Audit Report

OFFICE OF THE INSPECTOR GENERAL

PERMANENT CHANGE OF STATION MANAGEMENT INFORMATION SYSTEM

Report No. 97-101 February 24, 1997

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Department of Defense

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Acronyms

DMDC	Defense Manpower Data Center
PCS	Permanent Change of Station
MTMC	Military Traffic Management Command
OSD	Office of the Secretary of Defense

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

February 24, 1997

MEMORANDUM FOR UNDER SECRETARY OF DEFENSE FOR PERSONNEL AND READINESS
ASSISTANT SECRETARY OF THE NAVY (FINANCIAL MANAGEMENT AND COMPTROLLER)
ASSISTANT SECRETARY OF THE AIR FORCE (FINANCIAL MANAGEMENT AND COMPTROLLER)
AUDITOR GENERAL, DEPARTMENT OF THE ARMY
COMMANDER, MILITARY TRAFFIC MANAGEMENT COMMAND

SUBJECT: Audit Report on the Permanent Change of Station Management Information System (Report No. 97-101)

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

DoD Directive 7650.3 requires that all recommendations be resolved promptly. Therefore, we request that, in response to the final report, the Under Secretary of Defense for Personnel and Readiness provide additional comments on Recommendations 1.a. and 1.b., the Air Force provide the documentation for its policies and procedures or clarification of its position on Recommendation 2., and Military Traffic Management Command provide additional comments that include its concurrence or nonconcurrence with Recommendation 2. We request management provide comments by April 24, 1997.

We appreciate the courtesies extended to the audit staff. Questions on the audit should be directed to Mr. John A. Gannon, Audit Program Director, at (703) 604-9427 (DSN 664-9427) or Mr. Tilghman A. Schraden, Audit Project Manager, at (703) 604-9436 (DSN 664-9436). See Appendix B for the report distribution. The audit team members are listed inside the back cover.

Robert J. Lieberman
Assistant Inspector General
for Auditing

Office of the Inspector General, DoD

Report No. 97-101 **February 24, 1997**
(Project No. 6LB-0044)

Permanent Change of Station Management Information System

Executive Summary

Introduction. Since 1986, Congress has expressed concern over the rising costs of permanent change of station (PCS) travel for military personnel. To improve the administration of PCS travel funds, the then Office of the Assistant Secretary of Defense (Force Management and Personnel) initiated the development of the Permanent Change of Station Management Information System (the System) to centralize PCS travel data on military personnel. The System, as envisioned in DoD Instruction 1315.16, "Permanent Change of Station Management Information System," July 22, 1992, was intended to provide statistical data for DoD managers and to respond to congressional inquiries concerning the management of PCS travel, particularly during the annual authorization and appropriation reviews. In FY 1995, DoD spent about $2.8 billion for about 817,000 PCS moves.

Audit Objectives. The primary audit objective was to determine whether DoD organizations were using the most efficient and cost-effective mode of transportation to move military officers' household goods and other personal property. The specific objective addressed in this report was to evaluate the collection and reporting of PCS travel costs and related data DoD organizations used to determine the cost-effective modes of transportation. We also evaluated the management control program for the System as it applied to the audit objective.

Audit Results. The System does not provide complete and accurate centralized management information system data on PCS travel and associated costs, including data on household goods shipments, for military personnel. As a result, DoD could spend $1.1 million between FYs 1997 and 2002 to collect data that are incomplete and unused; and DoD managers could not make efficient, well-informed management decisions regarding the $2.8 billion annual budget for moving military personnel and household goods in DoD. The management controls we reviewed were inadequate because of a material weakness related to management controls over operating a centralized management information system for PCS travel data (see Appendix A).

Summary of Recommendations. We recommend that the Under Secretary of Defense for Personnel and Readiness suspend DoD Instruction 1315.16 until a cost benefit analysis for the System is prepared, and more definitive and comprehensive guidance is developed. We also recommend that the Secretaries of the Military Departments and the Commander, Military Traffic Management Command, develop and implement standard operating procedures for collecting and reporting more complete PCS travel data when the System is rejustified and DoD guidance is revised.

Management Comments. The Office of the Assistant Secretary of Defense for Force Management Policy in the Office of the Under Secretary of Defense for Personnel and Readiness concurred with the report, suspended the revalidation process for the System, and established a working group to review the System. A decision to retain or eliminate the System will be made by February 28, 1997. The Office of the Assistant

Secretary further stated that it did not recommend a cost benefit analysis at this time and did not provide any comments on the need to revise or suspend the reporting requirements in DoD Instruction 1315.16. The Army, the Navy, and the Air Force concurred with the recommendation to implement standard operating procedures if the System were rejustified. The Air Force added that it had numerous procedures, policies, and system edits for processing data for the System. The Military Traffic Management Command agreed to work with the Military Departments but stated that some cost data on permanent change of station travel should be collected from other sources. See Part I for a summary of management comments and Part III for the complete text of management comments.

Audit Response. Comments from the Office of the Assistant Secretary of Defense for Force Management Policy, the Army, and the Navy were generally responsive. However, the Office of the Assistant Secretary did not provide justification for not performing a cost benefit analysis in accordance with the requirements of DoD Directive 8910.1. We request that the Office of the Assistant Secretary reconsider its position and provide additional comments on its planned actions for a cost benefit analysis and on suspending or revising the reporting requirements of DoD Instruction 1315.16. We request that the Air Force provide documentation on its policies and procedures for implementing DoD Instruction 1315.16 or clarification on whether it plans to establish formal policies and procedures. Comments from the Commander, Military Traffic Management Command, were not responsive because he neither concurred nor nonconcurred with the recommendation and did not provide planned actions for implementing the recommendation. Therefore, we request that the Air Force and the Commander, Military Traffic Management Command provide additional comments in response to the final report. We request all comments by April 24, 1997.

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Part I - Audit Results

Audit Background

Congressional Interest. Periodically, Congress has expressed concern with the amount of funding that DoD requires for permanent change of station (PCS) travel each year and has recommended policy changes in DoD to reduce those costs. In 1986, Congress insisted that DoD eliminate frequent and unnecessary PCS moves, both to be less disruptive for military personnel and to be more prudent and cost-effective in managing taxpayers' dollars.

Subsequently, the then Office of the Assistant Secretary of Defense (Force Management and Personnel) initiated the development of the Permanent Change of Station Management Information System (the System) to collect PCS travel data on military personnel in a centralized data base. The System was intended to provide up-to-date and factual information for statistical evaluations of PCS policies and expenditures, assist in the effective and efficient administration of PCS travel funds, and respond to congressional inquiries concerning PCS management, particularly during the annual authorization and appropriation reviews.

More recently, the Senate Committee on Appropriations questioned the $2.7 billion PCS funding requirement for FY 1997 in Report No. 104-286, "Department of Defense Appropriation Bill, 1997," June 20, 1996. The Committee stated that the Military Departments consistently understated their budget requirements for the year, frequently resulting in PCS moratoriums during the summer months, causing excessive turmoil for service members and their families. The Committee continued to believe that the Military Departments could have improved their management of PCS travel by changing DoD policies to reduce the number of PCS moves and the amount of disruption for military members and their families. Consequently, Congress reduced the FY 1997 military personnel appropriation 2 percent and recommended that the Military Departments' FY 1998 budget for PCS travel be reduced 3 percent.

DoD Guidance. DoD Instruction 1315.16, "Permanent Change of Station Management Information System," July 22, 1992, required the then Assistant Secretary of Defense (Force Management and Personnel) to provide overall guidance on the reporting of PCS moves by active duty military personnel. With the disestablishment of the Assistant Secretary of Defense (Force Management and Personnel), the Office of the Assistant Secretary of Defense for Force Management Policy, within the Office of the Under Secretary of Defense for Personnel and Readiness, is now the System proponent. The Defense Manpower Data Center (DMDC) serves as the custodian to the Office of the Assistant Secretary for the reported PCS data, assists with quality control on PCS data, and provides administrative and inquiry capabilities for accessing PCS data. The Military Departments are required to provide DMDC prompt and accurate data quarterly on military personnel for all PCS moves. The Military Traffic Management Command (MTMC) is required to provide prompt and accurate data semiannually to DMDC on the movement of personal property, and the associated costs, for all PCS moves. The MTMC

management information system showed that the total costs for shipping and storing personal property in FY 1995 were $1.2 billion of the $2.8 billion total PCS costs.

DoD Directive 8910.1, "Management and Control of Information Requirements," June 11, 1993, provides guidance on the management of information in DoD. The Directive requires that the proponent for an information requirement in the Office of the Secretary of Defense (OSD) periodically review the requirement to ensure that sufficient information is available in DoD on making management decisions and to avoid generating unnecessary data. As part of that review, the proponent is to prepare a cost analysis showing that the development of the required information is effective and economical.

Audit Objectives

The primary audit objective was to determine whether DoD organizations were using the most efficient and cost-effective mode of transportation to move military officers' household goods and other personal property. The specific objective addressed in this report was to evaluate the collection and reporting of PCS travel costs and related data from DoD organizations used to determine the cost-effective modes of transportation. We also evaluated the management control program as it applied to the audit objective. The scope and methodology and the management control program are discussed in Appendix A.

Permanent Change of Station Management Information System

The Permanent Change of Station Management Information System does not provide complete and accurate centralized management information system data on PCS travel and associated costs, including data on household goods shipments for military personnel. The condition occurred because DoD Instruction 1315.16 requiring prompt and accurate data on PCS travel and DoD Directive 8910.1 requiring DoD Components to manage and control information requirements were not fully implemented or enforced. In addition, DoD Instruction 1315.16 did not provide guidance on accumulating all costs associated with PCS travel. As a result, DoD could spend $1.1 million from FY 1997 through FY 2002 to collect data that are incomplete and unusable. Additionally, DoD managers did not have centralized data for making efficient, well-informed decisions affecting a $2.8 billion annual budget for moving military personnel and household goods in DoD.

Background on the Permanent Change of Station Management Information System

The System. The System is an automated management information system that provides data on completed PCS moves for military personnel. The Office of the Assistant Secretary of Defense (Force Management and Personnel) began developing the System in 1987 to provide OSD and the Military Departments with a management tool to determine fiscal limitations and to evaluate data for policy changes affecting the PCS travel of military personnel. Initial plans for the System development were for a uniform and centralized management information system that included as much historical data from FY 1986 and FY 1987 as could be collected, and complete PCS data beginning in FY 1988. Responsibility for the System is now within the Office of the Assistant Secretary of Defense for Force Management Policy.

Maintenance of Information System

The System does not provide complete and accurate centralized management information system data on PCS travel and associated costs, including data on household goods shipments for military personnel. The DMDC, the System administrator for the Office of the Assistant Secretary of Defense for Force Management Policy, had not collected complete and accurate data on PCS travel and associated costs. DoD Instruction 1315.16 requires that the Military Departments submit to DMDC PCS data on military personnel each quarter. It also requires that MTMC submit to DMDC transportation and storage costs for personal property and associated data on completed PCS moves semiannually. Since 1994, the Army, Navy, Marine Corps, and MTMC were not in compliance with the Instruction and had sporadically provided data on PCS moves to DMDC. The Air Force was the only DoD Component to comply with the requirement. Table 1 shows the time periods, by quarter, when the Army, Navy, Marine Corps, and MTMC did not submit data to DMDC during FYs 1994 and 1995.

Table 1. Status of PCS Management Information System Data Submissions

Type of Data Submission:	FY 1994 1Q[1]	2Q	3Q	4Q	FY 1995 1Q	2Q	3Q	4Q
Army Officer			x	x				
Army Enlisted						x		x
Navy Officer				x				
Navy Enlisted			x	x	x	x	x	x
Air Force[2]								
Marine Corps[2]				x	x	x	x	x
MTMC	-[3]	x	-	x	-	x	-	x

Note: X denotes quarterly or semiannual data requirements were not submitted to DMDC.
[1]Q is the symbol for Quarter.
[2]Air Force and Marine Corps provide DMDC with a combined officer and enlisted submission.
[3]A - denotes no submission is required.

Explanations on incomplete PCS data submissions from responsible officials in the Military Departments, MTMC, and DMDC were contradictory and inconclusive.

Army. Army officials were aware that no PCS data on Army officers were submitted for the third and fourth quarters of FY 1994; but the officials in the Army Personnel Command did not attempt to explain the omissions. For FY 1995, Army officials disagreed with DMDC and stated that PCS data on enlisted personnel had been submitted for the second and fourth quarters. Although DMDC received the data submissions on the enlisted personnel for the second quarter of FY 1995, DMDC personnel stated that the data were incomplete. Subsequently, DMDC requested that the Army resubmit complete data on the enlisted personnel for the second quarter. Neither the Army nor DMDC had records showing that DMDC received complete second quarter data and that the data were entered into the System. Additionally, the Army could not provide documentation to show that fourth quarter data for FY 1995 on enlisted personnel were ever submitted to DMDC.

Navy. Navy officials disagreed with DMDC on the status of their data submissions and claimed that they had fully complied with the requirement for PCS travel data. However, the Navy had not documented the work process or other standard operating procedures for the data submissions to DMDC. Although the Navy could recreate data files, it did not attempt to resubmit the required data, and it did not document that complete data had been submitted.

Marine Corps. Marine Corps officials had not submitted to DMDC any PCS travel data since the third quarter of FY 1994. Marine Corps officials stated that they were unaware of the requirement to provide PCS data to DMDC, and attributed the problem to turnover in Marine Corps personnel who normally administer the program and who had the corporate knowledge of the requirement.

MTMC. The MTMC did not provide any PCS personal property shipment data to DMDC since 1992. MTMC officials stated that MTMC had been submitting the data quarterly to a team of experts at DMDC as part of a DoD special project (Project Mongoose) to coordinate financial data for the Defense Finance and Accounting Service. MTMC officials believed that the data provided to Project Mongoose was shared with DMDC system administrators and satisfied the requirement of DoD Instruction 1315.16.

The MTMC officials had not coordinated with DMDC and officials at DMDC were unaware that MTMC was providing data for the System. Upon further evaluation, we determined that the data provided to Project Mongoose would not satisfy the System requirement because the data elements were incorrect and not in the format required by DoD Instruction 1315.16. We also noted that 39 percent of the total data requirement for the System was missing from the MTMC data reported to Project Mongoose.

The MTMC also did not collect all costs on personal property shipments or PCS travel and could not provide to DMDC complete cost data on PCS travel. For example, the MTMC management information system on PCS personal property shipments did not include air and sea transportation costs charged by the Air Mobility Command and the Military Sealift Command totaling as much as $166 million a year to move military personnel household goods and other

personal property. In addition, MTMC is not required to collect PCS travel cost data, such as temporary living allowances and other personnel costs, associated with PCS moves, which was about $1.6 billion for FY 1995.

Implementation and Enforcement of DoD Guidance

DoD Instruction 1315.16 and DoD Directive 8910.1 were not fully implemented or enforced. Secretaries of the Military Departments and the MTMC did not ensure that prompt and accurate data were submitted to DMDC in accordance with DoD Instruction 1315.16. DoD Directive 8910.1 establishes policy and responsibilities for the management and examination of information requirements in DoD, which the Office of the Assistant Secretary of Defense for Force Management Policy did not follow. Additionally, DoD Instruction 1315.16 did not provide guidance on accumulating all costs associated with PCS travel.

Secretaries of the Military Departments and MTMC. The Secretaries of the Military Departments and the MTMC either had not established or had not followed procedures necessary to ensure implementation of DoD Instruction 1315.16. Only the Army had standard operating procedures to ensure complete and accurate PCS travel data submissions to DMDC. The Army had a draft standard operating procedure that documented the work process for creating the data for DMDC from existing data bases. However, the process did not include procedures for quality controls on the data, and for reporting and retaining data submitted to DMDC.

We also attempted to evaluate the procedures of the Navy, Air Force, Marine Corps, and MTMC for submitting PCS data to DMDC. We found no related formal instructions for processing and validating the data submissions. Additionally, except for the Air Force, we found no audit trails and no documented evidence of data submitted to DMDC. DoD officials stated that little to no communication occurs between DMDC and the Military Departments or MTMC to confirm that PCS data were sent and received, that the data submitted complied with DoD Instruction 1315.16, and that the data were successfully incorporated into the System. Without adequate standard operating procedures, there is no assurance that conditions like the turnover of personnel with the corporate knowledge reported in the Marine Corps will not affect compliance with the reporting requirement.

OSD. Although officials in the Office of the Assistant Secretary of Defense for Force Management Policy were aware of the incompleteness of the System, they did not control and minimize the burden associated with collecting and reporting information on PCS moves and associated costs.

Management Action on Data Submissions. Although DMDC notified administrators in the Office of the Assistant Secretary of Defense for Force Management Policy on four different occasions in 1 year about the incompleteness of PCS data submissions, they did not take specific action to

direct the Military Departments to correct the reporting discrepancies. From January 25, 1995, through January 30, 1996, officials at DMDC contacted officials of the Assistant Secretary's office to resolve problems with PCS travel data submissions. In one instance, the Assistant Secretary's office needed time-on-station information for PCS moves completed over the 5 years before March 1995. DMDC alerted the Assistant Secretary's office on March 20, 1995, that FY 1994 data would be incomplete because not all of the data had been submitted to DMDC. DMDC personnel requested that the Assistant Secretary's office instruct the Military Departments to submit the required data. The Assistant Secretary's office disregarded the DMDC request and no action was taken to enforce the information submission requirement.

Examination of Information Requirements. DoD Directive 8910.1 requires that system proponents periodically examine information requirements to avoid both duplication and unnecessary generation of data. Although the System was not being used, the Office of the Assistant Secretary did not evaluate the requirements for the System and had no plans to improve or discontinue the collection and reporting of data from the Military Departments and MTMC.

Instead of evaluating the requirements and improving the System data, the Assistant Secretary's office used alternate sources, such as data from DoD annual budgets, for answering general policy questions and for making management policy decisions; and it essentially ignored the System as a source of information. If more detailed information were necessary, administrators in the Assistant Secretary's office would use data calls and ad hoc working groups to collect the information from appropriate DoD organizations. Officials in the Assistant Secretary's office stated that if the System were ever complete and contained all costs associated with each PCS move, it would provide useful information not available from budget data for evaluating PCS policy changes and budgetary issues. Although the availability of detailed information would prevent inefficient, expensive, ad hoc working groups from collecting information, the Assistant Secretary's office had not done the analysis that DoD Directive 8910.1 requires to justify the continued operation of the System.

Total PCS Costs. DoD Instruction 1315.16 does not require the Military Departments and MTMC to report all costs related to PCS travel. If DoD organizations were providing complete data in accordance with the Instruction, the System would account for only about 43 percent ($1.2 billion of $2.8 billion in FY 1995) of the total PCS travel costs for military personnel. The Instruction excludes costs for such PCS travel as transporting military personnel to a new duty station, dislocation allowances, subsistence, and temporary lodging entitlements as defined in the Military Department budget books. If the System were rejustified, the Office of the Under Secretary of Defense for Personnel and Readiness would need to revise DoD Instruction 1315.16 to ensure that total costs are collected by the responsible DoD organizations and reported to DMDC for inclusion in the System data base.

System Operating Costs

Cost of System Operations. DoD could spend $1.1 million over the 6-year Future Years Defense Program (FYs 1997 through 2002) to collect data that are incomplete. Table 2 shows our estimate of the initial development and annual operating costs of the System. Our estimate is based on data that we extracted from available records at OSD and the Military Departments.

Table 2. Development and Annual Operating Costs of the PCS Management Information System

Organizations Supporting the System	Initial Costs	Prior Years 1990 through 1995	Annual Costs 1996	Total Costs
Army	$118,757	$ 212,868	$ 41,205	$ 372,830
Navy	15,894	84,492	16,356	116,742
Air Force	10,000	5,160	1,000	16,160
Marine Corps	212,603	557,664	107,946	878,213
MTMC	0	5,166	1,000	6,166
DMDC	0	57,858	11,200	69,058
Total	**$357,254**	**$923,208**	**$178,707**	**$1,459,169**

* Annual costs for 1990 assumed constant for 1991 and 1992. Annual costs for 1993 assumed constant for 1994 and 1995.

Available records indicated that it cost DoD about $360,000 to develop the System in 1988, excluding any initial costs for development at DMDC and MTMC, which were unavailable. The System had an annual recurring cost of about $179,000 in FY 1996. Since its inception, the System never had complete information on total PCS travel data and costs, and DoD could have spent as much as $1.5 million from 1988 through 1996 developing and maintaining the System. If the DoD guidance is not revised and effectively implemented, the Military Departments, DMDC, and MTMC will continue to use administrative funds, that could be put to better use, to operate an incomplete and unused System. Over the 6-year Future Years Defense Program this would result in the expenditure of $1.1 million ($179,000 a year times 6 years).

Using the System for Management Decisions. The DoD managers did not have centralized data to make efficient, well-informed decisions or to develop performance measures affecting a $2.8 billion annual budget for moving military personnel and household goods in DoD. The Senate Committee on Appropriations recommended that a 4-percent reduction in DoD PCS funding for FY 1997 be accomplished by:

- o changing personnel policies that govern rotation moves;
- o extending tour lengths within the continental United States;
- o seeking to reassign personnel at the same camp, post, installation, or base for career advancement; and
- o maximizing opportunities to reduce PCS costs.

The DoD response to the Senate Committee's recommendation stated that contrary to the Senate report language, PCS moves have decreased in correlation with the DoD drawdown. DoD further stated that most PCS moves involve member accession, separation, rotation, or training. Those mandatory moves are projected to account for 89 percent of the total number of PCS moves for FY 1997, while the remaining 11 percent are targeted for operational moves, normally in the continental United States, that are critical to maintaining desired readiness throughout the force. The DoD response did not attempt to associate total costs with the types of PCS moves it described.

If the System were operating as intended, the Office of the Assistant Secretary would have more confidence that its responses were reliable and that data could be easily and cost-effectively verified and quantified as to the types and costs of PCS moves. OSD officials stated that to respond to policy questions on PCS travel they would require labor intensive data calls to collect information necessary for analysis and to quantify the funding impact of the congressional direction on readiness. A centralized System with detailed, reliable information would provide a more efficient means to collect data needed to make decisions on the appropriate DoD policies and to develop more credible budget estimates. Additionally, complete PCS travel data and costs could provide the baseline required for OSD to comply with the Government Performance and Results Act of 1993 which requires a performance plan for program activities that includes objective, quantifiable, and measurable goals.

Conclusion

The System does not serve its intended purpose to provide useful data to Congress, OSD, the Military Departments, or any other oversight or management organization to evaluate DoD policies and expenditures associated with the PCS travel of military personnel. Continued maintenance of the System without an evaluation of its requirements and cost-effectiveness, including measures to ensure reliable data, would be wasteful and would leave managers with inadequate data for evaluating the PCS program.

Management Comments on the Finding and Audit Response

Air Force Comments. The Air Force provided additional information on its audit trails for processing and reporting PCS data in its response to the draft report. The Air Force stated that it had sufficient audit trails and had documented evidence of data submitted to DMDC.

Audit Response. Based on the Air Force comments, we revised our report to include the additional information on the Air Force audit trails.

Recommendations, Management Comments, and Audit Response

1. We recommend that the Under Secretary of Defense for Personnel and Readiness suspend DoD Instruction 1315.16 until:

a. A cost benefit analysis for the Permanent Change of Station Management Information System is updated to ensure the economy and utility of the System's operations.

Management Comments. The Office of the Assistant Secretary of Defense for Force Management Policy, in the Office of the Under Secretary of Defense for Personnel and Readiness, concurred with the report stating that the revalidation of the System was suspended pending the outcome of a working group formed to review the System. A decision to retain or eliminate the System is expected to be made by February 28, 1997. The Office of the Assistant Secretary further stated that a formal cost benefit analysis was not recommended at this time.

Audit Response. Comments from the Office of the Assistant Secretary were generally responsive. However, the Office of the Assistant Secretary did not provide a rationale or justification for not performing a formal cost benefit analysis for the System. DoD Directive 8910.1 requires that the proponent for an information requirement in the Office of the Secretary of Defense periodically review the requirement to ensure that sufficient information is available in DoD to make management decisions and to avoid generating unnecessary data. As part of that review, the proponent is required to prepare a cost analysis showing that the development of the required information is effective and economical. The preparation of the cost benefit analysis should be part of the review process of the working group to revalidate the System. A decision to retain the System would be much more credible if this analysis were performed. We request that the Office of the Assistant Secretary reconsider its position and provide additional comments in its response to the final report.

b. More definitive and comprehensive guidance for collecting, maintaining, and reporting data on permanent change of station travel by military personnel and the associated costs is developed, in coordination

with the Military Departments and the Military Traffic Management Command, after the System is rejustified with an updated cost benefit analysis.

Management Comments. The Office of the Assistant Secretary did not provide comments on this recommendation in its response to the draft report.

Audit Response. We recognize that this recommendation is contingent on a decision being made to retain the System. We request that, in its response to the final report, the Office of the Assistant Secretary provide comments on how data reliability will be better assured in the future, if it is decided to keep the System, and clarify whether DoD Instruction 1315.16 will be revised. If the Instruction will be revised, please provide an estimated completion date.

2. We recommend that the Secretaries of the Military Departments and the Commander, Military Traffic Management Command, develop and implement standard operating procedures for collecting, maintaining, and reporting permanent change of station travel data to comply with the revised guidance.

Army and Navy Comments. The Army and the Navy concurred with the recommendation. They agreed that requirements should be examined and that new guidance was necessary to include procedures for cost data from the Defense Finance and Accounting Service. The Army and Navy further agreed to implement standard operating procedures when new guidance is developed and are participating in the working group that is evaluating the need for the System.

Air Force Comments. The Air Force concurred with the recommendation. However, in comments on the finding, the Air Force stated that numerous procedures, policies, and system edits were in place for reviewing, verifying, and validating PCS data. It also stated that mailing instructions, letters of transmittal, and the last three activity reports on PCS data submissions were maintained.

Audit Response. Although the Air Force agreed with the recommendation to establish standard operating procedures, its comments to the finding require some clarification regarding the recommendation. In its comments, the Air Force addressed the various steps it uses for processing computer-generated data but it did not include any documentation on formal policies and procedures for implementing DoD Instruction 1315.16. Consequently, we still believe the Air Force needs formal standard operating procedures to institutionalize the process and to ensure that complete and accurate data continues to be reported to DMDC. We request that the Air Force provide documentation on its policies and procedures for implementing DoD Instruction 1315.16 or clarification of its position in response to the final report.

MTMC Comments. The MTMC stated that it would work with the Services to provide the data necessary to support the System if it is rejustified by the Office of the Under Secretary. However, in comments on the finding, MTMC confirmed that it does not collect air and sea transportation costs but suggested that users of those cost data obtain them directly from Air Mobility Command and the Military Sealift Command. MTMC also supported the use of budget and appropriation data for decisionmaking processes instead of MTMC cost data.

Audit Response. Although MTMC implied concurrence, the action planned does not address the development and implementation of standard operating procedures and the comments suggest that MTMC may not be able to report complete and accurate cost data to the Office of the Under Secretary. We request that MTMC clarify its position in response to the final report.

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Part II - Additional Information

Appendix A. Audit Process

Scope and Methodology

System, Policy, and Procedures Evaluation. In determining the adequacy of the System, we reviewed the submissions of the Military Departments and the MTMC PCS travel data to DMDC for FY 1994 and FY 1995. We interviewed personnel in the Office of the Under Secretary of Defense for Personnel and Readiness, the DMDC, the Military Departments, and MTMC in evaluating the procedures for reporting PCS travel data. We evaluated the management and administrative procedures that the Military Departments and MTMC used for collecting, maintaining, and reporting PCS travel data for the System. We also reviewed the DMDC administrative procedures for operating the System and the costs associated with operating the System from FY 1990 through FY 1996 and obtained the 1988 system development costs. Additionally, we evaluated the policies and procedures for justifying information collection and reporting in DoD. Further, we reviewed the legislative history from FY 1987 through FY 1997 to determine the congressional interest in the budgeting and managing of PCS travel for military personnel in DoD.

Use of Computer-Processed Data. We evaluated the completeness of the PCS travel data in the System for FY 1994 and FY 1995. We did not perform any statistical analysis on the PCS travel data to verify accuracy and reliability of the data submitted by the Military Departments and MTMC, or the accuracy and reliability of the data entered into the System by DMDC. Not establishing the reliability of the data in the System will not materially affect the results of our audit.

Audit Period and Standards. This economy and efficiency audit was performed from April through October 1996. We conducted this audit in accordance with auditing standards issued by the Comptroller General of the United States as implemented by the Inspector General, DoD. We included tests of management controls considered necessary.

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

Management Control Program

DoD Directive 5010.38, "Internal Management Control Program," April 14, 1987,* requires DoD organizations to implement a comprehensive system of management controls that provides reasonable assurance that programs are operating as intended and to evaluate the adequacy of the controls.

Scope of Review of Management Control Program. We reviewed management control procedures at DMDC and in the Office of the Assistant Secretary of Defense for Force Management Policy regarding the collection, maintenance, and reporting of PCS travel data of military personnel for the System. We reviewed management's self-evaluation applicable to those control procedures.

Adequacy of Management Controls. The DMDC management controls over the collection, maintenance, and reporting of PCS travel data of military personnel for the System were adequate as they applied to the audit objectives. However, we identified a material management control weakness for the Office of the Assistant Secretary as defined by DoD Directive 5010.38. The Office of the Assistant Secretary's controls for operating a centralized management information system were not adequate to ensure that complete PCS travel costs and associated data were collected and maintained for OSD policy decisions. Recommendations 1.a., 1.b., and 2., if implemented, will improve the Office of the Assistant Secretary's procedures for collecting PCS travel data more effectively. A copy of the report will be provided to the senior official responsible for management controls in the Office of the Under Secretary of Defense for Personnel and Readiness.

Adequacy of Management's Self-Evaluation. Officials in the Office of the Assistant Secretary of Defense for Force Management Policy did not identify the management and centralization of PCS travel data as an assessable unit and, therefore, did not identify the material management control weakness identified by the audit.

Summary of Prior Audits and Other Reviews

No audit work on the System has been conducted within the past 5 years.

* DoD Directive 5010.38 has been revised as "Management Control Program," August 26, 1996. The audit was performed under the April 1987 version of the Directive.

Appendix B. Report Distribution

Office of the Secretary of Defense

Under Secretary of Defense for Acquisition and Technology
  Director, Defense Logistics Studies Information Exchange
Under Secretary of Defense (Comptroller)
  Deputy Chief Financial Officer
  Deputy Comptroller (Program/Budget)
Under Secretary of Defense for Personnel and Readiness
Assistant Secretary of Defense (Command, Control, Communications and Intelligence)
Assistant to the Secretary of Defense (Public Affairs)

Department of the Army

Auditor General, Department of the Army

Department of the Navy

Assistant Secretary of the Navy (Financial Management and Comptroller)
Auditor General, Department of the Navy
Superintendent, Naval Postgraduate School

Department of the Air Force

Assistant Secretary of the Air Force (Financial Management and Comptroller)
Auditor General, Department of the Air Force

Unified Commands

Commander in Chief, United States Transportation Command
  Commander, Military Traffic Management Command

Other Defense Organizations

Director, Defense Contract Audit Agency
Director, Defense Finance and Accounting Service
Director, Defense Logistics Agency
Director, Defense Manpower Data Center
Director, National Security Agency
  Inspector General, National Security Agency
Inspector General, Defense Intelligence Agency
Inspector General, National Imagery and Mapping Agency

Non-Defense Federal Organizations and Individuals

Office of Management and Budget
General Accounting Office
  National Security and International Affairs Division
    Technical Information Center

Chairman and ranking minority member of each of the following congressional committees and subcommittees:

  Senate Committee on Appropriations
  Senate Subcommittee on Defense, Committee on Appropriations
  Senate Committee on Armed Services
  Senate Committee on Governmental Affairs
  House Committee on Appropriations
  House Subcommittee on National Security, Committee on Appropriations
  House Committee on Government Reform and Oversight
  House Subcommittee on National Security, International Affairs, and Criminal Justice, Committee on Government Reform and Oversight
  House Committee on National Security

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Part III - Management Comments

Office of the Assistant Secretary of Defense for Force Management Policy Comments

FORCE MANAGEMENT POLICY

OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE
4000 DEFENSE PENTAGON
WASHINGTON, D.C. 20301-4000

1997

MEMORANDUM FOR INSPECTOR GENERAL, DEPARTMENT OF DEFENSE

SUBJECT: Audit Report on Permanent Change of Station Management Information System (Project No. 6LB-0044)

We concur with the 20 November 1996 draft report on the Permanent Change of Station Management Information System (PCS-MIS). The USD(P&R) internal suspense to revalidate the system in November 1996 was suspended pending the outcome of this report and the results of a working group formed to review the PCS-MIS. A recommendation to retain or eliminate the PCS-MIS will be made by 28 February 1997. We do not recommend a formal cost benefit analysis at this time. If the decision is to retain a modified system, tighter management controls will be instituted to avoid reoccurance.

This was an ambitious program from the start, given the varying degree of automation within the Services' personnel systems. Significant technical problems were never totally solved and it is unlikely that they will be in the near term. OSD managers are using alternative means to gather necessary data.

Questions may be directed to the OSD point of contact for this program, Lt Col Jim Wilkinson, DASD(MPP)COMP, who may be reached at telephone # 697-3793.

Francis M. Rush, Jr.
Principal Deputy Assistant Secretary

Department of the Army Comments

DEPARTMENT OF THE ARMY
OFFICE OF THE DEPUTY CHIEF OF STAFF FOR PERSONNEL
300 ARMY PENTAGON
WASHINGTON, DC 20310-0300

REPLY TO ATTENTION OF

DAPE-PRR

17 January 1997

MEMORANDUM THRU

DEPUTY CHIEF ~~OF STAFF FOR PERSONNEL~~ 24 JAN 97

~~DIRECTOR, ARMY STAFF~~

~~ASSISTANT SECRETARY OF THE ARMY (MANPOWER AND RESERVE AFFAIRS)~~ 28 JAN 97

FOR US ARMY AUDIT AGENCY, POLICY, FOLLOW-UP AND TRAINING, ATTN: SAAG-PMF-E, 3101 PARK CENTER DRIVE, ALEXANDRIA, VA 22302-1596

SUBJECT: DOD IG Audit on the Permanent Change of Station (PCS) Management Information System (MIS)

1. The Army agrees with the results of the DOD IG Audit. As the PCS-MIS system is currently configured, it does not provide complete and accurate centralized management information on PCS moves and associated costs. Currently, only cost data collected for household good shipments is incorporated in the system. This accounts for approximately 54% of all PCS costs. In order to make the system viable, expenditure data on other PCS entitlements, i.e. dislocation allowances, member/dependent mileage and per diem, would be required. This would necessitate DFAS involvement.

2. The Army agrees that PCS-MIS should be suspended until a cost benefit analysis for the system is prepared. If the continued use of the system is justified, the Army requests that definitive and comprehensive guidance on reporting requirements be provided.

3. Point of contact for this office is MAJ Char, 695-4165, or Ms. Mencl, 697-9717.

JAMES K. MURRAY
Colonel, GS
Chief, Resources Division

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Department of the Navy Comments

DEPARTMENT OF THE NAVY
OFFICE OF THE SECRETARY
1000 NAVY PENTAGON
WASHINGTON, D.C. 20350-1000

JAN 29 1997

MEMORANDUM FOR THE DEPARTMENT OF DEFENSE ASSISTANT INSPECTOR GENERAL FOR AUDITING

Subj: DOD DRAFT REPORT: " PERMANENT CHANGE OF STATION MANAGEMENT INFORMATION SYSTEM" (PROJECT NO. 6LB-0044)

I am responding to the draft audit report forwarded by you in your letter of November 20, 1996, regarding the Permanent Change of Station Management Information System (PCSMIS).

The DON concurs with the report findings and recommendation, and is ready to work with ASD(FM&P), and the other Services, to design a new PCSMIS. However, we recommend including the Defense Finance and Accounting Service (DFAS) and the Defense Information Systems Agency (DISA) on the working group. Their participation is required to ensure all necessary information is captured in responding to Congressional inquiries and to provide DoD managers with meaningful statistical data for the PCS program.

Specific comments are provided at Attachment 1.

Karen S. Heath
for BERNARD ROSTKER
Assistant Secretary of the Navy
(Manpower & Reserve Affairs)

Copy to:
NAVINSGEN
FMO-31

Department of the Navy Response
to
DODIG Draft Report of 20 NOV 1997
on
Permanent Change of Station Management Information System
Project No. 6LB-0044

Recommendations 1:

That the Under Secretary of Defense for Personnel and Readiness suspend DoD Instruction 1315.16 until: (a) a cost benefit analysis for the PCSMIS is updated to ensure the economy and utility of the System's operation and (b) establish more comprehensive guidance for collecting, maintaining and reporting data in coordination with other agencies after the System is rejustified with an updated cost benefit analysis.

DON Position:

Concur. We are available to participate on a working group to conduct a cost benefit analysis and to participate in the development of an improved PCSMIS.

Recommendation 2:

Recommend the Secretaries of the Military Departments and the Commander, Military Traffic Management Command, develop and implement standard operating procedures for collecting, maintaining, and reporting permanent change of station travel data to comply with revised guidance.

DON Position:

Concur: However, we strongly recommend the Defense Finance and Accounting Service (DFAS) be included in the PCSMIS development process. DFAS can provide 100% of PCS program costs, which would make an updated PCSMIS a more meaningful management tool.

Enclosure (1)

Department of the Air Force Comments

DEPARTMENT OF THE AIR FORCE
HEADQUARTERS UNITED STATES AIR FORCE
WASHINGTON, DC

22 JAN 1997

MEMORANDUM FOR ASSISTANT INSPECTOR GENERAL FOR AUDITING
OFFICE OF THE INSPECTOR GENERAL
DEPARTMENT OF DEFENSE

FROM: HQ USAF/DPX
1040 Air Force Pentagon
Washington DC 20330-1040

SUBJECT: DoD(IG) Draft Audit Report on Permanent Change of Station (PCS) Management Information System (Project No. 6LB-0044)

This is in reply to your memorandum requesting the Assistant Secretary of the Air Force (Financial Management and Controller) provide Air Force comments on subject report.

We concur with the recommendations for corrective action outlined in the draft report, and offer the following comments with regard to report findings.

Reference page 7, *Implementation and Enforcement of DoD Guidance*, paragraph 3. Report findings indicate no audit trail, no documented evidence of data submitted to DMDC, and no related formal instructions for processing data were found. The Air Force office responsible for submitting information to DMDC indicates it has numerous procedures, policies, systems edits, etc., in-place for reviewing, verifying and validating PCS data, before and after the move. The office maintains the last three activity reports on PCS data submissions which document the total number of records submitted on enlisted and officer moves. Copies of mailing instructions to the tape librarian are also maintained. Included with the magnetic tapes is a "Letter of Transmittal" containing file identification, record counts, tape numbers, record sizes and blocking factors. The letter also contains tape attributes, describing format, tape type, etc.. We believe this qualifies as an audit trail and instructions for processing the data and ask you to consider revising report findings.

Air Force points of contact for this audit are Maj Swilling, HQ USAF/DPXFC, DSN: 224-8275 for PCS policy and Mr. Johnny Collins, AFPC/DPSARR, DSN: 487-2821 for system related issues.

JOHN F. REGNI
Brigadier General, USAF
Director, Military Personnel Policy

cc:
SAF/FMPF

Military Traffic Management Command Comments

DEPARTMENT OF THE ARMY
HEADQUARTERS, MILITARY TRAFFIC MANAGEMENT COMMAND
5611 COLUMBIA PIKE
FALLS CHURCH, VA 22041-5050

REPLY TO ATTENTION OF

MTCS (36-2a)

17 JAN 1997

MEMORANDUM FOR Inspector General, Department of Defense, ATTN: Mr. John A. Gannon, 400 Army Navy Drive, Arlington, VA 22202-2884

SUBJECT: Draft Audit Report on Permanent Change of Station Management Information System (Project No. 6LB-0044) dated November 20,1996

1. This memorandum provides the Military Traffic Management Command (MTMC) comments on subject draft report.

2. General comments on data in the report are enclosed.

3. MTMC comments on the recommendations are:

Recommendation 1 - To rejustify the need for the Permanent Change of Station Management Information System: MTMC does not have comments on this recommendation.

Recommendation 2 - To develop and implement standard operating procedures for collecting, maintaining, and reporting permanent change of station data: If the Under Secretary of Defense for Personnel and Readiness rejustifies the Permanent Change of Station Management Information System, MTMC will work with the services to provide the data necessary to support the system.

FOR THE COMMANDER:

Encl

J. DOUGLAS FOYE
Colonel, GS
Chief of Staff

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MILITARY TRAFFIC MANAGEMENT COMMAND
COMMENTS ON
DRAFT REPORT PERMANENT CHANGE of STATION
MANAGEMENT INFORMATION SYSTEM PROJECT NO. 6LB-0044

Comments keyed to draft report are:

age 3 and
page 10

Audit Objective page 3 and Conclusion page 11. The stated audit objective was to determine if the most efficient and cost effective transportation mode were used to move military officer household goods and other personnel property. Audit conclusion is that the PCS Management Information System does not provide management organizations useful data to evaluate their programs.

Comment. Approximately two-thirds of all personnal property shipments are either domestic shipments or straight international shipments. These shipments do not have any additional costs associated with them other than the carrier bid cost. As such, the conclusion can be made that at least 66 percent of all shipments move in the most efficient manner.

age 6

MTMC does not collect all costs page 7.

Comment. The report correctly states that MTMC does not collect air and sea transportation costs. Use of Air Mobility Command and Military Sealift Command for personnal property shipments is determined by the military services irrespective of costs at rates set by DOD. The services or anyone needing these costs should obtain them directly from the respective commands.

General Comment. Cost data provided by MTMC on personnal property shipments are obtained from the paying finance offices. Payment data is collected 3 to 6 months after payment and in many instances data is reported up to 2 years after the actual move has occurred. For decision making process MTMC supports the use of budget and appropriation data as discussed on page 8 of the report.

Emch

Audit Team Members

This report was produced by the Logistics Support Directorate, Office of the Assistant Inspector General for Auditing, DoD.

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INTERNET DOCUMENT INFORMATION FORM

A . Report Title: Permanent Change of Station Management Information System

B. DATE Report Downloaded From the Internet: 10/27/99

C. Report's Point of Contact: (Name, Organization, Address, Office Symbol, & Ph #): **OAIG-AUD (ATTN: AFTS Audit Suggestions)**
Inspector General, Department of Defense
400 Army Navy Drive (Room 801)
Arlington, VA 22202-2884

D. Currently Applicable Classification Level: Unclassified

E. Distribution Statement A: Approved for Public Release

F. The foregoing information was compiled and provided by:
DTIC-OCA, Initials: __VM__ **Preparation Date 10/27/99**

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