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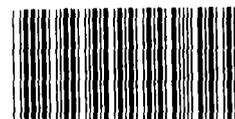
Report To The Secretary Of Defense

Management Control Of The Department Of Defense Overseas Dependents Schools Needs To Be Strengthened

In 1975 the Congress directed that the responsibility for operating the Department of Defense overseas dependents schools be transferred from the military departments to the Office of the Secretary of Defense because of concern over the lack of control over how financial and personnel resources allocated to the education program were handled. A primary objective of the transfer was to establish centralized management control of the system, which was then operating as three separate entities under a geographical manager concept.

Despite the transfer, many of the problems associated with the lack of central direction and control remain. As a result, the school system's managers are unable to ensure that resources are obtained and used efficiently and effectively.

GAO recommends that management control of the program be strengthened by simplifying and standardizing aspects of financial and logistics management.



119854



GAO/HRD-83-3
NOVEMBER 4, 1982

023848

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UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

HUMAN RESOURCES
DIVISION

B-208218

The Honorable Caspar W. Weinberger
The Secretary of Defense

Attention: Director, GAO Affairs

Dear Mr. Secretary:

This report discusses the need for strengthening management control of the Department of Defense overseas dependents schools.

The report contains recommendations to you on pages 15 and 25. As you know, section 236 of the Legislative Reorganization Act of 1970 requires the head of a Federal agency to submit a written statement on actions taken on our recommendations to the House Committee on Government Operations and the Senate Committee on Governmental Affairs not later than 60 days after the date of the report and to the House and Senate Committees on Appropriations with the agency's first request for appropriations made more than 60 days after the date of the report.

We are sending copies of this report to the Director, Office of Management and Budget.

Sincerely yours,

A handwritten signature in black ink that reads "Philip A. Bernstein".

Philip A. Bernstein
Director

D I G E S T

The financial management system of the Department of Defense Dependents Schools (DODDS) does not give DODDS managers timely and accurate information to plan for and control use of the school system's resources. This situation is caused by (1) the lack of an accounting system, (2) the lack of an agencywide system of internal management controls, and (3) the lengthy procedure by which DODDS' disbursements are recorded.

DODDS also needs to exercise better control over military-provided logistics support services. For fiscal year 1982, such support services were estimated to cost almost \$118 million. A DODDS decision to permit supporting activities to charge DODDS appropriations directly to pay for some of these services, rather than to continue to provide them on a reimbursable basis, has resulted in DODDS' further losing control over its funds because its managers often do not know to what extent the school system's funds have been obligated.

DODDS HAS NO ACCOUNTING SYSTEM

Accounting services are provided to DODDS by four organizations--the Army in Europe, the Navy in the Atlantic area, the Air Force in the Pacific area, and the Office of the Secretary of Defense for DODDS headquarters. Accounting systems for these organizations were developed independently of one another and are not uniform in the way they collect, classify, and report data. As a result, timely and accurate financial information is not available to DODDS managers.

DODDS DOES NOT HAVE AN AGENCYWIDE
SYSTEM OF INTERNAL MANAGEMENT CONTROLS

DODDS does not have an adequate system of internal management controls to ensure, among other things, that receipts are properly accounted for and that goods and services paid for are received.

Tuition receipts were not deposited promptly, thereby delaying access to these funds by the U.S. Treasury and increasing the potential for loss or misuse of funds. For example, in the Mediterranean regional office, an accumulation of tuition checks totaling between \$500,000 and \$1 million had remained undeposited for as long as 2 months. In addition, controls over procurement of goods and services do not ensure that goods and services are, in fact, received.

DOD PROCEDURES DELAY ENTRY OF
DISBURSEMENTS IN DODDS RECORDS

DODDS does not have authority to disburse funds; disbursing officers of the military departments, as well as other Government organizations, disburse funds for DODDS. These disbursements are charged directly to DODDS' appropriation. Following procedures prescribed by DOD for reporting to Treasury disbursements of funds for others, vouchers must travel from overseas to the United States and return overseas before they are finally recorded in DODDS accounting records. This process takes from 2 months to 2 years. This lengthy reporting procedure deprives management of timely and accurate information needed to ensure that DODDS' allotment of funds from DOD is not overexpended.

BETTER CONTROL OVER COST OF
LOGISTICS SUPPORT SERVICES NEEDED

Most of DODDS' support services are provided by the military departments. In fiscal year 1982, these services were estimated to cost about \$118 million. Cost control documents--such as Support Agreements, billings from military communities for logistics support provided, and cost reports--are of limited value to DODDS in controlling costs because (1) many of the Support Agreements are not current, (2) billings are often not timely, and (3) the cost reports are not used.

Moreover, DODDS has agreed to permit supporting activities to charge DODDS' funds directly rather than provide the support on a reimbursable basis. This change, which is inconsistent with the DOD policy requiring that the support be provided on a reimbursable basis, has resulted in DODDS' further losing control over its funds because its managers

often do not know to what extent the school system's funds have been obligated. It has also increased the number of vouchers subject to the lengthy disbursement reporting procedure.

GAO recommends that the Secretary of Defense

- develop accounting and internal management control systems in DODDS as required by the Budget and Accounting Procedures Act of 1950,
- develop a uniform financial coding system applicable to DODDS' activities worldwide, and
- establish a streamlined procedure for recording disbursements of DODDS' funds in the school system's accounting records.

In the logistics support area, GAO recommends that the Secretary require the Director of DODDS to

- return to the reimbursable concept in obtaining logistics support services;
- ensure that all Support Agreements are brought current, are maintained in that status, and are specific as to the nature and cost of services to be provided; and
- develop and implement a financial management training program for school principals.

AGENCY COMMENTS

In oral comments, DOD officials concurred with GAO's recommendations concerning the DODDS financial management system and said that actions would be initiated to implement them. DOD did not comment on recommendations concerning logistics support services.

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In 1946, an elementary and secondary school system was established for dependents of military and civilian personnel serving overseas. Until 1976, the military departments operated the schools. As a result of congressional concern over the diffusion of management and control over the school system, in 1976 the Secretary of Defense established DODDS as a single entity to

operate the school system. The military departments were left with the sole function of providing support services.

DODDS currently operates 272 schools in 20 countries. It has an enrollment of about 133,000 students and employs almost 11,500 people, including about 7,000 teachers. DODDS' budget for fiscal year 1982 was about \$500 million.

GAO's objective was to assess the managerial effectiveness and organizational efficiency of DODDS in the areas of personnel hiring, financial management, and logistics support, including pupil transportation.

This report discusses GAO's work concerning financial management and logistics support services. GAO's work on personnel hiring and pupil transportation was addressed in an earlier report to the Secretary of Defense. 1/

GAO conducted its work at DODDS headquarters in Alexandria, Virginia; the Germany North and Mediterranean regions; the U.S. Air Forces, Europe, headquarters; the U.S. Army, Europe and Seventh Army headquarters; and the schools located in nine military communities in both of the DODDS regions visited.

1/"Opportunities Exist to Reduce Operating Costs of the Department of Defense Overseas Dependent Schools" (GAO/HRD-82-86, Aug. 26, 1982).

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ABBREVIATIONS

DGSC	Defense General Supply Center
DOD	Department of Defense
DODDS	Department of Defense Dependents Schools
GAO	General Accounting Office
MIPR	Military Interdepartmental Purchase Request
USAREUR	U.S. Army, Europe and Seventh Army
USAFACEUR	U.S. Army Finance and Accounting Center, Europe

CHAPTER 1

INTRODUCTION

In 1946, the military departments started an education system of elementary and secondary schools for dependents of military and civilian personnel serving overseas. During the next two decades, the school system expanded greatly. Initially, the schools were operated by each of the military services at their installations; as a result, the system was not uniform in either its organization or its curriculum.

In 1965, steps were taken to establish a unified school system. All overseas schools were placed under the Assistant Secretary of Defense (Manpower and Reserve Affairs), who was given responsibility for the system's policy direction. The system was divided into three geographical areas:

- Europe, managed by the Army.
- Pacific, managed by the Air Force.
- Atlantic, managed by the Navy.

The diffusion of management and control of the school system caused considerable concern in the Congress. The House Committee on Appropriations, in its report on the Defense Appropriation Bill for fiscal year 1974, stated that:

"* * * the mere consolidation of funding into one appropriation has not achieved the objectives sought by the Committee which essentially relate to long-term savings through the reduction of overhead and administrative costs while at the same time providing for the achievement of uniform quality education for the children of our military personnel stationed overseas."

In 1975, the Committee again expressed its concern about how the system was operating. The report on the Department of Defense (DOD) appropriations for fiscal year 1976 stated that the overseas school system

- lacked control over how financial and personnel resources were handled and
- continued to be managed as three separate entities under the service geographical manager concept instead of having centralized management control.

The report directed that full responsibility for management of the program be vested in an Office of Dependents Schools and that the geographical manager concept be discontinued.

In 1976, as a result of the congressional directive, the Secretary of Defense established the Department of Defense Dependents Schools (DODDS) as a single entity to operate the three-region school system. The military departments were left with the sole function of providing logistical support services. The Defense Dependents' Education Act of 1978 (20 U.S.C. 2701 et al.) established an Office of Dependents' Education within DOD and required, among other things, that appropriate regional or area offices be established to provide for thorough, efficient administration of the system. Consequently, the system was organized into six regions--Atlantic, Germany North, Germany South, Mediterranean, Pacific, and Panama. (See app. I.)

DODDS relies on the military departments for a number of logistical, financial, and personnel support services--most of which are provided on a reimbursable basis. DODDS performs most of its own functions in budget, supply, and teacher recruitment.

On October 17, 1979, the Department of Education Organization Act (20 U.S.C. 3401) was enacted. The act created the Department of Education and provided for transferring the overseas dependents schools from DOD to Education on or before May 4, 1983. Legislation (S. 1474) introduced on July 8, 1981, to block the transfer is pending in the Congress.

DODDS operates 272 schools in 20 countries and has an enrollment of about 133,000 students. (See app II.) The school system employs almost 11,500 people, including about 7,000 teachers. Its total budget for fiscal year 1982 was about \$500 million.

Most of the students (about 126,000 in school year 1981-82) are dependents of DOD military and civilian personnel assigned overseas and attend DODDS schools on a tuition-free basis. The other students, who pay tuition, are dependents of (1) Americans who are Federal employees, (2) employees of private companies under Federal contract, (3) U.S. citizens in various occupations abroad, or (4) foreign nationals. The following table shows the number of students enrolled in DODDS schools in kindergarten through grade 12 as of March 31, 1982.

<u>Enrollment category</u>	<u>Number of students enrolled</u>
Tuition-free	125,627
Tuition-paying	<u>7,152</u>
Total	<u><u>132,779</u></u>

In addition, DODDS pays the tuition for about 3,000 students enrolled in private schools in 78 countries worldwide because their military sponsors are assigned to overseas areas without DODDS schools. DODDS estimated that tuition costs would average \$3,550 per student in fiscal year 1982.

OBJECTIVES, SCOPE, AND METHODOLOGY

We did not attempt to assess the quality of education provided by DODDS. Our objective was to assess DODDS' managerial effectiveness and organizational efficiency in the areas of personnel hiring, financial management, and logistics support, including pupil transportation. This report discusses our work concerning financial management and logistics support services. Our work on personnel hiring and pupil transportation was addressed in an earlier report. ^{1/} To attain our objective, at the headquarters level we examined program policies and procedures and reviewed pertinent records and reports as they relate to the administration of overseas dependents schools. We interviewed the Director of DODDS, chiefs of the various program divisions and their staffs, DOD program officials, and Department of State officials.

At the regional level we concentrated our review in Europe, where 80 percent of the schools are located. Specifically, we performed our review work in two regions (Germany North and Mediterranean) where 42 percent of DODDS schools are located. In addition, we did work at the U.S. Air Forces, Europe, headquarters; the U.S. Army, Europe and Seventh Army (USAREUR), headquarters; the subordinate organizations supporting DODDS in Europe; and schools in nine military communities in the two regions.

The two regions were selected because they have problems similar to those experienced by other regions in the system.

--The Germany North region, like the Germany South region, has a large number of schools in a relatively small geographical area and is located fairly close to the major military commands responsible for servicing its schools.

--The Mediterranean region, like the Pacific and Atlantic regions, has fewer schools spread over a large geographical area and is distant from the major military commands servicing its schools.

^{1/}"Opportunities Exist to Reduce Operating Costs of the Department of Defense Overseas Dependent Schools" (GAO/HRD-82-86, Aug. 26, 1982).

In selecting the military communities, we looked for a mixture of Army-, Air Force-, and Navy-supported schools; large and small schools; schools distant from and close to the regional offices; and schools distant from and close to military activities responsible for providing services to the schools and their personnel. We visited schools in Germany, Greece, Italy, Spain, and Turkey. The school facilities included regular classrooms; special purpose rooms; supply rooms; classrooms used by special education classes; and school dining, physical education, and dormitory facilities.

We examined DODDS', DOD's, and the military departments' policies, procedures, guidelines, and directives pertaining to the programs and functions under review. We reviewed the North Central Association of Colleges and Schools (the association which accredits DODDS' schools) reports for the schools we visited.

At the regional offices, we spoke with the regional directors, chiefs of the various program and support divisions, and their staffs. At the schools, we talked with the principals and assistant principals, program coordinators, teachers and aides, union representatives, school level support personnel, parents of students, and students. In the military communities, we obtained information from individuals responsible for pupil transportation, facilities' construction and maintenance, personnel support services (such as payroll and personnel records maintenance), and general military oversight and support of the DODDS' education program.

Our review was performed in accordance with generally accepted government audit standards.

CHAPTER 2

DODDS FINANCIAL MANAGEMENT

SYSTEM IS NOT ADEQUATE FOR

FINANCIAL PLANNING AND CONTROL

Financial management systems should give managers at all organizational levels the information they need to ensure that resources are obtained and used efficiently and effectively in accomplishing agency objectives. DODDS' financial management system does not give its managers timely and accurate information to plan for and control use of the school system's resources, however, because DODDS lacks (1) accounting and internal management control systems that meet the objectives of the Budget and Accounting Procedures Act of 1950 and (2) a uniform system of coding financial data. In addition, the procedures prescribed by DOD for reporting disbursements of DODDS' funds delay the entry into DODDS' accounting records of many disbursements made for the school system. Without systems and procedures that provide timely and accurate financial information, DODDS' managers do not have adequate control over the school system's resources and cannot ensure that the resources are obtained and used efficiently and effectively.

DODDS HAS NO ACCOUNTING SYSTEM

The Budgeting and Accounting Procedures Act of 1950 requires the head of each executive agency to establish and maintain systems of accounting that conform to the principles, standards, and related requirements prescribed by the Comptroller General. The act provides for Comptroller General approval of accounting systems meeting the following objectives:

- Full disclosure of the financial results of agency activities.
- Production of adequate financial information for agency management purposes.
- Effective control over and accountability for all funds, property, and other assets for which each agency is responsible.
- Reliable accounting results to serve as the basis for preparing and supporting agency budget requests, controlling the execution of the budgets, and providing financial information required by the Office of Management and Budget.

--Suitable integration of agency accounting with the central accounting and reporting operations of the Treasury Department.

In 1976 and 1977, at the request of the Chairman of the Senate Committee on Appropriations, we reviewed the financial management of the DODDS system because of the Committee's concern about the program's management and rapidly rising costs. ^{1/} We found that the reported costs of operating the schools were unreliable because DODDS' data collection system did not provide accurate information and DODDS did not have an accounting system that met the objectives of the 1950 act. We recommended that priority attention be given to developing such an accounting system, and DOD agreed to do so. Our current review showed, however, that DODDS still lacks an accounting system and is not developing one. DODDS' officials attributed the lack of action initially to the reorganization of the school system (completed in fiscal year 1980) and later to the planned transfer from DOD to the Department of Education in 1983.

Financial management information
provided by multiple nonuniform
accounting systems

Traditionally, accounting services have been provided to DODDS primarily by the Army in Europe, the Navy in the Atlantic, and the Air Force in the Pacific. This corresponds to the alignment of operational responsibilities for the schools before their transfer to DODDS' control in 1975. In addition, DODDS headquarters obtains accounting support from Washington Headquarters Service, a field activity of the Office of the Secretary of Defense. The systems used by each of these activities were developed independently of one another and are not uniform in how they collect, classify, and report data. Appendix III shows the distribution, by geographic location and DOD component, of the military accounting offices providing accounting services to DODDS.

Each of the accounting offices submits monthly status of funds reports to the headquarters fiscal division. That division consolidates the data from these reports and prepares the DODDS-wide reports required by DOD. These reports are submitted to Washington Headquarters Service for inclusion in DOD departmental-level reports. To get the consolidated financial picture of the school system needed to prepare reports for DOD, the data produced by the reporting activities using the four accounting systems servicing DODDS must be interpreted and aggregated manually at DODDS headquarters. As a result, timely and accurate financial data are not

^{1/}"Financial Management of Overseas Dependents Schools" (FPCD-77-7, Feb. 16, 1977).

available to DODDS' managers. In a September 1981 memorandum, DODDS' accounting branch chief advised the chief of the fiscal division that "As much as I would like to provide good financial information to management, from the financial reports received, it has been impossible."

DODDS HAS NO UNIFORM SYSTEM
FOR CODING FINANCIAL DATA

DODDS does not have a uniform system for coding financial data, instead, it uses eight different systems. As a result, systemwide data on various categories of cost cannot be aggregated. In addition, the financial coding systems used do not provide for accumulating sufficiently detailed data for programming, formulating, and executing the budget and reporting on the status of funds.

In the absence of a uniform coding system, each region codes financial data differently. For example, the Pacific region has five separate classifications for "purchased utilities" (one category of the "recurring logistics support" program). Pacific's coding system requires that "purchased utilities" be classified by type--water, electricity, gas, sewage disposal, or heat/steam. The Germany South region, on the other hand, has only two classifications for all "recurring logistics support" program expenses. As a result, although the DOD-prescribed format for DODDS' budget requires that costs of "utilities" be identified, Germany South's coding system does not require "recurring logistics support" and other costs to be detailed to the level required for budget purposes. This deficiency is confirmed by the following statement from that region's budget submission:

"In preparation of the Prior Year Report (fiscal year 1980) it becomes evident that the current (financial coding system) does not fully support the detail required for programming and budget preparation, execution and reporting. Actual obligations (performance) are not recorded in detail comparable to line item programs reflected in the budget documents."

Similarly, the Mediterranean region stated in a November 1980 message to the U.S. Army Finance and Accounting Center, Europe (USAFACEUR), that

"* * * the (financial coding system) fails to relate cost in terms of key mission and support functional activities. Consequently USAFACEUR reports do not provide the actual cost data essential for our budget development and execution analysis. In this sense, USAFACEUR accounting is of only marginal assistance in the financial management of this region, well below that which it could and should be * * *."

"The (financial coding system) also does not provide for a breakout of cost data by organizational entity below the region total--it fails to relate cost in terms of individual schools and by country. Consequently, USAFACEUR reports do not provide essential actual cost data for our budget development and funds control. There is no way for us to measure from your reports an individual school's obligation rate against its quarterly or annual funding ceiling. Likewise, there is no way for a school to measure from your reports its obligations against the budget."

DODDS HAS NO AGENCYWIDE SYSTEM
OF INTERNAL MANAGEMENT CONTROLS

The Budget and Accounting Procedures Act of 1950 gives heads of executive agencies responsibility for establishing and maintaining good internal management controls over operations to ensure, among other things, that receipts are properly accounted for and that the goods and services paid for are received. In addition, the Federal Managers Financial Integrity Act of 1982, approved September 8, 1982, requires the head of each executive agency to submit annual statements to the President and the Congress starting December 31, 1983, on the adequacy of the agency's administrative and internal controls. DODDS does not have an agencywide system of internal management controls, and its controls over receipts and disbursements are not adequate.

Controls over tuition
receipts are not adequate

Although most students attend DODDS' schools tuition-free, about 7,000 students in school year 1981-82 were enrolled on a tuition-paying basis. Tuition receipts for fiscal year 1982 were expected to total \$27.5 million. Tuition receipts are used to defray the cost of enrollment of children not entitled to a free education in DODDS schools. Neither of the regions we visited was complying with the requirement that these receipts be deposited promptly. As a result, access to these receipts by Treasury is delayed, and the potential for loss of the funds is increased.

GAO's "Policies and Procedures Manual for Guidance of Federal Agencies" specifies that agencies shall deposit cash collections promptly. According to the GAO manual (7 GAO 12.2), collections should be deposited daily, if possible. The Treasury manual (1 TFRM 6-8030) states that collections of \$1,000 or more should be deposited daily, but that smaller collections may be accumulated and deposited when the total reaches \$1,000. Still, deposits must be made at least weekly regardless of the amount accumulated.

During our October 1980 visit to the Mediterranean regional office, we noted an accumulation of undeposited tuition checks--estimated by regional officials to total between \$500,000 and \$1 million--dating back to the start of school in August. During our June 1981 visit, regional personnel were processing checks that were due in the regional office or schools by the end of March 1981. We were told that regional personnel do not routinely log in checks received from schools or acknowledge their receipt. Regional officials said that inadequate staffing levels and manual processing methods were the primary causes for the lax control over receipts.

Germany North regional receipt and deposit records indicated a lengthy delay between check receipt and deposit. Records for the April-June 1981 period disclosed that checks over \$1,000 consistently remained undeposited for several weeks.

Inadequate controls over procurements

Sound internal management controls over procurement should provide assurance that goods and services paid for are received. Annually, DODDS procures millions of dollars of services, supplies, and equipment in support of its overseas schools, but its procurement controls do not provide this assurance.

DODDS acquires school supplies and equipment from two main sources:

- Local military installations provide schools with access to commissary and stock fund accounts. Schools are allocated specific dollar amounts to draw on the local accounts, and DODDS is to be billed according to supplies drawn.
- The Defense General Supply Center (DGSC) in Richmond, Virginia, is DODDS' principal procurement agent for educational materials purchased in the United States. DGSC purchases the materials and arranges for shipment, vendor payment, and billing DODDS. The materials are shipped directly to schools, which are responsible for notifying DGSC of discrepancies, such as nonreceipt of goods or receipt of damaged goods.

For goods and services obtained from military installations, DOD Manual 1342.6-M-1 ("Administrative and Logistics Responsibilities for DOD Dependents Schools") states that school principals are responsible for certifying bills. Public Law 389, the Certifying Officers Act, requires, among other things, that certifying officers be informed of their duties, responsibilities, and potential liability for illegal or erroneous payments. In both regions we visited, principals were generally unaware of their

responsibility regarding certifying bills for payment. Payments were made for goods and services ordered without supporting documentation showing that the items were received and accepted. Such practices increase the risk of paying erroneous or fraudulent vouchers.

In the Germany North region, regional office personnel were certifying bills for payment to military installations providing supplies and services to that region's schools. Regional officials told us that bills were generally approved without supporting documentation that goods and services were received and accepted. Germany North regional officials told us that they assumed the responsibility for certifying bills after they found that principals were not taking the task seriously. Regional officials admitted, however, that principals had never received detailed guidance or financial training related to these responsibilities.

In the Mediterranean region, principals were certifying bills for installation-provided services and supplies, often without supporting documentation. Principals said that they had never been instructed to maintain records, such as receipt documents or completed work orders, that could be used to verify receipt of goods and services.

Under the decentralized supply system implemented in Europe in 1980, goods ordered through DGSC are shipped directly to the schools. Previously, goods ordered from DGSC were shipped to a central warehouse in Germany and then distributed to schools. The school supply clerks or other school personnel are designated to verify that goods have been received and notify DGSC when adjustments are necessary.

During our review of controls over DGSC receipts in the Germany North region, personnel in the region's supply section did not know if the schools were promptly notifying the regional office or DGSC when goods were (1) not received within a reasonable time after notice of shipment or (2) received in damaged condition. Providing prompt notification to DGSC is important because of the "fast pay" procedures DGSC uses for most purchases. Under "fast pay," contractors are authorized payments after they certify to DGSC that the goods have been shipped. Suppliers are not legally obligated to replace damaged goods or goods not received unless they are notified within 180 days of the shipping date. The effectiveness of such a system depends upon suppliers notifying customers that goods have been shipped and receivers notifying DGSC when problems occur.

DOD PROCEDURES DELAY THE
ENTRY OF DISBURSEMENTS IN
DODDS' ACCOUNTING RECORDS

DODDS does not have the authority to disburse funds; however, disbursing officers of any military department, the Defense Logistics Agency, the General Services Administration, or the State Department may disburse funds for DODDS. These disbursements are charged directly to DODDS' appropriation. Under DOD-prescribed procedures for reporting to Treasury disbursements of funds made for others, disbursement vouchers for most of DODDS' funds must travel from overseas to the United States and back before being recorded in DODDS' accounting records. DODDS' regions report that this process may delay the recording for from 2 months to, in some cases, 2 years. The delay, which deprives DODDS' regional directors of the timely and accurate information needed to comply with their fund control responsibilities, is a major factor contributing to DODDS' difficulty in obtaining prompt liquidation of its obligations. As shown below, as of November 30, 1981, DODDS had about \$118.3 million in unliquidated obligations from fiscal years 1975 to 1981.

<u>Fiscal year</u>	<u>Unliquidated obligations</u>
	(millions)
1975-78	\$ 2.8
1979	4.5
1980	20.1
1981	<u>90.9</u>
Total	<u>\$118.3</u>

The DOD "Accounting Guidance Handbook" provides procedures for reporting to Treasury disbursements made for others. DODDS headquarters estimates that, collectively, 63 percent of the fiscal year 1982 operation and maintenance funds allocated to the four European regions will be subject to the disbursement reporting procedures. ^{1/} However, regions with offices and schools geographically distant from the location where their accounting records are maintained may have a much higher percentage of funds subject to the reporting process. The Mediterranean region, for example, reported that in fiscal year 1980, almost 75 percent of its funds were affected by the reporting process.

^{1/}The remaining funds are disbursed either (1) at locations where DODDS accounting records are maintained or (2) for supplies and services provided to DODDS on a reimbursable basis, which are not subject to the reporting process.

In accordance with the DOD reporting procedures, military disbursing officers prepare documents to report disbursements of DODDS funds and attach the vouchers supporting the propriety, nature, and amounts of the disbursements. On a weekly cycle, the disbursing officers send the documents and vouchers to the centrally designated point within their military departments. For example,

--Army disbursing officers report to the Army Finance and Accounting Center, Indianapolis, Indiana;

--Air Force disbursing officers report to the Air Force Accounting and Finance Center, Denver, Colorado; and

--Navy disbursing officers report to the Navy Accounting and Finance Center, Washington, D.C.

These points consolidate disbursement reports and submit them to Treasury, which charges the disbursements to DODDS' appropriation. They also send detailed listings of the disbursements along with the vouchers to DODDS headquarters. Vouchers cleared through DODDS headquarters are sent to the military accounting and finance offices maintaining the accounting records for the DODDS' regions whose funds were disbursed. When the vouchers are received, the disbursement can be entered into the accounting records, thus liquidating the obligation. These accounting and finance offices provide weekly reports to DODDS regional offices and monthly reports to DODDS headquarters. The voucher flow for the disbursement reporting process is shown in appendix IV.

In DODDS' case, most vouchers go from overseas to the United States and back before being recorded in its accounting records. The Atlantic, Pacific, and Mediterranean regions attributed problems in liquidating obligation balances from fiscal year 1980 to the processing time required for the vouchers to pass through the military departments' finance and accounting centers in the United States before being entered into DODDS' regional accounting records. The Mediterranean region, for example, reported that the average processing time was about 1 year by the Navy and about 4 or 5 months by the Air Force. According to the Atlantic region, the processing time varies from 2 months to 2 years. Similarly, the Pacific region said some documentation from the disbursing offices to military departments' accounting and finance centers takes up to 2 years or more.

Lengthy reporting procedure
deprives regional directors of
information needed to fulfill
fund control responsibilities

Beginning with fiscal year 1982, DODDS' regional directors were responsible for compliance with the Anti-Deficiency Act provisions that prohibit authorizing or incurring obligations or expenditures in excess of amounts available in appropriations (section 3679, Revised Statutes, 31 U.S.C. 665). If regional fund authorizations are exceeded, causing DODDS' allotment of funds from DOD to be overobligated or overexpended, regional directors may be cited as responsible individuals in the official violation reports.

Obligations for such costs as payrolls, books and supplies, and reimbursable logistics support services are often entered in DODDS' accounting records on the basis of estimates. To monitor disbursements, regional directors depend on the data provided by DODDS' accounting records; however, because of the lengthy route followed by disbursement vouchers, disbursements are often not recorded in DODDS' accounting records within a reasonable time. As a result, DODDS' regional directors do not have the timely and accurate information needed to ensure that DODDS' allotment of funds from DOD is not overexpended.

Lack of agreement between Treasury's
and DODDS' accounting records
and amount of funds disbursed

The DOD "Accounting Guidance Handbook" requires that fund balances for each DOD appropriation account be maintained in agreement with Treasury records and that prompt action be taken to reconcile any differences. The handbook also states that since DOD funds are ordinarily disbursed by the military departments' disbursing officers assigned to the activities whose funds were disbursed, there should be little problem in recording these transactions in the appropriate accounting records in the same period and same amount as the transactions reported to and recorded in Treasury Department records.

When disbursing officers assigned to one DOD component perform the disbursing function for another component, however, there may be a lag in their receipt of related vouchers. As a result of such transactions being "in transit," as well as classification or transcription errors, there may be differences between (1) disbursements reported by subordinate accounting entities through financial management channels in status of funds reports and (2) those reported by disbursing offices through disbursement channels on statements of transactions to the Treasury Department. To deal with these discrepancies, the DOD handbook requires departments

to establish procedures that will promote early clearance of any differences and to provide for close and timely surveillance over the effectiveness of such procedures.

Because most disbursements of DODDS' funds are subject to the reporting process, the route followed by the vouchers results in many disbursements being in transit--that is, disbursed but not yet reported to Treasury and/or disbursed and reported to Treasury but not entered into regional accounting records. In some cases, disbursements reported to Treasury have never been recorded in the regions' accounting records and therefore the obligations have not been liquidated. As of November 30, 1981, DODDS' accounting records were out of balance with Treasury by about \$2.9 million for fiscal year 1979 and \$4.0 million for fiscal year 1980.

Beginning in May 1981, DODDS' accounting branch chief established a procedure to try to obtain 100-percent reconciliation of disbursements reported to Treasury with those in DODDS' accounting records. This effort has been hampered, however, by the large number of documents involved and inadequate staffing. In June 1981 DODDS reported that for the 3-month period from August to October 1980, the school system averaged almost 2,600 vouchers monthly for disbursements subject to the reporting procedures. The accounting technician at DODDS headquarters who processed vouchers received from the military accounting and finance centers left DODDS in November 1981 and was not replaced until June 1982. During this time, a backlog of about 15,000 vouchers accumulated, representing \$90 million in disbursements reported to Treasury, but not entered in DODDS' accounting records.

CONCLUSIONS

The financial management information available to DODDS' managers is not timely and accurate enough to enable them to plan for and control use of the school system's resources. DODDS' financial management information is derived from reporting activities using four accounting systems that are not uniform in how they collect, classify, and report data. Compounding this fragmentation is the lack of uniformity between regions regarding the recording and reporting of financial data--at present, DODDS is using eight different financial data coding systems. In many cases, transactions affecting DODDS' fund status are not promptly recorded in its official accounting records because of the time required to complete DOD's procedures for reporting disbursements of DODDS' funds to the Treasury. As evidenced by the magnitude of differences between disbursements recorded in DODDS' accounting records and those reported to the Treasury, some vouchers never complete the trip.

Improved internal management control is needed to ensure that receipts are deposited promptly and that goods and services paid for are received.

RECOMMENDATIONS

We recommend that the Secretary of Defense:

- Develop accounting and internal management control systems in DODDS as required by the Budget and Accounting Procedures Act of 1950.
- Develop a uniform financial coding system applicable to DODDS' activities worldwide.
- Establish a streamlined procedure for recording disbursements of DODDS' funds in the school system's accounting records.

AGENCY COMMENTS

DOD officials, in commenting orally on the draft report, concurred with our recommendations for an improved financial management system in DODDS and said that actions would be initiated to implement them.

CHAPTER 3

BETTER CONTROL OVER COST OF LOGISTICS

SUPPORT SERVICES NEEDED

DODDS estimated that logistics support services would cost the school system about \$118 million in fiscal year 1982. The two regions we visited were not effectively monitoring and controlling the cost of military-provided logistics support services. Both had left adherence to established funding targets to the military communities providing the support. Cost control documents--such as Support Agreements, billings from military communities for logistics support, and cost reports--are of limited value to DODDS in controlling costs because (1) many of the Support Agreements are not current, (2) billings are often not timely, and (3) the cost reports are not used. Moreover, DODDS has agreed to permit supporting activities to charge DODDS' appropriations directly--direct fund citation--to pay for services, rather than provide the support on a reimbursable basis. This change, which is inconsistent with the DOD policy requiring that the support be provided on a reimbursable basis, has resulted in DODDS' further losing control over its funds because its managers often do not know to what extent the school system's funds have been obligated. It has also increased the number of vouchers subject to lengthy disbursement reporting procedures.

COST CONTROL DOCUMENTS OF LIMITED VALUE TO DODDS

Various logistical support services--such as bus transportation for students, medical and dental supplies, services rendered to students in schools, utilities, facilities maintenance and repair, mail pickup and delivery, custodial, school grounds maintenance, accounting and finance, and civilian personnel support--are required to operate an education program overseas. DODDS has no capability of its own to provide these services. Under the provisions of DOD Manual 1342.6-M-1, responsibility for providing this support has been assigned to installation commanders. Some of the required services are provided to DODDS without reimbursement, but DODDS pays for most services it receives in accordance with agreements negotiated between a military community as supplier and a school or group of schools as receiver.

Costs incurred in excess of that level agreed to by DODDS and the military communities can hamper DODDS' ability to provide educational services; however, the regions we visited had left adherence to established funding levels up to the military communities providing the support services. The primary documents--Support Agreements, billings from military communities, and cost

reports--available to assist DODDS regions in controlling logistics support costs were of limited value because DODDS had not renegotiated Support Agreements with communities whose agreements had expired, bills were not promptly submitted, and cost reports were not used.

Support Agreements are not current

The Support Agreement can be a valuable management tool in controlling logistics support costs. Little of its value as a management tool is realized by DODDS, however, because the school system had not renegotiated many of the expired agreements. Others contained only general statements of responsibilities with few specifics about individual schools' needs and requirements.

Rather than have each activity become self-sustaining, DOD established a policy of eliminating duplicate support services and achieving increased effectiveness and economy by encouraging use of interservice support between DOD activities. To promote this concept, in 1973 DOD implemented the Defense Retail Interservice Support Program administered by the Defense Logistics Agency. DOD Manual 4000.19-M ("Defense Retail Interservice Support (DRIS) Manual") provides policies and procedures for the program in which the Support Agreement is the only official documentation of agreements between suppliers and receivers regarding recurring logistics support services.

The Support Agreement contains information on the

- categories of support services that will be provided;
- estimated annual military and civilian work-years required to provide the services;
- estimated annual gross additional cost to the supplier providing the services, with reimbursable and nonreimbursable costs identified;
- all details concerning billing/reimbursement procedures and funding limitations; and
- general provisions applicable to each agreement.

An attachment of Specific Provisions details the terms and conditions of the agreement, including, where appropriate, a cost breakdown and special instructions for each area or category of support required.

Agreements may be negotiated for a specified period not to exceed 6 years, but joint reviews are required at least every 2 years to determine if the agreement should be continued, modified, or terminated. Additionally, if requested by either party, cost factors can be updated annually for budgetary purposes.

As support receiver, DODDS is responsible for preparing draft Support Agreements and initiating negotiations with support suppliers. Within DODDS, the director has assigned this responsibility to school principals. However, in many cases, principals had not renegotiated expired agreements. Our analysis of the status of agreements as of June 30, 1981, for example, showed that 56 of 128 (or about 44 percent) had expired--in most cases, 9 months or more earlier. Data on the number of agreements that should have been in effect and the number and percentage expired are shown by DODDS region and by supplier:

<u>Region</u>	<u>Number of agreements</u>	<u>Number expired</u>	<u>Percentage expired</u>
Germany North	25	5	20.0
Germany South	28	23	82.1
Mediterranean	17	8	47.1
Atlantic	23	13	56.5
Panama	5	1	20.0
Pacific	27	6	22.2
Headquarters	<u>3</u>	<u>0</u>	0.0
Total	<u>128</u>	<u>56</u>	43.8
 <u>Supplier</u>			
Army	59	32	54.2
Navy	20	12	60.0
Air Force	41	11	26.8
Other (e.g., Marine Corps, Army, and Air Force Exchange Service	<u>8</u>	<u>1</u>	12.5
Total	<u>128</u>	<u>56</u>	43.8

As a result, in many schools most of school year 1980-81 passed with no binding agreements between DODDS and servicing installations as to what services would be provided, what the cost of the services would be, or how the cost of each service would be determined.

Regional office personnel said that little is done with the Support Agreements after they are negotiated. The estimated costs of services shown in the agreements are often too unreliable to use in developing budget estimates. Other mechanisms, such as midyear budget reviews and outyear budget calls, are used to provide reasonably accurate cost projections. Moreover, descriptions of responsibilities are often too vague to use in identifying specifics about services for which DODDS pays.

Officials in the Mediterranean region said that their efforts to identify specific school needs by community had met with limited success because school principals negotiating Support Agreements for DODDS lacked sufficient time and training for this task.

Billings for reimbursable support services are not timely

Billings from installations enable the region to liquidate its obligations and provide the region with the actual cost data. The Germany North, Atlantic, and Mediterranean regions have identified timeliness of billing for reimbursable logistics support as a problem.

Some activities bill monthly, others quarterly. Other activities let billings accumulate until they cover up to four quarters. The Germany North, Atlantic, Pacific, and Mediterranean regions have cited nonreceipt of billings as a reason why they were unable to liquidate obligations from fiscal year 1980 for logistics support services. For example, 2 months after fiscal year 1980 had ended, Germany North had an unliquidated obligations balance for fiscal year 1980 of \$1.8 million for logistics support, but as of December 16, 1980--2-1/2 months into fiscal year 1981--the region had not received the bills needed to liquidate \$1.1 million of that total. The Pacific region also reported in December 1980 that it was unable to liquidate \$235,000 obligated for custodial services provided in fiscal year 1980 because bills had not been received from the military communities.

Obligations entered in DODDS accounting records for logistics support services are based on cost estimates provided by the military communities. The regions cannot determine whether more funds than needed have been obligated for logistics support services (i.e., that the program has been overfinanced) until the activities providing the support bill DODDS.

Personnel in the Mediterranean region's fiscal division reported that timely processing of reimbursable billings is, with few exceptions, unacceptably lax. The region obligated over \$10 million to obtain support services from 18 Army, Navy, and Air Force installations during fiscal year 1980. Three months after the fiscal year had ended, bills needed to liquidate about

50 percent of those obligations had not been received. Some billings were received in February and March 1981. In most cases, however, there was a lag of 5 to 6 months between the end of the quarter covered by the billing and the regional office's receipt of the bill.

Based on the region's records as of March 24, 1981, the region's fiscal year 1980 logistics support program appeared to be overfinanced. The amount by which the program may have been overfinanced could not be determined, however, because all billings for the support provided during that fiscal year had not been received. When DODDS finds out after the fiscal year has ended that it has obligated more funds than needed, the opportunity has been lost to use those funds for another purpose.

The status of reimbursable billings for fiscal year 1980 logistics support in the Mediterranean region as of March 24, 1981, is as shown below:

Military department/number of installations supporting DODDS schools	Logistics support program financed (funds obligated)	Billings received to date	Unliquidated obligations
	(000 omitted)		
Air Force/10	\$ 5,281.4	\$4,555.7	\$725.7
Army/3	967.0	979.9	(12.9)
Navy/5	<u>3,896.9</u>	<u>3,632.1</u>	<u>264.9</u>
Total	<u>\$10,145.3</u>	<u>\$9,167.7</u>	<u>a/\$977.6</u>

a/Does not add due to rounding.

Report designed for monitoring logistics support costs is not used

DOD Manual 1342.6-M-1 requires each activity providing support services to submit a quarterly report that itemizes by category the units and costs of support provided. The report's purpose is to give DODDS principals a basis for ascertaining whether support services for which they are billed were provided. Local DODDS activities are required to submit one copy of each report to DODDS headquarters. The report lists costs and pertinent units of cost measure (e.g., number of buses and students transported for pupil transportation costs) for specific items of expenses and is a key document in monitoring and controlling logistics support costs.

Regional officials told us that the (1) DODDS regions do not use the report to analyze costs because they do not have the personnel or data processing capability to systematically evaluate the data and (2) quality and quantity of data included in the report varied considerably among communities. The Germany North region had developed a computer program whereby cost elements identified on the quarterly summary of costs could be compared from one community to another and for various time periods. The cost of pupil transportation, for example, could be compared for all communities for common factors, such as the number of students transported or number of bus runs. By comparing costs per unit of cost measure, the region anticipated being able to identify communities whose costs were out of line. It also anticipated using the information in formulating the budget. The region had not implemented the program because of limited staffing to build the data base from available data. Further, it had not yet addressed the problem of incomplete and inconsistent data on quarterly cost reports.

Failure to monitor and control
logistics support can hamper DODDS'
ability to provide education services

The Support Agreement establishes a funding level that the military community should not exceed without DODDS' prior approval. Costs incurred in excess of that level can hamper DODDS' ability to provide education services. In fiscal year 1979, for example, Army and Air Force communities in Europe incurred costs, without DODDS approval, that exceeded the levels established in the applicable Support Agreements by more than \$3 million. Although DODDS was eventually allowed to reprogram funds from the Panama region to pay the cost overruns, the DODDS director advised the director of operations, Office of the Assistant Secretary of Defense (Comptroller):

"In the event the requested reprogramming authority is withheld, I shall have no recourse but to defer reimbursements to the military services for logistics support and cancel whatever outstanding school supply and equipment requisitions that may remain uncommitted at DGSC (Defense General Supply Center)."

Despite the importance of monitoring and controlling logistics support costs, fiscal division officials in the Germany North region told us that adherence to established logistics support funding levels was left up to the military communities because the region did not have the resources to monitor the communities' adherence and principals have received no formal financial management training. In the Mediterranean region, monitoring responsibilities for logistics support funding levels had been assigned to supervisory principals. The principals we spoke with, however, said

they did not have the information or training to effectively perform the assigned tasks and relied on individuals in the military communities to monitor and control costs incurred in relation to Support Agreements.

USE OF DIRECT FUND CITATION
FOR SUPPORT SERVICES LESSENS
DODDS' CONTROL OVER ITS FUNDS

A DOD directive requires military commanders to provide logistics support services to DODDS on a reimbursable basis. Beginning in fiscal year 1980, however, USAREUR began to require DODDS' activities in Europe to provide direct fund citations for some logistics support services. Under direct fund cite, support activities charge DODDS' appropriations directly to pay for services provided. At the same time USAREUR announced the direct cite policy, it also directed that the Military Interdepartmental Purchase Request (MIPR) replace the Support Agreement as the recognized document for establishing a funding level for DODDS and an "order received" for the military communities providing support. In fiscal year 1981 DODDS expanded use of MIPRs and direct fund citations to include Air Force- and Navy-supplied services in Europe. Direct citation funding is inconsistent with the DOD directive requiring that services be provided on a reimbursable basis and has resulted in DODDS' managers sometimes not knowing to what extent their funds have been obligated by the military communities.

Army directed use of
direct fund citations

When reimbursement obligational authority (reimbursable authority) has been requested by the support supplier and approved through its budget process, reimbursable orders allow an organization to provide support to other activities without diverting funds from its own mission. The provider of reimbursable support is responsible for monitoring its costs (reimbursement earnings) to ensure that the customer is charged only for actual expenses incurred and that the order amount is not exceeded.

A July 1978 Army Audit Agency report on management of the reimbursement program by USAREUR and its three subordinate commands--21st Support Command, V Corps, and VII Corps--was critical of USAREUR's management of the program (which included services provided to DODDS' schools), concluding that

"There were serious problems in a wide range of functional areas associated with USAREUR's reimbursable program. Overall program management was nonexistent. Financial managers did not record orders and earnings

correctly. Billings and collections were not processed promptly. Financial management regulations and procedures were ignored."

At an August 1979 financial conference with DODDS representatives held in Europe, USAREUR announced that direct fund cites would be used to the maximum in funding support to DODDS as part of a major effort to standardize and simplify the financial aspects of providing reimbursable support. With respect to DODDS, USAREUR stated that on a test basis military communities providing logistics support services to DODDS would pay for services--such as bus transportation and custodial--by citing DODDS' appropriation directly, rather than citing their own appropriation and then billing DODDS for reimbursement.

In June 1980, DODDS headquarters instructed its regional offices in Europe to use (1) MIPRs to obligate funds for Army supported activities and (2) whatever project order form is specified by other military departments to obtain services from communities they support. Both DODDS regions we visited decided to accept the MIPR as the document to obligate funds for all military communities and to establish funding targets against which expenditures could be measured by allocating community funding by fiscal year quarters and specific elements of support.

DODDS often does not know the full extent of its obligations under the direct cite procedure

When military communities obtain support services for DODDS by contracting with a commercial firm and direct citing DODDS' appropriation on the contract, DODDS managers' control over the school system's funds is lessened. They often do not know to what extent DODDS' funds have been obligated by the military communities.

School principals negotiate MIPRs quarterly with military communities providing support to DODDS. When the activity providing support signs (accepts) the MIPR, it designates the dollar amount of services that will be provided on a reimbursable basis and the dollar amount that will be provided by citing DODDS' appropriation directly. Direct citation is most often required for high-cost support services, such as pupil transportation and custodial services provided by contractor rather than in-house resources. The military communities negotiate, execute, and monitor the contracts. They also certify that the services have been provided so that the contractor can be paid.

The Germany North fiscal division chief said that the region has been unable to get all military communities to submit copies of the contracts they have awarded which cite DODDS' funds. He

said that, without a copy of the contract, the region cannot be certain of the full extent of its obligations. Further, because of the time it takes for some disbursements to be entered into the region's accounting records, the managers often do not have timely and accurate information on how much has been disbursed for contractor-provided services. For billing purposes, DODDS certifies that reimbursable support services have been provided, but military community contracting officers certify that contract services have been provided. Once certified, contractors' bills go to the military communities' finance offices for payment.

Before MIPRs and direct cites were used in the logistics support program, military communities provided some support services through contractors, but cited their own funds on the contract and billed DODDS for the service on a reimbursable basis, just as they did for services provided by in-house resources. DODDS certified that the service had been provided.

Use of direct fund citations increases the number of disbursements subject to the lengthy reporting process

Until the military communities began using direct fund citations, the recurring logistics support services program area was largely unaffected by the lengthy disbursement reporting procedure. Unlike disbursements for support provided on a reimbursable basis, disbursements involving direct fund citations, except when made at locations where DODDS' accounting records are maintained, are subject to the lengthy disbursement reporting procedure. By using the direct cite method of financing logistics support services, the orders and resultant documents processed for these services are removed from the reimbursable program and hence lose their exemption from the reporting procedure.

A Germany North region fiscal division official told us that since DODDS began to allow direct citation of its funds as a method of paying for logistics support services, about half of the total dollar value of logistics support services for schools in the region are financed on a direct cite basis. The Atlantic region estimated that 49 percent of its total fiscal year 1981 funding would be needed in the first quarter because of the change to the direct cite procedure. In a December 1980 message to DODDS headquarters, the Mediterranean region's financial manager expressed concern that the region's problems in liquidating obligations would grow because the number of disbursements subject to the reporting procedure would increase since military communities would cite DODDS funds directly rather than using reimbursable funds for such high-cost items as school bus and custodial contracts.

CONCLUSIONS

DODDS has generally failed to exercise the degree of management and oversight necessary to ensure that costs of logistics support services are adequately monitored and controlled. Cost control documents--such as Support Agreements, billings, and cost reports--are of limited value. School principals bear the major responsibility for negotiating with military communities for logistics support services and for certifying that services have been received, but they receive little training for their roles as financial managers.

DOD has designated the Support Agreement as the official documentation of agreements regarding recurring logistics support services, and it should be the starting point for controlling costs. Yet, at the time of our review, 56 of 128 agreements had expired--in most cases 9 months or more earlier.

DODDS, in our opinion, should not use direct fund citation as the mechanism for funding logistics support because it results in a further loss of control over its funding. Returning to the reimbursable concept would provide greater accountability and visibility over funds.

RECOMMENDATIONS

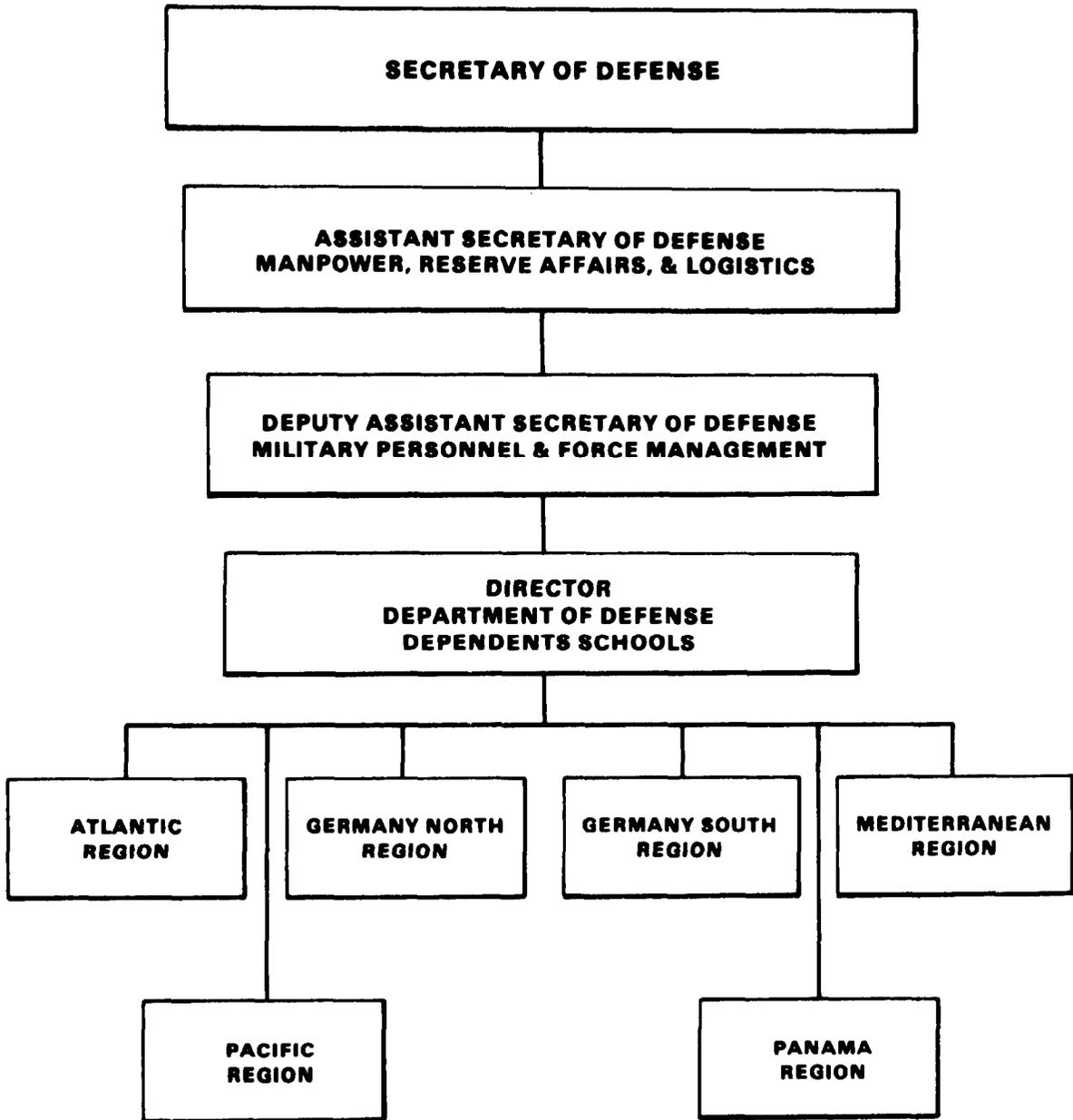
We recommend that the Secretary of Defense direct the Director of DODDS to:

- Return to the reimbursable concept in obtaining logistics support services.
- Revise DOD Manual 1342.6-M-1 to require monthly billing with prompt followup for recurring logistics support services.
- Ensure that all Support Agreements are brought current and maintained in that status and that they contain specific details relating to the nature and cost of the support services to be provided.
- Develop and implement a financial management training program for school principals so that they can fulfill their responsibilities in monitoring and controlling logistics support costs.

AGENCY COMMENTS

DOD officials did not comment on our recommendations concerning logistics support services.

**DEPARTMENT OF DEFENSE DEPENDENTS SCHOOLS
ORGANIZATION CHART**

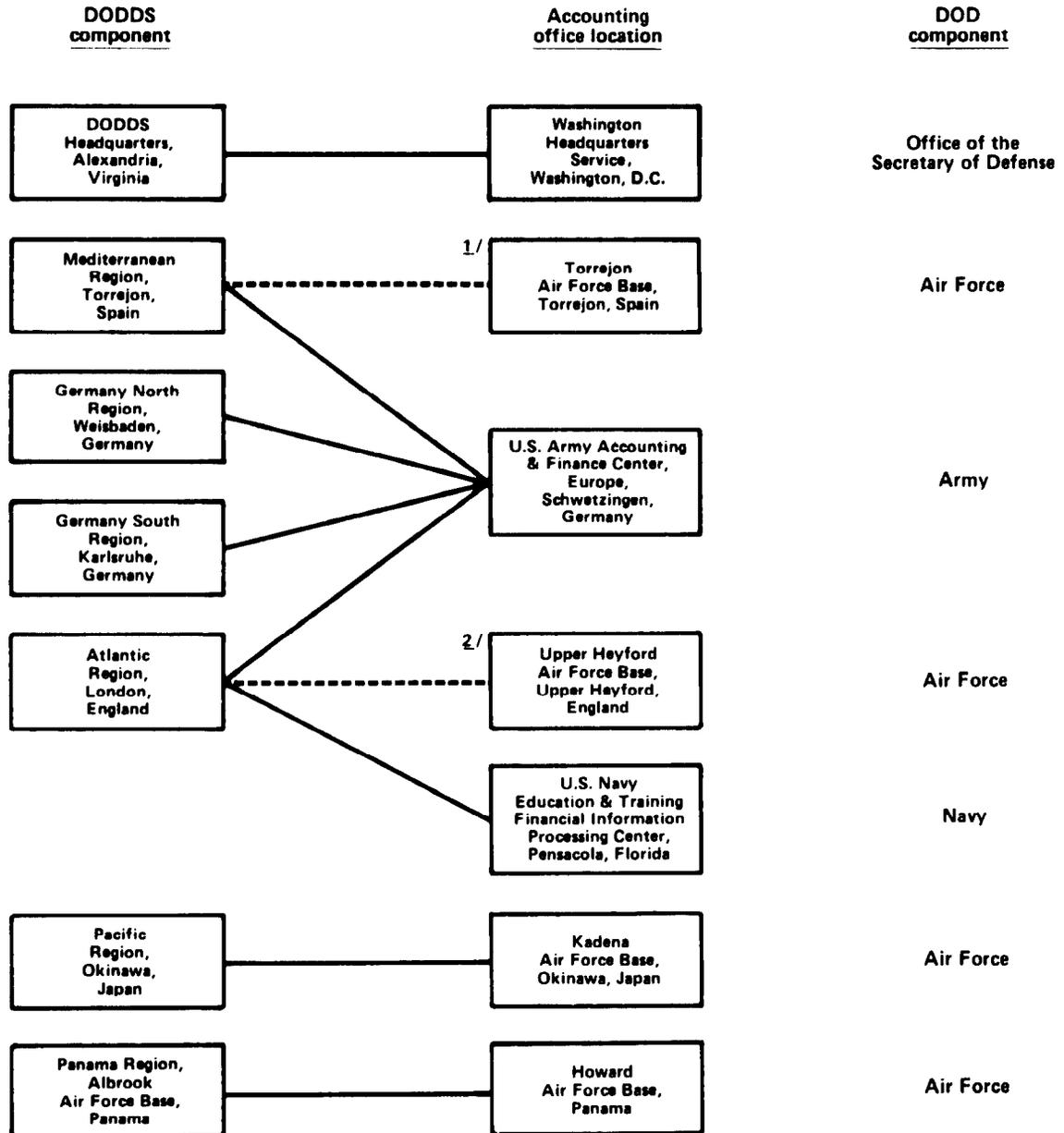


REGIONAL OFFICE RESPONSIBILITIES BY
COUNTRY, NUMBER OF SCHOOLS, AND ENROLLMENT

<u>Region</u>	<u>Responsibility by country</u>	<u>Number of schools</u>	<u>Enrollment as of March 31, 1982</u>
1. Atlantic, Eastcote, England	Belgium, Bermuda, Antigua (British West Indies), New- foundland (Canada), Iceland, Netherlands, Great Britain (including Scotland), Norway, and Cuba	40	14,342
2. Germany North, Weisbaden Germany (Lindsey Air Station)	Northern part of West Germany and Berlin	76	42,751
3. Germany South, Karlsruhe, Germany	Southern part of West Germany	67	32,652
4. Mediterranean, Madrid, Spain	Spain, Turkey, Portugal, Bahrain, Greece (including Crete), and Italy (including Sicily and Sardinia)	34	13,407
5. Pacific, Futenma, Okinawa	Philippines, Japan (including Okinawa), and Korea	40	22,130
6. Panama (Howard Air Force Base)	Panama	<u>a/15</u>	<u>7,497</u>
Total		<u>272</u>	<u>132,779</u>

a/The Panama region is also responsible for operating the Panama Canal Junior College, which has a full-time enrollment of 325 students and a part-time enrollment of 1,680 students.

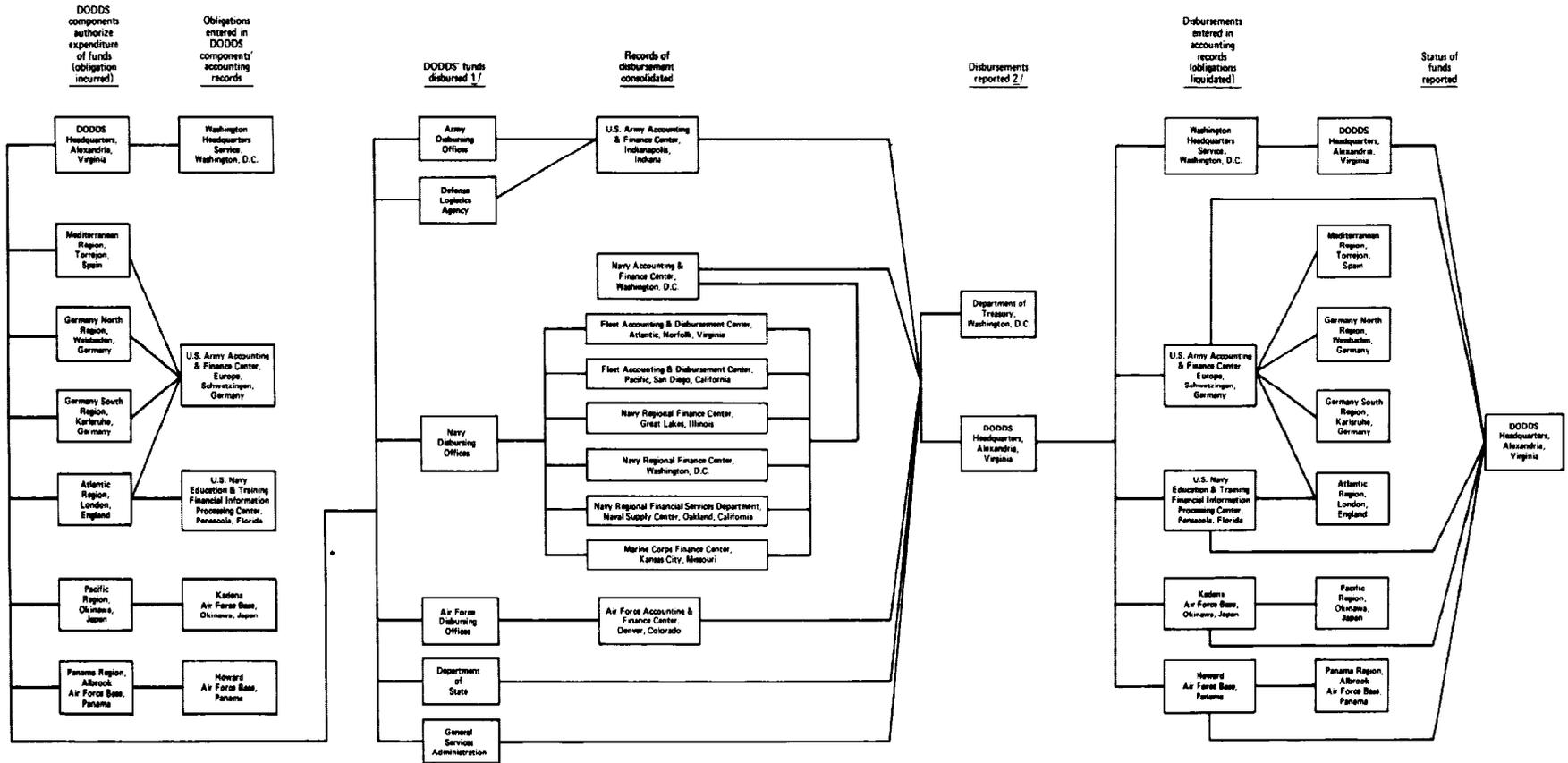
DISTRIBUTION OF ACCOUNTING OFFICES BY GEOGRAPHICAL LOCATION AND DOD COMPONENT



1/ DODDS is negotiating with Air Force to obtain accounting support for the Mediterranean Region from Torrejon Air Force Base, Spain. Accounting support from the Army at Schwetzingen, Germany would be phased-out.

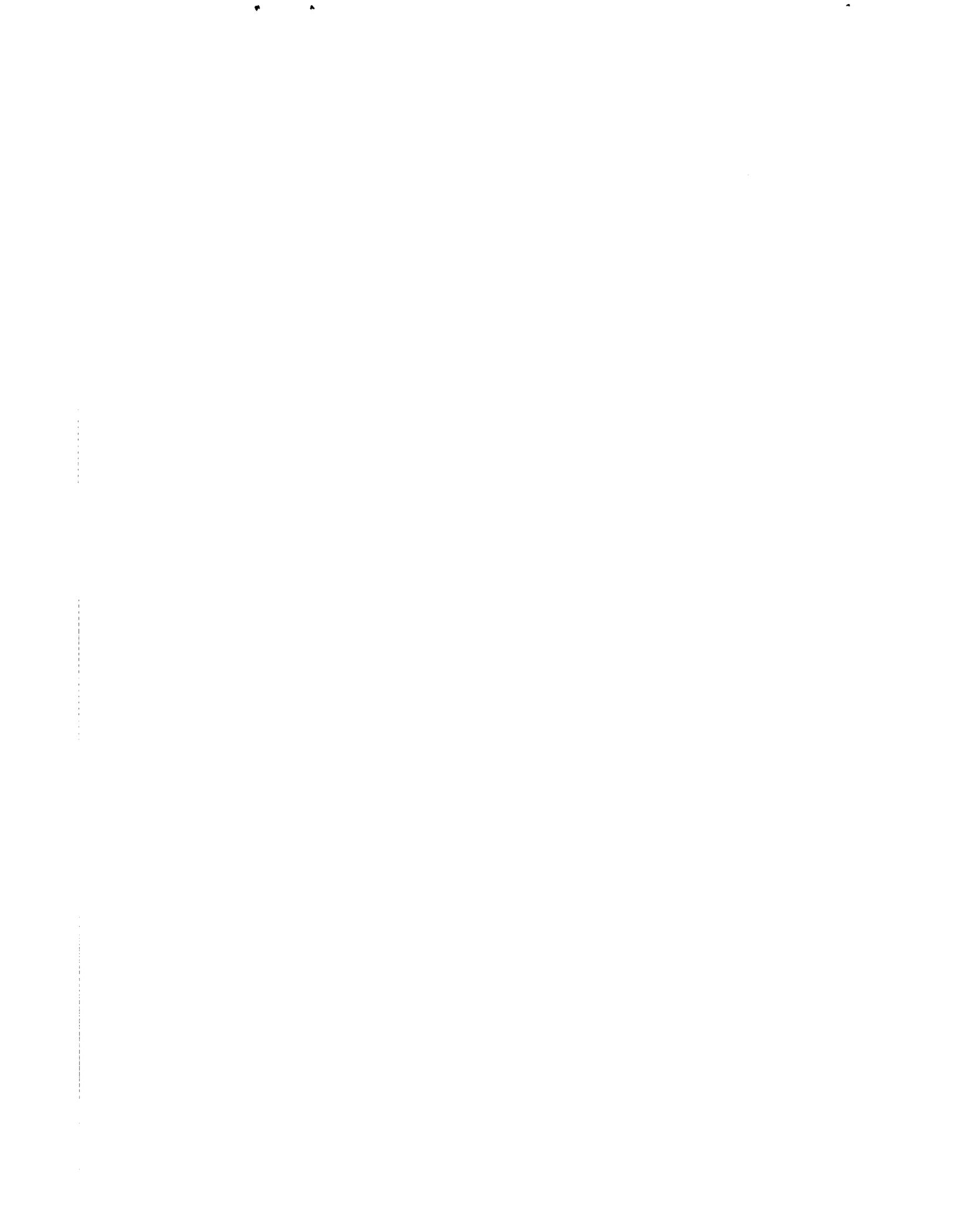
2/ DODDS is negotiating with Air Force to obtain accounting support for the Atlantic Region from the Upper Heyford Air Force Base, England. Accounting support from the Army at Schwetzingen, Germany and the Navy at Pensacola, Florida would be phased-out.

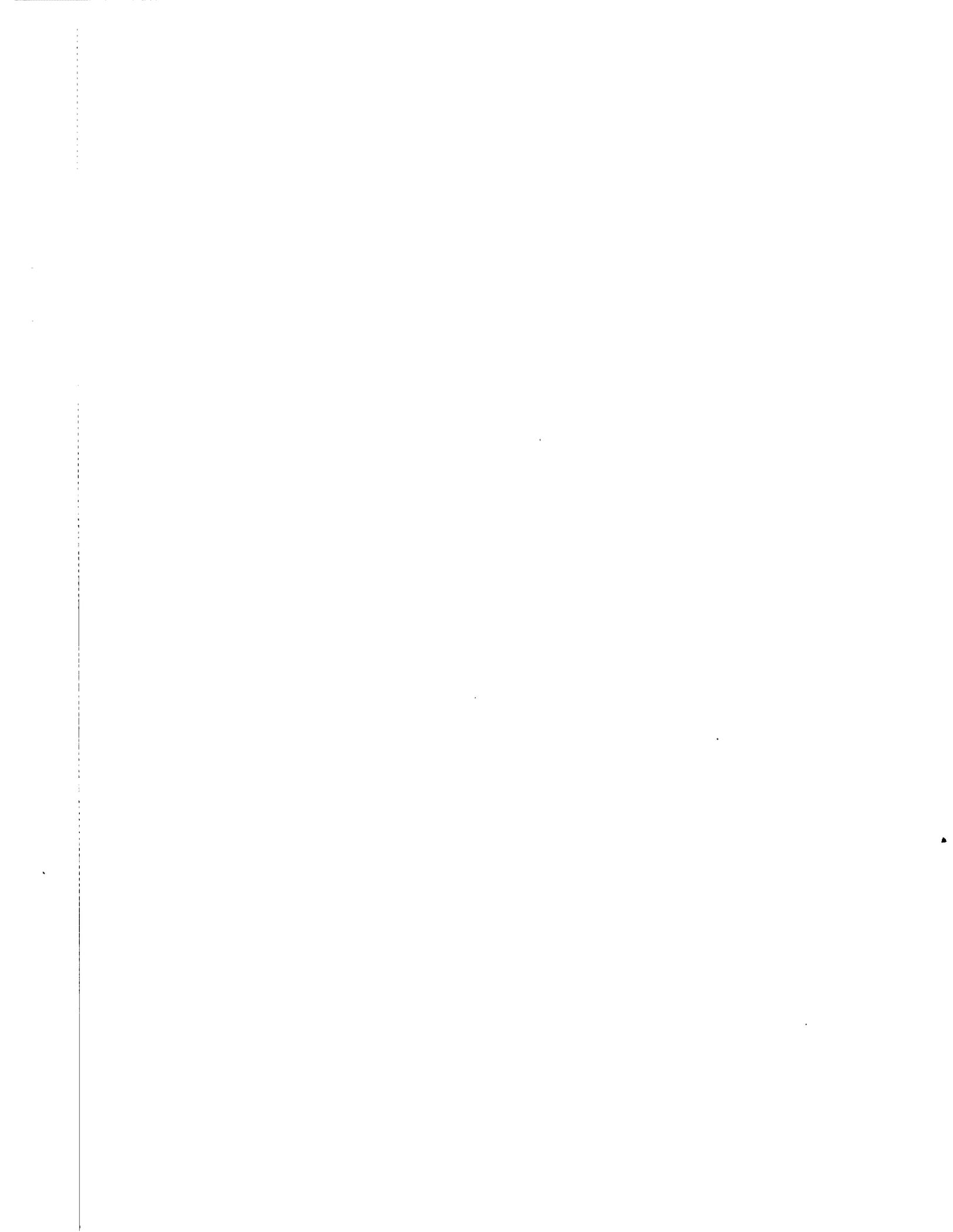
VOCHER FLOW FOR REPORTING DISBURSEMENTS MADE FOR DODDS



1/ Funds may be disbursed both overseas and in the continental United States.

2/ In addition to itemized reports of the disbursements made, DODDS Headquarters receives the documentation which authorized each disbursement and, in turn, provides the basis for recording the disbursements in the DODDS components' accounting records.





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