



DEPARTMENT OF THE ARMY
HEADQUARTERS, U.S. ARMY MATERIEL COMMAND
5001 EISENHOWER AVENUE, ALEXANDRIA, VA 22333 - 0001

REPLY TO
ATTENTION OF

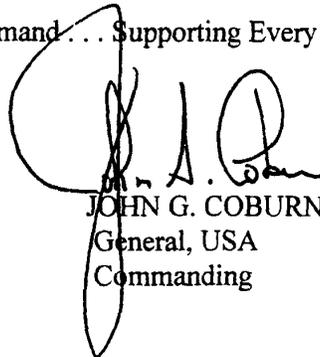
AMCIR-A (11-2a)

22 October 2001

MEMORANDUM FOR HONORABLE THOMAS E. WHITE, SECRETARY OF THE
ARMY, 101 ARMY PENTAGON, WASHINGTON, DC 20310-0101

SUBJECT: FY 01 Annual Statement of Assurance on Management Controls

1. In compliance with the provisions of Army Regulation 11-2, Management Controls, I have reasonable assurance that the management controls within my command are operating as intended except for the material weaknesses reported at TAB B.
2. I base this statement on the command-wide management control process, which includes an attestation from each Assessable Unit Manager in the headquarters and the heads of my major subordinate commands and activities. The process also includes a review of audits, inspections, management control reviews, application of existing management control evaluations and other verification procedures to ensure that controls are adequate, in place, and working.
3. The following are the mandatory enclosures for this statement:
 - a. TAB A - How our assessment was conducted command-wide (Encl 1).
 - b. TAB B - AMC-level Material Weaknesses (Encl 2).
4. AMC -- Army READINESS Command . . . Supporting Every Soldier Every Day.



JOHN G. COBURN
General, USA
Commanding

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*ASSESSMENT OF THE AMC-WIDE
MANAGEMENT CONTROL PROCESS*

TAB A

U.S. ARMY MATERIEL COMMAND'S FY 01 ASSESSMENT:

Our determination of reasonable assurance is based on daily management actions that controls are in place and operating as intended.

The following is a breakout of the actions taken by all in support of the three mandatory reporting areas established by HQDA:

LEADERSHIP EMPHASIS:

1. Memorandum, signed by the AMC Commanding General, GEN John G. Coburn, 2 Apr 01, to stress the importance of the Management Control Process AMC-wide. This memo also urged Major Subordinate Commanders to report material weaknesses that met the HQDA criteria for reporting to the Secretary of the Army and to continue to monitor our areas of responsibility to ensure proper controls are in place and working.
2. A four-star note, signed by the AMC Commanding General, GEN John G. Coburn, 14 Aug 01, given to the AMC-wide Management Control Administrator - adding his appreciation for her efforts in making AMC's management control process effective and noteworthy.
3. Memorandum, signed by the AMC Chief of Staff, MG Charles C. Cannon, Jr., 31 Jan 01, redesignating HQ, AMC Assessable Unit Managers and defining their management control process responsibilities.
4. Memorandums of Commendation, signed by the AMC Senior Responsible Official (Chief, Internal Review and Audit Compliance Office, Mr. Archie B. Ford), were provided to HQ, AMC Assessable Unit Managers and management control points of contact. These commendations were based on the results of the U.S. Army Audit Agency's review of the AMC-wide Management Control Process. The purpose of these memorandums was to notify senior management officials that these people had successfully met the criteria used by external auditors to evaluate the AMC-wide Management Control Process.
5. Chief, Internal Review and Audit Compliance Office conducted one assurance visit to a major subordinate command (USASAC) to assess the effectiveness of their internal review process.
6. Chief, Internal Review and Audit Compliance Office presented an orientation briefing to the AMC Chief of Staff, MG Richard A. Hack on the Internal Review and Audit Compliance Office's functions. This briefing included an overview of the AMC-wide Management Control Process.

LEADERSHIP EMPHASIS (CONTINUED):

HQ, AMC ASSESSABLE UNIT MANAGERS (AUMs):

The Deputy Chief of Staff for Ammunition:

Noteworthy actions taken by the DCS and senior functional managers to establish and institute management controls included the following:

1. The importance of management controls is regularly discussed in staff meetings with senior DCS for Ammunition personnel.
2. All employees were made aware of the requirements for designating material weaknesses and asked for input in identifying new material weaknesses.
3. All managers were made aware of the HQDA inventory of key controls. Contents were reviewed to determine functional responsibilities and scheduling of applicable management control evaluations in our individual management control plan.

The Assistant Deputy Chief of Staff for Chemical & Biological Matters:

1. Assistant Deputy Chief of Staff for Chemical & Biological Matters provided special emphasis to all employees on the importance of management control during daily operations. Emphasis was heightened in time card management, travel reimbursements, supply requisition, equipment inventory and security awareness. We are implementing management initiatives to enhance management controls and improve the effectiveness of chemical operations.
2. Continued to review all audits and Inspector General (IG) findings that impacted the chemical and biological mission area. A thorough and comprehensive review was conducted on the Chemical Surety Management Program. This review included trend analysis of surety management review reports DAIG Chemical Surety inspection findings, and interviews with key staff responsible for Surety Management. In FY 99, the number of failing deficiencies was in the single digits. In FY 00, this number jumped to double digits with repeat findings. Potential contributing factors for this dramatic rise in failing/repeat deficiencies included attention to details by site personnel, management emphasis, headquarters support, clarity in inspection standard/terminology, level of vigor in the conduct of inspection and resource impact. These contributing factors pointed to problem areas in Chemical Surety Management Program which is one of the key controls in this assessment. In FY97, during a limited scope surety inspection of HQAMC, DAIG cited a "conflict of interest" finding relating to the co-mingling of surety oversight and execution duties. The lack of segregation of oversight and execution of responsibility is conducive to less than adequate MACOM-level management control in the Chemical Surety Management Program. During this report period, the CG, AMC signed out a memo on 20 July 2001, segregating surety oversight and execution responsibilities, thus strengthening the effectiveness of surety oversight.
3. Assistant Deputy Chief of Staff for Chemical & Biological Matters implemented various operations/resource reviews of all potential problem areas and programs issues to ensure compliance with management controls.

LEADERSHIP EMPHASIS (CONTINUED):

HQ, AMC AUMs (CONTINUED):

The Command Chaplain:

Command Emphasis was placed on compliance of Army Regulations that have a direct impact on the operations of the Commander's Master Religious Programs within AMC.

The Director of Personnel, Training, and Operations and AMC NCOIC developed an In-depth Command Inspection Program. Memorandums of intent were sent to all teams with dates of inspection.

The Command Counsel:

1. The Command Counsel, at the direction of CG, AMC, GEN Coburn, lead the team that conducted assessments of the Partnering Program. This was conducted in five on-site visits (CECOM, AMCOM, TACOM, OSC and STRICOM) reviewing 18 programs, interviewing government and industry practitioners. The purpose was to examine and assess the implementation of the AMC Partnering for Success Program. The result was a compendium of lessons learned incorporated into an after-action report and ultimately into a revised AMC Partnering for Success guide.
2. My deputies and I personally conducted staff reviews of thirteen AMC legal offices to ensure accomplishment of the legal mission by providing direct assistance to the MSCs and helping them resolve organizational, management and technical legal issues.
3. Throughout FY 01, the Command Counsel conducted two Chief Counsel Workshops and five Chief Counsel videoconferences. All the MSC Chief Counsels assembled to discuss current legal issues and discussed potential material weaknesses. No material weaknesses met the criteria for reporting this fiscal year.
4. The Command Counsel also conducted a Management Offsite, a workshop for the Supervisors to focus on the Command Legal Program, develop and assess the execution of Office initiatives. It was an opportunity to adjust the allocation of resources based on the legal needs of the Command and developments in the legal disciplines practiced by HQ, AMC lawyers. It was also an impetus for many innovations in the AMC legal practice.

The Deputy Chief of Staff for Corporate Information:

1. The DCSCI made their management control plan a part of everyday business.
2. Significant actions taken by the DCSCI and senior functional managers to establish and maintain management controls within our organization and in compliance with AR 11-2 are as follows:
 - a. Memorandum, AMCIO-F, 7 Sep 00, Subj: Certification and Accreditation (C&A) Guidance. This memorandum reiterates that the use of the Department of Defense Information Technology Security Certification and Accreditation Process (DITSCAP) is mandatory throughout AMC.

LEADERSHIP EMPHASIS (CONTINUED):

HQ, AMC AUMs (CONTINUED):

The Deputy Chief of Staff for Corporate Information (Continued):

- b. The DCSCI hosted quarterly CG directed CIO Summit meetings. These meetings provided a series of information briefings outlining major AMC progress toward compliance with the ISA/COE and Information Technology (IT) programs to accomplish interface with the AMC mission.
- c. Memorandum, AMCIO-T, 20 Sep 00, Subject: An Architecture-Based Approach to AMC Corporate Management. GEN Coburn designated Mr. James D. Buckner, AMC Chief Information Officer (CIO) as the lead to facilitate and integrate DCS efforts in an architecture-based approach to Corporate Management.
- d. Memorandum, AMCIO-F, 7 Nov 00, Subject: Nomination as Trusted Agent. The following HQ, AMC individuals were nominated as Trusted Agents for Public Key Infrastructure (PKI) Medium Grade Services: Ms. Mary Cole Carroll and Ms. Jean Rose.
- e. Memorandum, AMCIO-F, 16 Nov 00, Subject: Appointment of the AMC Information Assurance Program Manager (IAPM). To effectively manage and implement the U.S. Army Materiel Command's (AMC) Information Assurance (IA) (formerly the Information Systems Security) Program. Ms. Mary Cole Carroll, Chief, Information Assurance/Architecture Division (AMCIO-A), is appointed the IAPM to establish, manage and assess the effectiveness of the AMC IA program.
- f. Memorandum, AMCIO-A, 27 Nov 00, Subject: Appointment of Information Assurance (IA) Personnel. Headquarters AMC individuals designated for SAB were Ms. Mary Cole Carroll, IA Program Manager, and Ms. Jean Rose, IA Network Manager.
- g. Memorandum, AMCIO-A, 29 Dec 00, Subject: Request for Waiver to Conduct Command Public Key Infrastructure (PKI). The breadth of the AMC mission and the diversity of our customer base both permit and require that this command serve as an early testing ground for the new PKI concepts. The sensitivity of acquisition and readiness information demands the early exercise of the protection afforded by PKI.
- h. Memorandum, AMCIO-A, 26 Jan 01, Subject: Secret Internet Protocol (IP) Router Network (SIPRNET) requirement for MSC Commanders. GEN Coburn requested the ability to communicate classified and secure information to MSC Commanders via the SIPRNET. The HQ, AMC Chief of Staff asked for a matrix outlining specifically what would be required to put a classified workstation on each MSC Commanders desktop. AMCIO-A requested the needed information from each MSC and reported back to the Chief of Staff.
- i. Memorandum, AMCIO-R, 17 Jan 01, Subject: Deputy Chief of Staff for Corporate Information – Submission to the AMC Annual Command History for FY00.
- j. Memorandum, AMCIO-R, 26 Jan 01, Subject: Duty Appointment. Effective immediately, Ms. Yolanda McKenzie was appointed as the HQ, AMC Records Administrator and Official Mail Manager.

LEADERSHIP EMPHASIS (CONTINUED):

HQ, AMC AUMs (CONTINUED):

The Deputy Chief of Staff for Corporate Information (Continued):

k. Memorandum, AMCIO-P, 26 Jan 01, Subject: Army Materiel Command (AMC) wide Data Call of Current and Planned Contracts with SAP. The AMC command-wide data call for SAP is of high interest to the AMC Command Group. The Wholesale Logistics Modernization Program (WLMP) being developed throughout AMC, will replace the Commodity Command Standard System (CCSS), the Standard Depot System (SDS) and various ancillary systems. While the WLMP is a service contract and does not provide any specific software licenses to AMC, it may well prove beneficial to the Command.

l. Memorandum, AMCIO-A, 2 Feb 01, Subject: Major Subordinate Command Information Assurance (IA) Program Laydown. Request for status of certification and accreditation and Department of Defense Information Technology Systems Certification and Accreditation Process (DITSCAP). In addition, request information on number of systems connected to classified and sensitive but unclassified networks that have a valid accredited package, and additional needed/required information.

m. Memorandum, AMCIO-A, 7 Feb 01, Subject: Formal Staffing of Army Regulation AR 25-1A (Information Assurance) and Department of the Army Pamphlet 25-1A (Information Assurance Guide).

n. Memorandum, AMCIO-A, 16 Feb 01, Subject: Information Assurance (IA) Evaluation of Headquarters, U.S. Army Materiel Command. As part of an overall strategy to secure the HQ, AMC building, AMC asked the National Security Agency and the Army's Land Information Warfare Activity to perform an IA Evaluation.

o. Memorandum, AMCIO-R, 15 Feb 01, Subject: Membership for Army CIO Executive Board. HQ, AMC Chief Information Officer, Mr. James D. Buckners' name was submitted for membership in the Army CIO Executive Board.

p. Memorandum, AMCIO-R, 20 Feb 01, Subject: Auditors Hit Army for Slipshod Records. Referenced report identifies poor recordkeeping practices with HQ, AMC's Major Subordinate Commands (MSCs). MSCs were asked to take appropriate action to correct the problem.

q. Memorandum, AMCIO-A, 12 Mar 01, Subject: Intrusion Detection-Guardian Initiative. Guardian Intrusion Detection Implementation is to enhance intrusion detection capabilities across the Army Materiel Command to improve the Command's (AMC's) capability to detect and react to threats against AMC Communications, Computers and Information Resources. The AMC Chief Information Officer (Mr. James Buckner) is the HQ, AMC proponent for this initiative.

LEADERSHIP EMPHASIS (CONTINUED):

HQ, AMC AUMs (CONTINUED):

The Deputy Chief of Staff for Corporate Information (Continued):

r. Memorandum, AMCIO-R, 26 Mar 01, Subject: Appointment of MACOM Career Program 34 (CP34) Manager for AMC. In accordance with AR 690-950, Career Management, Ms. Linda L. Pierpoint, Chief, Information and Technology Programs and Support Division is appointed as the MACOM CP34 Manager for AMC. Effective date, immediately.

s. Memorandum, AMCIO-R, 26 Mar 01, Subject: 3rd Quarter FY 01 Career Program (CP34) Army Civilian Training, Education and Development System (ACTEDS) Approvals – AMC. Approved 3rd QTR funds cover FY 01 education expenses such as tuition, books, lab fees, and registration fees for University training.

t. Memorandum, AMCIO-A, 26 Apr 01, Subject: AMC Policy Lookup Matrix on-line. The AMC policy lookup matrix is available on-line via a link from the Chief Information Officer page. The matrix includes over 40 links to various Information Assurance (IA) related sites.

u. Memorandum, AMCIO-B, 7 Mar 01, Subject: Policy for Information Technology (IT) Management. Forwarding GEN Coburn's new policy for Information Technology management. This policy was a result of tasks arising at the Aug 00 Chief Information Officer (CIO) Summit.

v. Policy Memorandum, AMCIO-A, 29 Jun 01, Subject: Policy Memorandum – U.S. Army Materiel Command (AMC) Policy/Guidance on File Transfer Protocol (FTP) Servers. This memorandum provides the policy for the use and administration of FTP servers, including creation and maintenance of anonymous and guest accounts.

3. DCSCI used his management control plan, in FY 01, as part of the his oversight process by completing more evaluations than were required by HQDA or previously scheduled.

4. Other innovative approaches: Used AR 25-1, Army Information Management, Appendix B, Management Control Evaluation Checklist as part of the organization's management oversight process, to supplement existing review processes to ensure compliance with Army Regulation 11-2, 1 Aug 94, Management Control.

The Deputy Chief of Staff for Installations:

1. Utilized memorandums of understanding and agreement between various government agencies to achieve efficiencies in management and disposal of real estate.

2. Holding monthly Environmental Quality Council meetings with MSC environmental staff, and quarterly Environmental Management Advisory Group Meetings with the AMC Chief of Staff and DCS Principals.

LEADERSHIP EMPHASIS (CONTINUED):

HQ, AMC AUMs (CONTINUED):

The Deputy Chief of Staff for Installations (Continued):

3. Reporting on environmental stewardship at the monthly Executive Steering Committee, chaired by the Commanding General.
4. Continuing actions to manage environmental stewardship including:
 - a. Developed an Environmental Campaign Plan.
 - b. Refining /implementing the Command Strategic Plan for environmental restoration at active sites.

The Deputy Chief of Staff for Intelligence

Methods the DCS for Intelligence takes to ensure proper controls are in place:

1. Responsibility for each functional program under the staff supervision of the Intelligence and Technology Security Activity has been assigned to a team leader and a primary action officer. Funding responsibility for each program has been assigned to the same team leader/action officer.
2. Each team leader/responsible action officer is required to develop an annual funding plan, which identifies funding sources and planned expenditures. The plan is approved by the Director, Intelligence and Technology Security Activity and the DCS for Intelligence and is reviewed and updated during midyear and end-of-year reviews.
3. Each release of funds in support of Intelligence and Technology Security Activity's programs is requested by the responsible team leader and requires separate review and approval by the DCS for Intelligence.

Inspector General:

1. Continued to focus on identifying root causes of problems and provided feedback to functional proponents and command group with recommendations.
2. Ensures inspection results were properly verified by inspected organizations.
3. Ensured that management control problems and/or potential weaknesses discovered during inspections, investigations or inquiries were briefed to the appropriate manager.
4. Continued to place strong emphasis on whether management controls were complied with during systemic inspections. Made recommendations where appropriate.

LEADERSHIP EMPHASIS (CONTINUED):

HQ, AMC AUMs (CONTINUED):

The Deputy Chief of Staff for Personnel:

1. Command Provost Marshal Assessments were conducted in conjunction with AMC ITSA Security Support Division oversight operations and assistance visits conducted throughout the command during FY 01. Results of the evaluations were reviewed by Command Level Action Officers and assessed for validity, security considerations, operational impacts and management control. Oversight information is maintained at the headquarters level through database management for continued evaluation and comparison throughout the year.
2. The MWR&FS was a proactive leader in the establishment of the NAF Financial Services (NFS) Advisory Users Group. The purpose of the group is to discuss areas of mutual interest, explore ways to increase efficiency, decrease costs, and enhance quality of services.
3. The AMC DCSPER, as a voting member of the Army Civilian Welfare Fund, determined AMC Post Restaurant and Civilian Welfare Funds required improvements in business practices, customer service, and management communications. Actions include: Establishment of a Working Group, development of business plans and measurable financial results, capital reinvestment strategies and personnel training and professional development.
4. AMC MWR&FS is the Army leader in the development and implementation of automated tools to create a more efficient organization. AMC has shared its success with other organizations establishing partnership agreements with Defense Finance and Accounting Service - NAF Central Accounting Office, Defense Logistics Agency, Forces Command, Military District of Washington, Military Traffic Management Command, and the U.S. Army Pacific Command. The Army, AMC and MACOM partners benefit through reduced costs and greater efficiencies.

The Deputy Chief of Staff for Research, Development and Acquisition:

1. Emphasis has been placed on internal control standards as they relate to employee annual performance ratings. DCSRDA reported four new material weaknesses during FY 01.
2. A series of HQDA/AMC General Officer reviews were conducted for various programs to include the restructuring of the Army's Warfighter's Simulation Program.
3. DCSRDA made widespread notification of the publication of HQDA inventory of key controls to ensure all Assistant Deputy Chiefs of Staff, division chiefs, branch chiefs, and team leaders are aware of available evaluations and scheduled requirements for formal use.

LEADERSHIP EMPHASIS (CONTINUED):

HQ, AMC AUMs (CONTINUED):

The Deputy Chief of Staff for Resource Management:

1. DCSRMs are reporting one new material weakness this fiscal year. To date, we have reviewed four material weaknesses identified by subordinate elements in their FY01 annual assurance statements. We have found none of these to be potential AMC-level weaknesses. Throughout the fiscal year, we also reviewed a wide variety of audits, inspections, investigations and special reviews within or affecting the command, as another means of detecting potential weaknesses. Together, these activities have, at the signing of this assurance statement, revealed no other new AMC-level material weaknesses for FY01 in our functional area.
2. The DCSRMs employ a pyramidal process to substantiate her Annual Statement of Assurance. She requires each division chief to submit an annual feeder statement, similar to the one the DCSRMs provides to the CG, AMC. The procedure reflects the pyramidal process by which the government's annual assurance to Congress is built, from the lowest level reporting elements in each agency through the full agency structure and the President to Congress. It also involves the DCSRMs division chiefs and their staffs more directly in the annual assurance process.
3. Chief Financial Officer's (CFO) Act Implementation and Strategic Plan. The DCSRMs has been designated as HQ AMC lead for this program. The CFO Strategic Plan is a DA initiative developed to comply with the CFO Act by obtaining a clean audit opinion on DA annual financial statements. The CFO Strategic Plan was re-baselined in FY01; milestone dates for completion of individual tasks were extended from FY03 to FY05 for production of auditable statements and to FY07 for a clean audit opinion. As part of the re-baselining process, direction was re-focused to identifying and completing noncompliant tasks; completed, cancelled and merged tasks were removed from the list of open tasks. As a result, AMC currently has 18 open tasks out of a total of approximately 550. The majority of AMC's open tasks are related to financial or feeder systems, many of which will be replaced by the Wholesale Logistics Modernization Program (WLMP) system.
4. The DCSRMs annually updates the list of employees that are required to have management control statements in their performance standards. Traditionally exceeded the minimum performance standard requirement in AR 11-2 to include division chiefs, the ADCSRMs, and the Executive Officer, as well as the DCSRMs. We annually review the performance agreements of these individuals to assure they contain the required statement. Our goal has always been, and continues to be, 100 percent compliance with the requirement. With the exception of one division chief, who recently returned from long-term training to head another division and whose standards have not yet been revised, all aforementioned ODCSRMs managers have management controls in their performance standards.

LEADERSHIP EMPHASIS (CONTINUED):

HQ, AMC AUMs (CONTINUED):

The Command Surgeon:

Directed and supervised the revalidation and revision of the Office of the Surgeon's five year Management Control Plan. (All evaluations scheduled for completion in FY 01 were completed.)

Safety Office:

The AMC Radiation Safety Council was established and began operating in FY98. The Council is an advisory body for the commander and has the task of reviewing the AMC radiation safety program and recommending changes and/or improvements to it. In FY00, the Council continues to monitor the continuing improvement of the AMC and Army Radiation Safety Program.

AMC-WIDE MANAGEMENT CONTROL TRAINING:

1. Training has been conducted AMC-wide using various methods and training tools -
Total trained: 5,108
2. Used a comprehensive approach AMC-wide to provide management control training to CDRs, AUMS, Managers and MCAs. MCAs used various innovative approaches (VTCs, bulletin boards, newsletters, USDA Courses, etc.) to provide training. Detailed information follows:

Deputy Chief of Staff for Ammunition:

1. The AMC MCA conducted a group training session for the DCS for Ammunition Assessable Unit Manager, new senior division manager and the management control point of contact. An overview of the AMC-wide management control process was provided and an explanation of the duties for an Assessable Unit Manger and Annual Statement reporting.
2. All managers were reminded of their responsibilities to ensure the continued success of the DCS AMMO management control program.
3. Three new DCS for Ammunition employees were provided deskside briefings on the program and given the opportunity to view the instructional video "Management Controls: A Road Map to Stewardship."

The Assistant Deputy Chief of Staff for Chemical Biological Matters:

All managers were trained in FY 00. We continued proactive on-the-job training program to ensure management control remain current and effective. During this period, the AUM attended the HQDA Management Control Training Symposium and formal management Control training offered by USDA.

MANAGEMENT CONTROL TRAINING (CONTINUED):

HQ, AMC AUMs (CONTINUED):

The Command Counsel:

1. HQ, AMC MCA provided an overview of the AMC-wide management control process to the Deputy Command Counsel and the HQ, AMC management control point of contact.
2. Continued an aggressive training program with the primary objectives being to ensure every manager understands the management and administrative control system in use throughout my organization.

The Deputy Chief of Staff for Corporate Information:

1. The management control point of contact received informal desk-side training by AMC Management Control Administrator.
2. Management Control Division POCs were provided guidance, documentation and assistance in developing Feeder Statement and in the Management Control Process by the DCSCI management control point of contact.

The Deputy Chief of Staff for Intelligence:

The Director, ITSA and the Deputy Chief of Staff stressed heightened awareness of management controls and formal responsibility for its adequacy to all ITSA personnel for Intelligence.

Inspector General:

1. Three AMCIG inspectors attended formal US Department of Agriculture (USDA) management control training this fiscal year to further their understanding of management controls.
2. The AMC IG conducted quarterly Information Sharing/Professional Development sessions with all IG Activity employees. Management Controls training was conducted at the first quarter session. This topic is also being addressed with the MSC IGs at the quarterly VTC.
3. Innovative approaches:
 - a. Twenty-eight personnel were trained using innovative approaches to provide management control training.
 - b. Circulated the Management Control training handbook to refresh seasoned managers as to their management control responsibilities and will be circulated to new incoming action officer personnel.

MANAGEMENT CONTROL TRAINING (CONTINUED):

HQ, AMC AUMs (CONTINUED):

Inspector General (Continued):

c. Management control information provided by the HQ, AMC Management Control Administrator (web site information and electronic MC Memos, etc.) were distributed to AMC IG managers and field IG Offices for their information/action.

d. Added this as an alternative evaluation process in our Management Control Plan to ensure managers are trained in the area of management control. This is scheduled every year for completion using a variety of training tools (VTCs, Professional Development Sessions, Handbook, and USDA classes).

The Deputy Chief of Staff for Research, Development and Acquisition:

AMCRDA-EM has worked with personnel in DCSRDA explaining and informing them about the management control process. The supporting materiel is available in the DCSRDA briefing for future reference.

Office of the Surgeon:

1. As new personnel are assigned to the Office of the Surgeon, desk side training is provided. This training explains the purpose and requirements of the Office of the Surgeon's Management Control Plan and the use of management control evaluations.

2. During FY01, the Assessable Unit Manager designated a new Management Control Administrator (MCA). The new MCA received a transition briefing from the prior MCA, an orientation from AMC Management Control Administrator, and has reviewed training materials on the AMC web page.

The Deputy Chief of Staff for Resource Management:

1. We did not conduct formal training courses on management controls during FY01 for the ODCSRM managers since all but two new division chiefs have previously received this training. However, in order to maintain a high level of management controls awareness and to ensure in particular that all DCSRSM employees who have substantial management control responsibilities understand them and their attendant requirements, we employed several measures, including:

a. Involving the entire DCSRSM staff in a pyramid approach to developing the DCSRSM annual statement of assurance, by requiring division chiefs to prepare individual assurance statements to the DCSRSM;

b. Assuring that management controls performance standards are included, for all DCSRSM individuals requiring them, in their TAPES performance agreements;

c. Involving DCSRSM divisions in the annual review and update of the DCSRSM Management Control Plan;

MANAGEMENT CONTROL TRAINING (CONTINUED):

HQ, AMC AUMs (CONTINUED):

The Deputy Chief of Staff for Resource Management (Continued):

d. Involving DCSRMs staff in the review of audit findings and material weaknesses identified at subordinate commands to determine whether they were potential AMC-level material weaknesses; and

e. Providing all DCSRMs supervisors copies of the GAO Standards for Internal Management Controls (we do this annually, as a refresher).

2. In addition to these measures, we provide deskmade overviews of the ODCSRM management control process for each new DCSRMs division chief. In FY01, we provided such briefings for Mr. Boddorf and Ms. Ash, division/office chiefs that joined the ODCSRM staff during the fiscal year.

Safety Office:

Continued management control training program with the primary objectives being that:

a. I am the designated assessable unit manager (AUM) and understand the GAO Standards and how to apply them in daily operations. Operating functional managers understand their responsibilities for using management control evaluations for day-to-day guidance.

b. Safety Office Assessable Unit Manger has been trained and the management control point of contact were provided the management control process information from the HQ, AMC Management Control Administrator as needed.

EXECUTION:

HQ, AMC Internal Review and Audit Compliance Office:

Conducted the following management reviews of operational programs to improve the execution of controls:

a. Internal Review Auditors performed fourteen audits during FY 01.

b. Internal Review Auditors verified two material weaknesses for closure during FY01 (97-004 and 97-003).

c. HQ, AMC Management Control Administrator developed a new alternative review process for management control reviews. This checklist was used to conduct two reviews of HQ, AMC Assessable Unit Managers programs during FY 01 (AMCAM and AMCCC).

EXECUTION (Continued):

HQ, AMC AUMs (CONTINUED):

Deputy Chief of Staff for Ammunition:

1. A review was conducted to insure that an explicit statement was included in performance agreements for all positions with management control responsibilities.
2. A framework is maintained for pinpointing responsibility and accountability to achieve adequate internal management controls and a single designated point of contact for management control administration is in place to oversee our process.
3. Since the DCS for Ammunition is a dual-hatted organization, additional information is received from the Office of the Assistant Secretary of the Army for Research, Development and Acquisition and a copy of our annual assessment is submitted to that organization.
4. Specialized assistance was provided to managers in developing/reviewing Management Control Evaluations and identifying potential new Material Weaknesses.
5. Close coordination is maintained with Internal Control and Audit Compliance personnel to ensure the DCS for Ammunition management control program meets expected requirements.
6. General Accounting Office (GAO), U.S. Army Audit Agency (USAAA) and DoD Inspector General (DoDIG) finding and recommendations that apply to functional responsibilities were reviewed to identify potential material weaknesses.
7. Approximately 14 potential weaknesses were reviewed, but failed to meet the established criteria as AMC-level material weaknesses.

Assistant Deputy Chief of Staff for Chemical/Biological Matters:

We executed our management control process through the following MACOM-level chartered organization and committees.

Surety Field Activity (SFA): The AMC SFA provided assistance in overseeing the Chemical Surety Program. The SFA conducted MACOM-level assistance visits to all AMC chemical sites. Copies of their Surety Management Review (SMR) report were reviewed for potential systemic problems. The SRA provided feedback to commanders and also recommendations for program improvements. Our review indicated that the surety Field Activity was not totally effective in assuring stockpile site to correct the deficient finding in a timely and effective manner. One of the contributing factors might be the reporting level of the SRA.

Chemical Surety Board: We provided management support and control of the Chemical Surety program through periodic meeting of the Chemical Surety Board. This Board consisted of members from all affected AMC Staff and chaired by our office. The Board provided a mechanism to foster continuous improvements in Chemical Surety operations throughout AMC by identifying problems, issues and solutions, sharing improvements, and trends. Currently, we

EXECUTION (Continued):

HQ, AMC AUMs (CONTINUED):

Assistant Deputy Chief of Staff for Chemical/Biological Matters (Continued):

are working on implementing the new AR-50-6 (Chemical Surety) the updated regulation will enhance surety effectiveness when appropriate implemented.

Chemical Agent Safety and Health Process Action Committee: We continued to work with the Chemical Agent Safety and Health Process Action Committee (CASHPAC) members on chemical agent safety and health issues.

Edgewood Research and Development Center: The Edgewood Research and Development Center Surety Office was the manager of chemical agent and dilute agent contracts for contractor owned, contractor operated (COCO) laboratory facilities for AMC. They continued to provide oversight of personnel reliability security, safety, and accountability requirements for chemical agents per AR 50-6. Systemic issue was identified and being corrected.

AMC Operation Center: We developed a Chemical Event Report notification procedure to ensure the AMC Command Group is notified immediately of all chemical events. We worked closely with the AMC Operations Center to ensure reports are followed up and ultimately closed using proper procedures.

The Command Chaplain:

The Command Inspection Checklist covers the entire spectrum of religious support. Memorandums of intent were sent to all with dates of inspection. Teams were notified prior to date of inspection and provided a copy of the checklist.

The Command Counsel:

Conducted reviews of operational program to verify/improve implementation and execution of controls. Conducted reviews in 6 legal offices in the AMC system.

Command Counsel designed and continued to implement the Command Legal Program for 2001-2002. The two-year plan has active participation and many contributions from the MSC Chief Counsels.

The Deputy Chief of Staff for Corporate Information:

1. The Director of Information Management Division has decided to review Information Assurance on a 6-month cycle, sooner than HQDA requires.
2. The DCSCI Management Control POC provided guidance on conducting and documenting management control evaluation(s) to each division within the DCSCI.

EXECUTION (Continued):

HQ, AMC AUMs (CONTINUED):

The Deputy Chief of Staff for Corporate Information (Continued):

3. The DCSCI Management Control POC provided an explicit statement of responsibility that is required by AR 11-2, Aug 94, to be added to the AUM's performance agreement. A similar statement was provided to the Assistant Deputy Chief of Staff for Corporate Information (ADCSCI), as well as, each Division Chief.

The Deputy Chief of Staff for Installations:

1. Performed real estate management assistance visits to assist and familiarize Major Subordinate Command and installation personnel with all aspects of real estate management.
2. Conducted internal audits of environmental program compliance at installations.
3. Continuing actions to manage AMC's Family Housing program to include: Utilizing Housing Internal Review Checklists, reviewing installation housing utilization reports, reviewing installation housing requirements, General/Flag Officers cost reports, and conducting annual installation housing staff visits.

Inspector General:

1. The Inspector General developed and maintained an individual management control plan and provided assistance to Major Subordinate Command IGs as requested regarding management control requirements.
2. Quarterly VTCs were held with IG Offices command-wide as an effort to share information/issues of command interest/concern. Investigations and Assistance Division conducted a working level VTC in Mar 2001 to provide procedure and policy clarity.
3. No key controls are required until FY 02, however, AMCIG will be re-certifying the Inspector General Operations Checklist earlier than required due to the upcoming arrival of a new Command IG.
4. Management Control responsibilities were included in appropriate military and civilian support forms.
5. Ensured, during followup inspections, that action was taken to correct inspection results, not just whether our recommendations had been implemented.

The Deputy Chief of Staff for Personnel:

1. The AMC MWR&FS perform quarterly reviews and analysis of installation and consolidated financial results. Consolidated results are presented to the DCSPER, AMC CS, and the CG. Year-to-date July 2001, the Fund posted record results with a Net Income Before

EXECUTION (Continued):

HQ, AMC AUMs (CONTINUED):

The Deputy Chief of Staff for Personnel: (Continued):

Depreciation (NIBD) that totaled \$3.9M or 13.4% of total revenue, exceeding the Army standard of 8%. All programs reported on the Army MWR Standards Assessment chart exceeded the standard or are on target to do so by year-end.

2. HQ AMC NAF contracting staff conduct monthly reviews of government purchase card reports and resolve any discrepancies.
3. The U.S. Army Community and Family Support Center (CFSC) conduct annual contracting reviews. The next review is expected in FY02. In July 00, MWR&FS contracting team members participate in the annual financial management, lodging, and other training programs. In FY01, 13 installation personnel completed Contracting Officer Representative training.
4. AR 215-1 evaluation to be conducted more often than required. We will utilize checklist on the Army MWR web site, quarterly Command Review and Analysis metrics.
5. The AMC MWR&FS perform quarterly reviews and analysis of installation and consolidated financial results. Consolidated results are presented to the DCSPER, AMC Chief of Staff and the Commanding General.
6. The MWR&FS management control plan was revised May 2001. This is an ongoing effort that continually incorporates tests and evaluations as described in governing regulations, alternative review processes, and other such tests necessary to ensure management controls are effective.
7. Command Provost Marshall completed management control evaluations more often than required. Evaluations were performed in the following areas: Physical Security Surveys, Surety Management Reviews, Security Assistance Visits, Information Security Program Inspection, Law Enforcement Discipline Report and Cooperation with Civilian Law - Enforcement Operations.

The Deputy Chief of Staff for Research, Development and Acquisition

1. A 100% follow-up was conducted on U.S. Army Audit Agency and U.S. Inspectors General findings and recommendations.
2. In addition, several initiatives were undertaken within DCSRDA to improve internal management controls. These alternative review processes are detailed in the following paragraphs.
 - a. AMCRDA-TF preformed technical and programmatic reviews on HQAMC programs to determine necessity of continuing operations under special access controls. Through their review, they determined if delays would affect dollars, reprogram funding, and

EXECUTION (Continued):

HQ, AMC AUMs (CONTINUED):

The Deputy Chief of Staff for Research, Development and Acquisition (Continued):

anticipate potential problems. Also, removes programs that no longer require special access control.

b. AMCRDA-EM reviewed all supervisor performance standards to assure management control responsibilities are on each form. Each standard was looked at individually and it was determined that this statement is on all supervisory forms.

c. AMCRDA-AC, performed quarterly reviews to ensure each Inventory Control Point (ICP) used to track ALT/PLT date are meeting established goals and tracks input data for accuracy and discrepancies. The review found that ICP is making adequate progress towards their goals. Reduced ALT/PLT equals reduced inventory that saved dollars both in the cost of inventory, and in the cost of stockpiling inventory.

d. AMCRDA-EI chartered Reliability and Maintainability (RAM) panel to identify and work toward the resolution of pervasive issues that adversely impacts the development and fielding of reliable, available, maintainable and supportable Army systems. The RAM panel identified seven key areas that need investigation, with sub-panels being established to propose corrective actions. These are not, currently, considered material weaknesses.

e. AMCRDA-EI reviewed Item Reduction (IR) of supply items. The review identified an initial Army backlog of 6,837 items at MSCs. Subsequently it was determined that the majority of inventory is backlogged and little Army IR work is being performed. It was further determined that Army inability to perform IR work is a systemic problem directly associated with lack of resources. Actions have been taken to provide situation briefings to Army senior level chain of command and with DLA personnel to seek alternative methods, funding and work approaches.

f. AMCRDA-EI, reviewed 41 draft specs and standards developed by Army standardization preparing activities. Some deficiencies were identified and corrections were provided prior to production of final document.

g. AMCRDA-AM manages the Army Acquisition Corps Defense Acquisition Workforce Improvement Act for career program 14 and 16 (Contracting and Acquisition). Under this program employees must submit a training plan via the internet. Training dollars for each FY are developed using this information. Also, continued education certification for each employee is determined via this method to assure that they are obtaining 80 hours of training every 2 years. If an employee fails to meet the training requirements, certification is lost. Quarterly reviews of this database provides information for funding of FY training funds and future development of employees, assuring that certification is kept.

EXECUTION (Continued):

HQ, AMC AUMs (CONTINUED):

The Deputy Chief of Staff for Research, Development and Acquisition (Continued):

h. AMCRDA-AM in FY98 as result of an internal review, discovered a problem with contract funding. Now all contracts are reviewed before final approval and submission. Adherence to funding undergoes a quarterly contract review.

i. AMCRDA-AM reviews Weapon Systems. The Weapon Systems Program Management was without a DCG from Jul 00 to May 01, quarterly reviews of programs managed by 06 and 06 equivalent PMs were delegated to MSC commanders. Determination of potential problems and ability to implement corrections at the earliest timeframe is the outcome of these reviews.

j. AMCRDA-AC is the oversight activity for all contracting activity within AMC to include Secure Environment Contracting and A-76 Studies. They performed periodic procurement management reviews, annual reviews of secure environment-contracting, review of monthly metrics and HQ management of A-76 evaluation and appeals processes. Directed quarterly VTCs to discuss performance metrics with MSCs this brings visibility to readiness issues.

k. AMCRDA-AC has established a database tracking system for all Contracted Advising and Assistance Services (CAAS) and the Army Study Program that reviews all requests for services. This allows for command approval of high dollar actions.

l. AMCRDA-AI developed Atlanta XXVII Executive Seminar that provided a forum for the 190 government and industry executive attendees to focus on industry concerns and role in helping the Army meet transformation challenges. Three sharply focused panels, with joint government-industry subject matter experts, discussed transformation, industrial base concerns, and globalization. Thought provoking speakers provided congressional, stock market, industry, and Army perspectives on the role of the industrial base, transformation, modernization, and recapitalization. Comments from participants regarding the seminar were overwhelming positive.

m. AMCRDA-AI continued development of an internet-based automation tool to assist in assessing the health of the industrial base and in providing responsive and credible industrial base analyses. The automation tool development progressed to the point that QHAMC was able to provide an awareness and training session as it deployed the tool to the MSCs for their use and feedback. MSC feedback is critical to continue the refinement process and increase the value of the tool. AMC also supported DA DCSLOG in the development of a new industrial base strategy in support of the VCSA-directed Army-wide Structure and Stationing Analysis. HQAMC also actively participated in an ASA (ALT)-led effort to rewrite AR 700-90, Army Industrial Base Program. The effort to rewrite AR 700-90 will not conclude until sometime next year pending finalization of the new industrial base strategy.

n. AMCRDA-EM is designated as the Army's lead for the Corrosion Prevention and Control (CPC) program to reduce life-cycle costs through effective corrosion management. TACOM is the CPC manager. Along with TACOM, HQAMC has been proactive in increasing

EXECUTION (Continued):

HQ, AMC AUMs (CONTINUED):

The Deputy Chief of Staff for Research, Development and Acquisition (Continued):

the program's visibility and support and was successful in obtaining an additional \$500K in FY00 and FY01 to support a prototype corrosion facility at Ft. Shafter. This facility treats up to 49 per day and is predicted to become affordable through OMA saving/cost avoidance within three to four years of operation. The CPC program is expected to provide a minimum of a 4:1 return on investment and will significantly extend equipment service life, reduce ownership costs and increase equipment readiness.

The Deputy Chief of Staff for Resource Management:

1. FY01 actions, accomplishments, and initiatives supporting the ODCSR management control program included:

a. **Improved managerial accounting.** AMCRM has initiated several actions to improve the performance within the financial management arena. One of these initiatives has been the automation of the Joint Reconciliation Program within AMC. Accomplished under a contract with CACI, Inc., this project is being adopted by other organizations outside of AMC, to include the Army Acquisition Executive Support Agency and the Assistant Secretary of the Army for Financial Management and Comptroller. The initiative has reduced the formerly labor intensive effort involved in keying data into spreadsheets and creating charts, from several days to a matter of minutes, to produce the same output products. AMC engaged another contractor, KPMG Consulting, to perform contract reconciliations to correct Negative Unliquidated Obligations (NULOs) at the St. Louis Operating Location. This initiative has resulted in the clearance of over \$1.5B in NULOs over the past 3 fiscal years.

b. **U.S. Government Purchase Card (GPC) Purchase Card Management System (PCMS).** In FY 99, HQ AMC contracted Synetics, Inc., to field a web-based system to provide the full spectrum of accounting activities related to GPC purchases, including recording, tracking, billing, accounting, reconciling, validating and certifying GPC purchases. The primary purpose of the AMC PCMS is the consolidation of accounting information for presentation to the Defense Finance and Accounting Service (DFAS) to reduce administrative billing charges assessed by the DFAS. In FY 00, HQ AMC continued PCMS fielding to major Subordinate Commands (and HQ AMC) for those GPC purchases financed with Operation & Maintenance, Army (OM&A) funds. In FY01, we expanded use of the GPC to all HQ AMC OM&A financed activities. During FY02, HQ AMC is considering expanding the PCMS to AMC Working Capital Fund activities.

c. **RM-Online.** AMCRM has developed a new interactive web-based solution to meet resource management requirements for HQ AMC and subordinate commands. RM-Online provides a vehicle for budget development, and execution planning and reporting; as well as management of appropriated funds, manpower, AWCf reporting and the Joint Reconciliation Program. This system replaces various fragmented manual and automated RM systems, which were time consuming and labor intensive. We annually continue to expand the data repository of the above modules to increase the utility of this resource.

EXECUTION (Continued):

HQ, AMC AUMs (CONTINUED):

The Deputy Chief of Staff for Resource Management (Continued):

d. A-Net. AMCRM has developed a web-based repository for policy issues, designed to capture all resource management policy directives, memoranda, and interpretations issued within AMC, to assist subordinate elements in answering policy questions locally, to serve as a research reference source and training tool at all levels of command, and to help bridge the loss of corporate knowledge and expertise between retiring resource management careerists and newly hired personnel. This repository will be a living library to which account holders may contribute new policy directives, modify existing documents, and delete obsolete documents. We trained ODCSRMs personnel in the use of this repository in FY01 and have begun the process of building its database with extant resource management policy directives.

e. Fiscal Law Training.

(1) There are several ongoing initiatives in the command's resource management community aimed at the avoidance and investigation of Anti-deficiency Act (ADA) violations. The HQ AMC DCSRMs assisted HQDA (Office of the Assistant Secretary of the Army (Financial Management and Comptroller)) in the researching, writing, organization, editing, and publishing of the USDA Anti-deficiency Act (ADA) Investigation Manual in 1998. This 150-page manual, the first of its kind in DOD, is both a training aid and an all-encompassing guide for ADA investigating officers and their appointing officials on the ADA itself and on the ADA investigation processes and requirements. Since its publication, the ODCSRMs has been assembling notes toward the next edition of the manual, based on AMC's experiences with the use and practical application of the manual in actual ADA investigations. HQDA has advised that it intends to begin work on the second edition in the summer of 2001 and has again requested ODCSRMs's assistance in the effort.

(2) At CECOM, the DRM has also developed and conducts both locally and off site a comprehensive fiscal law course, which they offer to financial experts and non-experts alike. The course of instruction uses the Judge Advocate General (JAG) fiscal law textbook and makes it relevant to the AMC experience through examples and case studies. This course is particularly valuable and timely, not only for training acquisition personnel and new IMPAC cardholders but also in view of the new DOD requirement for prerequisite fiscal law training for Anti-deficiency Act violation investigating officers. It offers an alternative to the fiscal law courses taught by UVA and the U.S. Department of Agriculture, both of which are chronically full. CECOM conducts the course primarily for CECOM employees, but also opens it to other AMC subordinate commands and to HQ AMC. During FY01, CECOM conducted or is scheduled to conduct 4 classes for a total of approximately 140 students, and plans to conduct 3 classes in FY02 for approximately 200 students. Seven HQAMC employees are scheduled to attend the August 2001 class, five from ODCSRMs and two from Command Counsel.

h. Financial Management Training Guide. The ODCSRMs in FY00 resurrected and revised the AMC Executive Training Guide for Financial Management, a comprehensive manual on financial management processes peculiar to AMC, last revised in 1995. This publication is designed as a primer and desk side reference primarily for AMC executives and

EXECUTION (Continued):

HQ, AMC AUMs (CONTINUED):

The Deputy Chief of Staff for Resource Management (Continued):

action officers who are unfamiliar with financial management and who occupy positions involving management of AMC's financial resources. This 100-page manual describes all the principal appropriations and funds managed by AMC and the programming, budgeting and execution process at directorate, installation and major command level. It addresses management's responsibilities regarding the administrative control of funds and related topics including management controls, internal review and audit compliance, cost and economic analysis, and the automated accounting systems. The new edition was published in September 2000 and subsequently placed on the HQ AMCRM homepage on the web. We intend to periodically update this document and retain it on the web site as a reference tool.

i. Depot Maintenance Cost Overruns. During FY01, the Command experienced cost overruns in several depot maintenance efforts involving major end items on fixed price work orders. The cost overruns occurred, in part, because maintenance proceeded on units that were delivered in condition substantially different than that presumed in establishing the fixed price or involved outside of scope work. In order to avoid future cost overruns resulting from such circumstances, we issued a policy memorandum over the Deputy Commanding General's signature, based on fixed price work order guidance in DFAS-IN 37-1 and emphasizing the need to be vigilant against accepting items in other than the agreed condition and unfunded scope of work changes.

j. Pollution Prevention Project. In FY00, HQDA Office of General Counsel requested AMC review a number of pollution prevention projects to determine if they had been funded with the correct appropriation. The HQAMC review revealed that one project had been inappropriately funded, but it also revealed that ambiguous language in DFAS-IN 37-100-XX had led many to conclude that OMA funds could be used to fund projects that were developmental in nature or involved production processes. This is not the case and could result in potential violations of the Anti-deficiency Act. While pursuing a clarifying change in the regulation, we issued interim guidance to the command directing that future pollution projects be funded under normal appropriation/fund rules, according to the nature of the effort of the project, notwithstanding the ambiguous regulatory guidance.

k. Cost Validation of PPBES Estimates. In FY01, the HQ AMC DCSRMS increased efforts to assure the preparation and validation of credible estimates for the PPBES in accordance with AMC R 37-4. These efforts enhanced documentation and definition of total program requirements, funded and unfunded, particularly in the RDA accounts. The MSC Cost Analysis offices were also provided significant cost validation and estimation assignments for AMC projects. Finally, economic analyses were being held to higher, more rigorous standards for approval to include proper and complete documentation, alternative analyses, beneficial payback results, and validation reviews. These internal control activities are intended to continue into future years.

EXECUTION (Continued):

HQ, AMC AUMs (CONTINUED):

The Deputy Chief of Staff for Resource Management (Continued):

1. Depot Maintenance Methods and Standards Program.

(1) In response to pressures to reduce overhead expenses and indirect manpower, depots had over time scaled back or effectively eliminated their methods and standards organizations. With this, they essentially lost the capability to update maintenance procedures and labor standards to reflect changes driven by changes in scopes of work, process improvements, new environmental requirements, and productivity enhancing capital investments. A gap began to grow between what the depot had documented it should take to do the work (should cost), and what it actually took to do the work (did cost). As a result, prices charged to customers regularly over or under-estimated the actual cost of repair, affecting the depot's ability to accurately forecast revenue, expenses, and workforce requirements. Depots also lost an accurate baseline against which to measure schedule and cost performance.

(2) Following visits to several depots, OSD and DA analysts saw the absence of an effective methods and standards program as being a significant management weakness for the reasons stated above. In Oct 00, OSD directed Army to reestablish the program at all depots. In Dec 00, DA directed AMC to develop an implementation plan. In response, in Feb 01 we provided DA a plan whereby Anniston and Corpus Christi Army Depots would reestablish their methods and standards programs in FY01, with Letterkenny, Red River, and Tobyhanna Army Depots coming on line in FY02. We established the requirement that each depot prepare an implementation plan defining the size and scope of the program (mission and functions, organizational structure, staffing, etc), as well as an execution plan updated every six months, outlining the programs to be studied. Emphasis is on major programs with the most significant variances between planned and actual direct labor hours, irrespective of whether the variance is positive or negative.

(3) Progress in implementing and executing the methods and standards program is tracked through the command Review and Analysis and the regular assessment of information captured through the Army Workload and Performance System.

Safety Office:

1. The AMC Radiation Policy Action Committee (RADPAC) developed a consolidated Radioactive Commodity Checklist in FY97. The Checklist identified all regulatory requirements (Federal, State and Army) and each license condition per item. Use of the checklist was continued in FY00. The checklist is currently being revised to further enhance its applicability.
2. Conducted accident prevention safety surveys of 5 aviation activities in the Command. Effectively identified issues of significance of both a positive and negative nature. Appropriate recommendations made for areas needing improvement with program reports to completion. Provided recognition to individuals, organizations and areas of outstanding contribution to the Command Aviation Safety Program.

EXECUTION (Continued):

HQ, AMC AUMs (CONTINUED):

Safety Office (Continued):

3. Conducted Radiation Safety Program Reviews during FY01.

Office of the Surgeon:

1. During FY 01, personnel from the Office of the Surgeon personally observed activities at nineteen AMC installations while conducting staff assistance and technical consultation visits.
2. Health Hazard Assessments were conducted using decentralized internal control checklists.
3. The Office of the Surgeon's five-year Management Control Plan has been revalidated. During FY 01, management control evaluations were conducted for the areas of radiological health.

MAJOR SUBORDINATE COMMANDS (MSCs) and SEPARATE REPORTING ACTIVITIES:

This section includes input from subordinate commands in the areas of Leadership Emphasis, Management Control Training and Execution as follows:

Army Research Laboratory (ARL):

LEADERSHIP EMPHASIS

1. A paragraph on Management Controls has been incorporated in the Performance Standards of every manager, supervisor, and team leader. These objectives are considered in the performance ratings under the element of Management/Leadership and Supervision/EEO.
2. Deputy Associate for Corporate Programs instituted a process whereby critical performance metrics and indicators are tracked on monthly/quarterly/annual basis.

Army Research Office (ARO):

1. ARO Directors personally appointed evaluators to accomplish the management control evaluations for their responsible mission activities.
2. The ARO Director has aligned the ARO Small Business Programs Office (previously know as ARO-WA) directly under the Research and Technology Directorate to strengthen oversight of the Small Business Innovative Research (SBIR) and Small Business Technology Transfer Research (STTR) program.
3. Management control duties were reassigned from the organization's operating accountant to its management analyst to better integrate the management control program with other ARO management effectiveness programs.

MAJOR SUBORDINATE COMMANDS (MSCs) and SEPARATE REPORTING ACTIVITIES (Continued):

Army Research Office (ARO) (Continued):

LEADERSHIP EMPHASIS (Continued):

4. Small Business Office independently researched procurement and small business regulations regarding order of precedence for awards over \$10,000 and in-house processing of same. Joint decision on process was accomplished for promulgation to the field.
5. Equal Employment Opportunity Office (EEO) addressed the importance of effective management controls through e-mail, internal staff meetings and circulation of the FY01 Management Control Plan.
6. Human Research and Engineering Directorate (HRED):
 - a. Continued to have an open door policy. Formed a committee to decide on the upgrades for renovations of HRED building 459.
 - b. Relocated the travel and training functions within one office for consistency across the directorate.
 - c. Personally attended and interviewed possible new candidates at HBCU Job Fairs which resulted in the hire of 5 minorities as SCEPs or STEPs.
 - d. Held daily inner staff meetings with Division Chiefs and office staff to update on management issues, current progress, and to provide pertinent information from the Office of the Director.
 - e. Ensured all managers and supervisors were aware of their responsibilities and accountability for the adequacy of management controls.
7. Sensors and Electron Devices Directorate (SEDD) provided personal emphasis and guidance to ensure awareness of management controls through circulation of management control memorandums and discussions at staff meetings. Supervisors are continually monitoring and executing controls for management of issues in the Zahl Physical Sciences Building. These issues include safety, improving daily work conditions, and efficiency of scientific operations. Individuals have been designated as project leaders to follow-up on these efforts and to complete them successfully. The effectiveness of communication and facilitation of subordinates across the organization enables the efforts needed for response to problems and determine what level of authority is needed to respond promptly.
8. Survivability/Lethality Analysis Directorate (SLAD):
 - a. Managers and supervisors are aware of ongoing activities through daily oversight of operations, visits to offices, review of correspondence and personal discussions regarding ongoing administrative and operational issues.

**MAJOR SUBORDINATE COMMANDS (MSCs) and SEPARATE REPORTING
ACTIVITIES (Continued):**

Army Research Office (ARO) (Continued):

LEADERSHIP EMPHASIS (Continued):

b. Issued a policy to the Division Chiefs emphasizing the importance of maintaining prescribed internal controls to subordinate level supervisors. Management control information provided by the MCA is distributed to managers within SLAD.

c. Senior staff meetings are held on a regular basis at which various management issues are discussed to include internal management controls.

d. SLAD is located at three separate geographical sites creating challenges for management. The sites are connected via VTC for various meetings, thereby reducing travel costs. When new processes are introduced, the staff must ensure they will work at all the sites.

9. Weapons and Materials Research Directorate:

a. Managers, supervisors, and team leaders in COS organizations are aware of ongoing activities through regular visits to activities in their assessable units, personal one-on-one discussions with subordinate personnel, review of reports and other correspondence, and discussions regarding ongoing operational and administrative types of controls and issues at staff meetings.

b. The Management Control Administrator (MCA) prepared numerous memorandums for signature of the Director, COS, or Resource Manager regarding management control program, processes, evaluations, training materials, and material weaknesses. These memorandums were distributed to AUMs and/or other ARL managers and supervisors to increase awareness and ensure all managers and supervisors realize their formal responsibility and accountability for the adequacy of the management control process.

c. The Management Control Administrator (MCA) has participated in several Command In-briefs for various inspection teams. Eleven new controls were added to the FY01 Management Control Plan, and seven were deleted or consolidated with others. COS managers, supervisors, and team leaders are periodically encouraged to read and incorporate the standards into their everyday activities. The MCP is used by the COS activities as an oversight tool.

MANAGEMENT CONTROL TRAINING

1. The Resource Manager and Management Control Administrator attended the DA Management Control Symposium in Scottsdale, Arizona, in August 2000.

2. The Aberdeen Proving Ground Management Control POC and the ARO Management Control POC are scheduled to attend the DA Management Control Symposium in August 2001.

**MAJOR SUBORDINATE COMMANDS (MSCs) and SEPARATE REPORTING
ACTIVITIES (Continued):**

Army Research Office (ARO) (Continued):

MANAGEMENT CONTROL TRAINING (Continued):

3. The VTD MC POC completed the Army Management Control Administrator's Course on 8-9 June 2001.
4. The ARO MC POC will be scheduled to attend the USDA three-day management control course in FY02. The ARO MC POC has conducted one-on-one training sessions with ARO scientists and action officers assigned as management control evaluators in FY01. He has used this opportunity to review the objectives and processes of the DA management control program.
5. The MCA provided one-on-one telephonic or personal management control guidance and assistance to individuals and groups ARL-wide concerning various aspects of the process.
6. The MCA was invited to an Installation Services Office staff meeting to brief supervisors and team leaders on management controls. Fifteen people were present.
7. Innovative approaches:
 - a. The videotape titled "Management Control: A Road Map to Stewardship" has been viewed by 26 personnel this year. The video remains on the ARL Inside intra-net for viewing of all employees with computer audio capability.
 - b. Managers, supervisors, and team leaders use the ARL Management Control Guide on a regular basis as a desk-side reference. Additional copies were requested during the year for distribution to other personnel.
 - c. Forty-six managers, supervisors, and team leaders have advised in their annual feeder assurance statements that they have reviewed and understand the GAO Standards.
 - d. Twelve personnel reviewed the Management Control Process Electronic Training Brief on the ARL Inside intra-net. All managers, supervisors, team leaders, and employees have been reminded about the various management control training applications on the ARL Inside Intranet.

EXECUTION

1. The Management Control Plan (MCP) was updated as required. Twenty key controls and twenty alternative controls are scheduled for evaluation this fiscal year. All property inventories were reconciled, with no major discrepancies. All Time and Attendance Certifying Officials created a new checklist for execution one quarter of every fiscal year.
2. Internal Review and Audit Compliance Office:
 - a. Reviewed audits, inspections, and other independent review reports for identification of material weaknesses.

**MAJOR SUBORDINATE COMMANDS (MSCs) and SEPARATE REPORTING
ACTIVITIES (Continued):**

Army Research Office (ARO) (Continued):

EXECUTION (Continued):

b. Applicable internal management controls were examined for the areas covered in internal reviews as a routine part of each audit. All replies to audit recommendations issued to ARL are reviewed and coordinated with the appropriate organizational elements to ensure that any relating to deficiencies in internal controls are appropriately addressed and acted upon. Follow-up is initiated on commitments to ensure that agreed upon action is taken. As a part of all audits where significant deficiencies are identified, the responsible managers are asked to make a determination of materiality and to report those items determined to be "material" to the MCA.

Annual audits are conducted on the status of all ARL material weaknesses with the prior year director's assurance statement to confirm completion of corrective actions and assess the efficacy in resolution of the weakness.

3. Weapons and Materials Research Directorate:

a. The Military Deputy Director continues to conduct "command inspections" of facilities to review housekeeping, use of facilities, review of safety procedures, and where efforts may be required to upgrade facilities. Members of the Chief of Staff support offices participate in these inspections and provide an invaluable service.

b. Weapons and Materials Research Directorate continues to hold its quarterly reviews and analyses to review budget execution, safety and health issues, logistics accomplishments and concerns, facilities modifications and concerns, reports publication, and personnel losses and gains.

4. Human Resources Office: Assigned a senior grade employee to ensure appropriate management control emphasis.

5. Installation Services Offices:

a. Electronic and Mechanical Technology Branch - Established an internal system to help maintain and increase efficiency of performing inventory on durable items by taking digital pictures of all items on the inventory, thereby reducing the time it takes to do inventories, and also reduced the time in locating items which were hard to find in the past because the allowed descriptions did not match the actual items.

b. Environmental Quality Branch - Conducted internal environmental quality audits of the areas of greatest environmental concern at ALC. Implemented schedule for detailed reviews of wastewater related operations in the new Zahl Physical Sciences Laboratory. These types of activities have proven successful as shown through the recognition by the Washington Suburban Sanitary Commission (WSSC) for compliance record related to wastewater discharges.

MAJOR SUBORDINATE COMMANDS (MSCs) and SEPARATE REPORTING ACTIVITIES (Continued):

Army Research Office (ARO) (Continued):

EXECUTION (Continued):

c. Infrastructure Planning Branch - Continued to process complex reports through multilevel review procedures. Results are documented in minutes of control board meetings and other forums. - Critiqued audits and reviews conscientiously and continually revisited staff practices to ensure controls are in place and any necessary corrective actions taken.

d. Law Enforcement and Physical Security (LEAPS) Branch - Followed up on inspection reports and ensured corrective actions noted in the most recent AMC survey were completed; additional Guard personnel were hired.

6. Public Works Division (DPW) - Uses weekly project meetings as a forum for judging the work process effectiveness, while customer feedback is factored into operational decisions to ensure seamless and constant transformation of the DPW work information source. As a result of this emphasis on continuous process improvements, the DPW made tangible progress in many aspects of management controls. Performance measured against the Installation Status Report I is an integral element of these meetings. Participated in a variety of regular meetings concerning the operational problems with the Zahl Physical Sciences Laboratory that has proven to be worthwhile in meeting the customer's mission needs.

7. Risk Management Division (RK) - Uses Command inspections as a tool to measure effectiveness of controls to ensure controls are being carried out within the technical directorates. In efforts to reorganize and combine programs between sites, conducted reviews of operational programs to determine ways to improve implementation and execution of daily management. These procedures should provide potential improvement and consolidation of operations while still maintaining effective controls in each functional area. Key management control areas such as Safety Program Management, Range Safety, Safety Systems Engineering, Safety Investigations and Reporting Accidents/Record-keeping, Safety Accident Prevention, Safety Ammunition Explosives, and Safety Non-Ionizing Radiation were evaluated at least annually for areas of improvement even though they may not have been scheduled for evaluation.

8. Logistics Office - Checklists for Command Supply Discipline Program (CSDP) for all sites were updated IAW AR 710-2 for the areas of Supply Support and Property Book. Conducts personal assistance visits to Logistics Offices at all sites as needed, or at least on a quarterly basis. Developed new OCONUS Travel checklist.

9. Resource Management Office -

a. Revised ARL policy on time and attendance reporting. Created new checklist for Time and Attendance Certifying Officers to execute at least one quarter during the fiscal year. Each pay period assured time and attendance records for all ARL employees were properly certified. Assured management controls were included in all policies, procedures and systems developed.

MAJOR SUBORDINATE COMMANDS (MSCs) and SEPARATE REPORTING ACTIVITIES (Continued):

Army Research Office (ARO) (Continued):

EXECUTION (Continued):

- b. Feedback from a Management Control Customer Satisfaction Survey showed satisfactory results.
 - c. Conference Management guidance posted to the ARL Inside intra-net in FY00 has proven beneficial. The conference requesters used the AMCR 1-12 request form with an ARL checklist to guide them through the regulatory requirements. Three conferences were approved in FY01.
10. Adelphi Contracting Division, Robert Morris Acquisition Center - Established management control objectives for metric program execution, documentation of results, and resources obligations. Progress is measured against these goals and objectives on a quarterly basis and adjustments are made when necessary.

Aviation and Missile Command (AMCOM):

LEADERSHIP EMPHASIS

1. The Commanding General signed a memorandum, dated 27 Apr 01, that stresses the importance of the MCP AMCOM wide. The memorandum addresses having proper controls in place and working effectively, reporting of weaknesses, how to locate the inventory of key controls on the AMC IRAC homepage, and solicits continued support for the upcoming ASA input to AMC. Memorandum was distributed to all managers/supervisors.
2. AMCOM Policy 11-2, subject: Management Control Program, was signed by the Commanding General on 21 May 01. This policy has been placed on the Command Homepage Directives section and describes the MCP and how it works here at AMCOM.
3. The Commanding General signed a memorandum updating the appointments of Assessable Unit Managers (AUMs). In this memorandum he referred to AR 11-2 and described the specific responsibilities of the AUMs.
4. The Chief of Staff gave a presentation on Management Controls at the Executive Steering Committee meeting in Apr 01. He addressed how each manager is accountable for ensuring proper utilization of Federal resources. He also emphasized the importance of the upcoming Annual Statement of Assurance. In addition, the Chief congratulated each organization that had management control statements in 100% of their performance standards.
5. Management controls are given a high priority and management encourages a positive attitude toward the controls. Emphasis has been, and will continue to be, placed on controls to ensure that all responsible officials have performance standards on management control responsibilities and are rated on these standards. The Management Control Administrator

**MAJOR SUBORDINATE COMMANDS (MSCs) and SEPARATE REPORTING
ACTIVITIES (Continued):**

Aviation and Missile Command (AMCOM)

LEADERSHIP EMPHASIS (Continued)

(MCA) personally reviewed 507 performance standards to ensure compliance with this command policy.

6. Many managers address management controls in their weekly staff meetings throughout the year. Numerous senior managers have also added their own comments and support during the annual training sessions.

MANAGEMENT CONTROL TRAINING

1. Input received from the AUMs for the ASA addresses understanding and adherence to the GAO Standards. Operating managers were trained in the use of the management control evaluations during the training provided by the Management Control Administrator (MCA).

2. Training was presented to 580 of approximately 600 managers/supervisors, team leaders, points of contact, etc., at Redstone Arsenal. Some managers of the smaller organizations requested the MCA present the training to their total organization. This training was presented at the organizational level and consisted of a presentation of the briefing package sent down by AMC in February 2000, followed by a question and answer session. In addition, the film, A Roadmap to Stewardship, was shown to all new supervisors.

Training at the depots consisted of:

a. Corpus Christi Army Depot (CCAD) – Trained approximately 169 personnel consisting of 158 supervisors (which is the total number of supervisors) and 11 other personnel with other areas of interest. The videotape, A Roadmap to Stewardship, was presented.

b. Letterkenny Army Depot (LEAD) - LEAD has trained 65 out of 76 managers. The remaining managers should be trained by the end of August. The training method was an in-house briefing and the Roadmap to Stewardship videotape.

3. Total training figures for the headquarters and depots are: 814 trained of 845 that required training. The remaining personnel will complete the training before the end of the fiscal year.

EXECUTION

1. The evaluation of the MCP by AMCOM organizations included the use of various alternative evaluation processes in addition to the use of standardized checklists. Many organizations also completed internal checklists on administrative issues within their individual offices, which are not reflected on our 5-year plan.

2. The MCA and unit points of contact attend audit conferences and review the audit reports to determine if any findings relate to management control shortcomings. One of the weaknesses we submitted this fiscal year is the result of an AAA audit.

MAJOR SUBORDINATE COMMANDS (MSCs) and SEPARATE REPORTING ACTIVITIES (Continued):

Aviation and Missile Command (AMCOM)

EXECUTION (Continued)

3. INTERNAL REVIEW AND AUDIT COMPLIANCE (IRAC): One employee attended a 5-day session on fraud training, sponsored and taught by the US Army Audit Agency. The same employee took a computer course on fraud training that will qualify him to become a Certified Fraud Examiner. This accomplishment is considered an added value to the management control process both to the IRAC Office and potentially to other offices throughout the command.
4. LEAD AMC INTEGRATION SUPPORT OFFICE (LAISO): The Business Management Office prepares a monthly Review and Analysis Report that is presented to all LAISO managers and team leaders. The report consists of key managerial information relating to budget/funds status, manpower status, contract execution, credit card purchases, overtime/leave/training status, etc. This report is used as a key management control to highlight conditions needing immediate attention and as an indicator of program status.
5. COMPETITION MANAGEMENT OFFICE: Internal Standard Operating Procedures have been established for travel and security as a management control tool.
6. CORPORATE INFORMATION CENTER: A 100% follow-up was conducted on Telecommunications Billings and Payments by Department of the Army Inspector General, Base Closure Account Expenditures to Relocate the Army Aviation and Troop Command conducted by Army Audit Agency, Micro-computer Maintenance Procedures and Controls conducted by IRAC and Telephone Services conducted by IRAC.

Communications-Electronics Command (CECOM):

LEADERSHIP EMPHASIS

1. Support for the Management Control Process is evidenced in the emphasis placed on identifying and correcting all material weaknesses. CECOM conducted an MCP conference with the Command Group and organizational Directors on 11 July 01. This process is used as a forum to discuss organizational efforts in MCP, including training, checklist completion, and corrective action plans for new and prior year material weaknesses.
2. Another command effort in this regard is the requirement that the Quarterly Review And Analysis briefings to the Commanding General include a segment by each organization on the status of prior year material weaknesses and findings on new material weaknesses.

MANAGEMENT CONTROL TRAINING

1. CECOM provided formal briefings to new managers (including team leaders) and informal training to those managers who had already received formal training. A total of 1,179 were trained during FY 01. CECOM has trained 99% of its managers; 16 were not trained.

MAJOR SUBORDINATE COMMANDS (MSCs) and SEPARATE REPORTING ACTIVITIES (Continued):

Communications-Electronics Command (CECOM) (Continued):

MANAGEMENT CONTROL TRAINING (Continued)

2. The command's informal training consisted of managers reading and signing a three-page statement on their MCP responsibilities. The statement addressed: the purpose of MCP, the five year plan for management controls, definitions, guidance on how to determine a material weakness, instructions on how to complete a checklist, and GAO standards.

3. Innovative approaches: CECOM maintains a computerized database of training statistics, and has MCP briefing charts on the CECOM Intranet for viewing by all employees.

1,016 read and signed CECOM's three-page instructional narrative on MCP or viewed the video "A Roadmap to Stewardship." Also, Tobyhanna Army Depot issued to its managers an internally developed training book which contains the following: Command guidance training charts, sample forms and exhibits, copies of AMC guidance circulars; and an excerpt from the Federal Managers Financial Integrity Act of 1982.

EXECUTION

1. CECOM's MCP Plan ensures that each Department of Army (DA) checklist is completed at least once, and in most cases more than once, every five years.

2. A 100% follow-up is conducted on General Accounting Office, U.S. Army Audit Agency, (USAAA), and DoD Inspector General (DoDIG) findings and recommendations.

3. CECOM's two Internal Review and Audit Compliance Offices conducted reviews of corrected material weaknesses and verified the accuracy of the documentation.

4. The following audits were conducted at Fort Monmouth:

a. Secure Environment Contracting. AAA issued report AAA-01-66 in Dec 00. CECOM performed a follow-up in March 01 and issued a report, which was conducted in accordance with the Fix-it process as prescribed in AR 380-381©. The recommendations were implemented.

b. Batteries/Power Sources. AAA issued a Memo report to the command but since CECOM took action during the course of the audit there were no recommendations.

c. Overtime Authorizations. This was an internal review of compliance with CECOM policy. There were some continuing problems and we are keeping this area open as at the command level.

d. TDY. IRAC performed an internal review in this area of compliance. No major problems were found.

5. The following audits were conducted at the Tobyhanna Army Depot:

MAJOR SUBORDINATE COMMANDS (MSCs) and SEPARATE REPORTING ACTIVITIES (Continued):

Communications-Electronics Command (CECOM):

EXECUTION (Continued)

a. DODIG Audit of Accountability and Control of Materiel at Maintenance Depots. Two DODIG Draft Audit Reports were issued. For the first, Accountability and Control of Materiel at the Tobyhanna Army Depot, Command Reply issued to Higher Headquarters for their reply to DODIG. The second, Accountability and Control of Materiel at the Tobyhanna Army Depot - Stockage of Communications-Electronics materiel is currently being staffed for comments.

b. DODIG Follow-up Audit of Procurements of Military Clothing and Related Items by Military Installations in the United States. Report not issued.

c. USAAA Peer Review of the Army's Internal Review Program. USAAA issued a Memorandum Report in December 2000. USAAA found that the TYAD IRAC Office had an effective internal quality control system

d. AMC IG Systemic Inspection of Personnel Accountability. Report not issued.

6. Additional steps taken to ensure a successful management control process:

a. Our RDEC took a proactive approach to ensure the accuracy of the equipment listed in each Directorate's Project Folder. To accomplish this mission, a full time person was assigned the responsibility of inspecting every folder's equipment in the CECOM/Fort Monmouth/Lakehurst locations. There are 135 Project Folders located in our local area. At this time, 98% of the project folder equipment has been inspected with only the equipment located at Lakehurst remaining to be inspected. The inspection revealed an excellent accounting of the equipment. Approximately 85% of the folders reviewed passed on the first look and those that required a second inspection passed at that time. Some areas that required a re-inspection were due to the nature of the area where the equipment was located. These situations were warehouse type areas and often had equipment moving in and out on a constant basis, as projects were completed and disassembled.

b. Our Systems Management Center utilized a tool for assessing and controlling program status entitled the Monthly Acquisition Program Review (MAPR). The MAPR addresses key performance characteristics that relate to the successful execution of a program. As a minimum, all of the PM offices must provide quarterly input on the status of their programs, identifying whether the program is on track (Green); has some problems (Amber); or is facing major problems (Red). The MAPR alerts all personnel in the management chain to possible problems that could be an indication of poor management controls. Those programs that are other than Green must report on a monthly basis until they are back on track.

c. CECOM has a local network of organizational administrators that operate in accordance with the guidance of our CECOM Administrator. They are connected via an efficient e-mail system. Policy and audit findings are immediately available to all.

d. The administrator works closely with our Internal Review and Audit Compliance Office so that pertinent audit findings are quickly disseminated.

MAJOR SUBORDINATE COMMANDS (MSCs) and SEPARATE REPORTING ACTIVITIES (Continued):

Operations Support Command (OSC):

LEADERSHIP EMPHASIS

e. CECOM is continuing its policy of having each organizational Director function as an Assessable Unit Manager (AUM). Each AUM prepares his/her own Annual Assurance Statement to the Commander, CECOM.

1. The OSC Commanding General (CG) signed and issued Policy Memorandum Number 14, Management Controls and Stewardship, 4 Dec 2000, to all the OSC subordinates.
2. The OSC sent a memorandum with the subject: Management Controls – Statements of Responsibility on 16 Jan 2001 to the US Army Munitions and Armaments Command (MAC) and the US Army Field Support Command (FSC). It addressed the importance of ensuring that all new commanders and managers have a statement of management controls responsibility in their performance objectives.
3. The MAC prepared and issued special guidance addressing statements of management controls responsibility be included in all new commanders and managers performance objectives.
4. The OSC Commanding General formally appointed assessable unit managers (AUMs) within OSC and outlined their management control responsibilities and his expectations.
5. At the direction of the OSC Commanding General, an Executive Steering Group (ESG) on Management Controls was established within Headquarters (HQ), OSC. The ESG, which is comprised of senior managers, reviews potential material weaknesses and makes recommendations to the Commanding General. The OSC commands and organizations reported no potential new material weaknesses. The OSC Management Controls ESG did not meet because there were no potential weaknesses to discuss.
6. The OSC is using metrics to monitor the performance of different functional areas. We are using the Metric Management Reporting System for housing our metric system.

MANAGEMENT CONTROL TRAINING

1. The AUMs continued aggressive training programs to ensure that every manager understands the General Accounting Standards and how to apply them to daily operations, and operating managers understand their incremental responsibilities for using the management control evaluations for day-to-day guidance and formal application as required by the OSC MCP.
2. The OSC had a total number of 266 personnel trained command wide. One person took the US Department of Agriculture (USDA) Management Control Administrator (MCA) course in FY 2001.

**MAJOR SUBORDINATE COMMANDS (MSCs) and SEPARATE REPORTING
ACTIVITIES (Continued):**

Operations Support Command (OSC):

MANAGEMENT CONTROL TRAINING (Continued)

4. OSC Held the Management Controls Workshop on 24-25 April 2001. The workshop attendees had input into how the OSC would implement the management control process in view of changes effective this year by participating in the workshop. The workshop further facilitated communication between all command management control elements and audit/inspection elements. We had 15 OSC attendees and 1 US Army Tank-Automotive and Armaments Command attendee.

5. Innovative Approaches to Management Control Training:

- a. Provided Management Controls Evaluation training to five HQ OSC personnel.
- b. Forty-one OSC personnel watched the “Management Controls: A Roadmap to Stewardship” in FY 2001.
- c. Management Controls Column in the “Productivity Today” newsletter. The OSC publishes and distributes approximately 250 newsletters quarterly. The Management Controls column addresses the latest news in management controls, i.e. GAO Standards, how to document a test for management control evaluations.
- d. Posted the following information on the OSC Web Page:
 - (1) The Federal Managers Financial Integrity Act.
 - (2) The US General Accounting Office (GAO) Standards for Internal Control in the Federal Government.
 - (3) AR 11-2, Management Control.
 - (4) OSC MCP along with MCP guide and list of changes from FY 2000 to FY 2001.
 - (5) Hyperlink to the US Army Material Command Management Control web page.
 - (6) The OSC Commanding General’s Policy Memorandum Number 14 on Management Controls and Stewardship.
 - (7) Army Management Control Evaluations. This is a hyperlink to the Inventory of Army Management Control Evaluations.
 - (8) Document the Test. A document that explains how to document the tests used to evaluate the controls.
 - (9) Management Control Primer. A document that provides a basic overview of the management control process.

MAJOR SUBORDINATE COMMANDS (MSCs) and SEPARATE REPORTING ACTIVITIES (Continued):

Operations Support Command (OSC):

MANAGEMENT CONTROL TRAINING (Continued)

(10) Operation Support Command Management Control Evaluation Checklists. Lists the five OSC evaluations.

(11) The 2001 OSC Management Controls Workshop Charts. Lists the briefing charts used for the workshop.

(12) The FY 1998, FY 1999 and FY 2000 Annual Statements of Assurance along with enclosures.

EXECUTION

1. We made the following actions to assess the effectiveness of management control process and improve its execution:

a. The MCAs and POCs made sure that responsible officials had performance objectives on management controls in their job evaluation forms and their supervision is rating them on these objectives. Specific actions are as follows:

(1) The OSC MCA issued a memorandum addressing the importance of having a statement of management controls responsibility for new commanders and managers in January 2001.

(2) The Civilian Executive Assistant, FSC, directed that all division chiefs include a management control objective in their performance objectives.

(3) The AMC Forward - Southwest Asia added a requirement that an explicit statement of management control responsibility be in the performance objectives of all managers to the Management Control Plan.

(4) At the AMC Combat Equipment Group - Afloat, all responsible management personnel within the organization have management controls written into their respective performance standards and their supervisors evaluate them accordingly on adherence to these standards.

(5) At AMC Forward - Far East, the Commander and Deputy to the Commander directed that supervisors and managers include an explicit statement of responsibility for management controls in their performance agreements.

(6) At HQ MAC, the MCA prepared MAC Policy Memorandum Number 7 to address AMSOS-RMP memorandum, 16 Jan 2001, subject: Management Controls – Statements of Responsibility. Specifically, the aforementioned memorandum strongly recommends establishing procedures to ensure incoming Commanders include a management control statement in the Officer Evaluation Report Support Form, DA Form 67-8-1. The MAC Policy Memorandum Number 7 establishes this control and applies to all military and civilian managers or supervisors. This policy also covers current military and civilian managers and

MAJOR SUBORDINATE COMMANDS (MSCs) and SEPARATE REPORTING ACTIVITIES (Continued):

Operations Support Command (OSC):

EXECUTION (Continued)

supervisors. The MAC issued this policy to all MAC organizations 30 March 2001. The MAC installations also issued management control guidance to their personnel during the fiscal year.

b. The OSC MCA participated in the Command Assessment program at Hawthorne AAP, Sierra Army Depot, Milan AAP, Rock Island Arsenal, and Blue Grass Army Depot. The MCA reviewed each installation's management control process for compliance with the requirements of AR 11-2, provided training as requested by the installation, and reviewed and provided feedback on the installations' previous two fiscal years' management control evaluations.

c. The OSC MCA reviewed HQ OSC management controls evaluations for accuracy, testing documentation, and thoroughness. The MCA provided feedback when needed.

d. The OSC gave special attention to the Audit Resolution and Compliance Standard. This ensured that effective controls were in place to ensure compliance with the provisions of AR 11-2, Management Control; AR 36-2, Audit Reports and Follow up; AR 623-105, Officer Evaluation Reporting System; and AR 690-400, Total Army Performance Evaluation System involving management control responsibilities and audit resolution in performance agreements. We have listed all the pertinent audits in enclosure 2.

e. The OSC utilizes an audit database developed to identify and track to correction all audit and inspection findings against the OSC. While higher headquarters elements (AMC/DA) are responsible for corrective actions on a number of the audit findings, the database provides an excellent tool for monitoring weaknesses within the OSC.

2. We instituted the following management control actions:

a. We developed the OSC FY 2001 MCP to include all key Army management controls applicable to OSC. We have scheduled the evaluations on a biannual basis. This more than meets the criteria of at least once every five years. We posted the OSC MCP on the OSC Management Controls web page at the following address: <http://www.osc.army.mil/rm/rmp/mgmtctrl.htm>.

b. We use the OSC Command Assessment program to assess the different functional areas at an element and give the results to the element Commander and the Headquarters Commander. We have listed the details of the OSC Command Assessment program in enclosure 2 at paragraph 2.b.

c. The OSC innovative actions are as follows:

(1) Metrics. The OSC is using metrics to monitor the performance of different functional areas. We are using the Metric Management Reporting System for housing our metric system. OSC elements identified performance metrics and report status of those metrics in a quarterly Review and Analysis (R&A). The R&A process ensure that important performance indicators

MAJOR SUBORDINATE COMMANDS (MSCs) and SEPARATE REPORTING ACTIVITIES (Continued):

Operations Support Command (OSC):

EXECUTION (Continued)

are tracked and analyzed and constitute an effective control mechanism for safeguarding against waste and mismanagement.

(2) The AMC Combat Equipment Group – Europe (CEG-E) is implementing the Contractor Performance Certification Program (CP2) Program. It is a program that measures the entire command's quality system. The intent of the program is to ensure that management understands and controls all processes within the command. The CP2 program has 28 elements that provide knowledge about the performance of the organization. Examples of those elements are Document and Data Control, Contract Review, Purchasing, Process Control, Inspection and Testing, Corrective and Preventive Action, Internal Quality Audits, and Control of Quality Records. The CEG-E does internal studies using the 28 elements as a guide to identify strengths and weaknesses.

(3) The MAC does reviews of operational programs to verify/improve implementation and execution controls. Examples of MAC efforts to accomplish this are as follows:

- (a) Worldwide Army Reporting System reviews.
- (b) Stratification of Assets Annual Review.
- (c) Committee for Ammunition Logistics Support Conference.
- (d) Command Assessment Program Site Visits to subordinate installations.
- (e) Annual physical inventories. Category I items have inventories twice a year.
- (f) Proper life cycle management for all assigned systems and programs.
- (g) Demilitarization Users Group Meeting.
- (h) Global Demilitarization Symposium.
- (i) Munitions Functional Area Assessment.
- (j) Acquisition and Process Integrated Product Teams.
- (k) Prudent Industrial Base Management and Stewardship.

3. We are providing the following details in the audit area:

a. OSC had no follow-up actions on GAO, US Army Audit Agency, or DOD Inspector General findings or recommendations.

MAJOR SUBORDINATE COMMANDS (MSCs) and SEPARATE REPORTING ACTIVITIES (Continued):

Operations Support Command (OSC):

EXECUTION (Continued)

b. The OSC Internal Review and Compliance Office validated that the material weakness AMSOS-96-4, Headquarters Application System (HAS) Project/Service Order Designator was corrected. They issued the validation memorandum in June 2001.

c. The Information Management Directorate validated that the material weakness AMSOS-00-2, Incorrect Submitter Information in the Automated Time, Attendance and Production System (ATAAPS) Graphical User Interface (GUI). They performed System Query Language tests using Oracle on ATAAPS. They verified that the new version of ATAAPS corrected the weakness.

Soldier and Biological Chemical Command (SBCCOM):

LEADERSHIP EMPHASIS

1. A revamped approach was initiated for management controls within our command of diversified missions and empowered assessable units. The Chief of Staff was appointed as the Senior Responsible Official (SRO) for the management control process to emphasize command interest.
2. Appointment memoranda were signed and released for 18 Assessable Unit Managers (AUMs) to support the Command's designated top-level assessable units. Guidance and training presentations were issued to highlight AUM requirements and command expectations. Confirmation was received from each appointed AUM that management controls were an identified responsibility within the performance agreement. Guidance included a FY01 fast track action plan, which serves as a point-in-time baseline for our revamping efforts. The FY01 evaluations included those identified for evaluation at the Department of Army level, SBCCOM directed specific evaluations, along with the AUM already scheduled evaluations.
3. The appointed SBCCOM AUMs took an active leadership role supporting increased focus on stewardship and management control of government resources. All reworked the FY01 inventory schedule to accommodate the Command's revamped FY01 inventory of evaluations. Evaluation results were documented and results certified by the AUMs. Through internal and external evaluations/reviews/audits and investigations/surveys, AUMs highlighted 14 deficiencies where corrective actions are being worked/already resolved at the local level. None are considered material weaknesses requiring next level management attention.

MANAGEMENT CONTROL TRAINING

1. Increased emphasis was placed on management controls training this fiscal year. The two-day DA Graduate School Course for Management Control Administrators is being brought on

MAJOR SUBORDINATE COMMANDS (MSCs) and SEPARATE REPORTING ACTIVITIES (Continued):

Soldier and Biological Chemical Command (SBCCOM):

MANAGEMENT CONTROL TRAINING (Continued)

site 30 and 31 July 2001. This course was selected since it is appropriate training for both the

MCA and the AUM. In addition, the SBCCOM MCA coordinated with the NECPOC training coordinator to have this course listed in the FY02 training plan of possible on-site courses based on interest identified at this site. The MCA for the RDA assessable unit at our Natick site is also planning to have the course brought on-site in the future. This initiative will not only support reduced travel costs but also help to encourage AUMs and MCAs to attend the formal training sessions. It supports our command's increased focus on management controls.

Formal training - A mixture of 30 MCAs/AUMs will be attending the DA Graduate School class on Management Controls for Management Controls Administrators at the Edgewood site in FY01. Also, 2 individuals at the PBA site received formal training this year.

Informal training - All 18 AUMs and their supporting MCAs received a copy of the HQDA and HQ AMC training presentations as part of the initial appointment instructions, along with a copy of the SBCCOM management controls process diagram and a fast track action plan detailing required actions planned for the last six months of the fiscal year.

Innovative Approaches:

a. The SBCCOM AUMs, MCAs, and subordinate managers are supporting the Command's increased focus on management controls and communicating the requirements throughout their assessable units. The SBCCOM assessable units' MCAs have, in turn, communicated the available training materials to their lower level AUMs and MCAs. Some used town halls, their Management Control Plans, handouts, slide presentations/overview briefings, desk-side discussions, web-site data, staff meetings, and train the trainer approaches to reemphasize management control requirements.

b. References on management controls requirements are outlined on the SBCCOM Intranet web as a broad-based training vehicle for the command. All AUMs confirmed they have an understanding of the GAO standards and are applying them in daily operations.

c. The SBCCOM web page serves as a link to the HQDA and HQ AMC training presentations, governing laws and regulations, and to GAO Standards for AUMs and MCAs to revisit or for new managers as they come on board.

d. The SBCCOM MCA provided a management controls process diagram, a FY01 fast track action plan, met with some AUMs to discuss requirements as needed, and provided desk-side training sessions with some new MCAs. In addition, established a reference notebook of requirements documents that was made available for MCAs to review and copy. The SBCCOM MCA developed a sample completed DA 11-2-R Form which was provided as a training

MAJOR SUBORDINATE COMMANDS (MSCs) and SEPARATE REPORTING ACTIVITIES (Continued):

Soldier and Biological Chemical Command (SBCCOM) (Continued):

MANAGEMENT CONTROL TRAINING (Continued)

reference document for all assessable unit AUMs/MCAs. A standard format for the cover assurance statement was also generated with the three types of assurance statements to help the AUMs/MCAs.

EXECUTION

1. The management controls process and the hierarchy of command level assessable units, AUMs, and the supporting Management Control Administrators (MCAs) for SBCCOM were diagramed and communicated via electronic mail and an intranet web page.
2. Our web page is used to communicate the process and highlight top-level AUMs and MCAs accountable for command compliance. In addition, it contains guidance, HQ DA and HQ AMC presentations, and links to GAO Reports and Findings, DA inventory of evaluation checklists, and to other sites containing management controls direction/instruction/regulatory guidance.
3. A lessons learned briefing was provided the Deputy Commander, SRO and the SBCCOM MCA by a contractor representative to highlight areas to avoid and areas that have proven beneficial to other government organizations and private firms.
4. Part of the revamping process included a review of SBCCOM's identified assessable units. In the prior year, all command staff elements were covered under one assessable unit/AUM. For FY01, each element was appointed an AUM to be held accountable for efficient and effective management controls. Along with the approach to identify new assessable units, SBCCOM decided to scratch all existing five-year inventories of scheduled evaluations and use FY01 as a point-in-time revamping baseline. Plan is to generate the required new five-year inventory (FY02-06) at a workshop this year. This was done to give the program new focus and emphasis.
5. Besides revamping the overall process covering identification of the assessable units and scheduling evaluations, SBCCOM developed a fast track action plan to highlight requirements to be completed prior to 30 September 2001, and to get AUMs personal attention. The fast track action plan reflects a SRO, SBCCOM MCA, AUM, Assessable Unit MCA matrix to show whom has responsibility for each action listed.
6. Some specific examples of FY01 SBCCOM appointed AUMs' initiatives include:
 - a. Establishment of a JSMG Integrated Product Process Team as a joint venture of the four services to conceptualize an integrated and standardized approach to Joint Service program oversight. The by-product was a JSMG Handbook, being used as the first step in institutionalizing guidelines for JSMG policy, procedure, and adherence to regulations. The Handbook serves as an all-inclusive management tool for oversight. Putting in place a system to measure costs and effectiveness for all stakeholders, identify comprehensive

MAJOR SUBORDINATE COMMANDS (MSCs) and SEPARATE REPORTING ACTIVITIES (Continued):

Soldier and Biological Chemical Command (SBCCOM):

EXECUTION (Continued)

- b. Review of the APG Garrison mission under the Reshape appeal process action to improve performance with minimal reduction in force resulted in a closer look at organizational controls in place. Thirty-six evaluations were completed and three are scheduled for completion by end of FY01. No deficiencies were identified other than the prior year open local weakness that is being worked on contaminated buildings as contaminant sources. The funds have been requested through Defense Environmental Restoration Act (DERA) channels for clean up and completion is now targeted for FY03. The final report on proper abandonment and removal of sumps/drains, USTS from FY00 was published and the thermal imaging investigation of suspect mustard tanks beneath building E5185 was completed this fiscal year. This local deficiency is targeted for final validation of corrective action in FY03.
- c. Review, assessment, and restructuring of the Information Management Directorate served to ensure all internal resources/programs are efficiently utilized and properly protected against fraud, waste, and abuse. No prior or new deficiencies or material weaknesses were identified.
- d. Assessment of resources and operating budgets (personnel, information, equipment and services, and funding) to validate requirements and the impacts is accomplished through a fiscal year Quarterly Program and Budget Advisory Committee (PBAC) conducted in the Research, Development, and Acquisition (RDA) Enterprise. In addition, an Installation Board of Directors is used as a forum for communicating installation issues. The AUM is personally involved in these control mechanisms and reiterated the importance of these controls through such actions as: issuing the "Obligation of Public Service" memorandum; sharing his personal philosophy for "full compliance with ethical and fiscal rules regarding good stewardship of government resources, time and attendance requirements, and prudent expenditure of public funds"; and by enforcing the follow-up requirement on all applicable internal and external audit reports findings when deemed appropriate. Corrective actions were taken/are being worked on deficiencies identified for local resolution as a result of the audit finding on Property Accountability within RDA, the Morale, Welfare and Recreation (MWR) program at Natick; Government Purchase Card usage at Natick; and Cellular Telephones. The RDA assessable unit's six FY01 local evaluations completed and certified revealed none as material weaknesses for higher resolution. All deficiencies will be worked at the local level.
- e. Placement of a budget analyst to support the Assembled Chemical Weapons Assessment (ACWA) Program addresses a local deficiency identified through a FY01 USAAA review. Efforts include establishment and implementation of financial procedures to monitor the actual performance of programs as it relates to the estimated cost. A follow-up review is targeted as part of the local corrective action six to eight weeks after the procedures are in place.
- f. Placement of a new budget officer in the Resource Management Directorate at the Edgewood site to provide enhanced financial guidance and assistance to the resource manager helps ensure increased focus and attention to all financial related transactions and operations. The AUM for this assessable unit has mandated the analysts who certify funds take formal

***MAJOR SUBORDINATE COMMANDS (MSCs) and SEPARATE REPORTING
ACTIVITIES (Continued):***

Soldier and Biological Chemical Command (SBCCOM):

EXECUTION (Continued)

training in appropriations law. An evaluation of the Time and Attendance process at the Edgewood site indicated an internal deficiency for local resolution, which is currently being monitored/corrected.

g. Development of a small purchase checklist in the Robert Morris Acquisition Center provided a management controls tool for random-sampling. In addition, a Center Procurement Management Review Guide was developed. Ten FY01 scheduled evaluations were completed using the Department of Army checklist from Appendix DD of the governing acquisition regulation. The FY01 deficiencies under the Government Credit Card Program for the RMAC are identified for local resolution or have already been fixed. Delegation of Authority for one division's check custodian and cashier were implemented. Independent offices will now perform the annual, unannounced, inspections of the accommodation check. Separation of hand receipt holder and approving official will be corrected locally by separating the purchasing, approving, and receiving functions. None considered material weaknesses for higher resolution. A new link to the RMAC Intranet web site was added to address Government Credit Card information on policy, regulations, training, and frequently asked questions to ensure management controls compliance.

h. Hosting an Office of Government Ethics Review of our Edgewood Ethics Program resulted in no significant finding.

i. Maintaining and enhancing safety and security of the chemical weapons stockpile is accomplished through the use of 100% annual inventories documented in the Chemical Agent Management Information Network (CAMIN) and validated by external Chemical Surety Audits. Numerous other external and internal audits and inspections are performed in the Operations Enterprise of SBCCOM. For FY01 two deficiencies concerning matrix support to PMCD operations at CAMDS/TOCDF, and physical security support at chemical weapons storage sites, were identified for local resolution. None considered material weaknesses requiring higher headquarters' attention.

Simulation, Training and Instrumentation Command (STRICOM):

LEADERSHIP EMPHASIS

1. Issued memoranda/messages to subordinates to provide guidance and give command emphasis on the importance of effective management controls.
2. Designated Assessable Unit Managers (AUMs) and ensured management control evaluations were conducted according to the requirements of AR 11-2. Ensured that explicit statements of responsibility are in the Assessable Unit Managers (AUMs) performance statements.

***MAJOR SUBORDINATE COMMANDS (MSCs) and SEPARATE REPORTING
ACTIVITIES (Continued):***

Simulation, Training and Instrumentation Command (STRICOM):

LEADERSHIP EMPHASIS (Continued)

3. Published Management Control guidance for managers who sustain management controls in their operation.
4. Used resources of the Internal Review and Audit Compliance Office in the MCP. Supported the work and training of the management control administrator and points of contact.
5. Conducted weekly staff calls for senior managers to discuss pertinent daily business.
6. Conducting Executive Steering Committee (ESC) meetings to disseminate/discuss information and issues.
7. Continuing the Technical Advisory Board with industry to get feedback on our process and products.
8. Conducted Town Hall (off-site) meetings to permit the workforce to raise issues to the Commander and the principal staff; these meetings focus on improving information flow and eliminating “managerial bottlenecks.”
9. Conducted an IG Assessment to determine the employees’ feelings about supervision and leadership, work group effectiveness, organizational effectiveness, readiness, care of people, and quality of life. The IG Assessment team administered a survey and conducted follow-on focus groups to determine what improvements could be made.

MANAGEMENT CONTROL TRAINING

1. The Management Control Administrator (MCA) provides formal management control training to senior managers, staff and others, as required. In addition, training continues throughout the command through the use of the Army video, “Management Controls: A Road to Stewardship” and other informal presentations/workshops.
2. Assessable Unit Managers (AUMs) provide training for personnel so they understand the Government Accounting Office (GAO) Standards and how to apply them in daily operations; and operating personnel understand their responsibilities for using the management control evaluations for day-to-day guidance.
3. The Management Control Administrator develops and distributes training materials that provide Assessable Unit Managers (AUMs)/Points of Contact (POCs) the information necessary for a successful program (i.e., briefing charts, videotapes, and electronic checklists), as required.
4. Innovative approaches used to provide training throughout the organization included: providing special training session/discussion with managers, as needed, e-mail, Bulletin Board and announcements, etc.

***MAJOR SUBORDINATE COMMANDS (MSCs) and SEPARATE REPORTING
ACTIVITIES (Continued):***

Simulation, Training and Instrumentation Command (STRICOM):

MANAGEMENT CONTROL TRAINING (Continued)

5. Breakout of training follows – FY01:

a. Total number that viewed the Management Control video/received pamphlets, etc. - 10. The new Management Control Administrator recently sent notification to all assessable unit managers and their coordinators reminding them of the requirement for management control training and asked them to provide training to new employees by 10 August 2001.

b. Army's Leadership Education and Development Classes – conducted for managers/employees, as required.

EXECUTION

1. Reviewed audits during the current/past fiscal year. Promoted the MCP as a tool to identify, report and correct Material Weaknesses.

2. Publicized and emphasized the MCP to organizations and activities. Conducted reviews of operational programs to verify/improve implementation and execution of controls.

3. Reviewed functional and operating managers' completed checklists/procedures. Ensured that only AUMs certify evaluations.

4. Review and Oversight: Follow up actions on General Accounting Office (GAO), U.S. Army Audit Agency (USAAA), and DOD Inspector General (DODIG) findings and recommendations to correct material weaknesses – none received for FY01.

5. Established an effective Management Control Plan: STRICOM maintains a Management Control Plan (MCP) to describe and evaluate key management controls for a five-year period in each assessable unit. STRICOM developed functional management control evaluations to cover applicable controls outlined in regulations/procedures not identified as a key control by HQDA proponents. FY01 total evaluations performed – 10.

6. STRICOM conducts management reviews/audits and Inspector General (IG) inspections as scheduled.

7. The Management Control Administrator (MCA) conducted staff assistance visits to help execute the plan and resolve issues/concerns.

8. We embed management control evaluations into other existing management review processes (i.e., Program /Milestone Reviews and the Physical Security Inspection Program.)

MAJOR SUBORDINATE COMMANDS (MSCs) and SEPARATE REPORTING ACTIVITIES (Continued):

Simulation, Training and Instrumentation Command (STRICOM):

EXECUTION (Continued)

9. Used metrics, value engineering and timely briefings to ensure that such categories as Budget Management, Supply Action Management and Oversight, and Property Accountability are closely monitored and have quality assurance controls in place.

Tank-automotive and Armaments Command (TACOM):

LEADERSHIP EMPHASIS

Many noteworthy actions were taken by the Commander and senior functional managers to establish and maintain proper controls:

1. A network of command and installation management control administrators has been established throughout TACOM and remains a highly effective means of distributing information, guidance, and instructions in a timely and efficient manner.

2. Supervisors/managers/leaders were held formally accountable for the effectiveness of their management controls in FY01. All Management Control Process (MCP) evaluations (checklists) completed by supervisory/managerial personnel were reviewed for timeliness, adequacy and results.

3. Finally, the Statement of Assurance was briefed first to the Deputy for Corporate Management and then to the Deputy to the Commander to show how each business center head is confident management controls are in place. All existing and new material weaknesses were discussed and all questions or concerns regarding the weaknesses were resolved.

4. A memo stressing the importance of management controls was signed by General Coburn and circulated to TACOM Management and the MCP community before the Statement of Assurance drill commenced.

MANAGEMENT CONTROL TRAINING

MCP training was a priority for all TACOM Business Centers in FY01:

1. Over 300 associates received in-house training from their MCP POCs. Many of these associates also viewed the email training charts provided by AMC in FY01. The Command MCP Coordinator provided deskside training as needed.

2. Innovative approaches: The MCP Bulletin Board, published on the Command's Intranet, was updated with value added changes. It offers regular MCP guidance emphasizing the importance of effective management controls. The bulletin board includes, guidance on appropriate

MAJOR SUBORDINATE COMMANDS (MSCs) and SEPARATE REPORTING ACTIVITIES (Continued):

Tank-automotive and Armaments Command (TACOM):

MANAGEMENT CONTROL TRAINING (Continued)

performance standards on MCP for all responsible individuals; how to apply an MCP evaluation; how to declare a material weakness, and an explanation of the GAO Standards.

3. The MCP Coordinator attended the FY01 Management Control Process Workshop at the U.S. Army Operations Support Command in Rock Island, IL from 24-25 Apr 01 and transferred the results of that training to MCP POCs throughout the Command.

4. Research is being done on the feasibility of creating/adapting a DOD wide training video on the MCP Process for placement on the web. If done, it would be placed in a streaming video format for TACOM/other agency use.

EXECUTION

TACOM has made MCP an important part of everyday business.

1. All key management controls for each assessable unit are evaluated at least once every five years and in most cases, every two or three years. Command Supply Discipline and Overtime procedures are reviewed yearly.

2. A careful assessment of all GAO, AAA and IRAC audit reports submitted to AMSTA-CM was made this year, and management reviews were conducted on an ongoing basis. No new material weaknesses were detected due to audit reports. One new material weakness concerning standardization has been generally known to management, and has been written up for consideration for FY01.

a. Corporate Management has adopted a proactive; customer focused approach to management of this program. Collection of informal feedback from customers is being made, as well as plans for a more structured survey to determine both effectiveness and efficiency of this program. Reengineering of the process will occur if there is potential to do so. Otherwise, constant incremental improvements will be undertaken.

b. Two areas for possible improvement have been identified this year: One area involves a look at possible redundancies between this program and the TACOM Inspector General's Organizational Inspection Program (OIP). This may lead to a possible elimination of unnecessary tasks. Second area, the management control checklists. Feedback suggests that improvements can be made in checklist distribution by focusing on applying only checklists that truly need filling out, and have a potential to identify a material weakness. This could result in saving time and improving productivity.

3. TACOM made many improvements to our processes in FY01 by instituting new or revised management controls:

***MAJOR SUBORDINATE COMMANDS (MSCs) and SEPARATE REPORTING
ACTIVITIES (Continued):***

Tank-automotive and Armaments Command (TACOM):

EXECUTION (Continued)

- a. Acquisition has undertaken major efforts to write Scopes of Work for contracts accurately and completely. The overall goal in writing performance based SOW's is to adopt the best commercial practices and provide the means to best reach the suppliers, gain greater access to technological innovations, maximize competition and obtain the best value to achieve greatest savings and efficiencies.
- b. To meet TACOM's QDR and other PBG reductions, the Strategic Sourcing Program documented actual and planned position reductions. This included the two recent A-76 studies at the Depots (ANAD and RRAD), the outsourcing and privatization effort at the USAG-S, and the ongoing A-76 study at Picatinny. In addition to these Commercial Activities initiatives, the Strategic Sourcing Program also documented the ongoing action involving the major QDR initiatives, e.g. Commodity Command Redesign and the RDEC restructuring.
- c. The Command Supply Discipline Program (CSDP) checklist was updated. The checklist is reviewed annually to ensure supply and property management compliance with DA/AMC and local Command authority directives. This list was rewritten for clarity and tailored to a local Command level. Business process improvements will continue as the Property Book Manager and MCP Coordinator further examine the checklist and feedback received from its application.
- d. There has been Command effort to examine use of information technology in performance of mission, with the intent of leveraging new technology to dramatically improve process performance. Corporate Management has converted their "Yellow Pages" Database to a user friendly; web based application, updated manpower and financial databases needed to create reports, and automated the SATO Travel Request form as a start on this initiative.
- e. Resource Management's Army Ideas for Excellence Program (AIEP) Administrator is on a benchmarking team with representatives from all MACOMs, working to make AIEP more attractive for employee participation. This will ultimately achieve greater savings. The team will enhance AIEP by gathering the best practices from private industry and other military services.
- f. A TACOM-Warren cross-functional Clause IPT was formed to review the 2,500 contract clauses in our Procurement Automated Data and Document System (PADDS) database and user guides. The results include the elimination, revision, and updating of nearly 2,000 clauses, and the updating of four user guides for buyers and attorneys. The end result expected is reduced PALT and contract size. The team not only improved the quality of our solicitations and contracts, but also gained a greater appreciation for each other's functions, problems, tools used, and interrelationships maintained.
- g. A panel of functional experts from various commands representing the Army came to TACOM, 26 May 2001, and presented an overview of the DOD Systems Acquisition Process 5000 Series rewrite in order that everyone understand how the new defense acquisition policies

***MAJOR SUBORDINATE COMMANDS (MSCs) and SEPARATE REPORTING
ACTIVITIES (Continued):***

Tank-automotive and Armaments Command (TACOM):

EXECUTION (Continued)

affect the Army. They further discussed issues for the upcoming AR 70-1, *Army Acquisition Policy*, rewrite and DA PAM 70-3, *Army Acquisition Procedures*, rewrite.

h. Through use of a wide variety of checks and reviews, TACOM maintains and improves our acquisition procedures at all of our sites. We consistently apply legal reviews and employ review board oversight on all major acquisitions. Further, each site conducts a form of Procurement Management Review (PMR). PMRs are utilized to analyze contracting methods, processes, and operations to determine whether or not excellence of quality is being maintained throughout all procurement actions. The primary goal is to provide recommendations, where applicable, to help the contracting activity meet its mission, respond effectively to customer requirements, and identify root causes of any systemic problems.

i. The Deputy for Systems Acquisition Group conducted monthly management reviews of PM Mortars most cost sensitive program – the Mortar Fire Control System. They completed operational testing of the PM Mortars automated Business Management System, which is designed to facilitate internal controls, and enhance planning and execution analysis/reporting for assigned programs. They also improved internal control procedures in other areas including their internal equipment management program, in-house funding process, and security for their ADP Network.

j. PM HTV continues to implement Acquisition Reform initiatives to drive down costs, improve performance and increase efficiencies in contracting processes, while still maintaining effective internal controls. Some of these initiatives include reducing/eliminating data requirements from contracts and solicitations, waiving or eliminating Military Specifications and Standards, use of Integrated Product Teams (IPT's), maximizing use of commercial technology, and reducing cycle times through use of Alpha Contracting.

k. TACOM-Anniston Army Depot (ANAD) is implementing an innovative approach to acquiring small dollar construction services (under \$25,000) quickly. Modeling after a program developed earlier for commercial supplies, contractors submit a signed agreement to abide by certain FAR Clauses. Anticipated benefits include reduced award lead-time, improved payment time to contractors, and enhanced opportunities for small businesses.

l. TACOM-ANAD has also developed a method for utilizing digital video in concert with written and verbal instructions to enhance maintenance procedures. TACOM and the USMC have both given great reviews of the new process, citing benefits as clarity, simplicity, and considerable cost savings over conventional narrative documentation.

m. TACOM Armament, Research, and Development Center (ARDEC) implemented a time saving/cost effective process in the utilization of the Gatekeeper Checklist for the transition to the Modern Database System.

MAJOR SUBORDINATE COMMANDS (MSCs) and SEPARATE REPORTING ACTIVITIES (Continued):

Tank-automotive and Armaments Command (TACOM):

EXECUTION (Continued)

n. TACOM-ARDEC has also taken major steps in improving their security processes including relocating their security arms room assets, creating a database for all division ADP_Property, using better password management, and management “scorecards” for outside vendors.

U. S. Army Security Assistance Command (USASAC):

LEADERSHIP EMPHASIS

Development of the Annual Statement of Assurance to include the number of potential material weaknesses reviewed. No material weaknesses were identified and reported in FY 01.

MANAGEMENT CONTROL TRAINING

1. Management Control Training has been conducted for 23 USASAC managers.

2. Innovative approaches:

a. 32 personnel were trained using other methods.

b. The USASAC MCA developed and disseminated an electronic MC Newsletter which was provided to all managers and auditors on a recurring basis. The newsletter focused the attention of managers on the management control process by emphasizing program goals, examples of failed controls and USASAC performance. The HQ, AMC MCA distributed a copy of this newsletter to all MSC/SRA MCAs AMC-wide.

3. Thirty-two personnel still need training.

EXECUTION

1. A complete follow-up has been conducted on General Accounting Office, U.S. Army Audit Agency and Department of Defense Inspector General findings and recommendations.

2. The USASAC FY 01 Management Control Plan was developed. Managers were advised of the evaluations that were applicable to their organization and scheduled for mandatory completion during the FY. Twenty-three evaluations scheduled for completion in FY 01 were formally completed and certified.

3. During FY 01, the USASAC MCA developed checklists to assist managers in their evaluation of Security Assistance, Service Contracts and Travel. Additionally, the analyst assigned to U.S. Army Program Manager – Saudi Arabian National Guard Modernization Unit, augmented the USASAC program by providing evaluations of functions unique to that organization.

MAJOR SUBORDINATE COMMANDS (MSCs) and SEPARATE REPORTING ACTIVITIES (Continued):

U. S. Army Security Assistance Command (USASAC):

EXECUTION (Continued)

4. The USASAC Studies and Analysis Group has continued to devote significant resources to the development of a Performance Based Costing/Management process which will further define the budgeting and execution of security assistance funds.

SEPARATE REPORTING ACTIVITIES

Army Materiel Systems Analysis Activity (AMSAA):

LEADERSHIP EMPHASIS

1. A Midyear Status Report was prepared for FY 01. High-risk areas for potential material weakness were reviewed and no material weaknesses were identified this fiscal year to be reported to higher headquarters.
2. Conducted weekly senior management council meetings to advise the director of possible weaknesses and providing proposals for improving management controls.

MANAGEMENT CONTROL TRAINING

1. Management Control training material, regulations and guidance have been provided to all managers/supervisors with the primary objective being to ensure that every manager understands the GAO Standards and how to apply them in daily operations.
2. Two individuals received informal briefings on the procedures to be followed in the assessment of the functional areas. All functional managers have received training, the managers that conduct the most assessable reviews received further guidance during this reporting period.

EXECUTION

1. An explicit statement is included in performance agreements for positions with management control responsibilities. Special attention will continue to be placed on inventory controls, the travel and government charge card programs, and ADP Security.
2. Developed AMSAA's Management Control Plan according to HQDA baseline inventory of Management Control Evaluations. Made all functional managers aware of available evaluations and scheduled requirement for formal use. Six evaluations scheduled for completion in FY01 were formally completed and certified by the senior Assessable Unit Managers.

SEPARATE REPORTING ACTIVITIES (Continued)

Army Materiel Systems Analysis Activity (AMSAA):

EXECUTION (Continued)

3. Functional managers performed an assessment for the HQDA checklists scheduled for review in FY01. All required checklists were reviewed and certified by the assessable unit manager. Completed checklists provided the basis for the annual statement.
4. Conducted a 100% review of internal regulations and directives to insure proper controls are up-to-date and in place.

Field Assistance in Science and Technology (AMC-FAST):

LEADERSHIP EMPHASIS

1. Conducted periodic meetings with staff and other assigned personnel to stress the importance and adherence of management controls. Conducted reviews of operational programs to verify implementation and execution of controls. Messages were sent to personnel providing guidance and emphasizing proper management controls.
2. As Assessable Unit Manager, I ensured management control evaluations were conducted according to the requirements of AR 11-2. The Management Control Plan was used as part of my management oversight process.
3. Ensured managers had information provided through the Electronic Bulletin Board Service for the distribution of information and policy on the management control process.
4. Distributed/provided analysis of US Army Audit Agency, DOD Inspector General, and AMC published findings to ensure organization compliance and to identify potential weaknesses.

MANAGEMENT CONTROL TRAINING

1. Continually provided guidance with the primary objective being to ensure that every manager understood the GAO standards and how to apply them to their daily operations, and to ensure operating managers understood their incremental responsibilities for using the management control evaluations for day-to-day guidance.
2. Informal briefings on management controls were provided 18 personnel during the November 2000 FAST program review. All three (3) staff personnel have received formal Management Control training.

EXECUTION

1. A performance element is reflected for each individual who has management control responsibilities.

SEPARATE REPORTING ACTIVITIES (Continued)

Field Assistance in Science and Technology (AMC-FAST):

EXECUTION (Continued)

2. Reviews of operational programs were conducted to verify/improve implementation and execution of controls.
3. Supplemental material control efforts included formal review of all projects/activities worked by Science Advisors assigned to the AMC-FAST Activity. Evaluations occurred as a result of an annual program review.
4. Revalidated the individual Management Control Plan to describe how key management controls in the assessable unit were evaluated.
5. Although AMC-FAST did not have any material weakness findings during FY01 timeframe, reviews were conducted of published findings of management studies/ reviews, internal and external audits, inspections, investigations, adverse publicity and violation of statutory and regulatory requirements to identify potential problems and to ensure compliance. Managers in the AMC-FAST Activity were made aware of management weaknesses in other areas, and had the opportunity to review their own operations for similar problems.

Inspector General Activity (IGA):

LEADERSHIP EMPHASIS

Director of the Inspector General Activity did the following:

1. Continued to place strong emphasis on whether management controls were complied with during systemic inspections and, where appropriate, made recommendations.
2. Ensured that management control problems and/or potential weaknesses discovered during inspections, investigations or inquiries were briefed to the appropriate manager.
3. Continued to focus on identifying root causes of problems and providing feedback to functional proponents and command group with recommendations.
4. Revised our Inspections Standard Operating Procedures to strengthen controls of the inspection process.
5. Continued to revamp our Assistance Visit Program. Through partnering with the Army Research Institute, we continued to fine-tune our new IG Assistance and Assessment Program (IGAAP) program methodology which improves the use of personnel resources and reduces travel costs. It is a comprehensive program that starts with a customizable survey that focuses the IG team on the significant issues, and provides commanders a credible report of their organizations. The IGAAP assesses eight areas (leadership, work group, supervision, readiness,

SEPARATE REPORTING ACTIVITIES (Continued)

Inspector General Activity (IGA):

LEADERSHIP EMPHASIS (Continued)

care of people, organizational effectiveness, quality of life, and human relations). The survey is forwarded in advance of the IG on-site assistance visit and the results are electronically compiled. The electronic survey was thoroughly tested and has been distributed to MSC IG Offices for their use.

6. Disseminated functionally related information on problems at other activities identified by this Activity and external oversight agencies.
7. Ensured during followup inspections that actions were taken to correct inspection results, not just whether our recommendations had been implemented.

MANAGEMENT CONTROL TRAINING

1. The total number trained using innovative approaches to provide management control training is twenty-eight.
2. All IG activity employees attended quarterly Information Sharing/Professional Development sessions conducted by the AMC IG.
3. Distributed the AMC IG internal Management Control Program training handbook to refresh seasoned managers as to their management control responsibilities and will be circulated to new incoming action officer personnel. Management Controls information provided by the HQ AMC Management Controls Program Administrator (checklists, standards, web site information, etc.) was distributed to field IG Offices for their information/action.
4. In order to enhance personnel capabilities, we implemented our cross training concept plan. During this FY, one individual from the Administrative and Support Office cross-trained as an inspector in the Inspections Division. This cross-training initiative proved to be beneficial to all involved and reflects positively on the accomplishment of our mission. The importance of identifying management control issues, especially during inspections, was emphasized as a part of this initiative.

EXECUTION

1. Revised our Intelligence Oversight Inspections Guide with the latest changes to policy and identification of AMC activities requiring oversight.
2. Assured that management responsibilities were included in appropriate military and civilian support forms.
3. Developed and maintained an individual Management Control Plan for the AMC IG Activity and provided assistance to Major Subordinate Command (MSC) IGs as requested regarding management control program requirements.

SEPARATE REPORTING ACTIVITIES (Continued)

Inspector General Activity (IGA):

EXECUTION (Continued)

4. Annual inventories of IG Activity hand receipts resulted in 100% accountability of all property.
5. Quarterly video teleconferences were held with IG Offices command-wide as an effort to share information/issues of command interest/concern. In addition, Investigations and Assistance Division conducted a “working” level video teleconference in March 2001 to provide procedure and policy clarity. The success of this session has led to a second “working” level VTC that is scheduled for September 2001.
6. Continued to maintain and publicize the Oversight Activity Information Database which includes: information on inspections and assistance visits conducted by AMC IG; inspections conducted by Headquarters, Department of the Army IG; and, staff assistance visits/assessments/reviews conducted by HQ AMC staff elements and Separate Reporting Activities. The database is available to all HQ AMC employees and MSC IG staffs and, when used, serves as an on-line management tool to minimize potential duplication of oversight activities.
7. Used four alternative evaluations as additional controls in the following functional areas: Financial Management, Supply/Equipment Availability, Management Control Training, and Travel Funds.
8. No HQDA key controls are required until FY 02. However, Inspector General Activity will be re-certifying the IG Checklist, as outlined in the newly published AR 20-1, earlier than required due to the upcoming arrival of a new Command IG.

Installations and Services Activity (I&SA):

LEADERSHIP EMPHASIS

1. Published articles relating to management control responsibilities in the AMC Deputy Chief of Staff (DCS) for Installations Bulletin, which we distribute three times annually throughout AMC.
2. Provided Command oversight and coordination of the AMC installation seismic screening program.
3. Reviewed material weaknesses submitted by AMC field elements to determine if they were systematic AMC weaknesses. These reviews resulted in no identification of systematic material weaknesses.
3. Used the IMPAC credit card for all purchases of \$2500 and under, allowing for expedited receipt of supplies/services to manage mission needs/changing requirements. We continue to

SEPARATE REPORTING ACTIVITIES (Continued)

Installations and Services Activity (I&SA):

LEADERSHIP EMPHASIS (Continued)

require a double check procedure to review all buys before purchase and a double review prior to payment.

5. Prepared an AMC I & SA FY 01 Management Control Plan (MCP) which includes a schedule of required management control evaluations over the next 5 years. Our MCP consists of 16 required management control evaluations in the areas of facilities engineering, environment, installation logistics, contract management, and administration. Completed and certified all eight of the evaluations scheduled to be conducted in FY 01.
6. Monitored installation compliance with Army policies, procedures, and management control evaluations during scheduled assistance/compliance reviews. We conducted these reviews throughout AMC in the areas of facilities engineering, environment, and installation logistics.
7. Performed triennial Major Army Command review of installation bridge maintenance and inspection programs as required by Public Law and Army regulations.
8. Certified competence of AMC installation railroad track inspectors.
9. Coordinated the AMC dam safety program.
10. Published correspondence (memorandums, email, teletypes, etc.) to installation commanders and their staffs emphasizing important policies.
11. Placed special emphasis on areas within the AMC Energy Program needing improvement, such as installation reporting of energy usage via the Revised Army Defense Utility Energy Report System (DUERS) Data System and wider use of Energy Savings Performance Contracts throughout the Command,
12. Our Assessable Unit Manager certified completion of all eight FY 01 required evaluations, none of which resulted in the reporting of a material weakness.
13. Provided Command management, oversight, coordination, and reporting of the AMC Utility Privatization Program.
14. Provided Command oversight, coordination, and quality control over the AMC Troop Food Service program.
15. Assisted the AMC DCS for Personnel in the compliance monitoring of Child Development Centers (CDCs) in the areas of architectural standards, fire safety, and nutritional counseling.
16. Provided overall Command oversight, coordination, integration, quality control, and submittal of the AMC Installation Status Report (ISR) in the areas of HQISR, ISR-Infrastructure, ISR-Environment, and ISR-Services.

SEPARATE REPORTING ACTIVITIES (Continued)

Installations and Services Activity (I&SA):

LEADERSHIP EMPHASIS (Continued)

17. Managed the inspection of playground equipment at AMC installations (at other than CDC sites) to ensure compliance with Federal safety regulations, and continued the effort to replace noncompliant equipment.

18. Participated in the HQDA Inspector General review of the Army environmental compliance program to evaluate the effectiveness of current environment policy and practices and identify areas for improvement.

MANAGEMENT CONTROL TRAINING

1. Provided training materials to all managers through use of HQ, AMC IRAC's homepage. Due to the small size of AMC I & SA it is not necessary to conduct formal training.

2. Innovative Approaches:

a. We share changing guidance through the use of email and staff meetings, ensuring every manager understands the General Accounting Office (GAO) standards and how to apply them in daily operations and that operating managers understand their responsibilities for using management control evaluations for day-to-day guidance and periodic formal application required by the MCP.

b. Made our Bulletins, Lessons Learned, workshop materials, program guidance, and other documents readily accessible from our web site and from the DCS for Installations web site for use by all AMC installations.

EXECUTION

1. An explicit statement is in performance agreements for positions with management control responsibilities.

2. We conducted a 100 percent follow up on GAO, U.S. Army Audit Agency, and DOD Inspector General findings and recommendations.

3. Issue memos to operating managers providing special guidance or command emphasis on the importance of effective management controls. Distribute management control memos to operating managers on issues of special emphasis or concern. Provide interface between AMC I & SA and the HQ AMC Management Control Administrator.

4. Maintained and executed our MCP to ensure that key management controls in the assessable unit are evaluated at least once every 5 years. Made appropriate distribution of the MCP to ensure all managers are aware of available evaluations and scheduled requirements for formal use.

SEPARATE REPORTING ACTIVITIES (Continued)

Installations and Services Activity (I&SA):

EXECUTION (Continued)

5. Performed Environmental Compliance Assessment System reviews at 17 installations to evaluate the installation's environmental compliance with federal, state, and local laws and Army regulations. Identified AMC management initiatives to improve compliance.
6. Conducted quality assurance/control reviews of the Environmental Quality Report, ISR, and Environmental Program Requirements databases and assisted MSCs and installations in correcting discrepancies.
7. Conducted Command Supply Management Reviews throughout AMC to evaluate the effectiveness of unit Command Supply Discipline Programs and property book and stock record accountability. Additionally, we initiated action to establish an AMC property book accountability policy consistent with Department of Defense (DOD) policy. All applicable property is controlled and accounted for.
8. Conducted Command Equipment Management Program Reviews to evaluate the effectiveness and efficiency of AMC unit Equipment Management Programs to include acquisition and maintenance functions. We found most units unable to replace aging equipment in a timely manner leading to increased owning and operating costs for which full-funding is not available. In short, the Base-Level Commercial Equipment Program is underfunded by approximately \$20M.
9. Published additional procedures and provided training and oversight to ensure proper equipment depreciation and reconciliation of property records and financial general ledgers at all AMC installations.

Integrated Procurement Systems Office (IPSO):

LEADERSHIP EMPHASIS

1. There were no material weaknesses reviewed or reported to higher headquarters.
2. The Integrated Procurement Systems Office continually participates in on-site planning and reviews with all of the Major Subordinate Commands (MSCs) to review progress toward meeting the paper-free mandates. In addition, Video Teleconferences are held on a periodic basis with MSC representatives assigned to the Procurement Business Process Group. The IPS Office provides the overall management for this group and facilitates the review and the establishment of priorities for System Change Requests (SCRs) to the automated contract writing systems.

MANAGEMENT CONTROL TRAINING

1. During FY01, there was no formal training conducted for employees of the Integrated Procurement Systems Office.

SEPARATE REPORTING ACTIVITIES (Continued)

Integrated Procurement Systems Office (IPSO):

MANAGEMENT CONTROL TRAINING (Continued)

2. All employees of the Integrated Procurement Systems Office are provided the opportunity to view videotapes on the management control process.

EXECUTION

1. The Integrated Procurement Systems Office periodically performs reviews and assessments to verify/improve implementation and execution of controls. Primary focus deals with the implementation of regulatory or statutory requirements as published in the Federal Acquisition Regulation (FAR) and the Defense Federal Acquisition Supplement (DFARS). These reviews are accomplished in coordination with the AMC Acquisition Policy Office (AMCRDA-AP) to ensure compliance in the automated acquisition systems.

2. With increased emphasis on paper-free acquisition, reviews are consistently performed on processes within the contracting functional community to ensure that the movement from a paper-laden process to a paper-free process captures the statutory and regulatory requirements.

International Cooperative Programs Activity (ICPA):

LEADERSHIP EMPHASIS

The Director and Acting Director, ICPA, and the Assessable Unit Manager (AUM) took the following actions to establish and maintain management controls:

1. Issued memoranda/email to the AUMs within the Office of the Director, the USARDSGs in Australia, Canada, France, Germany, and the United Kingdom, and the AMC Office for International Cooperative Programs—Far East (AMCOICP-FE), which provided special guidance, and great emphasis on the importance of effective management controls.
2. Conducted reviews of operational programs to verify/improve implementation and execution of controls.
3. Designated an AUM in each USARDSG and AMCOICP and stressed to each the importance of the management control evaluations and procedures that were to be conducted in accordance with the requirements of AR 11-2.
4. The Director and Deputy Director were involved daily in the proactive management of funds by the Budget Analyst assigned to the Office of the Director. Oversight included the use of travel funds (both internal and project), salaries, awards, supplies, office equipment, project contracts and reimbursable project orders, levels of authorized, distributed, committed, obligated and disbursed (costed) funds by fiscal year and project. The information is reported at least quarterly to higher headquarters.

SEPARATE REPORTING ACTIVITIES (Continued)

International Cooperative Programs Activity (ICPA):

LEADERSHIP EMPHASIS (Continued)

5. All requests for ICPA's Representation Funds were managed by the Office of the Director in accordance with AR 37-47. Records were reviewed in FY 99 by the AMC Inspector General's office and their recommendations for recordkeeping were incorporated into the present system of review and continue to be used today.
6. FAR EAST: The Commander reviewed operational programs to verify/improve implementation and execution of management controls. This was conducted periodically.
7. FRANCE: The Commander was highly attentive to the management assessment issues related to financial propriety and accountability. He provided guidance to his employees in these domains and emphasized their importance by instituting a system of checks and balances within the office to avoid any improprieties, conflicts of interests, or perceived conflicts of interest. No management control weaknesses have been reported in his management control assessments.
8. GERMANY: The Commander stressed group and individual responsibility through training, memorandums, staff calls, and one-on-one counseling sessions.
9. UNITED KINGDOM: Reviewed operational programs to verify/improve implementation and execution of controls are periodically conducted.

MANAGEMENT CONTROL TRAINING

1. HQAMC, OFFICE OF THE DIRECTOR: The ICPA MCA offered training to all office managers in ICPA to give them a better understanding of methods available for them to apply the GAO standards in their daily operations. All new MCAs in the USARDSGs were notified of mandated training to attend within six months of being designated to that position so they would have a better understanding of their responsibilities.
2. As part of the inprocessing routine for each military officer being assigned to ICPA, the ICPA MCA informally briefed each new officer. The newly assigned MCA in Canada is a local hire foreign national and was unable to attend the required formal training course offered by USDA, but instead was briefed by ICPA's MCA.
3. CANADA: Due to OCONUS status and nature of office (1 military, 1 civilian foreign national) formal in-house training sessions/workshops at AMC not attended. MC information training slides, briefing material, pertinent website addresses and updates on material weakness resolution were provided (via email) to this office by the ICPA MCA.
4. GERMANY: Two of four personnel assigned to this activity during the reporting period received training from other sources, i.e., through DSMC and Army War College.

SEPARATE REPORTING ACTIVITIES (Continued)

International Cooperative Programs Activity (ICPA):

EXECUTION

1. An individual 5-year execution plan for MC checklists was compiled by the MCA for use by all within ICPA. As some checklists were considered more critical than others, those were scheduled to be performed each year in the 5-year plan. Others will be formally performed more often than required - 3 times over the 5-year period.
2. GERMANY: The commander conducted quarterly reviews in areas of concern. As only four people were assigned to this USARDSG during the reporting period, virtually nothing occurred that the Commander did not see.
3. The AUM and the Management Control Administrator (MCA) devised five management control checklists for the activity, setting in motion the required compliance with the provisions of AR 11-2. These checklists emphasize the special attention to be focused in particular areas this year that should continue in accordance with the Audit Resolution and Compliance Standard. In FY 01, the Management Control Checklists completed by each office were:
 - a. AR 25-1, Cellular Telephones and Pagers
 - b. Purchase Card Program
 - c. AR 580-4, Civilian Overtime
 - d. AR 37-47, Accounting Activities, Representation Funds
 - e. DODD 7200.1, Potential Anti-deficiency Act (ADA) Violations

Intelligence and Technology Security Activity (ITSA):

LEADERSHIP EMPHASIS

1. The Director, ITSA directed the development and maintenance of an Individual Management Control Plan to describe how key management controls in the assessable unit (ITSA) were evaluated at least once in a five-year period.
2. Effective controls are in place to ensure compliance with the provisions of AR 11-2 involving management control responsibilities in performance standards. Subordinate managers in the Intelligence and Technology Security Activity (ITSA) with internal control responsibilities have been advised that failure to comply with these provisions is statutory noncompliance.
4. External and Internal Reviews. A complimentary system of internal and external oversight mechanisms is in place. Internal reviews were conducted by ITSA members during staff assistance visits and COMSEC inspections, workshops, functional area assessments, and

SEPARATE REPORTING ACTIVITIES (Continued)

Intelligence and Technology Security Activity (ITSA):

LEADERSHIP EMPHASIS (Continued)

Intelligence and Security Program Overview visits conducted by the ITSA Security Support Division. External reviews are conducted by Defense Intelligence Agency, DA Intelligence Oversight Office, Military District of Washington, Army Audit Agency, and the Department of Defense, Inspector General.

4. The Chief, SSD has reviewed AR 11-2, Management Control and applicable AMC plans, policies, and procedures relating to the operation of the division, thus ensuring that he is cognizant of current guidance and has established and maintained management controls.
5. Subordinate managers in the Security Support Division with responsibilities for management of operational procedures have been provided guidance contained in the SSD Office Reference Manual, which includes all aspects of managerial and operational requirements for accomplishment of the division mission. New policies and procedures are provided to all personnel and discussed in division meetings to ensure understanding of the requirements. All work assignments go from Division Chief through Team Leaders and are returned in reverse order to ensure managerial control through subordinate leaders. All managers in SSD have been advised that failure to comply with the provisions is statutory noncompliance. Responsibility for all functional operations is under the supervision of the Chief, SSD.
6. Heightened awareness of and formal responsibility for the adequacy of management controls was stressed to all SSD personnel by the Chief, SSD during in-house division meetings. All employees have received in-house managerial control training.

MANAGEMENT CONTROL TRAINING

1. All ITSA employees have received management control training. Heightened awareness of management controls and formal responsibility for its adequacy was stressed to all ITSA personnel by the Director, ITSA and the Deputy Chief of Staff for Intelligence.
2. Four SSD personnel have completed the Sustaining Base Leadership and Management Program resident course at the Army Management Staff College- Fort Belvoir, VA.

EXECUTION

1. The Director, ITSA has reviewed AR 11-2, Management Control and the HQDA Inventory of Army Management Control Evaluations, thus ensuring that he is cognizant of current guidance and has established and maintains management controls.
2. Funds Control. Funding requirements for the operations of the Division are the responsibility of the Chief, Security Support Division. A funding plan identifying funding sources and planned, prioritized expenditures is developed by the Chief, SSD, with expertise provided by the Administrative Officer, and is submitted to the Director, ITSA, and the AMC Command

SEPARATE REPORTING ACTIVITIES (Continued)

Intelligence and Technology Security Activity (ITSA):

EXECUTION (Continued)

Provost Marshal for review. Throughout the year, as mission changes occur, and during mid-year and end-of year reviews, the funding plan is reviewed and updated by the Chief, SSD. All requests for funds to support the AMC ITSA SSD mission are submitted by the Chief, SSD, through the AMC Deputy Chief of Staff for Intelligence or, in his absence, the Director, ITSA, to the AMC Resource Management Office.

3. External and Internal Reviews. A complementary system of internal and external oversight mechanisms is in place. Internal reviews are conducted by AMC IG, AMC DCSRM, AMC Command Provost Marshal, and Director, ITSA, by reviewing surveys/reports/overviews and during staff visits. External reviews are conducted by DAIG and DFAS.

4. Suspense Database. A comprehensive database, tied to activities/installations requiring survey/inspection/overview, has been developed. This database is reviewed and updated monthly to ensure that all open actions were completed as scheduled, to include required management control reviews.

Logistics Support Activity (LOGSA):

LEADERSHIP EMPHASIS

1. Guidance is provided to LOGSA employees in LOGSA Memorandum 11-1, Management Control Program.

2. The Commander provided a memorandum on the management control process to Assessable Unit Managers (AUM) identifying the importance of a successful management control program.

3. Communications, Intelligence, and Security. The LOGSA Force Protection (FP) Program is operated in compliance with AR 525-13 and AMC 525-13. A Working Group, comprised of functional action officers, continues to meet on a monthly basis. An Executive Committee has been established to meet quarterly. The LOGSA FP Program is staffed with personnel who present low, medium, and high threat FP briefings to all personnel in an OCONUS travel status.

4. The Unique Item Tracking (UIT) has made substantial progress in increasing the accuracy and reliability of the UIT Central Registry. Rejected records have been virtually eliminated, the vast majority of appended records have been researched and moved to history, open shipments have been dramatically reduced, and, as a result of the last reconciliation, compatibility percentages for all Major Commands (MACOM) were substantially increased to a 99.9 percent reconciliation compatibility rate. Emphasis by Headquarters, Department of the Army, in a worldwide Logistics Projection Message to MACOM Commanders, continues to stress the need for command emphasis to effectively execute this critical program.

SEPARATE REPORTING ACTIVITIES (Continued)

Logistics Support Activity (LOGSA):

LEADERSHIP EMPHASIS (Continued)

5. The LOGSA participates regularly in the Army Total Asset Visibility (ATAV) Data Integrity Conferences, which have resulted in ATAV asset data reliability being recognized throughout the Army at an all time high. Effective August 2001, LOGSA assumes Army leadership of this forum, which will be broadened to address LIDB data quality issues across the business lines noted above.

6. The LOGSA has developed and implemented a cooperative partnership working relationship with the Army Audit Agency/Department of Defense Inspector General to assist and advise the LOGSA Chief Financial Officer's (CFO) Team on CFO reporting issues. This has worked to the benefit of the Army as a whole by ensuring data and logic used to prepare the report meets basic accounting standards and will bear the scrutiny of the audit community.

MANAGEMENT CONTROL TRAINING

1. The LOGSA continued a training program with the primary objectives of ensuring that every manager understands the Government Accounting Office standards and requirements of AR 11-2, Management Controls, and how to apply them in daily operations; and that operating managers understand their incremental responsibilities for using the management control evaluations for day-to-day guidance and periodic formal application as required by the MCP. During FY01, 71 employees received formal in-house training on management controls.

2. The Management Control Administrator (MCA) is scheduled to attend the Management Control Symposium during this FY.

EXECUTION

1. The LOGSA Center/Division Chiefs were provided the AMC Inventory of Management Control Evaluations for their review and identification of evaluations applicable to their functional area. A 5-year Management Control Plan (MCP) was developed based on this guidance from the AUMs. All evaluations scheduled for completion in FY01 were accomplished and certified by the AUM in that functional area. The following evaluations were completed during FY 01: Anti-Terrorism/Force Protection, AR 525-13; and Integrated Logistics Support, AR 700-127.

2. An explicit statement is included in performance agreements for AUMs. In conjunction with the LOGSA Auditor, special attention will continue to be placed on the Audit Resolution and Compliance Standard.

3. Supply Operations. All appropriate safeguards are employed to protect against loss, waste, unauthorized use, misappropriation of assets, funds, and equipment. A list of required items is reviewed and approved by the supervisor, funds are certified available, and purchase logs are provided to the warehouse for a document control number prior to the purchase. After purchase, logs are again provided to the warehouse to certify receipt of all items. Statements of

SEPARATE REPORTING ACTIVITIES (Continued)

Logistics Support Activity (LOGSA):

LEADERSHIP EMPHASIS (Continued)

account and billing statements are reconciled with completed purchase logs prior to forwarding for payment. The Purchase Card Management System continues to enhance the management control certification of separation of duties and accountability.

5. Property Management. Property is requisitioned by the LOGSA Property Book Officer (PBO) IAW applicable Army regulations and received by trained personnel at the central receiving point. To facilitate accountability and protect against loss, each property book item is assigned a barcode label and documented on the property book line item entry page. End item users that are signed for government property book items are subject to a 100 percent biannual inventory conducted by the LOGSA PBO and/or representatives.

5. The functional areas within LOGSA have all participated actively in design and testing efforts to support development of the Logistics Integrated DataBase (LIDB). All force, item, asset, authorization, readiness, maintenance, and pipeline business processes have been dramatically enhanced and streamlined. Once fielded, these business process improvements will result in even more improved data accuracy and ease of reporting for the soldier-in-the-field. At the same time, we have been participating in detailed U.S. Army Combined Arms Support Command and TRW Incorporated sessions to develop the web-based property book module. These sessions have resulted in ensuring vastly modernized/streamlined systems interfaces between Global Combat Support System-Army (GCSS-A) and LIDB. These improved interfaces will result in real time data update of 100 percent accurate data, as LIDB, in effect, becomes the unit's property book. These techniques will eliminate the soldier's requirement to support the reporting process and better enhances the Army's capability to conduct logistics decision-making.

6. All users of Automated Data Processing (ADP) equipment within LOGSA have been cleared through security for access to required ADP systems. Strict password control is maintained for access. Passwords are updated regularly and deleted when an employee no longer requires access. Those personnel who are considered potential security risks are referred to the Security Office for evaluation. Access is then denied until the evaluation is complete.

7. Travel, training, timekeeping, and overtime are monitored and controlled by supervisors to ensure proper control and execution of personnel and financial resources. Each center chief approves all travel, training, and overtime.

School of Engineering and Logistics (SEL):

LEADERSHIP EMPHASIS

MANAGEMENT CONTROL TRAINING:

Training of personnel included five persons (Higgins, Peek, Jackson, Youngblood and Oestmann) trained by desk side briefing.

SEPARATE REPORTING ACTIVITIES (Continued)

School of Engineering and Logistics (SEL):

EXECUTION

1. SEL is small with only 14 permanent staff and faculty. This has allowed us to develop an effective MCP, which encourages everyone to make decisions and take actions that are in the best interest of SEL, AMC, Army, and in compliance with the governing regulations. All SEL personnel display a supportive attitude toward management control.
2. SEL made the necessary notice of the publications of AMC's Management Control Plan and scheduled requirement of formal use. All evaluations scheduled to be conducted in FY01 were formally completed and certified by the senior functional manager.

AMC MATERIAL WEAKNESSES

TAB B

LIST OF HQ, AMC MATERIAL WEAKNESSES
FY 01

<u>USAMC NUMBER</u>	<u>TITLE</u>	<u>PROPONENT</u>
01-001	Improper Conversion of HQ, AMC Self Service Supply Center (SSSC) to U.S. Government Purchase Card (GPC) Program.	DCS RM
01-002	Delays in Recruitment	DCS CI
01-003	Delays in Recruitment	DCS RDA
01-004	Ammunition Shortfall	DCS AMMO
01-005	Industrial Base (IB) Management, Analysis, and Planning	DCS RDA
01-006	Acquisition Centers- Not Enough Contracting Personnel	DCS RDA
01-007	Inability to Recruit Young People for Science and Technology	DCS RDA
01-008	Law Enforcement and Security Operations	DCS PER
01-009	Lack of Physical Security, Law Enforcement, and Force Protection Equipment and Materiel	DCS PER
01-010	Spares	DCS LOG
01-011	Management Control of Physical Security at the Chemical Sites	DCS CB
<u>Prior Year</u>		
97-004	Unique Item Tracking (UIT) of Small Arms in the Army Prepositioned Sites (APS)	DCS LOG
97-003	Radiation Protection Program Compliance	SAFETY
96-005	Threat of Unclassified Automated Information Systems (AISs)	DCS CI
96-004	AMC World Wide Web (WWW) Use and Vulnerabilities	DCS CI

UNCORRECTED MATERIAL WEAKNESSES

<u>USAMC NUMBER</u>	<u>TITLE</u>	<u>PROPONENT</u>
01-001	Improper Conversion of HQ, AMC Self Service Supply Center (SSSC) to U.S. Government Purchase Card (GPC) Program.	DCS RM
01-002	Delays in Recruitment	DCS CI
01-003	Delays in Recruitment	DCS RDA
01-004	Ammunition Shortfall	DCS AMMO
01-005	Industrial Base (IB) Management, Analysis, and Planning	DCS RDA
01-006	Acquisition Centers- Not Enough Contracting Personnel	DCS RDA
01-007	Inability to Recruit Young People for Science and Technology	DCS RDA
01-008	Law Enforcement and Security Operations	DCS PER
01-009	Lack of Physical Security, Law Enforcement, and Force Protection Equipment and Materiel	DCS PER
01-010	Spares	DCS LOG
01-011	Management Control of Physical Security at the Chemical Sites	DCS CB
<u>Prior Year</u>		
96-005	Threat of Unclassified Automated Information Systems (AISs)	DCS CI
96-004	AMC World Wide Web (WWW) Use and Vulnerabilities	DCS CI

CORRECTED MATERIAL WEAKNESSES

<u>USAMC NUMBER</u>	<u>TITLE</u>	<u>PROPONENT</u>
97-004	Unique Item Tracking (UIT) of Small Arms in the Army Prepositioned Sites (APS)	DCS LOG
97-003	Radiation Protection Program Compliance	SAFETY

AMC MATERIAL WEAKNESSES

TAB B

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01-002	Delays in Recruitment	DCS CI
01-003	Delays in Recruitment	DCS RDA
01-004	Ammunition Shortfall	DCS AMMO
01-005	Industrial Base (IB) Management, Analysis, and Planning	DCS RDA
01-006	Acquisition Centers - Not Enough Contracting Personnel	DCS RDA
01-007	Inability to Recruit Young People for Science and Technology	DCS RDA
01-008	Law Enforcement and Security Operations	DCS PER
01-009	Lack of Physical Security, Law Enforcement, and Force Protection Equipment and Materiel	DCS PER
01-010	Spares	DCS LOG
01-011		
<u>Prior Year</u>		
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97-003	Radiation Protection Program Compliance	SAFETY
96-005	Threat of Unclassified Automated Information Systems (AISs)	DCS CI
96-004	AMC World Wide Web (WWW) Use and Vulnerabilities	DCS CI

UNCORRECTED MATERIAL WEAKNESSES

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01-005	Industrial Base (IB) Management, Analysis, and Planning	DCS RDA
01-006	Acquisition Centers - Not Enough Contracting Personnel	DCS RDA
01-007	Inability to Recruit Young People for Science and Technology	DCS RDA
01-008	Law Enforcement and Security Operations	DCS PER
01-009	Lack of Physical Security, Law Enforcement, and Force Protection Equipment and Materiel	DCS PER
01-010	Spares	DCS LOG
01-011		
96-005	Threat of Unclassified Automated Information Systems (AISs)	DCS CI
96-004	AMC World Wide Web (WWW) Use and Vulnerabilities	DCS CI

Date: 28 Sep 01

UNCORRECTED MATERIAL WEAKNESS

Local ID #: USAMC-01-001

Title and Description of Material Weakness: Improper Conversion of Headquarters U.S. Army Materiel Command (HQ, AMC) Self Service Supply Center (SSSC) to U.S. Government Purchase Card (GPC) Program. [Improper GSA GPC Billing Practice]

HQ, AMC has received erroneous HQ, AMC GPC billing statements from the U.S. Bank for the 3 monthly cycles occurring since the HQ, AMC SSSC conversion to the GPC Program. The GSA inventory control and billing practice for SSSC items purchased by HQ, AMC employees has impeded HQ, AMC's ability to properly account for budgetary resources used to purchase SSSC inventory.

Functional Category: Comptroller and/or Resource Management (Finance and Accounting)

Pace of Corrective Action:

Year Identified: FY 01

Original Targeted Correction Date: FY 02

Targeted Correction Date in Last Year's Report: N/A

Current Target Date: N/A

Reason for Change in Date(s): N/A

Component/Appropriation/Account Number: Operations & Maintenance, Army (HQ, AMC O&MA)

Validation Process: Independent Review and Audit

UNCORRECTED MATERIAL WEAKNESS

Local ID #: USAMC-01-001

Results Indicators: All parties continuing commitment to excellence in the current GSA/DSS-W/HQ, AMC partnership with SSSC operations, especially the GPC billing practice:

Disappearance of split billings from HQ, AMC GPC Billing Statements.

Transparency of GSA inventory adjusting entries from HQ, AMC GPC Billing Statements.

Elimination of erroneous posting of incorrect charges to HQ, AMC GPC Cardholders' GPC Billing Statements.

Source(s) Identifying Weakness: Management - HQ, AMC (AMCRM-F)

Major Milestones in Corrective Action:

A. Completed Milestones:

Date:	Milestone:
16 May 01	HQ, AMC SSSC Working Group meeting with HQ, AMC Assistant Chief of Staff, to outline DSS-W/GSA Billing Problems – 23 Apr 01 HQ, AMC GPC Billing Statement.
16 May 01	Telephone Conversation between Messrs. Cornett, HQ, AMC, and Tozier, DSS-W, requesting assistance with DSS-W/GSA Billing Problems –
23 Apr 01	HQ, AMC GPC Billing Statement.
17 May 01	HQ, AMC E-mail to DSS-W requesting assistance with DSS-W/GSA Billing Problems – 23 Apr 01 HQ, AMC GPC Billing Statement.
30 May 01	DSS-W E-mail to HQ, AMC advising correction of billing errors and statement that future billing would be correct.
14 Jun 01	HQ, AMC SSSC Working Group meeting with HQ, AMC Assistant Chief of Staff, to outline DSS-W/GSA Billing Problems – 23 May 01 HQ, AMC GPC Billing Statement.
15 Jun 01	HQ, AMC SSSC Working Group meeting at HQ, AMC with DSS-W and GSA officials to discuss corrective actions to DSS-W/GSA Billing Problems.

UNCORRECTED MATERIAL WEAKNESS

Local ID #: USAMC-01-001

A. Completed Milestones (Continued):

Date:	Milestone:
22 Jun 01	HQ, AMC SSSC Working Group meeting at GSA with DSS-W and GSA officials to discuss DSS-W/GSA corrective actions on 23 May 01 HQ, AMC GPC Billing Statement. Completed actions follow: DSS-W and GSA collaborated to establish a network of account profiles by which to communicate with AMC GPC cardholders when discrepancies occur on their GPC billing statements due to the GSA/DSS-W business practice at the HQ, AMC SSSC. This will not guarantee the elimination of such discrepancies, but will enhance the communication among GSA, DSS-W, and HQ, AMC GPC cardholders when discrepancies do occur. [Completed 20 Jun 01] GSA researched the 5 specific categories of GPC billing discrepancies appearing on the 23 May 01 GPC Billing Statement and provided specific rationale for the occurrence of those categories. The adjustment/correction of such discrepancies appeared on a future GPC billing statement, although perhaps not on the 23 Jun 01 GPC billing statement. [Meeting with GSA/DSS-W/ on Friday, 22 Jun 01]
17 Jul 01	HQ, AMC formally identified DSS-W/GSA SSSC billing problem as GSA Material Weakness.
31 Jul 01	GSA fielding of (GSA billing) system change(s) which, when implemented, will result in the posting of the dollar value of the SSSC purchase to the HQ, AMC GPC Billing Statement provided by U.S. Bank.
15 Aug 01	GSA and DSS-W will review the existing GSA/DSS-W business practice at the HQ, AMC SSSC to determine the feasibility of performing validation of the GPC purchases with the U.S. Bank prior to completing the GPC purchase at the SSSC. This practice, if adopted, would likely eliminate the condition whereby the GPC billing is less than the actual SSSC purchase receipt.
31 Aug 01	GSA Systems changes, as deemed appropriate, for a change in the GSA/DSS-W business practice, to eliminate GSA/DSS-W billing discrepancies by allowing merchant (DSS-W) validation (swiping) of the GPC prior to the SSSC purchase.

UNCORRECTED MATERIAL WEAKNESS

Local ID #: USAMC-01-001

B. Planned Milestones (Fiscal Year 2002):

Date:	Milestone:
1 Nov 01	HQ, AMC Chief of Staff decision whether to cease use of SSSC due to absence of GSA corrective actions as specified.
28 Feb 02	Verification of documentation on completion of corrective actions by Internal Review, AMCIR-I.

C. Planned Milestones (Beyond Fiscal Year 2002):

Date:	Milestone:
None.	

HQDA Functional Proponent Participating in Corrective Actions: DSS-W (Denise Miller), E-mail: mary.miller@hqda.army.mil; GSA (Susan W. Lynch), FSS, FSC, e-mail: susanw.lynch@gsa.gov.

Note: This is a material weakness within GSA and should be reported by GSA in the future. If not corrected this fiscal year, HQ, AMC alone cannot fix this problem.

Point of Contact:

Name: Mr. James Kerr
Office Address: HQ AMC, ATTN: AMCRM
5001 Eisenhower Avenue, Alexandria, VA 22333-0001
Telephone: Commercial: (703) 617-9255 DSN: 767-9255

DATE: 28 Sep 01

UNCORRECTED MATERIAL WEAKNESS

Local ID #: USAMC-01-002

Title and Description of Weakness: Delays in Recruitment

Delays in Recruitment impact the Command's ability to meet reimbursable customer requirements. Current recruiting procedures can result in 3-6 months to fill journey level positions when recruitment from outside the current workforce is necessary/desirable. This also includes efforts to bring in new talent at the entry level (IT Interns) to keep the workforce current and to plan for anticipated losses. Within CECOM, this problem is compounded by the fact the primary occupations are information technology specialists/engineers and scientists, which have been recognized as hard to fill positions with a special salary rate in effect. Efforts to fill positions are hampered by our lack of ability to move at the same speed with which the private sector can offer positions. All commands need the ability to compete for talent in the marketplace. Secondly, when interested candidates are found, they need to apply several times, in several regions, to be considered for the types of positions they are interested in.

Functional Category: Personnel/Organization Management

Pace of Corrective Action:

Year Identified: FY 01

Original Targeted Correction Date: FY 02

Targeted Correction Date in Last Year's Report: N/A

Current Target Date: N/A

Reason for Change in Date(s): N/A

Component/Appropriation/Account Number: Army/All Appropriations

Validation Process: Independent Review and Audit

DATE: 28 Sep 01

UNCORRECTED MATERIAL WEAKNESS

Local ID #: USAMC-01-002

Results Indicators: Improve the time it takes to fill positions, accept jobs and assess the quality of new hires.

Source(s) Identifying Weakness: Management - Identified by CECOM as a potential material weakness (CECOM 2001-01). Issue raised during MC process conference.

Major Milestones in Corrective Action:

A. Completed Milestones:

Date: Milestone:
None.

B. Planned Milestones (Fiscal Year 2002):

Date: Milestone:
24 Oct 01 Send a memorandum to HQ, DA Assistance Secretary of the Army for Manpower and Reserve Affairs.
31 Dec 01 Verify documentation on completion of corrective actions by Internal Review, AMCIR-I.

C. Planned Milestones (Beyond Fiscal Year 2002):

Date: Milestone:
None.

HQDA Functional Proponent Participating in Corrective Actions: Assistant Secretary of the Army for Manpower and Reserve Affairs.

Note:

Point of Contact:

Name: Ms. Linda K. Flick
Office Address: HQ, AMC, ATTN: AMCIO-R
5001 Eisenhower Avenue, Alexandria, VA 22333-0001
Telephone: Commercial (703) 617-5906 DSN: 767-5906

UNCORRECTED MATERIAL WEAKNESS

Local ID #: USAMC-01-003

Title and Description of Weakness: Delays in Recruitment

Delays in Recruitment impact the Command's ability to meet reimbursable customer requirements. Current recruiting procedures can result in 3-6 months to fill journey level positions when recruitment from outside the current workforce is necessary/desirable. This also includes efforts to bring in new talent at the entry level (Interns) to keep the workforce current and to plan for anticipated losses. This problem is compounded by the fact the primary occupations are engineers, scientists and information technology specialists, which have been recognized as hard to fill positions with a special salary rate in effect. Efforts to fill positions are hampered by the inability to compete with hiring practices from the private sector. All commands within AMC need the ability to compete for talent in the marketplace. Secondly, when interested candidates are found, they need to apply several times, in several regions, to be considered for the types of positions they are interested in. One applicant database would alleviate this situation and allow for faster fill for management and less frustration for applicants.

Functional Category: Personnel/Organization Management

Pace of Corrective Action:

Year Identified: FY 01

Original Targeted Correction Date: FY 02

Targeted Correction Date in Last Year's Report: N/A

Current Target Date: N/A

Reason for Change in Date(s): N/A

Component/Appropriation/Account Number: Army/All Appropriations

Validation Process: Independent Review and Audit

DATE: 28 Sep 01

UNCORRECTED MATERIAL WEAKNESS

Local ID #: USAMC-01-003

Results Indicators: Improved time to fill positions, job acceptance rates and qualitative assessments of quality of new hires.

Source(s) Identifying Weakness: Management - Issue raised by field potential material weakness - CECOM 2001-01.

Major Milestones in Corrective Action:

A. Completed Milestones:

Date: Milestone:
None.

B. Planned Milestones (Fiscal Year 2002):

Date: Milestone:
31 Oct 01 Send a memorandum to HQ, DA addressing the problem identified in CECOM potential material weakness.

31 Dec 01 Verify documentation on completion of corrective actions by Internal Review, AMCIR-I.

C. Planned Milestones (Beyond Fiscal Year 2002):

Date: Milestone:
None.

HQDA Functional Proponent Participating in Corrective Actions: Secretary of the Army for Manpower and Reserve Affairs.

Note:

Point of Contact:

Name: Ms. Linda K. Flick

Office Address: HQ, AMC, ATTN: AMCIO-R

5001 Eisenhower Avenue, Alexandria, VA 22333-0001

Date: 1 Oct 01

UNCORRECTED MATERIAL WEAKNESS

Local ID #: USAMC-01-004

Title and Description of Material Weakness: Ammunition Shortfall

The Army has a serious shortfall in preferred war reserve ammunition. This shortfall is only partially mitigated by stocks of suitable substitutes. The Army has not received sufficient funds to procure ammunition to eliminate this shortfall. This problem is made worse because the Army has not received sufficient resources to perform required inventory surveillance and maintenance of existing war reserve ammunition stockpiles.

Functional Category: Supply Operations

Pace of Corrective Action:

Year Identified: FY 01

Original Targeted Correction Date: FY 02

Targeted Correction Date in Last Year's Report: N/A

Current Target Date: N/A

Reason for Change in Date(s): N/A

Component/Appropriation/Account Number: Procurement of Ammunition Army (PAA) and Operations Maintenance, Army (OMA)

Validation Process: Management judgement; Ammunition Functional Area Assessment.

UNCORRECTED MATERIAL WEAKNESS

Local ID #: USAMC-01-004

Results Indicators: Number of issuable rounds of ammunition in the inventory compared to HQDA-approved Army Acquisition Objective for each war reserve ammunition end item.

Source(s) Identifying Weakness: AMC Management (Directed by CG, AMC)

Major Milestones in Corrective Action:

A. Completed Milestones:

Date: Milestone:
None.

B. Planned Milestones (Fiscal Year 2002):

Date:	Milestone:
31 Dec 01	Receive revised requirement for HQDA.
28 Feb 02	Request annual increase of \$750 million Procurement of Ammunition Army (PAA), \$150 million Operations Maintenance, Army (OMA) from Army Program Analysis and Evaluation (PAE) throughout the FY01-09 Program Objective Memorandum (POM).
31 Mar 02	Verify documentation on completion of corrective actions (Internal Review, AMCIR-I)

UNCORRECTED MATERIAL WEAKNESS

Local ID #: USAMC-01-004

Major Milestones in Corrective Action:

C. Planned Milestones (Beyond Fiscal Year 2002):

Date: Milestone:
None.

HQDA Functional Proponent Participating in Corrective Actions: PA&E

Note:

Point of Contact:

Name: Mr. John Lawson

Office Address: HQ AMC, ATTN: AMCAM-PB

5001 Eisenhower Avenue, Alexandria, VA 22333-0001

Telephone: Commercial (703) 617-9792

DSN: 767-9792

Date: 1 Oct 01

UNCORRECTED MATERIAL WEAKNESS

Local ID #: USAMC-01-005

Title and Description of Material Weakness: Industrial Base (IB) Management, Analysis, and Planning

Army lacks sufficient IB planning capability to efficiently and effectively support contingency operations and the transformation.

Headquarters (HQ) staff management has been reduced over the last several years such that there is inadequate management level expertise to effectively manage the Army's IB Program. There is no systematic mechanism across the Army Materiel Command (AMC) to perform industrial base planning. There is no coordination mechanism in AMC to develop guidance, coordinate, analyze, prioritize, and elevate readiness issues from the Program Managers (PM's) and the Major Subordinate Commands (MSCs) to cultivate a consistent analysis approach, identify priority issues from a common perspective, and address those issues. This includes the lack of ability to identify industrial base issues that would prevent us from meeting contingency or replenishment requirements. There is no systematic approach among the PM's/Acquisition Category (ACAT) systems to perform IB planning.

Functional Category: Industrial Base Planning/Management

Pace of Corrective Action:

Year Identified: FY 01

Original Targeted Correction Date: FY 03

Targeted Correction Date in Last Year's Report: N/A

Current Target Date: N/A

Reason for Change in Date(s): N/A

Component/Appropriation/Account Number: Industrial Preparedness Operations (IPO) Account

Validation Process: Independent Review and Audit

UNCORRECTED MATERIAL WEAKNESS

Local ID #: USAMC-01-005

Results Indicators: Industrial Base Office at AMC and MSCs staffed with ability to identify production base capabilities, issues and shortfalls, coordinating across all levels of the Army.

Source(s) Identifying Weakness: Issue raised by the Commanding General of AMC.

Major Milestones in Corrective Action: Coordinate strategy with HQ Department of the Army. Coordinate with, fund and staff AMC and MSCs. Establish planning procedures. Implement analysis and planning procedures.

A. Completed Milestones:

Date:	Milestone:
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B. Planned Milestones (Fiscal Year 2002):

Date:	Milestone:
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31 Dec 01	Working with HQDA to developing an IB Strategy.
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31 Jan 02	Working on AMC IB Strategy.
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31 Mar 02	Provide resources to HQ, AMC & MSCs.
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30 Jun 02	Establish common analysis approach.
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1 Sep 02	Provide preliminary assessment results.
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C. Planned Milestones (Beyond Fiscal Year 2002):

Date:	Milestone:
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30 Nov 02	Revisit approach and revise as needed.
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31 Jan 03	Verify documentation on completion of corrective action by Internal Review, AMCIR-I.
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Note:

Point of Contact:

Name: Mr. Alvin Kragh

Office Address: HQ AMC, ATTN: AMCRDA-EB

5001 Eisenhower Avenue, Alexandria, VA 22333-0001

Telephone: Commercial (703)617-8268 DSN: 767-8268

UNCORRECTED MATERIAL WEAKNESS

Local ID #: USAMC-01-006

Title and Description of Material Weakness: Acquisition Centers- Not Enough Contracting Personnel

During the 1990s, Congressional and budget direction drove the Army to dramatically reduce its acquisition personnel. Within the contracting communities, the acquisition centers were able to cope with reductions and mitigate risk through process streamlining and reform efforts. Commencing with fiscal year 2002 and continuing through fiscal year 2006, additional significant cuts to the central procurement accounts are projected. The ever-increasing gap between workload and resources raises the prospect of mission failure. There are no major streamlining/initiatives to mitigate FY02 and beyond cuts. Two acquisition centers most affected by the contracting personnel shortfalls are the U.S. Army Aviation and Missile Command (AMCOM) and the U.S. Army Tank-automotive and Armaments Command (TACOM). For these two centers alone, the shortfall will be over 300 personnel in fiscal year 2002, increasing to over 600 in fiscal year 2006. Current staffing levels must be maintained in order to support the Army Transformation as well as other vital requirements. If adequate staffing is not restored to the acquisition centers, they may be faced with offloading or contracting out portions of their workload.

Functional Category: Personnel

Pace of Corrective Action:

Year Identified: FY 01

Original Targeted Correction Date: FY 02

Targeted Correction Date in Last Year's Report: N/A

Current Target Date: N/A

Reason for Change in Date(s): N/A

Component/Appropriation/Account Number: Army/All Appropriations but primarily Central Procurement Account, MDEP ASCE.

Validation Process: Independent Review and Audit

UNCORRECTED MATERIAL WEAKNESS

Local ID #: USAMC-01-006

Results Indicators: Prohibition on further reduction to contracting personnel in the acquisition centers. Increase in manpower requirements for FY 02 and beyond.

Source(s) Identifying Weakness: Management and Issue raised by Principal Assistants Responsible for Contracting (PARCs) during Jan 01 VTC with CG on contracting and personnel issues.

Major Milestones in Corrective Action:

A. Completed Milestones:

Date:	Milestone:
2 Aug 01	CG requested Acting ASA (ALT) support for restoration of adequate staffing to the Acquisition Centers.

B. Planned Milestones (Fiscal Year 2002):

Date:	Milestone:
31 Oct 01	Verify documentation on completion of corrective actions by Internal Review, AMCIR-I.

Major Milestones in Corrective Action:

C. Planned Milestones (Beyond Fiscal Year 2002):

Date:	Milestone:
Note.	

HQDA Functional Proponent Participating in Corrective Action: ASA (ALT)

Note:

Point of Contact:

Name: Ms. Kathleen T. Love

Office Address: HQ AMC, ATTN: AMCRDA-AC

5001 Eisenhower Avenue, Alexandria, VA 22333-0001

Telephone: Commercial (703) 617-8697 DSN: 767-8697

Date: 1 Oct 01

UNCORRECTED MATERIAL WEAKNESS

Local ID #: USAMC-01-007

Title and Description of Material Weakness: Inability to Recruit Young People for Science and Technology

The rapidly aging workforce is making it imperative that Department of Army improve the process to fill the science and technology vacancies created by attrition and retirement. The Army needs to attract talented young individuals schooled in the latest technology to replenish the workforce but efforts to fill intern positions are hampered by the inability to compete with private sector hiring practices. The private sector can make firm job offers during the interview while Army takes weeks and sometime months to make a firm offer. Even with recruiting bonuses and relocation expenses, the Army and the Government in general are not competitive with the salaries offered by the private sector in the technology areas of interest. Delays in the recruiting process also impact the Army's ability to hire seasoned professionals with private sector or academic experience to enhance Government research and technology programs. Current recruiting procedures can result in 4-8 months to fill journey level positions with candidates from outside the current workforce. The delay diminishes our ability to keep the workforce current and to respond to anticipated losses. Commands must be given the tools necessary to compete for talent in the marketplace for the Army After Next.

Functional Category: Personnel

Pace of Corrective Action:

Year Identified: FY 01

Original Targeted Correction Date: FY 02

Targeted Correction Date in Last Year's Report: N/A

Current Target Date: N/A

Reason for Change in Date(s): N/A

Component/Appropriation/Account Number: Army/All Appropriations

Validation Process: Independent Review and Audit

UNCORRECTED MATERIAL WEAKNESS

Local ID #: USAMC-01-007

Results Indicators: Improved recruitment of young individuals.

Source(s) Identifying Weakness: Management - Issue raised by Commanding General during Annual Statement Briefing.

Major Milestones in Corrective Action:

A. Completed Milestones:

Date: Milestone:
None.

B. Planned Milestones (Fiscal Year 2002):

Date: Milestone:
31 Oct 01 Send Memorandum to HQDA addressing problem identified by CG AMC.

31 Dec 01 Verification documentation of corrective actions by Internal Review, AMCIR-I.

C. Planned Milestones (Beyond Fiscal Year 2002):

Date: Milestone:
None.

HQDA Functional Proponent Participating in Corrective Action: Secretary of the Army for Manpower and Reserve Affairs.

Note:

Point of Contact:

Name: Ms. Wallis L. Berrios

Office Address: HQ AMC, ATTN: AMCRDA-AM

5001 Eisenhower Avenue, Alexandria, VA 22333-0001

Telephone: Commercial (703) 617-1947 DSN: 767-1947

Date: 4 Oct 01

UNCORRECTED MATERIAL WEAKNESS

Local ID #: USAMC-01-008

Title and Description of Material Weakness: Law Enforcement and Security Operations

The Army Materiel Command has a serious shortfall in law enforcement operations. The Army has not received sufficient funds to procure adequate staffing for police and guard services. AMC installations cannot support other than minimal requirements under normal operating conditions. This problem is compounded when staffing procurement is addressed. Low pay, low morale, overtime requirements, inadequate equipment and minimum training are only a few of the issues related to retention of personnel. Civilian service recruitment and retention initiatives are another area of concern. Recruitment often times is a lengthy process. Government police and guard positions are not salary competitive with industry. Retaining individuals when they reach full employment and operations status is questionable. Furthermore, and with only a few exceptions, there are no alternative solutions to this weakness because it continues to be compounded by the prohibition on contracts for performance of security functions at military installations and facilities (Title 10, Section 2465).

Functional Category: Personnel - Force Protection (Law Enforcement Operations)

Pace of Corrective Action:

Year Identified: FY 01

Original Targeted Correction Date: FY 02

Targeted Correction Date in Last Year's Report: N/A

Current Target Date: N/A

Reason for Change in Date(s): N/A

Component/Appropriation/Account Number: Various, to include Operations Maintenance, Army (OMA) and Army Working Capital Fund.

Validation Process: Independent Review and Audit

UNCORRECTED MATERIAL WEAKNESS

Local ID #: USAMC-01-008

Results Indicators: Installations performance of police and guard functions at installation levels can be met through sustaining Force Protection Condition (FPCON) level Bravo per requirements determination. Higher FPCON would require additional support.

Source(s) Identifying Weakness: Management - Directed by CG, AMC

Major Milestones in Corrective Action:

A. Completed Milestones:

Date: Milestone:
None.

B. Planned Milestones (Fiscal Year 2002):

Date:	Milestone:
26 Sep 01	Working with FORSCOM to acquire AC and RC units to support security force operations on AMC sites during heightened FPCON.
26 Sep 01	Utilizing OPM guidance to address temporary appointments (not to exceed one year) for additional security personnel.
26 Sep 01	Requested increase in TDA workyears/manyears and increase in OMA and AWCF funding to provide for permanent positions in support of security operations at AMC installations.

UNCORRECTED MATERIAL WEAKNESS

Local ID #: USAMC-01-008

Major Milestones in Corrective Action:

C. Planned Milestones (Beyond Fiscal Year 2002):

Date:	Milestone:
1 Oct 01	Continue to address milestones above to HQDA.
31 Jan 02	Verify documentation on completion of corrective actions by Internal Review, AMCIR-I.

HQDA Functional Proponent Participating in Corrective Actions: HQDA, DAMO-ODL, LTC Louis Lewis / COL Manolito Garbato, Commercial (703) 695-9319/614-1061, DSN: 225-9319/224-1061

Note:

Point of Contact:

Name: Ms. Sandra Wilson / COL Louis Fuertes

Office Address: HQ AMC, ATTN: AMCPE-S

5001 Eisenhower Avenue, Alexandria, VA 22333-0001

Telephone: Commercial (703) 617-9459/9033

DSN: 767-9459/9033

Date: 4 Oct 01

UNCORRECTED MATERIAL WEAKNESS

Local ID #: USAMC-01-009

Title and Description of Material Weakness: Lack of Physical Security, Law Enforcement, and Force Protection Equipment and Materiel

The Army Materiel Command has a serious shortfall in force protection (law enforcement and physical security) operations. Requirements have been requested annually to procure and sustain physical security equipment and materiel in support of Force Protection.

Functional Category: Force Protection (Physical Security and Law Enforcement Operations)

Pace of Corrective Action:

Year Identified: FY 01

Original Targeted Correction Date: FY 02

Targeted Correction Date in Last Year's Report: N/A

Current Target Date: N/A

Reason for Change in Date(s): N/A

Component/Appropriation/Account Number: Various, to include Operations Maintenance, Army (OMA) and Army Working Capital Fund.

Validation Process: Independent Review and Audit

UNCORRECTED MATERIAL WEAKNESS

Local ID #: USAMC-01-009

Results Indicators: Installations performance of physical security and protection of Army assets at the installation levels can be met through sustaining Force Protection Condition (FPCON) level Bravo per requirements determination. Higher FPCON would require additional support.

Source(s) Identifying Weakness: Management - Directed by CG, AMC

Major Milestones in Corrective Action:

A. Completed Milestones:

Date: Milestone:
None.

B. Planned Milestones (Fiscal Year 2002):

Date: Milestone:
26 Sep 01 Working with AMC Resource Management, AMC Working Capital Fund, AMC Research Development and Acquisition, Installation Services and AMC Personnel to address shortfalls in operations.

C. Planned Milestones (Beyond Fiscal Year 2002):

Date: Milestone:
1 Oct 01 Continue to address milestones above to HQDA.
31 Jan 02 Verify documentation on completion of corrective actions by Internal Review, AMCIR-I

UNCORRECTED MATERIAL WEAKNESS

Local ID #: USAMC-01-009

HQDA Functional Proponent Participating in Corrective Actions: HQDA, DAMO-ODL, LTC Louis Lewis / COL Manolito Garbato, Telephone: Commercial (703) 695-9319/614-1061, DSN: 225-9319/224-1061.

Note: Examples of requested requirements include intrusion detection systems protecting arms, ammunition and explosive and other sensitive Army material (some of which have high failure rates and no source of replacement parts), closed circuit television, access control systems, communications (Public Law change with implementation date in only a few years), and other site improvements. Last FY, AMC requested over 36M in Other Procurement, Army (OPA) requirements and received only 1.3M in funding. This reflects a funding rate of approximately 3.6%. In the area of Operating Maintenance, Army (OMA), the funding rate is approximately 50% (majority of salary funding are reflected here as well as small equipment, minor construction, personnel equipment, management operations, etc). As a final contributor, AMC's law enforcement funding on PE 438075.L suffered a 1.7M tax from HQDA in FY02 that escalates through FY03-07. This shows BASOPS taxing BASOPS. Force Protections (in particular MDEPs QLPR and VTER) have year after year executed higher than PBG authorizations. QLPR in FY02 is funded at 51% of requirement. VTER is funded at 0% of requirement. These programs are being "maintained" at the expense of other missions within AMC because of inadequate funding by Army.

Point of Contact:

Name: Ms. Sandra Wilson / COL Louis Fuertes

Office Address: HQ AMC, ATTN: AMCPE-S

5001 Eisenhower Avenue, Alexandria, VA 22333-0001

Telephone: Commercial (703) 617-9459/9033

DSN: 767-9459/9033

Date: 4 Oct 01

UNCORRECTED MATERIAL WEAKNESS

Local ID #: USAMC-01-010

Title and Description of Material Weakness: Spares

The Department of the Army has failed to adequately resource spares.

Functional Category: Force Readiness

Pace of Corrective Action:

Year Identified: FY 01

Original Targeted Correction Date: FY 03

Targeted Correction Date in Last Year's Report: N/A

Current Target Date: N/A

Reason for Change in Date(s): N/A

Component/Appropriation/Account Number: Army AWCF

Validation Process: Independent Review and Audit

UNCORRECTED MATERIAL WEAKNESS

Local ID #: USAMC-01-010

Results Indicators: Approved Army Working Capital Fund (AWCF) resources that supports a spares supply availability of at least 85% for all commodities.

Source Identifying weakness: Management - Directed by the CG, AMC.

Major Milestones in Corrective Action:

A. Completed Milestones:

Date:	Milestone:
Feb 01	Spares UFR Briefed to VCSA.

B. Planned Milestones (Fiscal Year FY 2002):

Date:	Milestone:
31 Oct 01	Obtain fully funded FY02 program.

C. Planned Milestone (Beyond Fiscal Year FY 2002):

Date:	Milestone:
31 Oct 02	Fully funded FY03 program.
31 Dec 02	Verify documentation on completion of corrective action (Internal Review, AMCIR-I).

HQDA Functional Proponent Participating in Corrective Action: DA, ODCSLOG; DA, ODCSPRO; and ASAFM&C

Note:

Point of Contact:

Name: Mr. Stephen Malter

Office Address: HQ, AMC, ATTN: AMCLG-LSR

5001 Eisenhower Ave., Alexandria, VA 22333-0001

Telephone: Commercial: (703) 617-0884 DSN: 767-0884

Date: 15 Oct 01

UNCORRECTED MATERIAL WEAKNESS

Local ID #: USAMC-01-011

Title and Description of Material Weakness: Management Control of Physical Security at the Chemical Sites

SBCCOM uses results of the Physical Security inspection process along with the Chemical Surety Inspection, Surety Management Review, CSEPP/IRFX Exercise process, and DA/IG visit results to evaluate the chemical sites each year under the Management Control Process. Based on our continuously monitored approach and results of prior Management Control reviews, SBCCOM is declaring an upfront FY02 material weakness of physical security at the chemical stockpile storage sites. This decision is being made to ensure increased emphasis and in advance of reviewing any of the FY02 evaluation results. Prior year results of inspections/reviews revealed repetitive physical security deficiencies which support this decision. Although continuous actions are taken by the chemical sites to correct audit/inspection/review findings and to be compliant with requirements outlined in the governing AR 190-59, other challenges such as restrictive personnel policies for guards hirings, unresolved HQDA actions on reinvention waivers, attention to detail, and unresolved compensatory issues impede our progress in meeting all regulatory standards. An action plan for this (in advance) material weakness will be developed and entered in the new SBCCOM Management Control Reporting Tool data base and monitored closely by Assessable Unit Managers and leadership for improvement and eventual elimination of repetitive deficiencies.

Functional Category: Communications/Intelligence/Security

Pace of Corrective Action:

Year Identified: FY 01

Original Targeted Correction Date: FY 03

Targeted Correction Date in Last Year's Report: N/A

Current Target Date: N/A

Reason for Change in Date(s): N/A

Component/Appropriation/Account Number:

Validation Process: Independent Review and Audit

UNCORRECTED MATERIAL WEAKNESS

Local ID #: USAMC-01-011

Results Indicators: Increased oversight control and review of the deficiencies as they are identified and corrected at our assigned multiple sites. AUMs will have all the requirements and updates needed for the command's MCP process.

Source(s) Identifying Weakness: Management - Directed by the AMC Commanding General

Major Milestones in Corrective Action: Initiatives to help manage this are underway: In FY01 SBCCOM aggressively revamped the Management Control Process and took a closer look at the results of inspections/reviews/evaluations and reporting of deficiencies. Due to the complexity of the Command and chemical surety challenges, a requirement for an (automated) oversight Management Control Tool was identified. This tool was designed to allow increased oversight control and review of the deficiencies as they are identified and corrected at our assigned multiple sites and will provide AUMs all the requirements and updates needed for the entire MCP process.

A. Completed Milestones:

Date: Milestone:
None

Planned Milestones (Fiscal Year 2002):

Date: Milestone:

The Management Control Tool will be implemented starting with our FY02 evaluations. From an on-line database, our chemical stockpile sites Assessable Unit Manager can retrieve up-to-date evaluation results and monitor progress of corrective actions. This FY02 database is scheduled to be populated with FY02-06 inventory of evaluation information by end of October 01.

UNCORRECTED MATERIAL WEAKNESS

Local ID #: USAMC-01-011

Major Milestones in Corrective Action:

Planned Milestones (Beyond Fiscal Year 2002):

Date: Milestone:

Internal Review to verify milestone completion.

HQDA Functional Proponent Participating in Corrective Actions: N/A

Note:

Point of Contact:

Name: COL Edward W. Newing, Chief of Staff, SBCCOM, MCP Senior Responsible Official

Office Address: HQ AMC, ATTN: AMCCB

5001 Eisenhower Avenue, Alexandria, VA 22333-0001

Telephone: Commercial (410) 436-2047 DSN: DSN 584-2047

Date: 28 Sep 01

UNCORRECTED MATERIAL WEAKNESS

Local ID #: USAMC-96-005

Title and Description of Material Weakness: Threat of Unclassified Automated Information Systems (AISs)

Our unclassified AISs process and transmit unclassified sensitive information over the Internet and Nonclassified (but sensitive) Internet Protocol Router Network (NIPRNET). Basic Perimeter Defense Intrusion Detection Systems (IDS) in place at NIPRNET connections. Hacker activity continues. The attacks are more sophisticated and the hackers are targeting specific systems for certain subjects.

Functional Category: OSD -- Information Technology

Pace of Corrective Action:

Year Identified: FY 1996

Original Targeted Correction Date: FY 1998

Targeted Correction in Last Year's Report: FY 2003

Current Target Date: FY 2003

Reason for Change in Date(s): N/A

Component/Appropriation/Account Number: Army/O&M, Army (MS4X - Compliance by inspection, training, and software security tools), and OPA (MX5T - Security hardware and communications security devices).

Validation Process: Managerial judgement; independent review and audit.

UNCORRECTED MATERIAL WEAKNESS

Local ID #: USAMC-96-005

Results Indicators: Decrease in successful hacker intrusions as detected by IDS. Increase in detection of unauthorized access by training systems administrators and increased sophistication of detection systems.

Source(s) Identifying Weakness: Management

Major Milestones in Corrective Action:

A. Completed Milestones:

Date:	Milestone:
27 Mar 96	Provided FY98 - 03 MS4X and MX5T funding input to HQDA (DISC4).
4 Jun 97	Provided FY99 - 04 MS4X and MX5T funding input to HQDA (DISC4).
14 Aug 97	Received FY 99 - 03 MS4X funding allocations for AMC from DISC4.
31 Jan 98	Assessed HQ,AMC's unclassified systems and networks.
1 Feb 98	Provided MS4X funding spread to DCS for Resource Management for each MSC.
24 Feb 98	The Land Information Warfare Activity's (LIWA), Army Computer Emergency Response Team (ACERT), performed a Computer Defense Assistance (CDA) Branch vulnerability assessment of the Army Materiel Command (AMC) unclassified Local Area Network. Results were sent to the HQ,AMC DOIM.
1 Jun 98	Identified technology and resource shortfalls to HQDA.
1 Jul 98	Established ISS training policy for command-wide implementation. Developed plan to secure systems in coordination with DCSINT and DOIM. Assessed AMC MSCs' unclassified systems and networks.
27 Aug 98	Contract Award for assistance in AMC's management of our Information Assurance Program.
28 Aug 98	Installed Intrusion Detection Systems as required by Phase I of the Army Network Security Improvement Program.
1 Sep 98	Established priorities for countermeasures implementation.

UNCORRECTED MATERIAL WEAKNESS

Local ID #: USAMC-96-005

A. Completed Milestones (Continued):

Date:	Milestone:
28 Sep 98	Initiated ISEC Engineering Studies (AMCOM).
15 Nov 98	Distributed MS4X funds to MSCs.
30 Nov 98	Initiated ISEC Engineering Study (ARL).
31 Dec 98	Submitted POM (FY 00-05).
9 Jan 99	ISEC Engineering Security Assessments.
9-17 Jan 99	HQ, AMC/USASAC (Partial Study).
11-22 Jan 99	Tobyhanna (Partial Study).
1-12 Feb 99	STRICOM (Partial Study).
9 Mar 99 - 1 Apr 99	TACOM (Full Study).
22 Mar 99 - 9 Apr 99	RIA (Full Study).
7 Jun 99 - 2 Jul 99	APG/Edgewood (Overlaps with next quarter - Full Study).
1 Aug 99	Award Task Order for AMC Strategic Plan.
26 Jul 99 - 13 Aug 99	Tobyhanna (Follow-on - Full Study).
30 Sep 99	Continue Information Assurance Contract.
9 May 00	Completed AMC IA Strategic Plan/Incident Review and Analysis Concept of Operations.
30 Sep 00	Completed Follow-on IA contract (Corbett Technology, Inc. won contract).
31 Dec 00	Published AMC Supplement to AR 380-19.
17 Aug 01	Completed fielding of Guardian (ARL's Intrusion Detection Systems) to MSCs.

UNCORRECTED MATERIAL WEAKNESS

Local ID #: USAMC-96-005

B. Planned Milestones (Fiscal Year 2002):

- | Date: | Milestone: |
|-----------|--|
| 30 Sep 01 | Publish AMC IA Strategic Plan. |
| 1 Oct 01 | Continue Vulnerability Assessments through the Army Computer Defense Association Program (CDAP), the ISEC Assessment Survey's, and/or the Do-it-Yourself Vulnerability Assessment Program (DITYVAP). |
| 31 Dec 01 | Publish AMC Information Assurance Plan. |

C. Planned Milestones (Beyond Fiscal Year 2002):

- | Date: | Milestone: |
|-------------------------|--|
| 1 Oct 01 -
30 Sep 03 | Continue Follow-on Information Assurance Contract with Corbett Technology, Inc. |
| 31 Oct 02 | Protection of web sites and electronic messaging through PKI. |
| 31 Dec 03 | Verify documentation on completion of corrective actions (Internal Review, AMCIR-I). |

HQDA Functional Proponent Participating in Corrective Actions: SAIS, Ralph A. Lowenthal, SAIS-C2P/IA, (703) 607-5886, e-mail address: lowenra@hqda.army.mil.

Note: Full implementation of AIS within AMC is projected to take five years or more. This time is needed to obtain resources and train all IA professionals. Hardware/software solutions, will take several years to purchase and include: IDSs, NIDs, firewalls, and associated Fortezza technology (for encryption). All of these requirements have been identified by HQDA. Then Internal Review can verify completion of milestones.

Point of Contact:

Name: Ms. Lucille Newman
Office Address: HQAMC, ATTN: AMCIO-A
5001 Eisenhower Ave., Alexandria, VA 22333-0001
Telephone: Commercial: (703) 617-3310 DSN: 767

Date: 28 Sep 01

UNCORRECTED MATERIAL WEAKNESS

Local ID #: USAMC-96-004

Title and Description of Material Weakness: AMC World Wide Web (WWW) Use and Vulnerabilities

Use of the WWW has innate insecurities, just as crossing a super highway has inherent dangers. These risks can not be eliminated. Actions can be taken to lessen the risks while gaining advantages.

Functional Category: OSD -- Information Technology

Pace of Corrective Action:

Year Identified: FY 1996

Original Targeted Correction Date: FY 1999

Targeted Correction in Last Year's Report: FY 2001

Current Target Date: FY 2002

Reason for Change in Date(s): On 28 Sep 00, AMCIO entered into a new contract for information assurance with Corbett Technology, Inc. One of their tasks was to re-write the AMC Information Assurance Plan delivered from the previous contractor. The new plan does not include policy. Therefore, it will not include World Wide Web Internet policy. Policies will be issued separately. The policy for World Wide Web Internet will be among those published separately.

Component/Appropriation/Account Number: Army/ Operation and Maintenance Army (MS4X PE 432140)

Validation Process: Managerial judgement; independent review and audit.

UNCORRECTED MATERIAL WEAKNESS

Local ID #: USAMC-96-004

Results Indicators: Managers will be aware of the risks in using the WWW and the steps taken to minimize those risks. Users will be aware of the risks and the required actions to seek help. Service providers will be aware of the programs available and required actions to minimize risks.

Source(s) identifying weakness: Management

Major Milestones in Corrective Action:

A. Completed Milestones:

Date:	Milestone:
4th Qtr 97	Contract Awarded.
23 Dec 97	Task 4 Work Order accepted.
30 Sep 98	AMCIO received contractor (task) document for review and comment.
23 Dec 98	Obtained study results.
31 Jan 99	Disseminated results.
28 Feb 99	Implemented changes. Trained users, managers and system administrators.
13 May 99	Draft policy on Web delivered and staffed as part of the Information Assurance Plan (IAP).
27 Aug 99	Final IAP delivered and staffed.
31 Mar 00	Published and distributed IAP, including WWW plan policy.
30 Jun 00 (Deleted)	Users, managers, and systems administrators implemented IAP and WWW policy.

B. Planned Milestones (Fiscal Year FY 2002):

Date:	Milestone:
30 Dec 02	Update, Staff and Publish World Wide Web Internet Policy.
28 Feb 02	Verify documentation on completion of corrective actions by Internal Review, AMCIR-I.

UNCORRECTED MATERIAL WEAKNESS

Local ID #: USAMC-96-004

Major Milestones in Corrective Action:

C. Planned Milestones (Beyond Fiscal Year FY 2002):
None.

HQDA Functional Proponent Participating in Corrective Actions: N/A.

Note:

Point of Contact:

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CORRECTED MATERIAL WEAKNESSES

<u>USAMC NUMBER</u>	<u>TITLE</u>	PROPONENT
97-004	Unique Item Tracking (UIT) of Small Arms in the Army Positioned Sites (APS)	DCSLOG
97-003	Radiation Protection Program Compliance	SAFETY

CORRECTED MATERIAL WEAKNESS

Local ID #: USAMC-97-004

Title and Description of Material Weakness: Unique Item Tracking (UIT) of Small Arms in Army Propositioned Sites (APS)

Each unit authorized and each depot storing small arms must report these items by serial number to the DOD UIT Central Registry at the AMC Logistics Support Activity (LOGSA), Huntsville, AL. This involves daily transactions to the LOGSA UIT registry on any movement, shipment, or receipt of weapons, and a yearly reconciliation of all activities to the UIT registry. As part of an overall review of Army prepositioned stocks, the AMC IG inspected small arms inventories at APS sites in Japan, Korea, and Livorno, Italy. Using National Stock Number (NSN) and storage activity Routing Identifier Code (RIC), they compared ACALA Commodity Command Standard System (CCSS) accountable balances to the Standard Depot System (SDS) custodial record balances, which matched. Based on 100% physical inventory of small arms, the SDS records also matched the inventory counts by NSN and RIC. However, these counts did not generally match UIT database quantities by NSN and RIC. In Dec 97, the AMC IG also completed inspections in three of six Combat Equipment Group Europe (CEGE) sites with similar results.

Functional Category: OSD -- Supply Operations

Pace of Corrective Action:

Year Identified: FY 1997

Original Targeted Correction Date: FY 1998

Targeted Correction Date in Last Year's Report: FY 2001

Current Target Date: FY 2001

Reason for Change in Date(s): N/A

Component/Appropriation/Account Number: Army/Operation and Maintenance, Army

Validation Process: Managerial judgment; independent review and audit.

CORRECTED MATERIAL WEAKNESS

Local ID #: USAMC-97-004

Results Indicators: Ability to track small arms serial numbers for APS sites in the UIT database, based on daily reporting/recording, and an annual reconciliation of all APS sites with UIT database.

Sources(s) Identifying Weakness: AMC IG Inspection - Accountability of Class VII, Army Prepositioned Stocks.

Major Milestones in Corrective Action:

A. Completed Milestones:

Date:	Milestone:
15 Dec 97	Contacted AMC War Reserve office and LOGSA. Identified reason(s) for discrepancy between source system (SDS) and UIT registry.
Jan-Mar 98	Completed reconciliation between APS sites and UIT Central registry.
30 Sep 98	Clarified scope of items involved to AMCIG (small arms only); clarified causes of weakness with AMCIG; and developed improvement plan to correct deficiencies.
31 Oct 99	Complete reconciliation of all AMC activities.
31 Oct 99	Clarify/identify proper DODAACs and RICs of reporting activities.
Dec 98 –	LOGSA performed reconciliation of old ACALA appended records with last known recorded activity, and formally close out all appended records not claimed in the reconciliation.
31 Oct 99	LOGSA performed reconciliation of old ACALA appended records with last known recorded activity, and formally close out all appended records not claimed in the reconciliation.
15 Nov 99	Ran sample queries on APS sites. Compared with reconciliation results and new corrected DODAAC's and RICs.
31 Dec 99	Queried LOGSA for reconciliation report results.
1 Nov 00	AMCIR-I verified completion of corrective actions.

CORRECTED MATERIAL WEAKNESS

Local ID #: USAMC-97-004

B. Planned Milestones: (Fiscal Year 2002):

Date: Milestones:
None.

C. Planned Milestones (Beyond Fiscal Year 2002):

Date: Milestone:
None.

HQDA Functional Proponent Participating in Corrective Actions: N/A

Note: Recommend Closure.

Point of Contact:

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CORRECTED MATERIAL WEAKNESS

Local ID #: USAMC-97-003

Title and Description of Material Weakness: Radiation Protection Program Compliance

Compliance with AMC Nuclear Regulatory Commission licenses has been jeopardized because of the lack of a comprehensive Army Radiation Protection Program (RPP). The AMC fields radioactive commodities to most Army Major Commands, and depends on the MACOM users to assist in enforcing unit level compliance with our NRC license provisions. Improvements are needed in both the AMC management control of the RPP as well as the management control participation by the MACOMs and Headquarters, Department of the Army.

Functional Category: OSD – Other

Pace of Corrective Action:

Year Identified: FY 1997

Original Targeted Correction Date: FY 1998

Targeted Correction Date in Last Year's Report: FY 2001

Current Target Date: FY 2001

Reason for Change in Date(s): N/A

Component/Appropriation/Account Number: Army/Operation and Maintenance, Army

Validation Process: Managerial judgment (Nuclear Regulatory Commission Inspection); independent review and audit.

CORRECTED MATERIAL WEAKNESS

Local ID #: USAMC-97-003

Results Indicators: Establish an Army-wide Radiation Protection Program, including a HQDA Radiation Safety Officer, Army and AMC level Radiation Protection Committee, updated radiation protection policy for both DA and AMC. Network existing RPPAMC resources with HQDA and the MACOMs to operate and maintain an RPP that is in compliance with Federal, State and Army Regulations. Secure funding to increase surveillance of RPP activities Army-wide.

Source(s) Identifying Weakness: Management, Nuclear Regulatory Commission Inspection, TACOM Material Weakness, 97-1, Insufficient Resourcing of TACOM-ACALA Radiation Safety Program.

Major Milestones in corrective Action:

Completed Milestones:

Date:	Milestone:
31 Jan 97	NRC conducted unannounced inspection at TACOM ACALA. Thirteen major deficiencies were uncovered that are due to AMC and Army-wide programmatic deficiencies.
11 Mar 97	Sent memorandum to DA asking for the appointment of a DA-level Radiation Protection Officer. That position would facilitate the implementation of the AMC NRC license programs across the MACOMs.
26 Mar 97	NRC issues Confirmatory Order against TACOM ACALA amending TACOM ACALA's licenses to mandate correction of the deficiencies. Contractor retained by TACOM ACALA to audit entire TACOM ACALA radiation program as part of the fix.
30 Apr 97 (Deleted)	Incorporate MSC recommendations and contractor evaluation into final material weakness report.
17 Apr 97	First (in a series) of management meetings held at NRC HQ to discuss redesign of AMC NRC license programs. Discussion centered around license consolidation. Although idea was tabled by AMC-RADPAC, consolidation looks good to NRC because centralization will increase "top down" management attention.

CORRECTED MATERIAL WEAKNESS

Local ID #: USAMC-97-003

Major Milestones in Corrective Action: (Continued)

Completed Milestones:

Date:	Milestone:
30 Apr 97	Contractor finishes TACOM ACALA program audit. Results briefed to Army and NRC. Audit involves, and results contain, recommendation, for Army-wide (not just ACALA) fixes.
9 May 97	Second Management Meeting at NRC HQ.
13 May 97	Meeting at HQ, AMC between NRC and AMC, Army Representatives on Army Radiation Protection Program Issues. Thrust was overall program management commitment by Army to NRC license program. Preliminary ideas to fix systemic deficiencies discussed.
30 Jun 97 (Deleted)	Submit report to AMC Command Group for approval.
13 May - 1 Sep 97	Development of long term recommendations to fix systemic Army Radiation Protection Program deficiencies. Players include Army (DA level), AMC, MSC, and other MACOMs.
16 Jul 97	Submitted contractor's audit report (TACOM-ACALA) to the NRC.
8 Aug 97	Meeting at the NRC between NRC and AMC, Army Representatives on TACOM ACALA inspection.
19-21 Aug 97	Meeting held at TECOM with AMC, IOC, AMCOM, CECOM, TMDE, TACOM ACALA to identify and discuss long term recommendations for commodity license management. Reviewed draft of TACOM ACALA NRC action plan.
12 Sep 97	Submission of finalized long term recommendations to NRC for approval.

CORRECTED MATERIAL WEAKNESS

Local ID #: USAMC-97-003

A. Completed Milestones (Continued):

Date:	Milestone:
2 Oct 97	Brief to AMC Commanding General on NRC licensing produced decision to ask HQDA to assume proponency of Army Commodity Licenses.
29 Oct 97	Memorandum signed by AMCCG to Vice Chief of Staff requesting a HQDA level Army Commodity License. Reply declining request received 27 Jan 98.
12-14 Nov 97	HQ, AMC conducted training for Forces Command Inspector General's Office in NRC license Management.
18 Nov 97	Charter meeting of HQDA level Radiation Protection Committee.
18 Dec 97	AMC invited MEDCOM and TRADOC to form a team to examine radiation protection training issues (via AMC Chief of Staff memorandum). (Update—The MEDCOM and TRADOC have accepted the invitation.)
18 Dec 97	Unannounced NRC inspection to check on status of action plan compliance. Results: Action Plan on track.
27 Jan 98	Received reply from VCSA to memorandum of 29 Oct 97 declining request for a DA-level commodity license.
15 Mar 98	Submitted memorandum concerning MACOM compliance with AMC licenses for signature by Vice Chief of Staff.
23 Mar 98	Charter meeting of AMC-level Radiation Protection Committee.
30 Mar 98	Sent memoranda to MACOMs concerning inventory reporting requirements.
5 May 98	VCSA signed memorandum to all MACOMs supporting the AMC NRC commodity license program, and supporting the forwarding of monetary penalties to Army elements that are found in violation of AMC licenses requirements.

CORRECTED MATERIAL WEAKNESS

Local ID #: USAMC-97-003

A. Completed Milestones (Continued):

Date:	Milestone:
1 Mar 98 - 30 Jun 98	HQ, AMC collected findings from commodity licenses for transmission to HQDA, as prescribed in the AMC Action Plan.
30 Jun 98	Finalized MOAs were sent to selected Major Commands for final approval, as prescribed in the NRC action plan.
30 Jun 98 (Added)	Received draft (discussion) report from the Army Audit Agency (AAA) on the Army Commodity License Program (Audit launched in Nov 97 as a result of another radiation-related audit). Audit Recommended single AMC radioactive commodity license.
8 Jul 98	Meeting of AMC Radiation protection Committee to launch AAA response (Added) process.
31 Aug 98	Coordinated MOAs received from MACOMs by HQ, AMC. Final signature process begins.
31 Oct 98	AMC finalized response to AAA on commodity license issues. The command recommended that we keep the current licensing arrangement and institute program management initiatives, including MOAs. The AAA accepted the recommendation
31 Oct 98	NRC approved TACOM-ACALA get well actions and lifted the confirmatory order off of the NRC license.
31 Dec 98	NRC approve finalized long term recommendations to fix Army Radiation Protection Programs (RPP) deficiencies. This milestone was extended because the NRC has not yet approved the plan.
31 Jan 99	Implement combined inspection program for radioactive commodities.
31 Mar 99	Execute MOAs.

CORRECTED MATERIAL WEAKNESS

Local ID #: USAMC-97-003

A. Completed Milestones (Continued):

Date:	Milestone:
31 Mar 99	Long Term solutions implemented.
24-26 May 99	Had a meeting with AMC and Army MACOMs. Developed final action plan to overhaul the Army radiation training program.
31 Aug 99	Written in-process review to assure that the training plan and actions are still on track.
17-21 Apr 00	Met at Fort Leonard Wood, MO at the U. S. Army Chemical School with HQDA and MACOM representatives in attendance. The meeting Resulted in the long awaited consensus on and Initiation of work on the new Army Radiation Safety Training Courses.
17 Apr 01	Completed memoranda of agreement with TRADOC. MOA with MEDCOM was not completed because it is no longer considered necessary.
19 Sep 01	AMCIR-I verified documentation on completion of corrective actions.

B. Planned Milestones (Fiscal Year 2002):

Date: Milestone:
None.

C. Planned Milestones (Beyond Fiscal Year 2002):

Date: Milestone:
None.

HQDA Functional Proponent Participating in Corrective Actions: HQ, DA Safety, COL Robert Cherry, DACS-SF, (703) 695-1973.

Note: Recommend Closure.

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