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DEPARTMENT OF THE ARMY  
U.S. ARMY AUDIT AGENCY  
BLDG 1464, 6000 6TH STREET  
FORT BELVOIR, VA 22060-5609

September 29, 2015

This is to acknowledge receipt of your letter dated 16 August 2015, which was received in this office on 18 August 2015, in which you requested an electronic copy of the U.S. Army Audit Agency 2011 Annual Performance Report. Please find attached a copy of the redacted report with excisions made pursuant to Exemptions 5, 6, and 7 of the FOIA, 5 U.S.C. 552.

You may appeal this denial of information to the Secretary of the Army, Office of General Counsel. You must file your appeal in such a way that it will reach the appellate authority within 60 calendar days of the date of this letter. If you decide to appeal, please send your appeal through this office in order that all relevant materials may be forwarded with the appeal for review by the appellate authority.

If you have any questions you may contact me via e-mail, [timothy.s.hankins.civ@mail.mil](mailto:timothy.s.hankins.civ@mail.mil) or by calling (703) 545-5881 and refer to FOIA Request 2015-14.

Sincerely,

HANKINS,TIMOTHY,SCOTT,131049993760  
\_\_\_\_\_  
Timothy S. Hankins  
FOIA Officer



# U.S. ARMY AUDIT AGENCY

## *2011 Annual Performance Report*



PROVIDING  
SOLUTIONS  
FOR ARMY  
CHALLENGES





# U.S. ARMY AUDIT AGENCY



**PROVIDING SOLUTIONS  
FOR ARMY  
CHALLENGES**

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## OUR MISSION

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We serve the Army's evolving needs by helping senior leaders assess and mitigate risk, and by providing solutions through independent auditing services for the benefit of the American Soldier.

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## OUR VISION

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To be a world-class audit organization of respected professionals that anticipates change and exceeds client expectations. As an integral part of the Army team, we will improve the Army by providing timely, value-added services and by fostering employee growth, innovation, integrity, and accountability.

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## OUR CORE VALUES

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**Service.** We provide high-quality, client-focused service that is timely and relevant. We accomplish this with a highly diverse workforce that communicates openly while working as a team and commits to professional development through education and experience.

**Ethics.** We demonstrate integrity, credibility, and commitment to accountability and maintain the independence to perform our mission in keeping with professional standards. In all aspects of our internal operations, we hold ourselves to the same standards that we apply to those we audit.

**Progress.** We anticipate and adapt quickly to change and institute innovative approaches and techniques. We facilitate this by focusing our efforts on meaningful work and by maintaining a culture that supports empowerment and promotes quality-of-life issues.



*Agency staff from the field office at U.S. Army Training and Doctrine Command, Fort Eustis, Virginia.*



## *From The Auditor General..*

I'm pleased to present the U.S. Army Audit Agency's 2011 Annual Performance Report. As The Auditor General, I'm committed to making sure our Agency continues to help the Army and its Soldiers accomplish their mission. To do this, we focus on providing valued service, nurturing a professional workforce, developing organizational effectiveness and efficiency, and maintaining strategic communications both internally and externally.

As I reflect upon the past year, I find that it has been a very successful one as measured by our two top priorities – providing valued service to our clients and taking care of our people. After nearly a decade of sustained conflict that has profoundly affected the lives of Soldiers and their families, the Army remains strong and dedicated to its mission because of the spirit and commitment of its people. To make every effort to help Soldiers and Army leaders, we aligned our audit coverage with the Army's highest priorities and high-risk areas as determined by our enterprise-level risk assessment and from input from Army senior leaders. For the first time, the Secretary of the Army and the Chief of Staff, Army signed our FY 11 strategic audit plan, making it the Army's first internal audit plan. Client satisfaction ratings and requests for audit services continue to offer strong evidence that we're accomplishing our mission and that the Army values what we do. In FY 11, we published 216 reports with 637 recommendations that represented \$2.5 billion in monetary benefits for the Army. This was a return of \$32 for every dollar we spent – far exceeding our goal of \$20 to \$1.

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*In FY 11, we published 216 reports with  
637 recommendations that represented  
\$2.5 billion in monetary benefits for the Army.*

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We plan to build on our past successes by delivering even more value-added service to our clients. We'll continue collaborating with Army leaders at all levels and actively pursue monetary benefits to help the Army execute its mission in a fiscally constrained environment. And to improve organizational effectiveness and efficiency, we'll look for ways to reduce cycle time without affecting the quality of our services or reports.

I'm proud of the hard work our employees have done and the dedication they have shown in serving the Army. We've made great strides in accomplishing the goals of our Human Capital Plan by completing 16 of 25 initiatives. These completed initiatives include onboarding, mid-career hiring, retention, succession planning, and diversity. In FY 11, we participated in the Partnership for Public Service's 2011 rankings of the Best Places to Work in the Federal Government, placing second among 240 participating organizations in our class (agency subcomponents). This is the second consecutive year we've achieved this prestigious ranking. I want to thank our workforce for their individual contributions to our overall performance and look forward to building on our achievements and to delivering even higher levels of performance in 2012.

**RANDALL EXLEY**  
The Auditor General



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# ABOUT THE U.S. ARMY AUDIT AGENCY

## Our Role

The U.S. Army Audit Agency was created after World War II to help the Army meet its global strategic challenges through independent, value-added auditing services. The Agency helps Army leaders and Soldiers resolve issues by providing high-quality solutions that enable them to meet their goals more effectively and efficiently.

At the request of the Under Secretary of War, the Agency was established on 12 November 1946, when General Dwight D. Eisenhower issued General Order 135. Placed under the jurisdiction of the Chief of Finance, the Agency was tasked with maintaining appropriation and fund accounting, maintaining military property accountability, and auditing the accounts of the American Red Cross. As a result of the DOD Reorganization Act of 1986, the Agency was placed under the jurisdiction of the Secretary of the Army. Subsequent general orders made The Auditor General responsible for internal audit services throughout the Department of the Army – including audit policy, training, followup, and liaison with external audit organizations.

Today, we examine the full spectrum of the Army's operations and programs. Our goal is to be recognized as a model audit organization with an engaged workforce of respected professionals, guided by innovation and integrity, helping the Army overcome challenges in high-risk areas.

## Our Organizational Structure

The Auditor General, the Principal Deputy Auditor General, and four Deputy Auditors General lead our Agency. This new organizational structure allows our Deputy Auditors General to be functionally aligned with the Assistant Secretaries of the Army. The first is aligned with the Assistant Secretary of the Army (Acquisition, Logistics and Technology); the second is aligned with the Assistant Secretary of the Army (Financial Management and Comptroller); and the third is aligned with the Assistant Secretary of the Army (Manpower and Reserve Affairs). The fourth Deputy Auditor General is aligned with both the Assistant Secretary of the Army (Installations, Energy and Environment) and the Assistant Secretary of the Army (Civil Works). Our Principal Deputy Auditor General continues to oversee our strategic planning efforts and internal support functions.

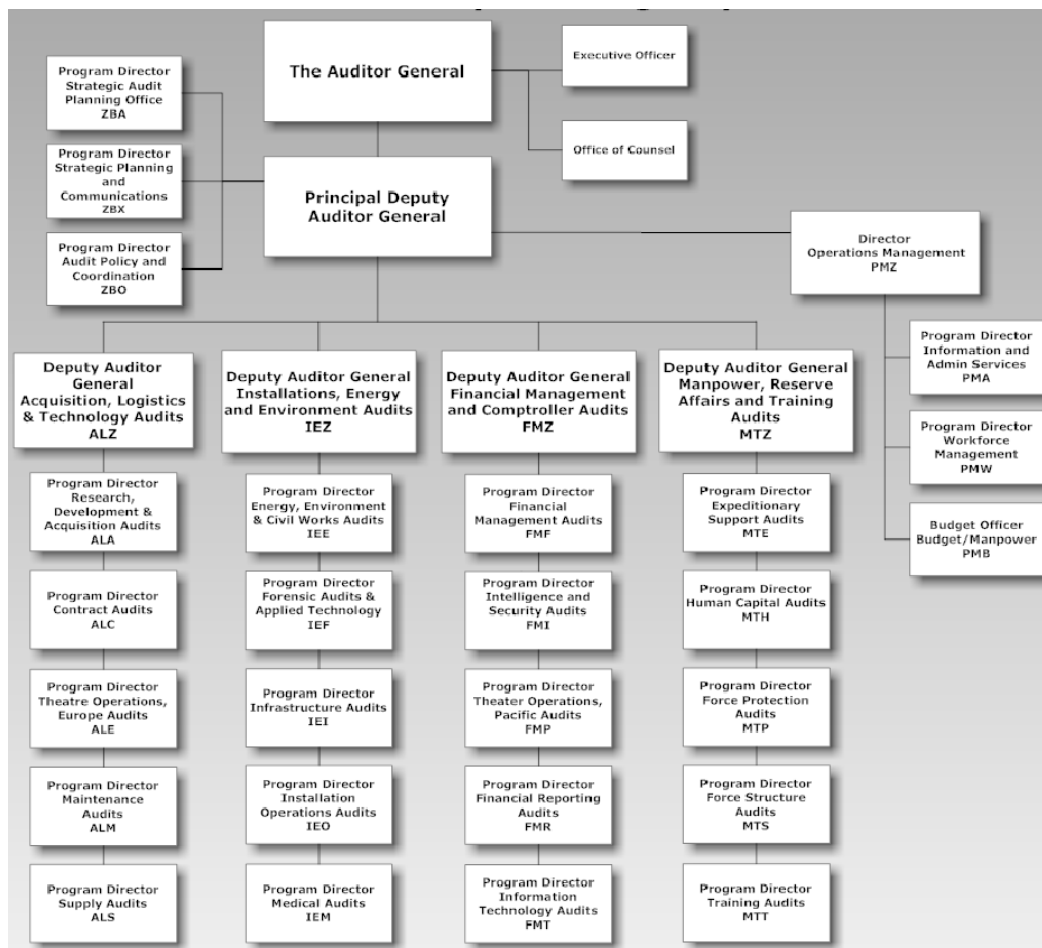


*Secretary of Defense Robert Gates thanks Agency employee (b) (6) during his farewell ceremony at the Pentagon on 29 June 2011.*

To achieve our strategic goals and objectives, we have a workforce of highly trained professionals, many with advanced degrees and certifications. In FY 11, we had more than 600 employees. In FY 12, due to budget constraints, we will operate with a staff of 577 personnel organized into 20 functional audit teams and 7 smaller divisions. About 80 employees are based at our operations center in Alexandria, Virginia. The rest are at 22 field offices – 18 in the continental United States and 4 outside of the continental United States (Alaska, Germany, Hawaii, and the Republic of Korea). Additionally, auditors are deployed alongside Soldiers downrange where hostilities are occurring or where they may occur. In FY 11, we had auditors in Afghanistan, Iraq, and Kuwait.

In FY 11, we closed offices at Fort Monroe, Virginia; and Fort Monmouth, New Jersey, due to base realignment and closure. Staff from Fort Monroe moved to Fort Eustis, Virginia, where U.S. Army Training and Doctrine Command is located. Staff from Fort Monmouth moved to Aberdeen Proving Ground, Maryland, where CECOM Life Cycle Management Command is based. Additionally, our operations center will relocate to Fort Belvoir, Virginia, in FY 12.

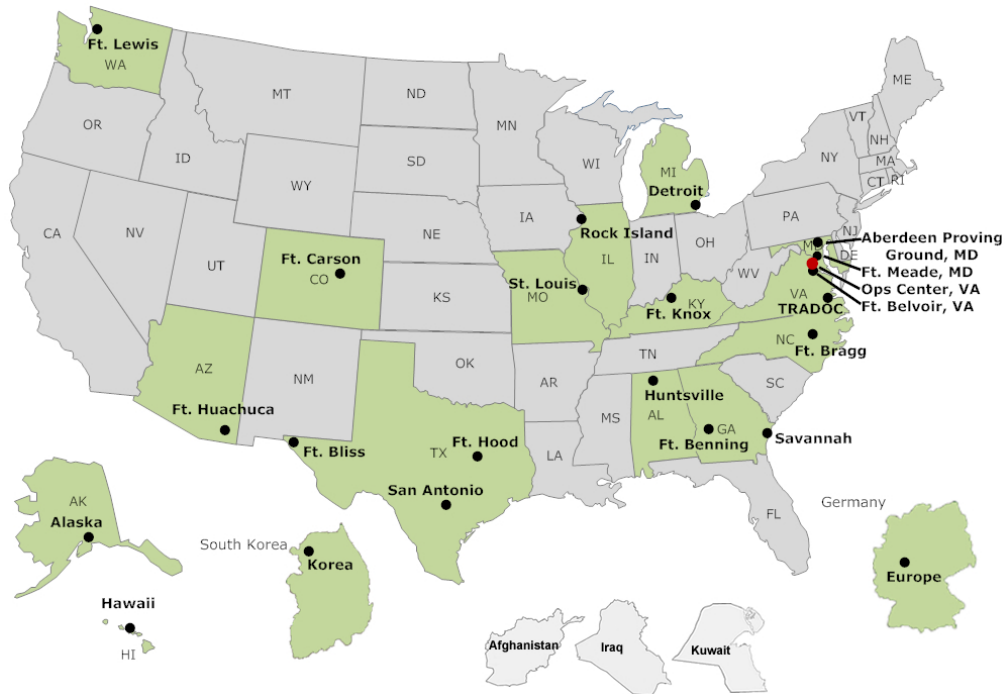
### *FY 11 Agency Organizational Chart*



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## Agency Offices and Downrange Locations

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### Our Strategic Plan

To ensure we're well-positioned to meet the Army's evolving needs, we periodically update our strategic plan. Our latest plan covers FYs 11-15 and can be found online at <https://www.aaa.army.mil> or by contacting us at 703-681-9419. As we developed the plan, we analyzed internal and external environmental factors to identify challenges that face our Agency. Our plan has four overarching strategic goals—valued service, professional workforce, organizational effectiveness and efficiency, and strategic communications.

Our first goal—valued service—is client-focused, and it's intended to strengthen our partnership with our Army clients and to measure how well we're meeting their needs. The next two goals—professional workforce and organizational effectiveness and efficiency—are more internally focused and concentrate on developing and maintaining a world-class workforce and maximizing productivity. Our fourth goal—strategic communications—is both internally and externally focused. This newest goal will increase our visibility to our Army clients and foster two-way communication throughout the Agency.

We assess our performance around these four strategic goals. For each goal, we developed strategies and action plans that were consolidated into an overall implementation plan. That implementation plan also documents priorities for performance goals and defines the scope and methodology for our 18 corporate performance measures. We measure progress in quarterly performance reviews and at senior leadership meetings.

## Army Audit Agency Strategic Goals

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### Valued Service

Provide the right audit support at the right time to improve Army operations and continue to be a highly sought-after resource that's an integral part of the Army.

### Professional Workforce

Cultivate an engaged and high-performing workforce that maximizes our ability to deliver on our mission.

### Organizational Effectiveness and Efficiency

Operate a highly effective and efficient organization that continually evaluates internal processes and embraces change to increase our value to the Army.

### Strategic Communications

Maintain open lines of communication and project a distinctive professional image that delivers our message throughout the Agency and across the Army enterprise.



Agency employees

(b) (6)

are joined by employees of U.S. Army Installation Management Command and U.S. Army Network Enterprise Technology Command on the audit of information technology workforce capabilities portfolio review assistance.

## VALUED SERVICE

In FY 10, we refined our strategic audit planning process by emphasizing collaboration with the Army's most senior leaders. We also used a detailed corporate risk assessment to make sure that our audits focused on significant risks and senior leader priorities. As a result, our FY 11 plan fully aligned with the objectives of the Army's most senior leaders. Indeed, this plan became the Army's first internal audit plan. For the first time ever, our plan was endorsed and signed by the Secretary of the Army and the Army's Chief of Staff.

The Agency continually assesses enterprise-level risk by attending senior leader meetings at the Army headquarters level. We also review work done by other oversight organizations, high-risk areas identified by DOD, directives from the Office of Management and Budget, and congressional testimony and concerns. In assessing risk, the Agency makes judgments about programs and functional areas and potential impairments to achieving objectives. The Secretary of Defense directed the Army to identify \$28.3 billion in efficiencies during FYs 12-16 to help fund equipment modernization initiatives. As fiscal pressures mount, Army leadership will look to us to identify even more opportunities for savings and efficiencies.

In FY 11, the Agency identified 12 areas of significant risk to the Army, among them:

- *Business Systems and Data Management.*
- *Soldier and Family Support Programs.*
- *Workforce Management.*
- *Weapon Systems.*
- *Sustainment.*
- *Contracting.*
- *Inventory Management.*
- *Financial Management.*
- *Other High-Risk Areas.*
- *Supporting Overseas Contingency Operations.*



Agency auditor **(b) (6)**  
from the Joint Multinational Simulation  
Center in Hohenfels, Germany, working on the audit  
of management of equipment and supplies in Europe.

Highlights of ongoing and completed audits that support these areas are on the following pages.

## *Business Systems and Data Management*

The U.S. Government Accountability Office identified modernizing DOD's business systems as a high-risk area. Moreover, Congress expressed concern about cost and schedule growth with automated systems and failed efforts. Indeed, the Army risks developing duplicative, poorly integrated, and unnecessarily costly systems when there isn't an established architecture and other important management controls, such as portfolio-based capital planning and investment control practices. In addition, the Army continues to consolidate data centers to reduce cost and improve network operations. However, architecture development and data center consolidation are highly complex, costly endeavors; if they aren't managed carefully, they can result in wasteful expenditures with significant operational effects Armywide. Our audits examined numerous high-risk areas under **business systems and data management**, including:

- *Biometrics Interoperability.*
- *Tactical Vehicle Registration and Reporting.*
- *Excess, Vacant, and Not Utilized Buildings, U.S. Active Army.*

**Biometrics Interoperability (Report FOUO).** The Biometrics Identity Management Agency asked us to audit actions the Army took to implement biometrics interoperability. The Army is the DOD executive agent for biometrics. Biometrics involves measurable biological characteristics such as fingerprints, iris scans, and facial features that are used to identify friends and foe during peace and wartime operations. We reported that the Army established a management structure to oversee biometrics capabilities and took positive steps to implement and improve interoperability. However, some capabilities were endorsed, funded, and developed without complete review, validation, and prioritization by all Army senior decisionmakers. We also reported that



**(b) (7)(F)**

Our recommendations to the Army included:

- **(b) (5)**
- **(b) (5)**
- **(b) (5)**

Our recommendations will help the Army better focus and prioritize funds, estimated at more than \$500 million for FYs 10-15, spent on enhancing and sustaining biometrics capabilities. Implementing them will also improve the interoperability and effectiveness of all critical biometrics devices that Soldiers use every day.



**Tactical Vehicle Registration and Reporting.** The Army uses a tactical vehicle registry called the Army Maintenance Management System Equipment Database for about 600,000 selected major equipment end-items. These include wheeled and tracked tactical vehicles, trailers, and generators. We audited this database to determine if the Army had reasonable assurance that information was accurate, complete, and supported. We found that the database wasn't reliable because it had significant missing and duplicate registration numbers,

inaccurate ownership information, and data on deactivated units with vehicles as well as obsolete vehicles. In addition, the Army assigned registration numbers to its tactical vehicles even though there was no requirement from Federal regulations or DOD to do so.

The Army also didn't have procedures in place to reconcile the database with property books or to identify and resolve inaccurate and incomplete data. As a result, it didn't provide reliable, real-time oversight of equipment location, ownership, or age for fleet management. Without reliable, accurate information, the database wasn't used by any Army activity. Therefore, we recommended that Army leadership discontinue making corrections to the database and stop the practice of assigning vehicle registration numbers. Instead, we recommended

**(b) (5)**

The Deputy Chief of Staff, G-4 partially agreed with our recommendation and offered an acceptable resolution. Specifically, the Army will discontinue using the database over time, starting immediately with updates for acceptance, gains, losses, and transfers. It will completely stop using the database when the Global Combat Support System–Army is fielded to all tactical units.

**Excess, Vacant, and Not Utilized Buildings, U.S. Active Army.** The Deputy Assistant Secretary of the Army (Installations, Housing & Partnerships) asked us to determine if data from automated systems accurately identified excess, vacant, and not utilized buildings. For this audit, we reviewed 2,358 real property buildings at 16 installations (12 U.S. Army Installation Management Command installations and 4 U.S. Army Materiel Command installations). While systems data accurately identified these buildings within the Army's Active Component, there were minor weaknesses in operational status codes, facility category codes, and sustainment organization codes.

We also found that Fort Irwin, California, didn't report all existing real property inventory on its training ranges. Our recommendations to improve data accuracy will help the Army save about \$60 million over the 6-year program objective memorandum period.

## *Soldier and Family Support Programs*

Taking care of Soldiers and their families is a top priority for the Army and it has made notable strides in caring for Wounded Warriors, improving mental health care and suicide prevention, and implementing quality initiatives through better housing, health care, education, and counseling services. In recent years, support programs and funding have grown dramatically. Accordingly, there is heightened risk that programs aren't synchronized to deliver optimum outcomes and provide services cost-effectively. A major challenge for the Army is sustaining the level of support as the budget decreases and finding the appropriate balance among programs to achieve desired outcomes with finite resources. Moreover, Joint basing presents challenges in maintaining common levels of support for Soldiers and families, particularly at installations where the Army doesn't exercise full control. Major high-risk areas we reviewed related to **Soldier and family support programs** included:

- *Army Warrior Care and Transition Program.*
- *Preventive Health Care Initiatives: Weight Management and Tobacco Cessation.*

**Army Warrior Care and Transition Program.** In 2007, the Army was severely criticized for the deplorable conditions found pertaining to medical care and housing support provided to wounded, injured, and ill Soldiers at Walter Reed Army Medical Center in Bethesda, Maryland. Due to high congressional and DOD interest in the care of Wounded Warriors, senior Army leaders approved the Army Medical Action Plan to enhance health care support for this Soldier population. One outcome of the plan was establishing Warrior Transition Command and warrior transition units staffed with a cadre of medical and behavioral health professionals who provide dedicated health care support for Soldiers. The Army also developed a plan to construct multiple facilities specifically designed to support Wounded Warriors and their families. The plan called for constructing 16 transition unit facility complexes, estimated to cost \$873 million, to provide health care, administrative, and housing support in a campus-like setting near the medical treatment facility on each selected installation.



Our audit verified that Wounded Warriors were provided sufficient barracks, support facilities, and transition assistance services. We found that the actions the Army took substantially improved the level of care provided for wounded and ill Soldiers. However, the Army should adjust staffing levels and construction requirements for transition units based on the substantial reductions in Wounded Warrior populations that have occurred. We identified specific actions the Army needed to take to align staffing and facility construction requirements with the revised population levels. Accordingly, we made recommendations

**(b) (5)**

We're doing a followup audit to verify that command took actions to implement our recommendations and realized the reported savings.



**Preventive Health Care Initiatives: Weight Management and Tobacco Cessation.** The Office of The Surgeon General asked us to evaluate various wellness initiatives designed to reduce health care costs for the Army Medical Department. The Army spent about \$816 million in FY 08 to treat medical conditions related to obesity and tobacco use. To reduce the high treatment cost, U.S. Army Medical Command plans to establish 38 wellness centers (in CONUS) by FY 15, with annual operating costs of about \$18.3 million. Once fully funded, the centers will consolidate the health promotion and wellness mission of the medical treatment facilities into a single facility outside the installation hospital.

We reviewed DOD demonstration projects that showed a short-term, positive effect on the health status of DOD beneficiaries – similar to the interventions used by the wellness centers. Based on the investment in wellness centers, the Army could reduce the prevalence of obesity and tobacco usage in the beneficiary population. The estimated health care costs avoidance is \$46.2 million per year. We concluded the Army would potentially achieve a \$2.50 return on every \$1 invested and a net savings of about \$27.9 million annually.

### *Workforce Management*

On 29 July 2009, the Office of Management and Budget issued a memorandum that cited managing the contractor workforce as a high-risk area. Overreliance on contractors can erode in-house capacity that is essential for effective government performance. Recent audits by the Government Accountability Office and our Agency have shown that the Army doesn't have reliable data on the number of its contractor employees in the workforce. Additionally, our audits reported that Army activities incorrectly computed workforce requirements (military, civilian, and contractors) because the staffing models they used were based on outdated workload and functions. Further, the source data used to define workload were unreliable. The risk is high that Army activities will either over- or understate their workforce requirements because of flawed models or erroneous data.

Another risk is that the models may not consider surge workload requirements to support an uneven flow of units through the Army Force Generation (ARFORGEN) cycle. Major high-risk areas of **workforce management** we reviewed in FY 11 included:

- *Global Network Enterprise Construct, Aggregation Validation.*
- *Life-Cycle Management of Logistics Officers.*
- *Contracted Support for the Army Asymmetric Warfare Group.*



*Staff from the Agency's San Antonio Field Office.*

**Global Network Enterprise Construct, Aggregation Validation.** The Chief Information Officer/G-6 and U.S. Army Network Enterprise Technology Command/9<sup>th</sup> Signal Command (Army) asked us to determine if there were efficiencies to help implement the Global Network Enterprise Construct (GNEC). This construct is the Army’s strategy to transition its networks to a global capability that functions as a single integrated enterprise. Our audit addressed efficiencies related to information technology personnel. Although the GNEC concept is that installation network enterprise centers will be the single source for baseline information technology services, we identified (b) (7)(F)

(b) (7)(F)



Additionally, the Army inconsistently implemented its 2005 plan to consolidate all baseline information technology services on an installation into a single directorate of information management (now called a network enterprise center). We determined that the Army could achieve efficiencies and better manage its information technology service staffing levels by

(b) (5) Our recommendations will

(b) (5)

(b) (5)

**Life-Cycle Management of Logistics Officers.** We audited life-cycle management of logistics officers in the Active Army, Army National Guard, and U.S. Army Reserve. We focused on four key areas of the human resources life-cycle management process—requirements, accessions, career management, and training. We reported that the Army’s logistics officer force structure and its accessions and career management processes for Active Component logistics officers were effective. However, there wasn’t a proactive career management process for Army Reserve troop program unit logistics officers.

Additionally, the Army diverted Active and Reserve Component logistics officers from training to meet other operational requirements. Consequently, attendance rates for the Reserve Component Captains Career Course were 39 percent below the Army’s goal. There also was a backlog of almost 3,000 Active and Reserve Component logistics officers who needed to take the course. This course prepares logistics officers to assume company command and staff operations positions and is mandatory for logistics officers to qualify for the 90A multifunctional specialty. We made recommendations to ensure a

(b) (5)

**Contracted Support for the Army Asymmetric Warfare Group (Report FOUO).** The Deputy Chief of Staff, G-3/5/7 asked us to audit contracted support functions for the Army's Asymmetric Warfare Group. The Army established this group to eliminate, mitigate, or counter the effects of improvised explosive devices and other similar threats. This audit required members of the audit team to train and deploy to Afghanistan to observe operations and interview Soldiers in the field. The team made critical recommendations that helped the Army:



*Agency staff attending a Supply Audits team meeting.*

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### *Weapon Systems*

The Government Accountability Office identified managing weapon systems programs as a DOD high-risk area, and the Secretary of Defense has proposed several initiatives to reform how weapon systems are acquired, including being delivered more quickly.

Army leadership wants to institutionalize the successful practices employed by the rapid-equipping force. However, although these new practices were successful at procuring and fielding new systems quickly, they may not provide for long-term sustainment and for operating the systems as an enduring capability. Further acquisition reform involves improving how cost is estimated to better inform decisionmakers on cost tradeoffs among alternatives. Major high-risk areas in **weapon systems** we reviewed included:

- *Paladin Integrated Management System.*
- *Interceptor Body Armor Systems.*
- *Configuration Management of Weapon Systems.*
- *Research, Development, Test, and Evaluation Cost Estimates for the Ground Combat Vehicle.*

**Paladin Integrated Management System.** At the request of the Assistant Secretary of the Army (Acquisition, Logistics and Technology), we audited the Paladin Integrated Management (PIM) system’s research, development, test, and evaluation (RDT&E) and procurement cost estimates. The Assistant Secretary was concerned with the growth of RDT&E costs in the latest estimate as compared to previous estimates. We reviewed the methodologies, support, calculations, and accepted risks involved with both current and previous cost estimates. We didn’t audit PIM’s sustainment cost estimate.

We determined that the current program office estimate was more reasonable than those previously presented. The process used to develop the estimate was more rigorous, better supported, and followed applicable cost estimating standards and guidance. Previous estimates didn’t have the fidelity necessary to produce realistic costs. However, PIM’s program office estimate was developed without an



approved requirements document or valid acquisition strategy. In addition, the previous estimate’s reliability was affected because of variations in the number and experience of cost estimators, changes in the risk level and assumptions, integration of technology, and data reliability. These factors contributed to a 397-percent increase in the RDT&E estimate (from \$136 million to \$676 million) and a 109-percent increase in the procurement estimate (from about \$2.4 billion to \$5.1 billion) from

November 2007 to September 2010. Additionally, we found that the Assistant Secretary needed to update the RDT&E cost estimate due to recent programmatic changes such as the program going from an Acquisition Category II to an Acquisition Category I program. By implementing our recommendation to update the cost estimate, Army leaders will have an accurate figure upon which to base future decisions for developing and acquiring the PIM system.

**Interceptor Body Armor Systems (Report FOUO).** At the request of the Secretary of the Army, we followed up on the implementation of recommendations for six reports prepared by the Government Accountability Office, DOD Inspector General, and our Agency related to the Army’s Interceptor Body Armor systems. The Interceptor is **(b) (7)(F)**

We reported that 57 recommendations were implemented and 4 recommendations had ongoing actions for the 6 audit reports we reviewed. As part of our review and in a separate report, we concluded that

**(b) (7)(F)**

However,

**(b) (7)(F)**

In another report, we found that the body armor system was constantly

**(b) (7)(F)**

We made several recommendations to improve the process

**(b) (5)**

Implementing our recommendations should reduce the number of hard armor plates the Army sustains and avoid costs of about \$545 million from FY 12 through FY 16.



**Configuration Management of Weapon Systems.** We evaluated how effective configuration management controls were for weapon systems. A weapon system's configuration consists of its performance as well as its functional and physical attributes. Configuration management establishes and maintains the consistency of a system's attributes with requirements and design and operational information. The process continues throughout a system's life cycle.

We found that program offices for the Stryker vehicle, mine-resistant ambush-protected vehicle, and family of medium tactical vehicle systems established configuration management processes for their programs. The processes varied in how much oversight the program offices provided. However, the offices needed to enhance key areas in their configuration management processes to make sure they maintained control and protected the government's interests. To do this, the Army needed to increase awareness of existing published policy and guidance and to emphasize the importance of a robust configuration management program. Specifically, it needed to establish a configuration management advisory group and appoint a configuration management officer. The advisory group will evaluate data management procedures and policies, resolve data management issues, and recommend procedural and policy changes. We also recommended that the Army better publicize available configuration management training, such as the Defense Acquisition University's configuration management course (Logistics 204).



**Research, Development, Test, and Evaluation Cost Estimates for the Ground Combat Vehicle.** The Deputy Chief of Staff, G-8 asked us to review the reasonableness of the RDT&E cost estimate for the Army's Ground Combat Vehicle Program. We did this review in three phases and provided Army leaders with timely results as we completed each phase.

We found the Program Executive Office-Integration developed a \$10.7-billion rough order of magnitude estimate in the fall of 2009.

The estimate included \$7.6 billion in RDT&E costs and \$3.1 billion in procurement costs. We determined the method used to develop the estimate was reasonable, given the time constraints and lack of definitive program requirements at the time. The Ground Combat Vehicle Program Office, along with TACOM Life Cycle Management Command, then followed a more rigorous and systematic cost-estimating process to develop the current \$7.64-billion RDT&E cost estimate. This well-documented estimate also supported the Milestone A decision. However, we identified a double-counting error for a contractor's fee in the estimate and recommended that TACOM update the cost model to remove the duplicate fee. Cost analysts took corrective action, reducing the point estimate by about \$49 million.

We also reviewed performance specifications included in the program's revised draft request for proposal to make sure specifications were properly aligned with updated requirements documentation. We reviewed 318 of the highest priority performance specifications and found they properly aligned with requirements documentation for the most part. The program management office took or proposed corrective actions to properly align estimates for 10 discrepancies we found.

### *Sustainment*

Life-cycle sustainment for weapon systems poses a high risk in a number of areas. Overseas contingency operations in Iraq and Afghanistan created a high demand for maintenance services to repair worn-out equipment and maintain left-behind equipment as units deploy. To meet demand, the Army contracted for maintenance services to augment organic capability. Contracting for maintenance tends to be an area susceptible to fraud, waste, and abuse because of the extensive use of high-risk type contracts (such as cost-reimbursement and time and materials contracts) and difficulties in providing sufficient government oversight.

As the Army works off its maintenance backlog and winds down operations in Iraq, it faces significant challenges in getting maintenance capabilities and funding back in balance and ensuring an optimum mix of organic and contract capability consistent with workload. Of particular risk is the equipment the Army rapidly acquired for the war effort, such as mine-resistant ambush-protected vehicles and other nonstandard, but enduring systems. For these systems, acquisition managers and life-cycle management commands

**(b) (7)(F)**

. Therefore, there is risk of entering into long-term, sole-source, high-cost sustainment contracts with original equipment manufacturers.

Finally, the drawdown from Southwest Asia will result in significant excess equipment and materiel. Because of fiscal challenges, the Army needs to make sure it properly disposes of this excess and has the resources to care for equipment and materiel it decides to retain. In the past, we reported that the Army hadn't programmed enough funds to dispose of its existing stockpile of excess ammunition. This could become an even larger liability when the Army brings back excess ammunition from Kuwait and Iraq.

Major high-risk areas in **sustainment** included:

- *Accountability of Left-Behind Equipment in Europe.*
- *Equipment Maintenance, Hawaii.*
- *M113 Family of Vehicles FY 11 Reset Maintenance Requirements.*

**Accountability of Left-Behind Equipment in Europe.** The Army implemented the Left Behind Equipment (LBE) program in Europe to relieve deploying commanders of the responsibility to account for and maintain equipment not deployed with the unit. Through FY 09, a contractor was responsible for receiving, storing, and accounting for the equipment in Europe while units were deployed.

Our audit showed:

- *The contractor couldn't account for about 32 percent of items reviewed.*
- *Units and the contractor weren't prepared to induct equipment into the LBE program.*
- *Units didn't complete required tasks as set forth in guidance due to the ARFORGEN cycle.*
- *The contractor didn't keep accurate records or perform inventories to ensure accountability was maintained during and after the transfer.*

As a result, units didn't receive equipment back within the required 180 days of redeployment and the contractor lost or damaged about \$5 million in unit equipment.

We recommended that

**(b) (5)**

We also recommended that  
**(b) (5)**

These recommendations will help increase cooperation between command and the LBE program, emphasize inductions during busy predeployment timeframes, and increase accountability of LBE.



**Equipment Maintenance, Hawaii.** Maintenance for reset and LBE in Hawaii was done under a logistics support and services contract. We evaluated how well the contractor executed its workload and whether equipment was returned to units within ARFORGEN cycle timeframes. We found that the contractor didn't execute its workload effectively and needed help from U.S. Army Sustainment Command to return equipment to units within ARFORGEN cycle timeframes. This happened because the contractor didn't use its workforce effectively. Its labor utilization rate was only 63 percent for the period reviewed as opposed to the 85-percent Army standard.

The contractor also didn't track efficiency rates for its employees, and it didn't meet maintenance cycle turnaround time standards. Moreover, its surveillance plan didn't properly assess performance and contracting officer representatives weren't qualified to evaluate that performance. Consequently, the Army incurred more than \$19 million in additional maintenance costs for the help provided by Sustainment Command while paying the contractor almost \$5 million for nonproductive labor hours and an additional \$3.3 million for overtime. The Army could save more than \$29 million over the next 6 years if logistics and contracting personnel make sure the contractor is achieving the 85-percent labor utilization rate standard. Additional savings will accrue if Army efficiency rates and turnaround time performance standards are enforced.

**M113 Family of Vehicles FY 11 Reset Maintenance Requirements (Report FOUO).** As part of our followup audit of automatic reset induction, we evaluated the Army's criteria for including items on the reset induction list for the M113 family of vehicles. Our review focused on whether revised criteria corrected the problem of items being included on the induction list that didn't meet the program's intent.

We determined the project office overstated FY 11 reset requirements for the M113 family of vehicles by about \$81 million.

**(b) (7)(F)**

However, we identified 528 serviceable vehicles on hand at the contractor's facility, thus exceeding FY 11 fielding requirements. In addition, the Army had another 181 vehicles being reset that were scheduled as FY 10 workload. These overstated requirements occurred because project management personnel didn't fully consider onhand, serviceable assets when developing FY 11 reset requirements. In addition, Army leadership had designated the M113 family of vehicles for replacement with possible divestiture to begin in FY 10. As a result, FY 11 reset requirements could be met with serviceable vehicles. We recommended that the Office of the Deputy Chief of Staff, G-4 shift about \$81 million from the M113 program to meet higher priority reset needs. The office agreed with our recommendations and began taking action during the audit.

## *Contracting*

The Army's FY 10 Statement of Assurance on Internal Controls reported a material weakness in that the acquisition workforce wasn't sufficiently staffed, trained, structured, or empowered to meet the needs of 21st-century deployed warfighters. Thus, the Army has experienced greater fraud, waste, and abuse in awarding and administering contracts.

In response to this weakness, the Army plans to increase its acquisition workforce with 1,885 new hires and 4,046 in-sourced positions by FY 15. However, it will take years for these personnel to develop the skills to become proficient. Thus, contract award and administration will continue to be a high-risk area as the Army strives to manage a large, complex contracting workload with an understaffed and inexperienced contracting workforce.



Some major high-risk areas in **contracting** we reviewed included:

- *Contracting Operations in Support of Arlington National Cemetery.*
- *Arlington National Cemetery Operations – Government Purchase Card.*
- *Human Capital Plans – Contracting.*
- *Energy Savings and Performance Contracts.*
- *Global Network Enterprise Construct, Aggregation Validation – Contract Review.*
- *American Recovery and Reinvestment Act of 2009: Project Outcomes and Recipient Reporting.*
- *Traffic Safety Training Program Contracts.*

**Contracting Operations in Support of Arlington National Cemetery.** Arlington National Cemetery (ANC) is America’s premier military cemetery. When allegations of contracting misconduct became known in 2010, the Secretary of the Army and the Executive Director of the Army National Cemeteries Program asked us to conduct a full audit of contracts awarded and administered in support of the cemetery.

We reviewed more than 600 contracts at the U.S. Army Corps of Engineers–Baltimore District, Army Contracting Command–National Capital Region, and Mission and Installation Contracting Command–Fort



Belvoir. At all three supporting contracting activities, personnel hadn’t historically awarded and administered contracts in support of ANC in a manner fully consistent with sound business practices and regulatory guidance. Contracting office personnel also didn’t effectively maintain contract files with sufficient documentation to support actions taken and to constitute a complete transaction and decision history. Independent government cost estimates also didn’t have sufficient evidence of detailed cost development.

These conditions occurred because contracting personnel weren’t held accountable for their actions on behalf of the government. Specifically, performance objectives emphasized customer service, but they didn’t fully address developing, executing, and administering quality contract actions or managing complete contract files. As a result, there was little assurance contracts were awarded in the best interest of the government and that the Army received the goods and services it paid for within quality and timeliness-of-delivery expectations. During our audit, the three contracting offices had taken or planned actions that should improve contract operations and reduce future risks for ANC contract mismanagement. Indeed, our recommendations led to sweeping changes in accountability and cost justifications across all Army contracting activities.

**Arlington National Cemetery Operations – Government Purchase Card.** The Secretary of the Army asked us to review contracting operations at ANC. We performed the reviews at three contracting offices that managed ANC’s contracting operations and reviewed how the ANC Government Purchase Card (GPC) program was managed.

We found about 54 percent of GPC transactions from October 2007 to July 2010 represented administrative misuses of the card. However, while problems at ANC were widespread, we didn’t find what we believed to be fraudulent purchases. We also found other Army organizations involved in managing and overseeing ANC’s GPC program lacked controls and needed to improve their review and oversight efforts to mitigate risks associated with the program. Specifically, the National Capital Region’s contracting office managed ANC’s program; however, the office hadn’t identified any significant problems with the program until after the Army’s Inspector General reported widespread concerns about the overall management and operation of ANC. Furthermore, the responsible Army GPC manager wasn’t aware of significant problems with ANC’s program.

We recommended that the **(b) (5)**

s.

**Human Capital Plans – Contracting.** We initiated a series of audits focused on helping the Army grow and improve its contracting workforce while also managing immediate risks associated with an overall shortage of experienced Army contracting professionals.

First, we reported that the Army didn’t take full advantage of recruiting, retention, and relocation incentives to increase its contracting workforce. It didn’t have an effective plan to maximize the potential benefits of available incentives. Acquisition leaders didn’t fully understand the legal and regulatory aspects for each incentive type. Therefore, the Army missed opportunities to better use incentives and to become more competitive in hiring and retaining sought-after contracting professionals. We recommended that the Army **(b) (5)**; we also showed how it could avoid losing about \$10.6 million in funding for future incentives.

Second, we reviewed whether the Army effectively used reach-back contracting support to lessen the burden on contingency contracting offices. We found the Army successfully used this contracting support to reduce workload at some contingency offices. However, we found additional opportunities for the Army to use reach-back contracting support to benefit contingency contracting offices and to improve overall Army contracting operations. Specifically, we recommended that the Army **(b) (5)** **(b) (5)**. Closing out contracts at these offices will reduce workload of contingency contracting offices and lessen deployment requirements for contracting professionals. We estimated that closing out these contracts will save about \$15 million during the current funding cycle, and the Army agreed.



**Energy Savings and Performance Contracts.** The Assistant Chief of Staff for Installation Management asked us to review energy savings performance contracts (ESPCs). ESPCs are partnerships among an energy services company, an installation, and a contracting agency. The Department of Energy and DOD revised their ESPC guidance and the Assistant Chief of Staff for Installation Management prepared and issued revised ESPC guidance in March 2007 and updated this guidance in November 2008. The latter guidance provides standard direction and policy to ensure appropriate, efficient, and effective use of ESPCs within the Army.

To meet energy and water conservation goals with minimal upfront investment, ESPCs have been used as alternate procurement methods to take advantage of private-sector expertise and capital. The Army authorized managers to use ESPCs to solve facility problems and reduce energy consumption. However, prior audits identified problems administering these contracts. After a short moratorium, the Army reauthorized using ESPCs with more stringent guidelines.

We determined that, overall, the Army had made great strides in implementing the revised policies and had established performance metrics to measure and verify savings. The Assistant Chief of Staff for Installation Management, U.S. Army Installation Management Command, and installations are to be commended for their actions in response to updated policies and our audit. We made additional recommendations to

**(b) (5)**

Because we noted that installations using ESPCs were better at meeting energy goals than other installations, implementing these recommendations should make it easier for others to use ESPCs. This will help the Army reduce its overall energy consumption.

**Global Network Enterprise Construct, Aggregation Validation – Contract Review.** GNEC is the Army’s strategy to transition its networks to a global capability that functions as a single integrated enterprise. In this audit, requested by the Chief Information Officer/G-6 and U.S. Army Network Enterprise Technology Command/9<sup>th</sup> Signal Command (Army), we determined that the Army’s information technology personnel weren’t harnessing the Army’s combined buying power effectively. The Army consolidates its buying power through centrally awarded Computer Hardware, Enterprise Software and Solutions (CHESS) contracts in which vendors offer information technology equipment and services to activities at a discount. However, activities weren’t doing this; consequently, they paid higher prices than they would have if they had purchased equipment and services through CHESS. By maximizing the use of CHESS, we estimated the Army could avoid about \$1.3 million in costs annually just at the three installations we visited during the audit.

**American Recovery and Reinvestment Act of 2009: Project Outcomes and Recipient Reporting.** The Army received approximately \$7.7 billion in Recovery Act funds for operation and maintenance, military construction, RDT&E, and U.S. Army Corps of Engineers civil works projects. During FY 11, we continued to perform audits supporting the mandated requirement for the Office of the DOD Inspector General to oversee Recovery Act plans and implementation. Specifically, for Phase III of the Inspector General’s



three-phased audit approach, we assessed whether 10 selected Active Army, Joint base, Army National Guard, and U.S. Army Corps of Engineers locations achieved planned outcomes for Recovery Act projects and took sufficient actions to make sure contractor reporting met transparency requirements.

We completed audits for 8 of 10 sites during FY 11 and generally found the Army effectively managed Recovery Act projects, took sufficient actions to achieve planned outcomes, and made sure contractors

met most reporting requirements. However, in some cases, contractor-reported data wasn't fully transparent because descriptions (which included acronyms and outcomes that weren't fully explained) weren't reported in a complete and clear manner to facilitate understanding by the public. Army contracting personnel corrected errors we brought to their attention, and we made additional recommendations to improve

**(b) (5)**

In FY 12, we'll finalize our results of the Phase III audit

and report these to the Assistant Secretary of the Army (Financial Management and Comptroller).

**Traffic Safety Training Program Contracts.** At the request of senior Installation Management Command leadership, we evaluated whether command administered the Army Traffic Safety Training Program properly and cost effectively to meet established goals. The Army established this safety program to reinforce positive driving behavior, individual responsibility, and correct response in driving situations. Between September 2006 and December 2010, Installation Management Command awarded three contracts for a total cost of \$62.7 million. The contracts offered driver-safety training that met DOD's requirements as well as the intent of the program to reduce the risk of death or injury. The contracts also included supplemental training, which fostered a more robust and comprehensive curriculum.

However, the training provided that wasn't approved or required caused unnecessary cost increases to the program. In addition, we determined that contracting personnel weren't diligent in their requirements determination process while contracting for services; they also had ineffective oversight during contract administration. As a result, command continued to acquire costly training services, overstate training needs, and spend funds for unapproved or unused training. By aligning contract requirements with DOD and Army guidance, and by establishing reasonable levels of training, we found the Army could avoid \$41.3 million in contract costs over the next 6 years. During our audit, we also found inconsistencies in the performance work statement of the ongoing solicitation, most of which had carried over from previous contracts. When we brought the inconsistencies to command's attention, staff immediately halted the solicitation and, along with the Director of Army Safety, began taking corrective action to change the program curriculum and restructure requirements to reflect a focus on a more cost-effective culture.



## *Inventory Management*

The Army faces unprecedented inventory management challenges with the drawdown of operations in Iraq and Afghanistan. Also, since the start of operations in Southwest Asia, the Army has processed more than 3 million property transactions annually and fielded more than \$200 billion in new equipment. Because of recent audits by the DOD Inspector General, the Army's Chief of Staff established the Campaign on Property Accountability to account for all Army property and to ensure excess equipment is redistributed. High risk exists in maintaining accountability and control of this equipment. Some major high-risk areas in **inventory management** we reviewed included:

- *Container Operations Systems.*
- *Financial Liability Investigations of Property Loss.*
- *Planning for Disposal of Chemical Demilitarization and Storage Facilities.*

**Container Operations Systems.** The Army used two systems—the Army Container Asset Management System and the Integrated Booking System-Container Management Module—to

manage more than 285,000 shipping containers that it uses within its worldwide distribution system. We audited the functionality and accuracy of these two systems to determine if they provided the information needed to manage container operations effectively. Army readiness in peacetime and continuous combat effectiveness during war and contingency operations require distribution and materiel delivery that is reliable, predictable, rapid, and precise. Container management is essential to an effective distribution process.

Although functionally capable, using the two systems simultaneously didn't enable the Army to effectively track and account for shipping containers. The systems had duplicate functionality as well as inaccurate and incomplete container information. Until recently, the Army classified containers as expendable items; therefore, it didn't have specific guidance to account for them. Though the Army has well-established policies and procedures for property accountability, it needed additional guidance for Army personnel on applying policy to the centrally managed Army-owned and leased containers.

We also recommended that the Army use just one system. Deleting duplicate records and tracking use in one system will help the Army better maintain visibility over the containers and manage these assets more effectively. This will also help the Army's efforts to reduce the number of systems it uses for logistics operations. The Office of the Deputy Chief of Staff, G-4 agreed and stated that it fully supported pursuing a single DOD system to improve container management.





Agency staff members (b) (6) conduct an inventory as part of an audit in Germany.

**Financial Liability Investigations of Property Loss.** Based on results of our audit of LBE in Europe and concerns voiced by unit commanders in Europe, we initiated an audit of financial liability investigations of property loss (FLIPL) related to LBE in Europe. The audit focused on processes to hold contractors responsible for equipment lost or damaged while in their possession and care. The audit showed the Global Property Management Support Service contract awarded by U.S. Army Sustainment Command required the contractor to maintain 100-percent accountability of inducted LBE in Europe. However, the contractor wasn't held accountable for lost or damaged equipment and initiated 117 FLIPLs (about 1,700 items) valued at about \$4.2 million. In addition, the contractor couldn't account for 20,340 pieces of basic issue items and end-item components valued at about \$1.7 million.

We determined that Sustainment Command didn't have effective processes to hold the contractor liable for lost equipment. Contractor deficiency reports, which were submitted to the contracting officer, didn't report the loss of accountability. Commanders only completed FLIPLs to record the lost property and they didn't send them to contracting officers. As a result, contracting officers weren't aware that contractors lost Army equipment so they couldn't hold them financially liable or pursue repayment from the contractor for the lost equipment. We made recommendations to the Office of the Deputy Chief of Staff, G-4; Sustainment Command; and U.S. Army Contracting Command to update guidance identifying correct processes for reporting contractor liability that will allow the Army to recoup losses incurred by the contractor. In addition, we recommended that Sustainment Command pursue repayment of \$5.9 million in lost equipment. The Army agreed with our conclusions, recommendations, and the pursuit of the repayment for lost equipment.

**Planning for Disposal of Chemical Demilitarization and Storage Facilities.** The Army established the Chemical Demilitarization Program to destroy stockpiles of chemical weapons. An important factor to the success of this program is disposing of chemical demilitarization and storage facilities.

We performed this audit to verify that activities developed plans to dispose of chemical demilitarization and storage facilities and properly accounted for real and personal property. We concluded that activities developed and implemented comprehensive plans to dispose of chemical demilitarization facilities. However, our review of real and personal property valued at about \$2 billion (that the Army Corps of Engineers transferred to the installations) showed that installations didn't:



- (b) (7)(A), (b) (7)(E)
- (b) (7)(A), (b) (7)(E)
- (b) (7)(A), (b) (7)(E)

**(b) (7)(A), (b) (7)(E)**

These conditions occurred because personnel misinterpreted, didn't fully understand, or weren't aware of requirements for accounting and disposing of real and personal property. They also didn't

**(b) (7)(A), (b) (7)(E)** . As a result, some lines in the

Army General Fund notes and Army Working Capital Fund financial statements may have been misstated.

Our recommendations included conducting 100-percent physical inventories of personal property and reconciling funding records with the systems contractor's property records to make sure all contractor-acquired property was accounted for.

**(b) (5), (b) (7)(A), (b) (7)(E)**

The Assistant Chief of Staff for Installation Management and the Deputy Chief of Staff, G-4 agreed with our recommendations and the agreed-to actions should ensure that real and personal property are properly accounted for and disposed of in the future.

### *Financial Management*

The Government Accountability Office has identified DOD financial management as a high-risk area since 1995 and the Army's FY 10 Statement of Annual Assurance identified more than 2,000 uncorrected actions in its financial improvement plan. The accountability office stated that DOD's continued financial and related business and system weaknesses adversely affect its ability to control costs, ensure basic accountability, measure performance, and address pressing management issues. High-risk areas in **financial management** we reviewed included:

- *Arlington National Cemetery Budget Execution.*
- *California Army National Guard Incentive Payments.*
- *Hazardous Duty Pay for Demolition.*
- *Management of Reserve Component Non-Participants.*

**Arlington National Cemetery Budget Execution.** The Secretary of the Army requested several audits of ANC in response to an Army Inspector General report that suggested serious weaknesses with financial oversight and budget execution during FYs 06–10. To address these concerns, we performed two audits to answer these objectives:

- *Were expenses incurred during the execution of the ANC budget properly applied to the Cemeterial Expenses, Army appropriation?*
- *Were gifts, donations, and other revenue received by ANC properly accounted for and used for ANC expenses?*



For the first objective, we reported that ANC management didn't apply necessary financial oversight to ensure the status of appropriated funds were visible to the Army, the Office of Management and Budget, and Congress. ANC management didn't proactively monitor the status of open obligations and couldn't be sure that all funds were fully accounted for and properly managed. This was because it relied too heavily on the Defense Finance and Accounting Service for financial support. We issued two reports on this objective. The first provided the Executive Director of

the Army Cemeteries Program with an inventory of 155 military interdepartmental purchase requests valued at about \$52 million issued for ANC for FYs 06-10 by a variety of contracting activities. The second report identified unliquidated obligations valued at about \$10.4 million that were candidates for deobligation and recovery. Our five recommendations will help ANC leadership improve visibility of the status of appropriated funds and help provide a transparent audit trail for future expenditures.

For the second objective, we found that ANC generated about \$3.6 million worth of gifts, donations, and other revenue from FY 06 through FY 10. However, it didn't have visibility over about \$1 million of the funding. This was because there weren't policies and procedures between ANC and external organizations (namely the U.S. Army Corps of Engineers and the National Park Service); also supporting documentation for revenues received was missing or incomplete. As a result, ANC couldn't use all of its revenue and plan effectively for future projects. Our report had nine recommendations directed to ANC leadership to mitigate this weakness.

**California Army National Guard Incentive Payments. (b) (5), (b) (7)(A), (b) (7)(E)**



**(b) (5), (b) (7)(A), (b) (7)(E)**

**Hazardous Duty Pay for Demolition (*Report FOUO*).**

The Office of the Deputy Chief of Staff, G-1 asked us to verify that U.S. Army Special Operations Command developed and implemented suitable controls for administering demolition duty pay. Our audit showed that command developed controls in line with overarching guidance. We showed responsible personnel, however, that by clarifying guidance governing retaining supporting documents (competent orders and certificates of performance) and by better training the program administrators, the Army could better support payments and ensure that all, and only, eligible Soldiers receive demolition duty pay.



In response to our recommendations, the Deputy Chief of Staff agreed to develop and issue guidance for retaining supporting documents. In addition, Special Operations Command updated its standard operating procedures and command inspection program to provide enhanced training and oversight of pay for demolition duty. These controls will ensure that only eligible Soldiers receive incentive pay for hazardous duty for demolition.

**Management of Reserve Component Non-Participants.** Reserve Component Soldiers are required to attend monthly inactive duty training and 14 days of annual training per year. For monthly training, they usually meet one weekend per month and hold four drills during that weekend. If the Soldier can't attend a drill due to sickness, injury, or some other circumstance beyond his or her control, the Soldier may be excused and granted an excused absence. Therefore, an unexcused absence is any absence other than an excused absence. An unsatisfactory participant is a Soldier who accrues in any 1-year period a total of 9 or more unexcused absences from scheduled inactive duty training or failure to attend or complete annual training. These absences don't have to be consecutive. We categorized long-term non-participants as Soldiers who didn't attend drills for more than 6 consecutive months.

Our followup audit was a second followup of long-term non-participants for the U.S. Army Reserve. We performed this audit because the first followup in 2007 found that the number of long-term non-participants had continued to increase since our original audit in 2004. This current followup found that the same problem existed because insufficient actions were taken to reduce long-term non-participants. Unit commanders carried these non-participants on Army rolls, thereby compromising readiness and hampering force management. Non-participants shouldn't be considered mobilization assets or counted on if called to



Active Duty. Carrying long-term non-participants also cost the Army \$150.4 million over the FYs 12-17 program objective memorandum period. The Army incurred these costs because actual payments made into the Medicare-Eligible Retiree Health Care Fund and group life insurance premiums were based on the Reserve's strength numbers.

We recommended that Army Reserve Command implement our original audit's recommendations to require commanders to promptly take actions to remove long-term non-participants from unit rolls, and for command to provide needed oversight to reduce the high number of long-term non-participants. When implemented, these actions will help save the Army more than \$150 million. The Offices of the Assistant Secretary of the Army (Manpower and Reserve Affairs) and Deputy Chief of Staff, G-1 agreed with our recommendations and estimates of costs that can be avoided.

### *Other High-Risk Areas*

This category captures risk areas that senior leaders identified and areas the Agency believes have risk, but not to the same level as the previously identified high-risk areas. Some **other high-risk areas** we reviewed included:

- *The Army Military Working Dog Program.*
- *The Army Metering Program.*
- *Installation Master Plan, U.S. Army Garrison Humphreys.*

#### **The Army Military Working Dog Program.**

Headquarters, Installation Management Command asked us to audit the management and requirements of the Army's military working dog (MWD) program, which is a critical and longstanding protection program for Soldiers and installations. We found that Army program managers took many positive actions to support the MWD program, but there were opportunities to improve fundamental elements. Specifically:



- *MWD teams didn't receive critical predeployment training and threat assessment information.*
- *Installations didn't conduct periodic inspections of local MWD assets.*
- *Budget estimates were understated.*
- *MWD requirements were generally unknown at the installation level.*

These issues occurred because program guidance was outdated, inconsistent, and unclear. As a result, MWD teams weren't completely prepared for a deployed environment, the Army had to rely heavily on contracted MWDs, installation kennel facilities were in disrepair, and MWD assets were underused. We made recommendations to Army Headquarters and Army commands to (b) (5)

In addition, we recommended ways the Army could (b) (5)



**The Army Metering Program.** To meet Federal energy conservation goals, Congress passed the Energy Policy Act of 2005 and the Energy Independence Security Act of 2007. The Energy Policy Act requires installing advanced electric meters at Federal facilities where practicable by October 2012. The Energy Independence Security Act adds this requirement to facilities using natural gas, water, and steam utilities for completion by October 2016.

We reviewed advanced meters installed under the Energy Policy Act and determined the Army could meet the requirements of the act if funding remains sufficient and install delays and connectivity issues are resolved to permit quicker advanced meter installs and connection with local area networks and Armywide data management systems. The Army is to be commended for its actions in response to the acts' requirements. It approved, funded, and established program goals, and it prepared an execution plan for installing advanced meters in its existing buildings and new construction. As of March 2011, the Army had installed about 6,089 of 11,941 (about 51 percent) of the advanced meters required. We made additional recommendations to the Army to:

- (b) (5)
- (b) (5)
- (b) (5)
- (b) (5)
- (b) (5)

Implementing our recommendations could save about \$3.2 million in the program, ensure efficient use of energy, and reduce utility costs.

**Installation Master Plan, U.S. Army Garrison Humphreys (Report FOUO).** The Army's transformation in Korea includes expanding U.S. Army Garrison Humphreys. At the request of the commanders for U.S. Forces Korea and 8<sup>th</sup> U.S. Army (Field Army), we verified that the installation master plan for transformation in Korea met requirements defined in the engineering memorandum of understanding between the Republic of Korea and the U.S. Government. The plan described requirements for structures, major roads, and infrastructure. It also included estimated costs for locations and a proposed construction schedule. We determined that the master plan was sufficient to guide the expansion of Garrison Humphreys. In addition, because it's a living document, it will be updated as needed.

## Supporting Overseas Contingency Operations

The Agency continues to maintain a presence in U.S. Central Command's area of responsibility, providing audit services over a wide range of issues that affect Army and other Service commanders in the Joint environment. About 200 auditors have deployed downrange since 2002; at the end of FY 11, we had 23 auditors in Afghanistan, 4 in Iraq, and 11 in Kuwait.

This fiscal year, we published 23 reports in theater. These reports focused primarily on logistics related to drawing down our forces in Iraq and financial controls over invoices and contract management in Afghanistan. Some major areas we reviewed included:

- *Excalibur Accountability Gap, U.S. Forces–Iraq.*
- *Support to the Afghanistan Trucking Contract Award Processes.*
- *Bulk Fuel Accountability in Afghanistan—Phase II.*

**Excalibur Accountability Gap, U.S. Forces–Iraq (Report FOUO).  
(b) (7)(A), (b) (5), (b) (7)(E), (b) (7)(F)**



From left to right: Agency auditor (b) (6)

in front of the Iraq Field Office at Camp Victory, Baghdad.

During the audit, Army Central Command strengthened accountability for ammunition by issuing policy that required recording serial-numbered ammunition in the Property Book Unit Supply-Enhanced system. Additionally, U.S. Central Command, Army Central Command, and the Deputy Chief of Staff, G-4 strengthened accountability for Excalibur rounds by requiring:

- *Monthly tracking by serial number for Excalibur rounds and maintaining permanent records.*
- *Changing controlled item inventory and special requirements codes to flag Excalibur rounds as serial-numbered ammunition.*
- *Requiring firing reports to track all Excalibur rounds fired.*

Despite these positive actions, several accountability issues remained. Lack of controls over drawing ammunition resulted in one unit recording only 51 percent of its ammunition on its property books and not recording serial numbers because inaccurate codes were designated for Excalibur rounds. Also, an ammunition supply point in Kuwait lost accountability for ammunition, including Excalibur, because it didn't have effective controls in place. The Deputy Chief of Staff, G-4 agreed with our recommendations and instructed property book officers that Excalibur rounds are serial-numbered items that need to be recorded in the system as such.

The Deputy also coordinated with the Logistics Support Activity World Wide Ammunition Reporting System Office and Property Book Unit Supply-Enhanced Office to implement a systems solution to automatically populate an “S” for serial-numbered items. In addition, U.S. Division-Central strengthened procedures for recording onhand ammunition in the brigade property book, and 1<sup>st</sup> Theater Sustainment Command strengthened controls over accountability of Excalibur rounds at the Al Jalail ammunition supply point. Our recommendations will help the Army better account for these ammunition rounds and potentially prevent the loss of these sensitive and expensive rounds in the future.

**Support to the Afghanistan Trucking Contract Award Processes (Report FOUO).** U.S. Central Command’s Joint Theater Support Contracting Command–Afghanistan requested a series of audits to help it oversee the contract award and administration processes for Afghanistan trucking contracts. The purpose of this first effort was to support the future National Afghanistan Trucking (NAT) and Afghanistan Trucking Network contract award processes by developing supplementary market analysis information related to transportation services used throughout Afghanistan. We independently did market research and identified prices for transportation services within Afghanistan. The source selection evaluation board used our results during the NAT contract award process to develop benchmark costs for price reasonableness evaluations of contractor proposals. The NAT contract will provide a temporary, secure, and reliable means of transporting reconstruction material, security equipment, fuel, miscellaneous dry cargo, and life support assets to forward operating bases and command outposts. It will also assist with the U.S. surge recovery strategy throughout Afghanistan. Source selection officials used our information to award the NAT contract in July 2011 and transportation contractors started to provide services in September 2011.

**Bulk Fuel Accountability in Afghanistan – Phase II.** The Deputy Commanding General (Support), U.S. Forces-Afghanistan requested this audit to address controls over storage and distribution operations for Class III bulk fuel points in southern Afghanistan. The audit found several key controls in place and operating as intended for the storage and distribution of fuel. However, some controls over storage and distribution weren’t known or working as intended. Specifically, reimbursement documentation for fuel issues to non-Army entities wasn’t processed in accordance with applicable guidance or it wasn’t submitted to the next higher command. In addition, military and government personnel **(b) (7)(F)**



. Due to the lack of, or failure to submit, reimbursement documentation, the Army lost the opportunity

*While conducting the bulk fuel audit in Afghanistan, auditors **(b) (6)** get hands-on instruction from a contractor (right) during a fuel download at a forward-area refueling point.*

for about \$30 million in reimbursements during FY 11. We recommended to U.S. Army Central Command that it

(b) (5)

. As a result, the Army stands to realize more than \$89 million in financial reimbursements from FY 12 through FY 14.

## *Supporting Army Clients*

To assess how Army clients value our services, we track several quantitative measures. These measures include:

- *Client Satisfaction.*
- *Return on Investment.*
- *Benefits Realized and Recommendations Implemented.*

**Client Satisfaction.** We survey our Army clients and stakeholders to measure how well we're meeting their needs and expectations. We ask them to rate their satisfaction in seven areas – subject matter, timing of engagement, benefits of engagement, timeliness of delivering information, effectiveness of audit teams, repeat requests and referrals, and comparison with other audit organizations.

We use client ratings to compute our Agency's overall client satisfaction rating. We also use stakeholder ratings as a corporate performance indicator. During FY 11, we received 100 survey responses (45 clients and 55 stakeholders). Our Level I goal is to achieve favorable ratings of at least 80 percent from survey respondents, and we exceeded this goal in all survey categories. These numbers show our clients think we're helping them accomplish their mission and that they value our service. Details are on the next page.



Agency auditors (b) (6) on a site visit in San Luis Obispo, California, on the audit of controls over the incentive program in the Army National Guard.

**Table 1: Client Satisfaction Ratings\***

Overall Client Satisfaction	91%
~ Subject Matter	93%
~ Timing of Engagement	82%
~ Benefits of Engagement	87%
~ Timeliness of Delivering Information	91%
~ Effectiveness of Audit Teams	95%
Repeat Requests and Referrals	89%
Comparison with Other Audit Organizations	94%
Overall Stakeholder Satisfaction	83%

\*Client: The individual who requested the audit or a key member of his or her staff who was materially involved in the engagement. For audits that weren't requested, the client is normally the senior manager who directs the activity under review.

Stakeholder: An individual assigned to the activity under review with a material interest in the outcome of the audit regardless of whether recommendations are directed to him or her.

Our FYs 11-15 Strategic Plan established a performance goal to develop a broad-based client satisfaction program that addresses a more comprehensive way to obtain feedback and measure client satisfaction. As part of this, we started a general officers/senior executive service survey program in March 2011. This is an abbreviated version of our client survey and is sent to at least one general officer or senior executive for each audit. The survey has five questions that touch on the key issues of our Agency's senior leaders—cycle time, senior leader collaboration, fair and balanced reporting, and actionable recommendations. Results of this new effort for FY 11 are in the next chart.

**Table 2: Client Satisfaction Ratings  
General Officers and Senior Executive Service**

Activity Type	Surveys Sent	Surveys Received	Cycle Time	Senior Leader Collaboration	Fair and Balanced Reporting	Actionable Results	Overall Satisfaction
Secretariat/DA Staff	26	11	80%	100%	100%	89%	92%
FOA	4	0					
ACOM	9	2	50%	50%	100%	100%	75%
ASCC	1	1	100%	100%	100%	100%	100%
Installation Activity	0	0					
Corps/Division/Brigade	1	0					
Other	9	1	100%	100%	100%	100%	100%
Total	50	15	79%	93%	100%	92%	91%

Abbreviations:  
ACOM: Army Command  
ASCC: Army Service Component Command  
FOA: Field Operating Activity

**Return on Investment.** We generate monetary benefits for the Army when our work results in actions that reduce spending or reprograms funds to other priority areas. Monetary benefits are limited to the 6-year program objective memorandum period to ensure requirements associated with benefits are programmed and funded. In FY 11, we issued 30 reports with potential monetary benefits. This exceeded our Level II/satisfactory goal of 22 reports (10 percent) and fell short of our Level I/exceptional goal of 44 reports (20 percent). However, the dollar value of the savings—\$2.3 billion—compared to the Agency’s FY 11 annual operating costs of about \$76 million yielded an overall return on investment of about \$32 to \$1. This far exceeded our Level I goal of \$20 to \$1, clearly demonstrating that we’re maximizing our investment to the Army.

**Benefits Realized and Recommendations Implemented.** We perform followup audits to learn if the Army has realized our estimated monetary benefits. We use these results to track this performance measure—the percentage of monetary benefits realized. During FY 11, we reviewed recommendations that included about \$695.2 million in formal monetary benefits of which command had previously agreed. Followup audits showed that of this \$695.2 million, command realized about \$327.7 million (about 47 percent).

Additionally, one of the Agency leadership’s signature issues is to ensure we make actionable recommendations. As a result, this year, we made implemented recommendations a new corporate goal. This new corporate goal is the percentage of past recommendations implemented within 2 years of the fiscal year in which the report was issued. For FY 11, our performance is based on the percentage of recommendations made in FY 09 that have been implemented. Our 94-percent implementation rate far exceeded our Level I goal (80 percent) of recommendations implemented since FY 09.



*The Auditor General Randy Exley (far right), Deputy Auditor General Joe Mizzoni (far left), and Program Director Monique Ferrell (front, center) with staff from the Kuwait Field Office.*



## *Corporate Integration and Strategic Communications*

We continue to seek ways to strengthen partnerships with our clients and to deliver timely, pertinent information to Army leaders. In our FYs 11-15 Strategic Plan, The Auditor General emphasized the importance of continuing to collaborate with Army leaders at all levels. To that end, during FY 11, Agency leaders expanded strategic communication efforts by meeting with senior political appointees, general officers, and senior executives to review our audit plan and to solicit feedback on our work. Our employees also spent nearly 5,200 hours advising Army task forces, such as the Government Purchase Card Joint Planning Group, Contracting Joint Planning Group, and the Property Accountability Task Force. We also continued to support Army-sponsored events, such as change-of-command ceremonies and diversity celebrations.

To further advance strategic communications, The Auditor General and his deputies met with Army leaders during courtesy visits at numerous installations and activities. For FY 11, The Auditor General has emphasized the need for audit teams to actively participate with Army teams and task forces for process improvements. Further, we have updated our organizational structure and added a new position to develop a comprehensive strategic communications plan during FYs 12-13 to improve our external and internal communication channels. These efforts will enhance communications with Army leaders and executives as well as Agency employees. They will also help ensure that we remain a highly sought-after, integral part of the Army's team.



*The Auditor General Randy Exley (back, center) with recipients of the 2011 Auditor General Award.*

## PROFESSIONAL WORKFORCE

*Our strategic objectives and performance goals focus on maintaining a high-performing workforce. We do this by attracting and retaining the right people with the right skills and by developing employee skills and competencies. We recently published our first Human Capital Plan and created a new team to implement this plan to ensure we accomplish our strategic objectives and performance goals for our professional workforce. We also have created process action teams of personnel from across the workforce to complete initiatives in the plan. We know that highly qualified employees improve our ability to respond to the Army's needs for audit services on a daily basis – especially during challenging times.*

### *Human Capital Management*

Our employees are our most valuable asset. We build on the talent of our dedicated, professional workforce through a multifaceted training program; by rotating staff among functional teams to gain varied experience; and by encouraging employees to get advanced degrees and certifications and to become members of professional organizations. Performance measures track progress in each of these areas. In FY 11, 75 percent of employees who attended training responded favorably to questions related to training in our workforce survey, meeting our Level II goal of 75 percent.

**Human Capital Plan.** Leadership's support of our Human Capital Plan along with the commitment of our workforce has facilitated significant progress in completing the plan's improvement initiatives. To date, we have completed 16 of the plan's 25 initiatives, 8 are ongoing, and 1 will begin during the latter part of FY 12. Our workforce stays apprised of the status of each initiative through the Agency blog, e-mails, and a milestone document that's updated periodically and briefed to senior leadership.

Continued resourcing of the plan, leadership support, and completion of the remaining initiatives will ultimately allow us to reach our goals and be better positioned to face current and future human capital challenges.



*From left to right: Agency auditors (b) (6) working on the audit of contractor payments – Afghanistan.*

Some noteworthy accomplishments conducted by process action teams during FY 11 included:

- *Addressing the need to improve and institutionalize our process for integrating new employees and accelerating their time to productivity by establishing a formal onboarding program that spans each new hire's first year with the Agency.*
- *Developing a process for determining mid-career vacancies to be filled as part of the overall staffing process.*
- *Developing and implementing a four-step process for identifying and developing succession planning requirements.*
- *Examining Agency attrition and providing recommendations/tools for use in retention.*
- *Using the Army's Competency Management System to identify and assess workforce competency gaps, and identifying improvements that are necessary to make results from future competency assessments more usable. We're currently working on specific closure strategies for general and technical auditor competencies and specific gap closure strategies for leadership competencies based on the initial assessment.*
- *Restructuring our professional support staff as the first phase of a large, complex initiative to improve operational support by assessing workflow processes and evaluating how we staff and manage our professional support positions. Implementing the new structure will be done in subsequent phases during FY 12.*
- *Developing and issuing our first diversity management plan, entitled "Plan to Build Inclusiveness through Diversity."*

**Employee Satisfaction.** For more than a decade, our Agency has surveyed our workforce each year to gauge how employees view their jobs and the Agency's organizational culture. Senior leaders use results from this survey to develop or revise policies and programs to enhance the workplace for our employees and to improve the efficiency of our operations. We have linked our survey questions to our Human Capital Plan goals to ensure we are delivering on those stated goals. We also included questions used in the Office of Personnel Management's Federal Viewpoint Survey as well as questions from the survey that the Partnership for Public Service used to rank agencies across the Federal Government for the Best Places to Work. Overall, our scores went down this year. In addition, our response rate decreased by 5 percent to a response rate of 65 percent. Some of the lower scores may be attributed to leadership changes; there may also be external factors regarding Federal employees in general that reduce overall confidence.

In FY 11, we revised our corporate measures for employee satisfaction, consolidating information from 10 measures into 4 overarching corporate measures. We met our Level I goal for two corporate measures – Leadership Excellence and Support Functions – with scores of 80 percent and 81 percent, respectively. We met our Level II goal for the remaining two measures – Workforce Engagement and Talent Management – with scores of 77 percent and 75 percent, respectively.

We compared last year's results with this year's results for the categories in the survey. Our overall employee satisfaction score was 79 percent, which fell only one percentage point short of our Level I performance goal (80 percent). For our four overall corporate measure categories, two met or exceeded our Level I performance goal, while the other two fell just short of Level I performance.

**Table 3: 2011 Corporate Measures**

Category	Level I Goal	Level II Goal	Scores
Leadership Excellence	80%	70%	80%
Workforce Engagement	80%	70%	77%
Talent Management	80%	70%	75%
Support Functions	80%	70%	81%

We met our Level I performance goal for 3 of 10 categories and met or exceeded our Level II goal in the remaining 7 categories. Here's a summary of the 2011 workforce survey results for each category that we have traditionally used:

**Table 4: 2011 Workforce Survey Results**

Category	Level I Goal	Level II Goal	2011 Score
Leadership and Development	80%	70%	77%
Performance and Recognition	80%	70%	76%
Training and Development	80%	70%	76%
Empowerment, Motivation, Accountability, and Teamwork	80%	70%	81%
Communications	80%	70%	84%
Information Technology	80%	70%	77%
Equal Employment Opportunity	95%	85%	85%
Sexual Harassment Prevention	95%	85%	90%
Work Environment	80%	70%	80%
<b>Overall Satisfaction</b>	80%	70%	<b>79%</b>



To benchmark our 2011 survey results with other organizations, we participated in the Best Places to Work in the Federal Government rankings, placing second among 240 agencies in our class (agency subcomponents). This is a tremendous achievement for our Agency. The results and our overall ranking were based on responses from our 2011 workforce

survey. The Partnership for Public Service describes these rankings as “the most comprehensive and authoritative rating and analysis of employee engagement in the federal government.”

**Employee Council.** The Employee Council is chartered to identify and respond to employee issues and to provide Agency leadership with recommendations to improve the effectiveness of the workforce, help ensure employee productivity, and increase morale. In FY 11, the council focused on several key initiatives and actions, including:

- *Continuing research on implementing an Agency wellness program.*
- *Tracking and promoting telework.*
- *Recommending the addition of more leadership training in matrix training.*
- *Supporting the Human Capital Team by reviewing policies under revision (Auditor Rotation, Independent Review, Preparing Awards, and Office Etiquette).*
- *Promoting a casual dress-down day.*

**Mentor Program.** During FY 11, we continued to make strides with our Mentor Program. We held our third mentoring workshop and established 16 new partnerships. In addition, 35 of the initial 40 partnerships successfully completed their first year in a formal partnership. Upon completing their first year, we surveyed participants for feedback. Responses clearly showed that the program was making a difference and that mentors and mentees alike felt they had grown professionally because of the program. We continue to monitor survey results, as this allows us to evaluate the success of the program. We will continue to market and establish new partnerships in FY 12 and explore potential expansions and improvements in the program.



*Former Principal Deputy Auditor General (b) (6) (front, center) with new mentors and mentees at the FY 11 Mentor Program workshop in Annapolis, Maryland.*

# ORGANIZATIONAL EFFECTIVENESS AND EFFICIENCY

*Our strategic objectives and performance goals in organizational effectiveness and efficiency are to improve our internal business processes and maximize our resources. We're determined to improve our audit and support processes so we have sufficient resources to fulfill our operational requirements to help the Army accomplish its critical missions – both on and off the battlefield.*

## *Continuous Process Improvement*

To support the Army's business transformation initiative and to foster an environment of continuous process improvement, the Agency is always looking for ways to be more effective and efficient. As we developed our FYs 11-15 Strategic Plan, we focused on three areas:

- *Evaluating our organizational structure to support Army mission requirements.*
- *Streamlining the audit process to deliver results in a more timely way.*
- *Providing innovative, efficient support services to facilitate the audit mission.*



*The Auditor General Randy Exley (center, back row) and Deputy Auditor General Joseph Mizzoni (far left) with members of the Fort Bragg Field Office during a town hall visit.*

**Organizational Structure.** In FY 11, we completed an organizational restructuring assessment that was designed to address two major objectives. The first objective was to align our operating directorates to the Assistant Secretaries of the Army to make sure we are organizationally structured to best support Army leadership. The second objective was in direct response to our Human Capital Plan Initiative 6B, which challenged us to address the issue of one-deep positions and the challenges associated with appropriately staffing and managing professional support positions. We added two new divisions to Operations Management – Budget and Manpower and Workforce

Management. Further, the Strategic Planning and Communications Division will oversee the Editorial Branch and the newly created Strategic Communications Branch. We will begin moving functions and branches to the new reporting structures starting in the second quarter of FY 12.

**Audit Process.** The Agency has placed a high priority on reviewing the audit process – from initial planning to final report – to identify ways to reduce audit cycle time. We established seven performance goals related to the audit process and each contributes to our overall objective to streamline the audit process.

We also established two corporate measures for cycle time – percentage of audits with a draft report delivered within 300 elapsed days and the percentage of reduction in average elapsed days to deliver final reports compared to the prior year. We exceeded our Level I goals (80 percent and 10 percent, respectively) as we issued 157 draft reports (81 percent) within 300 elapsed days and we reduced our average elapsed days to deliver final reports by 38 days (10 percent) compared to FY 10.

The Agency’s latest Lean Six Sigma project addressed our automated working paper process and resulted in the decision to move to TeamMate Electronic Working Papers as the automated system of the future. In FY 11, we appointed a TeamMate administrator to initiate this project. We also requested and received approval and funding for 550 TeamMate software licenses. In FY 12, we’ll begin initial testing, training of audit teams, and implementation at field offices.

**Internal Support Processes.** We continuously revise, assess, and adjust our internal support processes to help accomplish our mission. As part of our annual workforce survey, we gauge employee satisfaction with our internal support processes. This year we consolidated support functions into one corporate measure instead of 11 separate performance measures. That measure was satisfaction with internal support functions and whether they help employees get the job done. The satisfaction rating was 81 percent, exceeding our Level I goal (80 percent). The following chart shows the breakout of support processes. We met or exceeded our Level I goal for 9 of 11 processes, and exceeded our Level II goal (70 percent) for the remaining 2. Our management team uses these results to identify what is working well and areas in which to improve. We experienced modest increases in two areas – Budget Branch – Pay (5 percent) and Budget Branch – Travel (3 percent). Here are details:

**Table 5: Satisfaction with Support Processes\***

<b>Professional Support Area</b>	<b>Ratings</b>
Applied Technology Team	87%
Audit Coordination and Followup Office	87%
Budget Branch—Pay	84%
Budget Branch—Travel	92%
General Counsel Office	84%
Help Desk	84%
Human Resources Team	77%
Knowledge Management Branch	86%
Policy Branch	83%
Strategic Audit Planning Office	89%
Training and Education Branch	75%

\*Level II Goal (Satisfactory) = 70% ~ Level I Goal (Exceptional) = 80%.

# AGENCY SENIOR LEADERSHIP



**RANDALL EXLEY**  
The Auditor General



**JOSEPH MIZZONI**  
Principal Deputy Auditor General



**COL SHEILA DENHAM**  
Executive Officer



**JOE BENTZ**  
Deputy Auditor General  
Acquisition, Logistics  
& Technology Audits



**MONIQUE FERRELL**  
Deputy Auditor General  
Manpower, Reserve Affairs  
& Training Audits



**(b) (6)**  
Deputy Auditor General  
Installations, Energy  
& Environment Audits



**KEVIN KELLY**  
Deputy Auditor General  
Financial Management  
& Comptroller Audits





**(b) (6)**  
Program Director  
Installation Operations  
Audits



**(b) (6)**  
Program Director  
Intelligence  
and Security Audits



**(b) (6)**  
Program Director  
Infrastructure Audits



**(b) (6)**  
Program Director  
Training Audits



**(b) (6)**  
Program Director  
Financial Management  
Audits



**(b) (6)**  
Program Director  
Expeditionary Support  
Audits



**(b) (6)**  
Program Director  
Theater Operations,  
Europe Audits



**(b) (6)**  
Program Director  
Energy, Environment  
and Civil Works Audits



**(b) (6)**  
Program Director  
Information and  
Administrative Services



**(b) (6)**  
Program Director  
Human Capital Audits



**(b) (6)**  
Program Director  
Theater Operations,  
Pacific Audits



**(b) (6)**  
Program Director  
Strategic Planning  
& Communications



**(b) (6)**  
Program Director  
Strategic Audit Planning



**(b) (6)**  
Program Director  
Information Technology  
Audits



**(b) (6)**  
Program Director  
Supply Audits



**(b) (6)**  
Program Director  
Force Protection  
Audits



**(b) (6)**  
Program Director  
Contract Audits



**(b) (6)**  
Program Director  
Force Structure



**(b) (6)**  
Program Director  
Research, Development,  
and Acquisition Audits



**(b) (6)**  
Program Director  
Audit Policy  
& Coordination

## CONTACT INFORMATION AND WEB SITES

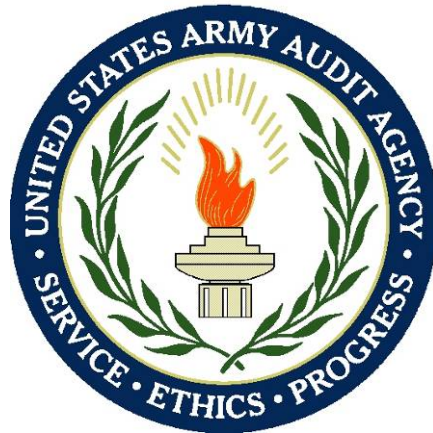
To make audit suggestions or request audit support, contact Mr. Joe Mizzoni, Principal Deputy Auditor General, at 703-681-9593 or Joseph.P.Mizzoni.civ@mail.mil. To obtain copies of our audit reports, visit our Web site. (This site is only available to military domain users and the U.S. Government Accountability Office; other activities may obtain copies of Agency reports by contacting our Audit Coordination and Followup Office at 703-614-9439.)

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### Army Audit Agency Web Sites

Extranet	Internet
<a href="https://www.aaa.army.mil">https://www.aaa.army.mil</a>	<a href="http://www.hqda.army.mil/aaaweb">http://www.hqda.army.mil/aaaweb</a>
<ul style="list-style-type: none"><li>• Agency Leaders</li><li>• Audit Reports</li><li>• Audit Plan</li><li>• Training</li><li>• Policy &amp; Guidance</li><li>• Annual Performance Report</li><li>• Strategic Plan</li><li>• Internal Audit Plan</li><li>• Human Capital Plan</li></ul>	<ul style="list-style-type: none"><li>• Agency Organization</li><li>• Agency Strategic Plan</li><li>• Career Opportunities</li><li>• Agency History</li></ul>

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