington, DC 20301-1900
Phone: 800.424.9098 e-mail: hotline@dodig.mil www.dodig.mil/hotline

Acronyms and Abbreviations

ACC-RI	Army Contracting Command-Rock Island
AFSB	Army Field Support Brigade
ASC	Army Sustainment Command
AWRDS	Army War Reserve Deployment System
CECOM	Communications-Electronics Command
COR	Contracting Officer's Representative
DAGR	Defense Advanced Global Positioning System (GPS) Receiver
DCMA	Defense Contract Management Agency
LMP	Logistics Modernization Program
MRAP	Mine Resistant Ambush Protected
PBUSE	Property Book Unit Supply Enhanced
PWS	Performance Work Statement
QAR	Quality Assurance Representative
RPAT	Redistribution Property Assistance Team
TACOM	TACOM Life Cycle Management Command
TPE	Theater Provided Equipment



INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
4800 MARK CENTER DRIVE
ALEXANDRIA, VIRGINIA 22350-1500

September 26, 2012

MEMORANDUM FOR AUDITOR GENERAL, DEPARTMENT OF THE ARMY
COMMANDER, DEFENSE CONTRACT MANAGEMENT
AGENCY-KUWAIT

SUBJECT: Wholesale Accountability Procedures Need Improvement for Redistribution
Property Assistance Team Operations
(Report No. DODIG-2012-138)

We are providing this report for review and comment. From October 18 through December 18, 2011, Camp Virginia Redistribution Property Assistance Team officials relieved units of accountability for approximately 2,300 vehicles and 24,600 items. The Army did not have adequate controls over the accountability of these items. This is one in a series of reports on Redistribution Property Assistance Team operations in Kuwait.

We considered management comments on a draft of this report when preparing the final report. The Executive Deputy to the Commanding General, Army Materiel Command, endorsed and forwarded comments from the Executive Director, Army Sustainment Command. The Army Sustainment Command comments were responsive and conformed to the requirements of DoD Directive 7650.3; therefore, we do not require additional comments. The Executive Deputy to the Commanding General and the Commander, U.S. Army Contracting Command, endorsed and forwarded comments from the Executive Director, U.S. Army Contracting Command-Rock Island. The U.S. Army Contracting Command-Rock Island comments on Recommendations 2.a, 2.b, and 2.c were either responsive and conformed to the requirements of DoD Directive 7650.3 or were partially responsive but met the intent of the recommendation. Therefore, we do not require additional comments. However, comments on Recommendation 2.d were not responsive. Therefore, we request that the Executive Director, U.S. Army Contracting Command-Rock Island comment on Recommendation 2.d by November 26, 2012. Lastly, Defense Contract Management Agency International comments were responsive and conformed to the requirements of DoD Directive 7650.3; therefore, we do not require additional comments.

If possible, send a portable document format (.pdf) file containing your comments to audjsao@dodig.mil. Comments provided to the final report must be marked and portion-marked, as appropriate, in accordance with DoD Manual 5200.01. Copies of your comments must have the actual signature of the authorizing official for your organization. We are unable to accept the /Signed/ symbol in place of the actual signature. If you arrange to send classified comments electronically, you must send them over the SECRET Internet Protocol Router Network (SIPRNET).

We appreciate the courtesies extended to the staff. Please direct questions to me at (703) 604-8905 (DSN 664-8905).

A handwritten signature in cursive script, reading "Amy J. Frontz".

Amy J. Frontz
Principal Assistant Inspector General
for Auditing



Results in Brief: Wholesale Accountability Procedures Need Improvement for Redistribution Property Assistance Team Operations

What We Did

We determined whether the Army had accountability over major end items of equipment (Class VII) turned-in at Camp Virginia, Kuwait. From October 18 through December 18, 2011, Camp Virginia Redistribution Property Assistance Team (RPAT) officials relieved units of accountability for approximately 2,300 vehicles and 24,600 items. This is one in a series of reports on RPAT operations in Kuwait.

What We Found

The Army did not have adequate controls over the accountability of items turned-in at the Camp Virginia RPAT yard. Specifically, Camp Virginia RPAT contractors did not use automated procedures to obtain wholesale accountability, properly upload items into the visibility system, or account for all Communications-Electronics Command items at Camp Virginia. This occurred because Army Sustainment Command (ASC) and Army Contracting Command-Rock Island (ACC-RI) officials did not update the performance work statement, and ACC-RI and Defense Contract Management Agency (DCMA)-Kuwait officials did not appoint a contracting officer's representative until 5 months after the contractor began operations. In addition, the quality assurance representative and contracting officer representative's audits of the contractor did not provide assurance that the contractor met contract requirements.

As a result, of the 297 reviewed items turned-in at the Camp Virginia RPAT yard, 84 items, valued at approximately \$6.0 million, were not accounted for; 149 items, valued at

approximately \$33.0 million, were not accounted for timely; and 14 vehicles, valued at approximately \$5.5 million, had multiple records in the inventory systems. Inaccurate or delayed accountability of items in the inventory systems does not accurately represent the Army's assets and increases the vulnerability for loss or theft.

What We Recommend

Among other recommendations, we recommend that the Commander, ASC, conduct a reconciliation of all items turned-in at Camp Virginia, and that the Executive Director, ACC-RI, determine whether any remedial actions are appropriate for not meeting contract requirements. We also recommend that the Executive Director, ACC-RI, and the Commander, DCMA-Kuwait, determine whether any administrative actions against contract oversight officials are appropriate, and that the Executive Director, ACC-RI, update the performance work statement to include specific RPAT requirements.

Management Comments and Our Response

ASC and DCMA International comments were responsive to the recommendations, and no additional comments are required. ACC-RI comments on Recommendations 2.a-c were responsive or partially responsive and met the intent of the recommendation; therefore, no additional comments are required. Lastly, ACC-RI comments to Recommendation 2.d were not responsive and comments to the final report are required. Please see the recommendations table on the back of this page.

Recommendations Table

Management	Recommendations Requiring Comment	No Additional Comments Required
Commander, Army Sustainment Command		1.a-c
Executive Director, Army Contracting Command-Rock Island	2.d	2.a-c
Commander, Defense Contract Management Agency-Kuwait		3.a-b

Please provide comments by November 26, 2012.

Table of Contents

Introduction	1
Objective	1
Background	1
Systems That Provide Accountability and Visibility of Equipment	2
Process to Establish Wholesale Accountability	3
Review of Internal Controls	3
Finding. Army Needs to Improve Wholesale Accountability Procedures	5
Accountability and Oversight Requirements	5
Better Controls Needed for the Accountability of Items	6
Performance Work Statement and Contract Oversight Need Improvement	8
Changes Needed to Improve the Accountability of Items	10
Improving the Efficiency and Effectiveness of Other Redistribution	
Property Assistance Team Operations	12
Management Actions Taken to Improve Wholesale Accountability	12
Recommendations, Management Comments, and Our Response	12
Appendix	
Scope and Methodology	16
Use of Computer-Processed Data	17
Prior Coverage	17
Management Comments	
Army Materiel Command Comments	19
Army Sustainment Command Comments	20
Army Contracting Command Comments	23
Army Contracting Command Rock-Island Comments	24
Defense Contract Management Agency Comments	27

Introduction

Objective

Our objective was to determine whether DoD had accountability over major end items of equipment (Class VII) turned-in at the Camp Virginia, Kuwait, Redistribution Property Assistance Team (RPAT) yard. This is one in a series of reports on RPAT operations in Kuwait. The first report addressed whether DoD officials effectively managed the equipment turn-in process at the Camp Virginia RPAT yard.¹ This report discusses the subsequent wholesale property accountability process and data management of the equipment. See the appendix for a discussion of the audit scope and methodology and prior audit coverage related to the audit objective.

Background

The 402nd Army Field Support Brigade (AFSB) established RPAT operations in Iraq and Kuwait to facilitate and assist the redeployment of U.S. forces from Iraq. The overall mission of the RPAT was to facilitate the turn-in of all excess major end item Theater Provided Equipment (TPE), improve property accountability, and enable asset visibility of the equipment received. The RPAT allowed redeploying U.S. forces to have their property book cleared by the appropriate authority to provide immediate relief of accountability and turn-in of TPE.

Camp Virginia RPAT Operations

The mission of the Camp Virginia RPAT was to relieve self-redeploying units² of their TPE, clear their property book, and prepare them to redeploy to their home stations. The self-redeploying units turned in the majority of their equipment in Iraq before driving to Camp Virginia to turn in their TPE.

The Camp Virginia RPAT yard was fully operational on June 30, 2011, although the first unit did not process through the RPAT yard until October 2011. From October through December 2011, Camp Virginia RPAT officials relieved units of accountability for approximately 2,300 vehicles and 24,600 pieces of nonrolling equipment.

Roles and Responsibilities for RPAT Operations at Camp Virginia

The 402nd AFSB, a subordinate of the U.S. Army Sustainment Command (ASC), had overall responsibility for theater property accountability, retrograde, and reset of equipment in Kuwait. The Army Field Support Battalion-Kuwait and the 541st Combat Sustainment Support Battalion provided direct support to the 402nd AFSB. Specifically, Army Field Support Battalion-Kuwait was responsible for retrograding major end items

¹ DODIG-2012-071, “DoD’s Management of the Redistribution Property Assistance Team Operations in Kuwait,” April 10, 2012.

² We defined “self-redeploying units” as those units that drove their vehicles from Iraq to Kuwait for turn-in at the Camp Virginia RPAT.

of equipment in accordance with item manager disposition instructions, and the 541st Combat Sustainment Support Battalion ran the day-to-day operations at the Camp Virginia RPAT yard. The Communications-Electronics Command (CECOM) and TACOM Life Cycle Management Command (TACOM) also supported equipment retrograde by providing logistical expertise. CECOM officials assisted RPAT officials inspect and identify equipment, and CECOM and TACOM officials provided equipment disposition instructions, as necessary.

The Army Contracting Command-Rock Island (ACC-RI) provided acquisition support to ASC and delegated contract administrative authority to Defense Contract Management Agency (DCMA). DCMA delegated contract administrative authority to DCMA-Kuwait, who monitored the contractor's performance through the use of an administrative contracting officer, quality assurance representative (QAR), and contracting officer's representative (COR).

RPAT Contract Awarded to ITT Systems Corporation

ACC-RI personnel awarded the Camp Virginia RPAT contract to ITT Systems Corporation (ITT) on June 24, 2011. Specifically, the procuring contracting officer modified an existing ITT contract³ to include RPAT operations at Camp Virginia. The new contract line item number was established through a firm-fixed-price modification to the contract, for work to be completed at Camp Virginia through February 29, 2012, valued at approximately \$3.6 million. Although the RPAT mission at Camp Virginia ended in February 2012, the overall contract included four option years. ACC-RI exercised option year two on February 29, 2012, which included other RPAT operations in Kuwait.

Systems That Provide Accountability and Visibility of Equipment

Army and contracting officials used four inventory systems to maintain accountability and visibility of equipment turned-in at the Camp Virginia RPAT yard. The two accountability systems were the Property Book Unit Supply Enhanced (PBUSE) and Logistics Modernization Program (LMP). PBUSE is the Army's unit level standard property book, and LMP is the Army's wholesale accountable system. For the Army to appropriately "account for" equipment, it should be in one of these two accountability systems.

The two visibility systems were TPE Planner and Army War Reserve Deployment System (AWRDS). Army units used TPE Planner to identify excess equipment in theater. TPE Planner also allowed units to automate the vetting process for theater lateral transfers, redistribution, and turn-in decisions for TPE. AWRDS is an automated repository system for Army logistics data that provides real-time visibility of equipment.

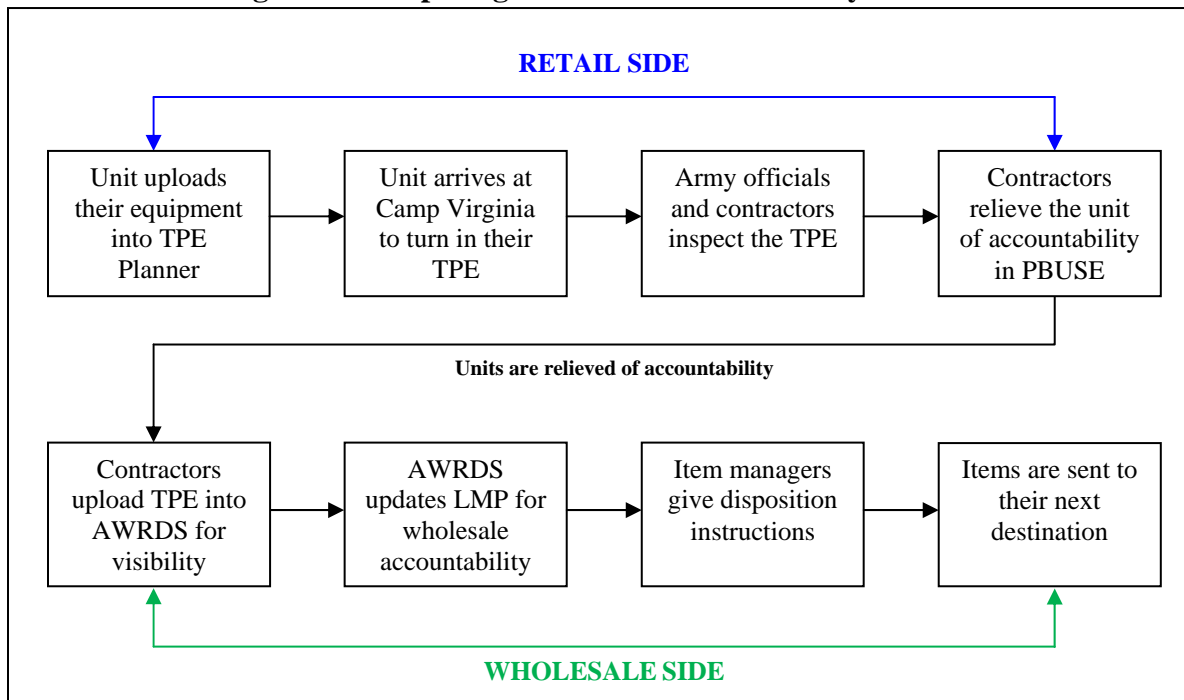
³ Contract W911SE-07-D-0006/BA02 included retrograde operations at Camp Arifjan, Kuwait.

AWRDS is the “feeder” system to LMP, and the Army used it to provide readiness and inventory information and to facilitate communication from the unit level to the wholesale level.

Process to Establish Wholesale Accountability

Camp Virginia RPAT contractors were responsible for using the accountability and visibility systems to establish wholesale accountability of the items received. Before redeploying, the units uploaded their equipment into TPE Planner, which generated DD Form 1348-1A, “Issue Release/Receipt Document,” (hand receipts) for the items the unit would turn-in at the RPAT yard. Subsequent to the unit entering the yard, Army officials and RPAT contractors inspected the equipment and relieved the unit of accountability in PBUSE. Once the unit was relieved of accountability in PBUSE, the RPAT contractors imported the equipment into AWRDS and LMP for wholesale accountability and requested disposition from the item managers. Lastly, RPAT contractors sent the equipment to its next destination, which was usually Camp Arifjan, Kuwait. See Figure 1 for the Camp Virginia RPAT accountability process.

Figure 1. Camp Virginia RPAT Accountability Process



Source: DoD OIG.

Review of Internal Controls

DoD Instruction 5010.40, “Managers’ Internal Control Program (MICP) Procedures,” July 29, 2010, requires DoD organizations to implement a comprehensive system of internal controls that provides reasonable assurance that programs are operating as intended and to evaluate the efficiency and effectiveness of the controls. We determined that internal controls were not effective to provide reasonable assurance that ASC,

ACC-RI, or DCMA-Kuwait officials provided adequate oversight of the contractor when uploading items into the inventory systems at Camp Virginia. Specifically, officials did not update the performance work statement or appoint a COR timely, and the QAR and COR audits were misleading and did not provide assurance that the contractor met contract requirements. We will provide a copy of the report to senior officials at ASC, ACC-RI, and DCMA-Kuwait who are responsible for internal controls.

Finding. Army Needs to Improve Wholesale Accountability Procedures

The Army did not have adequate controls over the accountability of major end items of equipment turned-in at the Camp Virginia RPAT yard. Specifically, Camp Virginia RPAT contractors did not use automated procedures to obtain wholesale accountability, properly upload items into the visibility system, or account for all CECOM items at Camp Virginia. This occurred because ASC and ACC-RI officials did not update the performance work statement (PWS) to reflect operations at the Camp Virginia RPAT yard. In addition, ACC-RI and DCMA-Kuwait officials did not appoint a COR until 5 months after the contractor began operations, and the QAR and COR audits were misleading and did not provide assurance that the contractor met contract requirements.

As a result, ASC did not account for all items, did not account for items in a timely manner, and had items with multiple records. Specifically, of 297 items⁴ turned-in at the Camp Virginia RPAT yard from October through December 2011:

- 84 items, valued at approximately \$6.0 million, were not accounted for;
- 149 items, valued at approximately \$33.0 million, were accounted for but not within contract or Army Regulation time frames; and
- 14 vehicles, valued at approximately \$5.5 million, had multiple records in the inventory systems.

Inaccurate or delayed accountability of items in the inventory systems does not accurately represent the Army's assets and increases the vulnerability for loss or theft.

Accountability and Oversight Requirements

The contract required the RPAT contractors to use AWRDS, LMP, and other similar inventory systems to account for all items received. The contract further required compliance with Army Regulation 710-2, "Inventory Management, Supply Below the National Level," March 28, 2008, and Army Regulation 735-5, "Policies and Procedures for Property Accountability," February 28, 2005. The contract states that sensitive items must be accounted for within 24 hours of receipt, and the contract and Army Regulation 710-2 states that all other items must be accounted for within 3 days of receipt. Army Regulation 735-5 further states that items must be accounted for during shipment to another location.

The Defense Federal Acquisition Regulation Supplement and the DCMA-Kuwait and COR appointment letters provide requirements for contract oversight. Specifically, the Defense Federal Acquisition Regulation Supplement Section 201.602-2 requires the COR

⁴ We selected these items based on the dates of our Camp Virginia RPAT site visit, high dollar value, and another DoD OIG audit. See the appendix for more information.

to be qualified by training and experience commensurate with the responsibilities delegated. ACC-RI delegated contract administration to DCMA, who further delegated DCMA-Kuwait to provide on the ground contract oversight. DCMA-Kuwait subsequently appointed a COR who was nominated by the 541st Combat Sustainment Support Battalion based on experience. The COR was responsible for providing contract oversight of Camp Virginia RPAT day-to-day operations. According to the COR appointment letter, the COR was to verify that the contractor performed the requirements of the contract by conducting monthly audits using a checklist and submitting the results to the DCMA-Kuwait QAR.

Better Controls Needed for the Accountability of Items

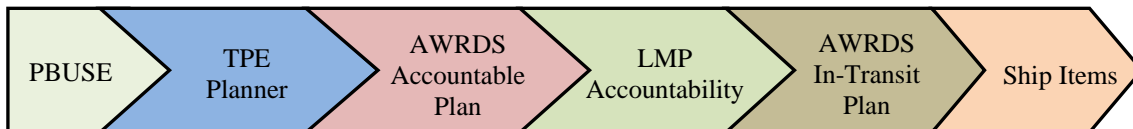
The Army did not have adequate controls over the accountability of items turned-in at the Camp Virginia RPAT yard. Once self-redeploying units were relieved of accountability in PBUSE, RPAT contractors did not properly upload the items into AWRDS and LMP to obtain wholesale accountability. Specifically, the contractors did not use automated procedures when uploading items into LMP, upload items into the correct AWRDS plans, or account for all CECOM items turned-in at the Camp Virginia RPAT yard.

Contractors Did Not Use Automated Procedures

Camp Virginia RPAT contractors did not use automated procedures to account for items on the wholesale record. Instead, once the units were relieved of accountability in PBUSE, the contractors manually entered items from printed hand receipts into AWRDS, rather than electronically transferring the items from TPE Planner. According to ASC officials, to meet the 24 and 72-hour required processing time frames and to model Iraq RPAT procedures, the Camp Virginia RPAT contractors should have used an automated process to obtain wholesale accountability. Specifically, the contractors should have electronically transferred the items from TPE Planner to an AWRDS accountable plan. Once the items were in an AWRDS accountable plan, AWRDS would have automatically updated LMP. After the items were in LMP, the contractor should have requested disposition instructions from the item manager. Upon receiving those instructions, Camp Virginia RPAT contractors should have transferred the items into an AWRDS in-transit plan for shipment to their next destination. See Figure 2 for the correct automated process for obtaining wholesale accountability.

RPAT contractors did not use automated procedures to account for items on the wholesale record.

Figure 2. Automated Process for Wholesale Accountability



Source: DoD OIG.

ASC officials also stated that manually uploading the items into AWRDS increases the risk of human errors and duplicate records. For example, when manually entering items into AWRDS, Camp Virginia RPAT contractors stated that they could not upload some

items using the document number on the hand receipt, so they intentionally changed some of the numbers. Specifically, they changed the first six characters so they could upload the items into AWRDS.⁵ However, they were not able to upload the items at Camp Virginia because contractors in Iraq already uploaded the items into AWRDS. Had the contractors at Camp Virginia used the automated process, they would have identified that the items were already in AWRDS. In addition to causing duplicate records, ASC officials also stated that manually uploading items into AWRDS records the items as “found on installation,” instead of being turned-in by the owning unit. Therefore, it may appear in TPE Planner as if the unit never turned in their equipment.

Contractors Uploaded Items Into the Wrong AWRDS Plans

Camp Virginia RPAT contractors uploaded items into the wrong AWRDS plans. Specifically, they uploaded items directly into an AWRDS in-transit plan rather than an

<p><i>Instead of accounting for the items at Camp Virginia, the contractors sent the items to Camp Arifjan and contractors at that location accounted for the items in LMP.</i></p>	<p>AWRDS accountable plan. Then, instead of accounting for the items at Camp Virginia, the contractors sent the items to Camp Arifjan and contractors at that location accounted for the items in LMP. This process is not in accordance with the contract or Army Regulation 735-5. The contract requires the contractor to upload the items into AWRDS and LMP at Camp Virginia, and Army Regulation 735-5 requires items to be accounted for during shipment to another location. In addition, processing the items at two different locations created delays in obtaining wholesale accountability.</p>
---	---

Contractors Did Not Account for All CECOM Items

Camp Virginia RPAT contractors did not account for all CECOM items at Camp Virginia. The contractors stated that they were instructed not to upload CECOM items into AWRDS and LMP at Camp Virginia. CECOM officials wanted to clean, pack, and ship their own items. However, Camp Virginia did not have the facilities to clean equipment. Therefore, CECOM did not permanently place officials at the Camp Virginia RPAT yard from October through November 2011 to perform these duties. Instead, they inspected the equipment once it arrived at Camp Arifjan, or they sent CECOM officials to Camp Virginia to inspect equipment if RPAT officials requested their assistance. Although RPAT contractors removed CECOM items from PBUSE at Camp Virginia, they shipped most items to Camp Arifjan before contractors uploaded them into AWRDS and accounted for them in LMP. The contractor sending the items to Camp Arifjan without uploading them into AWRDS and LMP is not in accordance with the contract or Army Regulation 735-5 and increased the time frame for accounting for sensitive CECOM items.

⁵ The first six characters encompassed the DoD Activity Address Code, which consisted of letters and numbers. Contractors changed the first six characters to the Camp Virginia DoD Activity Address Code.

PWS and Contract Oversight Need Improvement

ASC and ACC-RI officials did not update the PWS to reflect operations at the Camp Virginia RPAT yard. In addition, ACC-RI and DCMA officials did not appoint a COR until 5 months after the contractor began operations, and the COR and QAR audits were misleading and did not provide assurance that the contractor met contract requirements.

Army Officials Did Not Update the PWS

ACC-RI officials did not update the PWS to reflect operations at the Camp Virginia RPAT yard. ACC-RI awarded the Camp Virginia RPAT contract to ITT because ITT was already performing some of the same functions under the Camp Arifjan contract. Therefore, instead of updating the PWS with a specific section for RPAT requirements, ACC-RI officials stated that the RPAT requirements were listed throughout several tasks of the Camp Arifjan PWS. However, unclear RPAT requirements in the PWS caused the contractors to be unsure of how to properly achieve accountability of the equipment. For example, the PWS did not clearly state that the contractor was to use an automated process to account for items and upload them into the inventory systems within specific time frames at the Camp Virginia RPAT. Therefore, contractors stated that sending items to and uploading items at Camp Arifjan was still in compliance with the contract. In addition, although the RPAT requirements were included in the PWS, the accountability requirements were comingled throughout four separate sections and they all specifically related to Camp Arifjan operations. Therefore, ASC, ACC-RI, DCMA-Kuwait, and contractor officials could not easily determine which requirements were also applicable to RPAT operations at Camp Virginia.

ASC, ACC-RI, DCMA-Kuwait, and contractor officials could not easily determine which requirements were also applicable to RPAT operations...

The Commander, ASC, should clearly define, develop, and disseminate wholesale accountability procedures to all officials involved with wholesale accountability. The Commander should also update the PWS to include specific RPAT requirements and clarify the automated process. Although Federal Acquisition Regulation Subpart 37.6, “Performance-Based Acquisition,” only requires the PWS to state the contract desired outcome rather than provide details on how the contractor should complete the work, due to the technical nature of the inventory systems and the need to use them in conjunction with one another, including more specific RPAT requirements and clarifying the automated procedures in the PWS should increase wholesale accountability. The Commander, ASC, should provide the revised PWS to the Executive Director, ACC-RI, to modify the contract with the PWS changes.

DCMA-Kuwait officials also stated that they reference the PWS when developing their oversight checklists. However, because the PWS did not include clearly defined RPAT requirements, DCMA-Kuwait checklists were inadequate to validate the contractor’s performance during audits. Instead, they used existing checklists for the Camp Arifjan retrograde tasks listed in the PWS, and the COR and QAR determined that the majority of the tasks were not applicable to Camp Virginia. Once the PWS and contract are

updated with specific and clearly defined RPAT requirements, the Commander, DCMA-Kuwait, should develop checklists for the QAR and COR to use during monthly audits of RPAT operations that reflect the PWS and contract changes.

Inadequate Contractor Oversight

ACC-RI and DCMA-Kuwait officials did not provide adequate oversight of contractors at the Camp Virginia RPAT yard. Specifically, ACC-RI and DCMA-Kuwait officials did not appoint a COR until 5 months after the contractor began operations. In addition, the QAR and COR audits, which another DCMA-Kuwait QAR approved, were misleading and did not provide assurance that the contractor met contract requirements.

No COR Oversight for 5 Months

ACC-RI and DCMA-Kuwait officials did not appoint a COR to provide oversight of Camp Virginia RPAT operations until November 22, 2011, which was approximately 5 months after the contractor arrived at the Camp Virginia RPAT yard and 1 month after units started turning in equipment. Although the contract stated that a COR would provide oversight to ensure the contractor met contract requirements, the procuring contracting officer did not appoint a COR or direct a Camp Arifjan COR operating under the same contract to provide oversight at Camp Virginia. In addition, DCMA-Kuwait was delegated contract administration authority on August 7, 2011, and the DCMA-Kuwait administrative contracting officer did not appoint a COR until November 22, 2011. Had the procuring contracting officer appointed or assigned a COR to Camp Virginia or had the administrative contracting officer appointed a COR in a timely manner, the COR could have identified that the contractor was not using the automated process for obtaining wholesale accountability or meeting the requirements of the contract. Therefore, the Executive Director, ACC-RI, should perform a review of the procuring contracting officer, and the Commander, DCMA-Kuwait, should perform a review of the administrative contracting officer and initiate administrative actions as appropriate.

Misleading QAR and COR Audits

The QAR and COR audit reports, which the DCMA-Kuwait QAR approved, were misleading and did not provide assurance that the contractor met requirements. For

The QAR and COR audits... were misleading and did not provide assurance that the contractor met requirements.

example, subsequent to conducting an audit of RPAT operations on December 20, 2011, the COR concluded in the report that the contractor accounted for all vehicles and sensitive items at Camp Virginia within required time frames. The

COR specifically stated that the contractor met the contract requirement to upload and account for sensitive items in AWRDS and LMP within 24 and 72 hours, 100 percent of the time. However, in that same report, the COR stated that the contractor did not account for some items because the contractor sent the items to Camp Arifjan rather than uploading the items into AWRDS and LMP at Camp Virginia, which was a contract requirement. These statements are conflicting and do not provide assurance that the contractor met requirements 100 percent of the time.

The QAR audits were also misleading and did not provide assurance that the contractor met requirements. For example, subsequent to conducting an audit of RPAT operations on January 18, 2012, the QAR concluded that the contractor uploaded 100 percent of the items received into AWRDS at Camp Virginia. In that same report, the QAR stated that uploading items into AWRDS was “not applicable” because items that are transferred to Camp Arifjan are not uploaded into AWRDS. However, the contract requires the contractor to account for all items at Camp Virginia, and Army Regulation 735-5 requires items to be accounted for during shipment.

The Executive Director, ACC-RI, in coordination with the administrative contracting officer, DCMA-Kuwait, should perform a review of the COR actions for conducting inadequate contract oversight and initiate administrative actions as appropriate. The Commander, DCMA-Kuwait, should also review the actions of the QAR for not adequately reviewing audit reports or conducting audits and initiate administrative actions as appropriate. In addition, the ACC-RI and DCMA-Kuwait officials should review the COR and QAR audits and reassess whether the contractor met contract requirements. If the contractor did not meet requirements, the Executive Director should determine whether any remedial actions are appropriate.

Changes Needed to Improve the Accountability of Items

The Army did not account for all items turned-in at Camp Virginia, did not account for items in a timely manner, and had items with multiple records. Specifically, of 297 items turned-in at the Camp Virginia RPAT yard from October through December 2011:

- 84 items, valued at approximately \$6.0 million, were not accounted for;
- 149 items, valued at approximately \$33.0 million, were accounted for but not within contract or Army Regulation time frames; and
- 14 vehicles, valued at approximately \$5.5 million, had multiple records in the inventory systems.

Items Without Accountability in LMP

Of the 297 hand receipts we reviewed, 84 items were not accounted for in LMP. Specifically, 8 items were not recorded in any visibility or accountability system, and 76 items were visible in AWRDS but were not accounted for in LMP. The eight items included seven Defense Advanced Global Positioning System (GPS) Receivers (DAGR)⁶ and one Mine Resistant Ambush Protected (MRAP) vehicle, with a total value of approximately \$712,842 (see Table 1 on page 11). DAGRs are sensitive military devices that should have been accounted for in LMP within 24 hours of receipt.

⁶ A DAGR is a self-contained, hand held receiver that processes GPS signals to provide position, velocity, and time information.

Table 1. Items Not Recorded in Any Visibility or Accountability System

Item	Quantity	Unit Cost	Total Cost
DAGR	7	\$ 3,406	\$ 23,842
MRAP	1	689,000	689,000
Total	8		\$712,842

The 76 items that were visible in AWRDS but not accounted for in LMP included 48 improvised explosive device jammers (jammers), 25 DAGRs, and 3 vehicles, with a total value of approximately \$5,273,494 (see Table 2). Further, the 48 jammers and 25 DAGRs were sensitive items and had no accountability for at least 120 days⁷.

Table 2. Visible Items Without Accountability

Item	Quantity	Unit Cost	Total Cost
Jammers	48	\$ 68,928	\$3,308,544
DAGR	25	3,406	85,150
Vehicles	3	626,600*	1,879,800
Total	76		\$5,273,494

* The three vehicles cost approximately \$300,000; \$495,000; and \$1,084,800. The average is \$626,600.

Items Not Accounted for in a Timely Manner

Camp Virginia RPAT contractors did not upload items into LMP in a timely manner. Specifically, the contract requires items to be brought to record within 24 or 72 hours of receipt. We identified that 149 items, valued at approximately \$33.0 million, were not uploaded into LMP within those time frames. Specifically, the average processing time for TACOM and CECOM items were about 12 and 43 days, respectively, and the longest processing times were 95 and 83 days, respectively. Items that are not brought to record in a timely manner increase the vulnerability for loss or theft and provide the item managers with inaccurate accountability.

The longest processing times [for TACOM and CECOM items] were 95 and 83 days, respectively.

Items With Multiple Records Existed

The Army did not have asset accountability of vehicles because multiple records of the same item existed in LMP. We reviewed the records of all 95 vehicles from the hand receipts we obtained and determined that 12 vehicles had 2 records in LMP and 2 vehicles had 3 records. The 14 vehicles were valued at approximately \$5.5 million. Inaccurate accountability in LMP increases the risk of TACOM officials providing multiple disposition instructions for the same vehicle, which could also cause officials in Kuwait additional work trying to locate nonexistent vehicles for shipment.

⁷ We calculated the 120 days using March 6, 2012, data. Therefore, the time frame could be longer.

The Commander, ASC, should conduct a reconciliation of all items turned-in at the Camp Virginia RPAT yard to validate the accuracy of the Army's wholesale accountable record. In addition, the Executive Director, ACC-RI, should review the results of the reconciliation and, for any items the contractor did not account for or did not account for within contract requirements, determine if any actions against the contractor are appropriate.

Improving the Efficiency and Effectiveness of Other RPAT Operations

Camp Virginia RPAT operations ended in February 2012, but other RPAT operations still exist under the same contract in Kuwait. Therefore, the results and recommendations in this report can be used to improve the efficiency and effectiveness of the other Kuwait RPAT and future RPAT operations. Maintaining accurate accountability of equipment is imperative as the Army draws down from contingency operations, such as Afghanistan. Inaccurate or delayed accountability of items in the accountable systems provides a misrepresentation of the Army's assets and increases the vulnerability for loss or theft, which could have military or economic ramifications.

Management Actions Taken to Improve Wholesale Accountability

On April 20, 2012, we provided ASC officials a list of the items that were missing, not accounted for in LMP, and that had multiple records. Specifically, we provided officials with details regarding 8 missing items, 73 items in AWRDS but not in LMP, and 12 items with duplicate records. ASC officials subsequently researched the items and, as of June 18, 2012, officials accounted for 5 missing items, located and accounted for 44 items that were not in LMP, and eliminated 5 duplicate records. The Army will continue to improve wholesale accountability as ASC officials identify the remaining items and implement Recommendation 1.a.

Recommendations, Management Comments, and Our Response

1. We recommend that the Commander, Army Sustainment Command:

a. Conduct a reconciliation of all items turned-in at the Camp Virginia Redistribution Property Assistance Team yard to validate the accuracy of the Army's wholesale accountable record.

b. Clearly define the wholesale accountability process, develop written procedures to include an explanation of how the accountability and visibility systems should be used and the impact of not following the stated process, and disseminate the procedures to all officials involved with wholesale accountability.

c. Update the performance work statement for contract W911SE-07-D-0006/BA02 to include a specific section with performance

measures for Redistribution Property Assistance Team operations, and provide the updated performance work statement to the Army Contracting Command-Rock Island to be incorporated into the contract.

ASC Comments

The Executive Deputy to the Commanding General, Army Materiel Command, endorsed and forwarded comments from the Executive Director, ASC, responding for the Commander, ASC. The Executive Director agreed with Recommendations 1.a-c and stated that a reconciliation of AWRDS and LMP will be completed at Camp Arifjan since the records were transferred from Camp Virginia to Camp Arifjan on June 19, 2012. The Executive Director also stated that on September 4, 2012, ASC officials deployed a property accountability team to Southwest Asia to assist with the reconciliation. The team will brief the reconciliation results to the Commanding General, ASC by October 30, 2012, and will implement procedures to resolve any remaining wholesale accountability concerns by November 30, 2012. The Executive Director further stated that ASC officials provided wholesale accountability and visibility desk guides to officials in the field, and compliance with the guidance will be inspected by the ASC staff during upcoming staff visits. The Executive Director also stated that the PWS was updated and the proper oversight support was in place. Lastly, the RPAT operational support mission at Camp Virginia and site closure procedures were completed in July 2012.

Our Response

Comments from the Executive Director were responsive, and no additional comments are required.

2. We recommend that the Executive Director, Army Contracting Command-Rock Island:

a. Once Recommendation 1.a is complete, review the results of the inventory reconciliation and, in coordination with the administrative contracting officer, Defense Contract Management Agency-Kuwait, review the quality assurance representative and contracting officer's representative audits to determine whether the contractor met contract requirements. If the contractor did not meet requirements, determine whether any remedial actions are appropriate.

b. Once Recommendation 1.c is complete, modify contract W911SE-07-D-0006/BA02 to add the performance work statement changes regarding Redistribution Property Assistance Team operations.

c. Perform a review of the procuring contracting officer for not appointing a contracting officer's representative timely and initiate administrative actions as appropriate.

d. In coordination with the administrative contracting officer, Defense Contract Management Agency-Kuwait, perform a review of the contracting

officer's representative for conducting inadequate oversight of contract W911SE-07-D-0006/BA02 and initiate administrative actions as appropriate.

ACC-RI Comments

The Executive Deputy to the Commanding General, Army Materiel Command and the Commander, ACC, endorsed and forwarded comments from the Executive Director, ACC-RI. The Executive Director agreed with Recommendations 2.a and 2.b. For Recommendation 2.a, the Executive Director stated that reviewing the QAR and COR audits were common ACC-RI practices whenever contract performance is questioned. In addition, the Executive Director stated that the target date for completion is dependent upon ASC's completion of Recommendation 1.a. For Recommendation 2.b, the Executive Director stated that routine contract modifications are conducted to incorporate PWS changes after the changes and additional funding (if needed) are received from the requiring activity. The Executive Director further stated that the target date for completion is dependent upon ASC's completion of Recommendation 1.c.

The Executive Director disagreed with Recommendations 2.c and 2.d. For Recommendation 2.c, the Executive Director stated that only properly trained personnel can be nominated by the requiring activity for COR appointments and the delays with COR appointments were due to nonavailability of qualified unit personnel to serve as CORs. The Executive Director also stated ACC-RI and DCMA do not provide personnel to serve as CORs and DCMA-Kuwait appointed a qualified COR as soon as the person completed the required training and was nominated by 541st Combat Sustainment Support Battalion. Therefore, the Executive Director stated that ACC-RI does not believe administrative actions against the procuring contracting officer are appropriate.

The Executive Director disagreed with Recommendation 2.d stating DCMA-Kuwait was responsible for appointing the COR for the contract. Specifically, the Executive Director stated ACC-RI credits DCMA and the CORs with providing a level of oversight commensurate with the PWS in effect during the DoD OIG audit time frame. The Executive Director also stated the checklists DCMA used for providing contractor oversight were labeled inadequately within the DoD OIG draft report. ACC-RI did not agree with the conclusion since the checklists were based on the PWS that was contractually in effect at the time of the DoD OIG audit. The Executive Director stated it would be inappropriate to attempt to hold a contractor to standards that fall outside the scope of the PWS.

Our Response

Comments from the Executive Director were responsive to Recommendations 2.a and 2.b, and no additional comments are required. The Executive Director's comments on Recommendation 2.c were partially responsive. Although we understand a new qualified COR might not have been available for appointment, the procuring contracting officer could have directed one of the existing CORs under the same contract at Camp Arifjan to provide oversight at Camp Virginia. ACC-RI should consider this action for ongoing and future contracts. While the Executive Director disagreed with the recommendation, his

comments provided reasons why ACC-RI believed administrative action against the procuring contracting officer was not necessary. Therefore, ACC-RI met the intent of the recommendation, and no additional comments are required.

Regarding Recommendation 2.d, the Executive Director deferred the responsibility of reviewing the COR's actions to solely DCMA-Kuwait, which did not ensure increased and effective oversight on a contract valued at approximately \$3.6 million. We agree that DCMA-Kuwait was responsible for appointing a COR; however, reviewing the COR's actions and determining whether administrative action is appropriate are shared responsibilities between ACC-RI and DCMA-Kuwait. Federal Acquisition Regulation Subpart 1.602, "Contracting Officers Responsibilities," states that the contracting officer is ultimately responsible for ensuring the contractor meets the terms of the contract. Therefore, the contracting officer should participate in a review of the COR, instead of avoiding accountability for oversight. We directed Recommendation 2.d to the Executive Director, in coordination with DCMA-Kuwait, because both organizations should work together to achieve the optimal result. Further, as discussed in the report, the checklists were partly inadequate because the PWS was not written to appropriately impose requirements on the contractor. Also, we did use the checklists and audits that were in place during our audit. Lastly, we did not suggest holding the contractor to standards not in the contract. Consequently, the Executive Director's comments were nonresponsive. We request that the Executive Director work with DCMA-Kuwait and provide additional comments in response to the final report.

3. We recommend that the Commander, Defense Contract Management Agency-Kuwait:

a. Update the checklists used by the quality assurance representative and contracting officer's representative once Recommendation 2.b is implemented.

b. Perform a review of the administrative contracting officer for not appointing a contracting officer's representative timely and the quality assurance representative for not adequately reviewing audit reports or conducting audits. Initiate administrative actions as appropriate.

DCMA-Kuwait Comments

The Commander, DCMA International, responding for the Commander, DCMA-Kuwait, agreed with Recommendations 3.a and 3.b. The Commander stated DCMA-Kuwait would update the appropriate contract documents and oversight procedures as required by performance work statement changes. The Commander also stated DCMA-Kuwait reviewed the circumstances surrounding the internal control weaknesses and took appropriate administrative actions.

Our Response

Comments from the Commander were responsive, and no additional comments are required.

Appendix. Scope and Methodology

We conducted this performance audit from September 2011 through July 2012 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our conclusions based on our audit. We believe that the evidence obtained provides a reasonable basis for our conclusions based on our audit objectives.

This is one in a series of audits on RPAT operations in Kuwait. Therefore, some of the meetings and observations occurred during fieldwork for Report No. DODIG-2012-071, “DoD’s Management of the Redistribution Property Assistance Team Operations in Kuwait,” April 10, 2012. Specifically, we conducted interviews, observed RPAT operations, and obtained hand receipts from October through December 2011. To accomplish our audit objective, we conducted additional interviews, reviewed and analyzed documents, and tested the accountability of items turned-in at the Camp Virginia RPAT.

We coordinated with or interviewed officials from Army G-4, U.S. Central Command, U.S. Army Central, 402nd AFSB, 541st Combat Sustainment Support Battalion, Army Field Support Battalion-Kuwait, Responsible Reset Task Force, U.S. Army Materiel Command, ASC, ACC-RI, CECOM, TACOM, DCMA-Kuwait, and contractors. We also reviewed and analyzed Federal, DoD, and Army criteria; the contract; the PWS; RPAT standard operating procedures; and COR checklists and audits. We conducted site visits to Camp Virginia from October 2011 through December 2011. During our site visits, we observed units processing through the RPAT yard and contractors relieving the units of accountability in PBUSE and uploading the items into AWRDS and LMP.

To determine whether the Army had accountability over items turned-in at Camp Virginia, we tested the visibility and accountability of items received. Specifically, we collected 1,281 hand receipts for items turned-in at the Camp Virginia RPAT yard from October through December 2011. The hand receipts included items processed from October 19 through 28, 2011; on November 5, 10, 17, and 25, 2011; and from December 1 through 12, 2011. From the 1,281 hand receipts, we selected all jammers, DAGRs, and vehicles. This included 107 jammers, 95 DAGRS, and 95 vehicles, totaling 297 items. We selected the two CECOM items (DAGRs and jammers) based on cost and a DoD OIG audit on DAGRs.

We coordinated with ASC, TACOM, and CECOM officials to determine whether our selected items were recorded in PBUSE, LMP, or AWRDS. Specifically, we obtained and analyzed spreadsheets generated by those systems and searched for specific items in the spreadsheets. Additionally, we conducted a site visit to ASC and observed contractors searching for the items in the different accountability and visibility systems. Subsequent to determining whether the items were in the systems, we calculated the time frames for uploading the items into each system, performed a location test to determine where each item was uploaded, and searched for duplicate records.

Use of Computer-Processed Data

We used computer-processed data from TPE Planner, PBUSE, AWRDS, and LMP to determine whether RPAT contractors at Camp Virginia properly uploaded items into AWRDS and LMP. Specifically, we collected and reviewed 297 hand receipts for items turned-in at the Camp Virginia RPAT yard and tested the accountability of those items in the accountability systems. To assess the reliability of the data and determine asset accountability, we traced the 297 items through the accountability systems, observed the data entry process at the Camp Virginia RPAT yard, and observed contractors who searched for items in AWRDS and LMP during a site visit to ASC. Our assessment of the items indicated that 84 items were not accounted for, 149 items were accounted for but not within contract or Army Regulation time frames, and 14 vehicles had multiple records in the inventory systems. Throughout the audit, we discussed and validated our results with ASC, CECOM, and TACOM officials. We determined that the computer-processed data was sufficiently reliable to support our findings and conclusions. The property accountability issues are discussed in this report.

Prior Coverage

During the last 5 years, the Government Accountability Office (GAO), Department of Defense Inspector General (DoD IG), and the Army Audit Agency have issued seven reports discussing RPAT operations and accountability of Government equipment. Unrestricted GAO reports can be accessed over the Internet at <http://www.gao.gov>. Unrestricted DoD IG reports can be accessed at <http://www.dodig.mil/audit/reports>. Unrestricted Army Audit Agency reports can be accessed at <https://www.aaa.army.mil/>.

GAO

GAO-11-774, “Iraq Drawdown: Opportunities Exist to Improve Equipment Visibility, Contractor Demobilization, and Clarity of Post-2011 DOD Role,” September 16, 2011

GAO-08-930, “Operation Iraqi Freedom: Actions Needed to Enhance DOD Planning for Reposturing of U.S. Forces from Iraq,” September 10, 2008

DoD IG

DoD IG Report No. DODIG-2012-071, “DoD’s Management of the Redistribution Property Assistance Team Operations in Kuwait,” April 10, 2012

DoD IG Report No. D-2010-091, “DOD Needs to Improve Management and Oversight of Operations at the Theater Retrograde-Camp Arifjan, Kuwait,” September 30, 2010

DoD IG Report No. D-2010-088, “Accountability and Disposition of Government Furnished Property in Conjunction with the Iraq Drawdown – Logistics Civil Augmentation Program,” September 30, 2010

Army

Army Audit Agency Report A-2011-0077-ALL, "Follow-up Audit of Retrograde Operations in Iraq Class VII Theater Provided Equipment," April 12, 2011

Army Audit Agency Report A-2011-0063-ALL, "Redistribution Property Assistance Teams," February 14, 2011

Army Materiel Command Comments



REPLY TO
ATTENTION OF:

DEPARTMENT OF THE ARMY
HEADQUARTERS, U.S. ARMY MATERIEL COMMAND
4400 MARTIN ROAD
REDSTONE ARSENAL, AL 35898-5000

SEP 10 2012

AMCIR

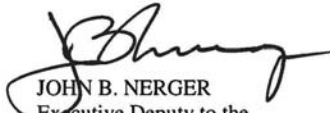
MEMORANDUM FOR Department of Defense Inspector General (DoDIG), ATTN:
Program Director, Financial Management and Reporting (Mr. Craig W. Michaels),
4800 Mark Center Drive, Alexandria, VA 22350-1500

SUBJECT: Command Reply to DoDIG Draft Report – Wholesale Accountability Procedures
Need Improvement for Redistribution Property Assistance Team Operations (Project No. D2012-
D000JA-0110.000)

1. The U.S. Army Materiel Command (AMC) has reviewed the subject draft report and the responses from the U.S. Army Contracting Command (ACC) and U.S. Army Sustainment Command (ASC). AMC endorses the enclosed ACC and ASC responses.

2. The AMC point of contact is [REDACTED]

- 2 Encls
1. ACC Response
2. ASC Response


JOHN B. NERGER
Executive Deputy to the
Commanding General

Army Sustainment Command Comments



REPLY TO
ATTENTION OF:

UNCLASSIFIED

DEPARTMENT OF THE ARMY
HEADQUARTERS, U.S. ARMY SUSTAINMENT COMMAND
1 ROCK ISLAND ARSENAL
ROCK ISLAND, IL 61299-6500

AUG 23 2012

AMSAS-DC

MEMORANDUM THRU US Army Materiel Command (AMCIR\Todd McAllister),
4400 Martin Road, Redstone Arsenal, AL 35898-5000

FOR Inspector General Department of Defense, 4800 Mark Center
Drive, Alexandria, VA 22350-1500

SUBJECT: DoDIG Draft Report Wholesale Accountability Procedures
Need Improvement for Redistribution Property Assistance Team
Operations Project No. D2012-D000JA-0110.000

1. The US Army Sustainment Command (ASC) reviewed the draft
report. Our comments are at enclosure.

2. My POC is [REDACTED]

Encl

D. SCOTT WELKER
Executive Director for
Army Sustainment Command

UNCLASSIFIED

DoDIG Draft Report
Wholesale Accountability Procedures Need
Improvement for Redistribution Property
Assistance Team Operations
Project No. D2012-D000JA-0110.000

1. *We recommend that the Commander, Army Sustainment Command:*

a. Conduct a reconciliation of all items turned-in at the Camp Virginia Redistribution Property Assistance Team yard to validate the accuracy of the Army's wholesale accountable record.

Command Comments: ASC concurs with the recommendation to perform a reconciliation of Camp Virginia equipment mismatches. The reconciliation of AWRDs and LMP records will be performed at Camp Arifjan since Camp Virginia is closed and the equipment has been retrograded to CONUS or is being held in Kuwait for other missions. Records at Camp Virginia transferred to Camp Arifjan on 19 June 2012.

To support this reconciliation:

1. ASC Enterprise Integration Logistics Directorate is deploying a team from the ASC Property Accountability Division and Enterprise Logistics Systems Management Division to Southwest Asia (SWA) to evaluate reconciliation efforts and train personnel as required. ASC Team planned deployment date is 4 September 2012 for 30 days at Camp Arifjan. Upon return, the team will brief results and findings to ASC Commanding General and Executive Staff by 30 October 2012.
2. Additionally, after the executive outbrief, the ASC Enterprise Integration Logistics Directorate will establish and implement a timeline for any follow-on corrective actions required to obtain full resolution of wholesale accountability records with a scheduled completion date NLT 30 November 2012.

b. Clearly define the wholesale accountability process, develop written procedures to include an explanation of how the accountability and visibility systems should be used and the impact of not following the stated process, and disseminate the procedures to all officials involved with wholesale accountability.

Command Comments: ASC concurs with this recommendation. The ASC Enterprise Integration Logistics Directorate has provided the field clearly defined wholesale accountability processes and procedures referencing DA Regulations and Policies. The ASC Enterprise Integration Logistics Directorate developed and distributed wholesale accountability and visibility desk guides for the respective systems used. Availability and use of this guidance will be inspected by the ASC staff for compliance during upcoming staff assistance visits.

c. Update the performance work statement for contract W911SE-07-D-0006/BA02 to include a specific section with performance measures for Redistribution Property Assistance Team operations, and provide the updated performance work statement to the Army Contract acting Command-Rock Island to be incorporated into the contract.

Command Comments: ASC concurs with this recommendation. The performance work statement was updated, to include having the proper oversight support in-place. Additionally, the Redistribution Property Assistance Team operational support mission under the ASC ITT Maintenance Contract was completed in July 20 12. A contracted workforce completed the turn-in and accountability of Army Green Equipment from redeploying units. The Camp Virginia site began closure procedures early June 2012 and was completed late July 2012.

Army Contracting Command Comments



REPLY TO
ATTENTION OF:

DEPARTMENT OF THE ARMY
U.S. ARMY CONTRACTING COMMAND
3334A WELLS ROAD
REDSTONE ARSENAL, AL 35898-5000

AMSCC-IR


AUG 30 2012

MEMORANDUM FOR Mr. Randy Flisak, Director, Internal Review and Audit Compliance Office, Headquarters, U.S. Army Materiel Command, 4400 Martin Road, Redstone Arsenal, AL 35898

SUBJECT: Wholesale Accountability Procedures Need Improvement for Redistribution Property Assistance Team Operations (Project No. D2012-D000JA-0110.000) (D1243) (12050)

1. Memorandum and Draft Report, Inspector General, Department of Defense, 25 July 2012, subject: same as above.
2. The Army Contracting Command (ACC) concurs with the enclosed ACC-Rock Island comments.
3. The ACC point of contact is [REDACTED]

Encl


CAMILLE M. NICHOLS
Major General, USA
Commanding

Army Contracting Command-Rock Island Comments



REPLY TO
ATTENTION OF:

CCRC

UNCLASSIFIED

DEPARTMENT OF THE ARMY
ARMY CONTRACTING COMMAND ROCK ISLAND
1 ROCK ISLAND ARSENAL
ROCK ISLAND, IL 61299-8000

07 AUG 2012

FOR AMCIR, Attn: Barbara Whitmore-Donner U.S. Army Contracting
Command, 3334A Wells Road, Redstone Arsenal, AL 35898

SUBJECT: DoDIG Draft Report Wholesale Accountability Procedures
Need Improvement for Redistribution Property Assistance Team
Operations Project No. D2012-D000JA-0110.000

1. We have reviewed the subject report. Our comments are
enclosed.

2. The POC is [REDACTED]

ENCL

Melinda Hutchison
for
MICHAEL HUTCHISON
Executive Director
Army Contracting Command - Rock Island

UNCLASSIFIED

ENCL

DoDIG Draft Report
Wholesale Accountability Procedures Need
Improvement for Redistribution Property
Assistance Team Operations
Project No. D2012-D000JA-0110.000

2. We recommend that the Executive Director, Army Contracting Command-Rock Island:

a. Once Recommendation 1.a is complete, review the results of the inventory reconciliation and, in coordination with the administrative contracting officer, Defense Contract Management Agency-Kuwait, review the quality assurance representative and contracting officer's representative audits to determine whether the contractor met contract requirements. If the contractor did not meet requirements, determine whether any remedial actions are appropriate.

Command Comments: Concur with recommendation. This follows the common practices conducted by any ACC-RI Contracting Officer in close coordination with the on-site DCMA ACO whenever contract performance is questioned. Target date dependent on Army Sustainment Command's completion of Recommendation 1.a.

b. Once Recommendation 1.c is complete, modify contract W911SE-07-D-0006/BA02 to add the performance work statement changes regarding Redistribution Property Assistance Team operations.

Command Comments: Concur with recommendation. Contract modifications are routinely done to incorporate performance work statement changes once changes and additional funding (if needed) have been received from the requiring activity. Target date dependent on Army Sustainment Command's completion of Recommendation 1.c.

c. Perform a review of the procuring contracting officer for not appointing a contracting officer's representative timely and initiate administrative actions as appropriate.

Command Comments: Non-concur. Delays with the Contracting Officer's Representative (COR) appointment were due to non-availability of qualified unit personnel to serve as CORs. Only properly trained personnel can be nominated by the requiring activity for COR appointments.

ACC-RI and DCMA Kuwait do not provide personnel to serve as CORs nor nominate personnel to serve as CORs. DCMA-Kuwait appointed a qualified COR as soon as the person had completed the required training and was nominated by 541st CSSB.

Based on the information above, ACC-RI does not believe administrative actions against the Procuring Contracting Officer are appropriate.

d. In coordination with the administrative contracting officer, Defense Contract Management Agency-Kuwait, perform a review of the contracting officer's representative for conducting inadequate oversight of contract W911SE-07-D-0006/BA02 and initiate administrative actions as appropriate.

Command Comments: Non-concur, since DCMA-Kuwait is responsible for appointing CORs for the contract in question. ACC-RI credits DCMA and the CORs with providing a level of oversight commensurate with the PWS in effect during the DoDIG audit timeframe. The checklists DCMA used for providing contractor oversight were labeled "inadequate" within the DoDIG draft report. ACC-RI does not concur with this conclusion since these checklists were based on the PWS which was contractually in effect at the time the DoDIG audit occurred. It would be inappropriate to attempt to hold a contractor to standards that fall outside the scope of the PWS.

Defense Contract Management Agency Comments



DEFENSE CONTRACT MANAGEMENT AGENCY
3901 A AVENUE, BUILDING 10500
FORT LEE, VA 23801-1809

AUG 21 2012

MEMORANDUM FOR PROGRAM DIRECTOR, ACQUISITION AND CONTRACT
MANAGEMENT, OFFICE OF INSPECTOR GENERAL,
DEPARTMENT OF DEFENSE

SUBJECT: Draft Report Project No. D2012-D000JA-0110.000 "Wholesale Accountability
Procedures Need Improvement for Redistribution Property Assistance Team
Operations," dated July 25, 2012

REFERENCE: Draft Report Project No. D2012-D000JA-0110.000

We have attached the Headquarters, Defense Contract Management Agency's comments
to the recommendation as requested in the subject draft report.

Point of contact for this audit is [REDACTED]

for [Signature] DEPUTY COMMANDER
ROBERT J. GILBEAU
Rear Admiral, SC, USN
Commander, DCMA International

Attachments:
As stated

Draft Report Project No. D2012-D000JA-0110.000 "Wholesale Accountability Procedures Need Improvement for Redistribution Property Assistance Team Operations," dated July 25, 2012

DCMA provides the following comments to the draft report.

RECOMMENDATION 3.a: We recommend that the Commander, Defense Contract Management Agency-Kuwait update the checklists used by the quality assurance representative and contracting officer's representative once Recommendation 2.b is implemented.

DCMA RESPONSE: Concur; DCMA- Kuwait will update appropriate contract documents and oversight procedures as required by performance work statement changes.

RECOMMENDATION 3.b: We recommend that the Commander, Defense Contract Management Agency-Kuwait perform a review of the administrative contracting officer for not appointing a contracting officer's representative timely and the quality assurance representative for not adequately reviewing audit reports or conducting audits. Initiate administrative actions as appropriate.

DCMA RESPONSE: Concur; Commander DCMA-Kuwait has reviewed the circumstances surrounding the internal control weaknesses cited in this draft report and appropriate administrative action has been taken.



Inspector General Department of Defense

