

# Naval Audit Service



## Audit Report



# Marine Corps Equipment Visibility

This report contains information exempt from release under the Freedom of Information Act. Exemption (b)(5) applies.

~~Releasable outside the Department of the Navy~~  
~~only on approval of the Auditor General of the Navy~~

**N2010-0028**  
**20 May 2010**

## Obtaining Additional Copies

To obtain additional copies of this report, please use the following contact information:

**Phone:** (202) 433-5757  
**Fax:** (202) 433-5921  
**E-mail:** [NAVAUDSVC.FOIA@navy.mil](mailto:NAVAUDSVC.FOIA@navy.mil)  
**Mail:** Naval Audit Service  
Attn: FOIA  
1006 Beatty Place SE  
Washington Navy Yard DC 20374-5005

## Providing Suggestions for Future Audits

To suggest ideas for or to request future audits, please use the following contact information:

**Phone:** (202) 433-5840 (DSN 288)  
**Fax:** (202) 433-5921  
**E-mail:** [NAVAUDSVC.AuditPlan@navy.mil](mailto:NAVAUDSVC.AuditPlan@navy.mil)  
**Mail:** Naval Audit Service  
Attn: Audit Requests  
1006 Beatty Place SE  
Washington Navy Yard DC 20374-5005

## Naval Audit Service Web Site

To find out more about the Naval Audit Service, including general background, and guidance on what clients can expect when they become involved in research or an audit, visit our Web site at:

<http://secnavportal.donhq.navy.mil/nauditservices>



**DEPARTMENT OF THE NAVY**  
NAVAL AUDIT SERVICE  
1006 BEATTY PLACE SE  
WASHINGTON NAVY YARD, DC 20374-5005

7510  
N2009-NIA000-0065.000  
20 May 10

**MEMORANDUM FOR THE COMMANDANT, UNITED STATES MARINE CORPS (I&L)  
MARINE CORPS SYSTEMS COMMAND**

**Subj: MARINE CORPS EQUIPMENT VISIBILITY (AUDIT REPORT  
N2010-0028)**

**Ref:** (a) NAVAUDSVC memo N2009-NIA000-0065.000, dated 12 November 2008  
(b) SECNAV Instruction 7510.7F, "Department of the Navy Internal Audit"

1. This report provides results of the subject audit announced in reference (a). Section A of this report provides our finds and recommendations, summarized management responses, and our comments on the responses. Section B provides the status of the recommendations. The full text of management responses is included in the Appendix.
2. Actions planned by the Commandant of the Marine Corps meet the intent of the recommendations. Recommendations 2, 3, 8, 10, and 11 are considered closed and require no further actions. Recommendations 1, 4 through 7, 9, 11, and 12 are considered open pending completion of the planned corrective actions and are subject to monitoring in accordance with reference (b). Management should provide a written status report on the recommendations within 30 days after target completion dates.
3. Please provide all correspondence to the Assistant Auditor General for Installations and Environment Audits, XXXXXXXXXXXXXXXXXXXXXXXXXXXX, with a copy to the Director, Policy and Oversight, XXXXXXXXXXXXXXXXXXXXXXXXXXXX. Please submit correspondence in electronic format (Microsoft Word or Adobe Acrobat file), and ensure that it is on letterhead and includes a scanned signature. FOIA (b)(6)
4. Any requests for this report under the Freedom of Information Act must be approved by the Auditor General of the Navy as required by reference (b). This audit report is also subject to followup in accordance with reference (b).

Subj: **MARINE CORPS EQUIPMENT VISIBILITY (AUDIT REPORT  
N2010-0028)**

5. We appreciate the cooperation and courtesies extended to our auditors.



FOIA (b)(6)

XXXXXXXXXXXXXXXXXXXX  
Assistant Auditor General  
Installations and Environment Audits

Copy to:  
UNSECNAV  
DCMO  
OGC  
ASSTSECNAV FMC  
ASSTSECNAV FMC (FMO)  
ASSTSECNAV IE  
ASSTSECNAV MRA  
ASSTSECNAV RDA  
CNO (VCNO, DNS-33, N4B, N40, N41)  
CMC (RFR, ACMC)  
DON CIO  
NAVINSGEN (NAVIG-4)  
AFAA/DO  
Assistant Deputy Commandant (Installations & Logistics)  
Marine Corps Systems Command  
Marine Corps Logistics Command  
Army Audit Agency

# Table of Contents

<b>EXECUTIVE SUMMARY .....</b>	<b>1</b>
Overview .....	1
Reason for Audit.....	2
Conclusions .....	2
Federal Managers’ Financial Integrity Act .....	3
Corrective Actions.....	4
<b>SECTION A: FINDINGS, RECOMMENDATIONS, AND CORRECTIVE ACTIONS .....</b>	<b>6</b>
<b>Finding 1: Reliability of Legacy Logistics Information System Data.....</b>	<b>6</b>
Synopsis.....	6
Discussion of Details .....	6
Background .....	6
Pertinent Guidance .....	7
Audit Results .....	8
Recommendations and Corrective Actions .....	13
<b>Finding 2: Accuracy of Asset Visibility .....</b>	<b>16</b>
Synopsis.....	16
Discussion of Details .....	16
Background .....	16
Pertinent Guidance .....	17
Audit Results .....	18
Recommendations and Corrective Actions .....	26
Synopsis.....	31
Discussion of Details .....	31
Background .....	31
Pertinent Guidance .....	31
Audit Results .....	32
Recommendation and Corrective Actions.....	33
<b>SECTION B: STATUS OF RECOMMENDATIONS .....</b>	<b>34</b>
<b>EXHIBIT A: BACKGROUND .....</b>	<b>36</b>
<b>EXHIBIT B: SCOPE AND METHODOLOGY .....</b>	<b>38</b>
<b>EXHIBIT C: ACTIVITIES VISITED AND/OR CONTACTED.....</b>	<b>44</b>

**EXHIBIT D: DATA ELEMENT ANALYSIS ..... 45**  
**EXHIBIT E: ITEM EXIT DATE DISCREPANCIES (MISMATCHES)..... 46**  
**EXHIBIT F: ACRONYM LISTING ..... 47**  
**APPENDIX: MANAGEMENT RESPONSES FROM THE COMMANDANT OF  
THE MARINE CORPS ..... 48**

# Executive Summary

---

## Overview

The United States Marine Corps has multiple legacy logistics computer systems that have been fielded as segregated, stand-alone, stovepipe systems such as Asset Tracking Logistics and Supply System (ATLASS), Supported Activities Supply System (SASSY), and Marine Corps Integrated Maintenance Management System (MIMMS). As the Marine Corps transitions from the current environment of stand-alone, stovepipe information systems to a shared database environment, data management policy, procedures, and processes must be diligently and routinely coordinated among the appropriate Marine Corps organizations. Effective data administration improves interoperability among information systems and facilitates data exchange, provides the means for data sharing, controls redundancy, minimizes data handling, and improves data integrity by reducing the cost and time required to transform, translate, or research the meaning of differently named but otherwise identical data elements.

Since about 1999, the Marine Corps has been in the process of modernizing its logistics systems by shutting down five of its core legacy systems and migrating much of the data contained in them to the new Global Combat Support System-Marine Corps (GCSS-MC), according to personnel from Marine Corps Combat Development Command. GCSS-MC is a portfolio of systems with appropriate technical enablers designed and fielded to support the physical implementation of the Marine Corps Logistics Operational Architecture. It provides secure information interoperability and cross-functional access between combat support and command control functions necessary to support today's Marine. GCSS-MC is in the testing phase and achieved initial operational capability beginning on 13 March 2010, and the First User Evaluation began on 22 March 2010 and ended on 30 April 2010.

On 16 May 2008, the Commandant of the Marine Corps issued White Letter Number 03-08, discussing Equipment Accountability. In the letter, the Commandant noted that, based upon recent reports by the Inspector General, equipment accountability must be improved to ensure that the Marine Corps can effectively meet ongoing and future mission requirements. The letter also noted that accurate equipment accountability ensures accurate readiness reporting, successful justification of resource requests to Congress, and continued ability to provide well-equipped forces to answer the nation's call as the force in readiness. The letter also stated that equipment accountability is a warfighting and readiness issue and must be a priority.

We conducted our audit between 3 December 2008 and 26 January 2010. The audit focused on Marine Corps legacy logistic systems database records as of January 2009.

## Reason for Audit

The audit objective was to verify that USMC equipment record data migrating from legacy information systems into GCSS-MC is complete and accurate. This audit was requested by the Assistant Deputy Commandant (Installations & Logistics) at Headquarters Marine Corps (HQMC).

## Conclusions

We determined that the data contained in the Marine Corps legacy logistics information systems is significantly inconsistent and inaccurate. For example, based upon suggestions of personnel from Marine Corps Logistics Command (MARCORLOGCOM), we reviewed five high-priority data elements (Item Exit Date, Table of Authorized Materiel Control Number (TAMCN), Item Designator Number (IDN), National Stock Number (NSN), and Weapon System Code (WSC)) within four legacy systems. We identified 20,065 data element discrepancies out of the 95,708 total records reviewed. Not all of the data elements reviewed were contained in each system; a breakdown of the data elements reviewed by system is contained in Table 1 in the Audit Results section of this report. We believe this occurred because Marine Corps guidance does not clearly define the respective roles and responsibilities for Marine Corps logistics data systems, resulting in confusion among various Marine Corps commands about who is responsible for the accuracy of the different data elements contained in the systems.

Inconsistencies also occurred, in part, because Marine Corps guidance lacks sufficient operating procedures and business rules for legacy logistics information systems that interface, and Marine Corps personnel in the Fleet are not aware of, or are not in compliance with, current operation procedures and business rules. We found, for the 5 data elements reviewed, accuracy rates among the systems ranged from 58 to 95 percent. As a result, the Marine Corps has insufficient assurance that the data transitioning to the GCSS-MC system is accurate or reliable. Therefore, Marine Corps leadership could potentially use the inconsistent and unreliable information when making decisions concerning major end items and spare parts.

We also determined that the SASSY did not accurately present the Marine Corps with a fully complete and accurate picture of asset visibility. We statistically sampled the inventories of six judgmentally selected Marine Corps units, comparing their SASSY records to on-hand counts, and we determined the units did not meet the required minimum physical inventory accuracy rate of 98 percent. Instead, we found that record accuracy rates ranged from a low of 54 percent to a high of 80 percent. This situation

occurred because the personnel assigned responsibility for updating and maintaining that system were often not sufficiently experienced and trained, or held accountable for data accuracy. In addition, Marine Corps guidance was outdated and needed revision because, in many cases, Marine Corps Orders had been superseded by Marine Administrative Messages (MARADMINs) instead of by issuing guidance and regulations. Based upon our review, we determined that the Marine Corps SASSY records may be understating the value of Marine Corps equipment on hand at the 6 units audited (\$288.9 million) by a net of approximately \$19.9 million and may be in error, in total, by \$44.4 million.

**Command Ethics Program.** During the audit, we also reviewed the ethics program at the Marine Corps Logistics Command (MARCORLOGCOM) and Marine Corps Systems Command (MARCORSYSCOM). In MARCORLOGCOM's case, there was coordination with another command, Marine Corps Logistics Base Albany (MCLBA), and each played an integral role in MARCORLOGCOM's ethics program. We determined that MARCORLOGCOM and MARCORSYSCOM had effective ethics programs in place in terms of the systems, processes, procedures, etc., to reasonably ensure compliance with Department of Defense (DoD) 5500.7-R, "Joint Ethics Regulation (JER)," and Executive Order 12674, "Principles of Ethical Conduct for Government Officers and Employees." However, MARCORSYSCOM needed to make an improvement in one area to ensure that they are in compliance with DoD guidance and regulations. We discuss our review of the Ethics Program in more detail in Finding 3 of this report.

**Communication with Management.** Throughout the audit, we kept the Marine Corps informed of the conditions noted. Specifically, we met with the Material Readiness Officer at Marine Corps Forces Command (MARFORCOM) on 24 March 2009, held a teleconference with the Material Readiness Officer at II Marine Expeditionary Force (MEF) on 27 March 2009, and e-mailed briefing charts showing the results of our site review to the Logistics Operations at I MEF, on 27 May 2009. Additionally, we briefed our results to the Assistant Deputy Commandant, Installations and Logistics at HQMC on 2 June 2009.

## Federal Managers' Financial Integrity Act

The Federal Managers' Financial Integrity Act (FMFIA) of 1982, as codified in Title 31, United States Code, requires each Federal agency head to annually certify the effectiveness of the agency's internal and accounting system controls.

Recommendations 1-5 address issues related to the internal controls over USMC equipment record data within legacy logistics information systems migrating to GCSS-MC. In our opinion, the weaknesses noted in this report may warrant reporting in the Auditor General's annual FMFIA memorandum identifying management control weaknesses to the Secretary of the Navy.

## Corrective Actions

We recommend that the Commandant of the Marine Corps:

- Revise documentation for legacy systems to reflect current operating procedures and business rules;
- Clearly define the roles and responsibilities of I&L, MARCORSYSCOM, MARCORLOGCOM, and Marine Corps Combat Development Command (MCCDC) to include oversight, enforceability, accountability, and equipment data reconciliation authority;
- Provide training to logistics supply system users to reflect the updated legacy logistics systems operating procedures and business rules developed under Recommendation 2;
- Perform a data reconciliation of Marine Corps logistics systems, identify errors and inconsistencies, and establish a plan of action and milestones for correcting the data;
- Revise Marine Corps Order 5230.19, “Logistics Data Administration Program”/issue guidance requiring periodic data reconciliations between Marine Corps logistics systems, and for correcting identified errors and inconsistencies, at specified intervals, such as semiannually;
- Require commanders to provide refresher training about supply functions for personnel being assigned to supply system billets;
- Require commanders to update deskbooks for all supply officers, supply clerks, and responsible officers within each unit;
- Determine the effectiveness and feasibility of converting a military supply officer billet or creating a civilian supply billet to provide stability and assist the Marine Corps supply system;
- Update official Marine Corps guidance related to supply and logistics by incorporating MARADMIN policies into Marine Corps Orders;
- Assign an oversight authority dedicated to ensuring that the actions recommended by the Naval Audit Service are accomplished and that units are complying with established orders, directives, and instructions governing supply accountability;
- Establish a plan of action and milestones for accomplishing the actions recommended by the Naval Audit Service throughout the Marine Corps; and
- Make asset visibility and equipment data management an assessable unit in the Management Internal Control (MIC) program.

We also recommend that MARCORSYSCOM improve internal controls related to the filing and tracking of annual post-employment certification forms, and provide oversight to ensure that the forms are properly completed and filed.

Actions planned by CMC meet the intent of the recommendations. Recommendations 1, 4 through 7, 9, 11, and 12 are considered open pending completion of the planned corrective actions. Recommendations 2, 3, 8, 10, and 13 are considered closed and require no further actions.

## Section A:

# Findings, Recommendations and Corrective Actions

---

## Finding 1: Reliability of Legacy Logistics Information System Data

### Synopsis

The data contained in the Marine Corps legacy logistics and supply information systems is significantly inconsistent and inaccurate. For example, we reviewed 5 high-priority data elements within 4 legacy systems and identified about 20,065 data element discrepancies out of the approximately 95,708 total records reviewed. We believe this occurred because Marine Corps guidance does not sufficiently define the respective roles and responsibilities for Marine Corps logistics data systems, resulting in confusion among personnel in various Marine Corps commands about who is responsible for the accuracy of different data elements contained in the systems.

Inconsistencies and inaccuracies also occurred, in part, because Marine Corps guidance lacks adequate operating procedures and business rules for legacy logistics information systems. Additionally, Marine Corps personnel in the Fleet are not aware of, or are not in compliance with, current operation procedures and business rules. We found that, for the 5 data elements reviewed, accuracy rates between the systems ranged from 58 to 95 percent. As a result, the Marine Corps has insufficient assurance that the data it is transitioning to the Global Combat Support System-Marine Corps (GCSS-MC) (which achieved initial operational personnel capability beginning on 13 March 2010) is accurate or reliable. Accordingly, Marine Corps leadership could potentially use the inconsistent and unreliable information when making decisions about major end items and spare parts.

### Discussion of Details

#### Background

The United States Marine Corps (USMC) has multiple legacy logistics systems that have been fielded as segregated, stand-alone, stovepipe systems that do not electronically interface. As the Marine Corps transitions from the current environment of individual and incompatible information systems to a shared database environment, data management policy, procedures and processes must be diligently and routinely coordinated among the appropriate Marine Corps organizations. Effective data administration improves interoperability among information systems and facilitates data

exchange, provides the means for data sharing, controls redundancy, minimizes data handling, and improves data integrity by reducing the cost and time required to transform, translate, or research the meaning of differently named, but otherwise identical, data elements.

Currently, the Marine Corps is in the process of modernizing its logistics systems by shutting down several of its core legacy systems and migrating much of the data to the new GCSS-MC. GCSS-MC is a portfolio of systems with appropriate technical enablers designed and fielded to support the physical implementation of the Marine Corps Logistics Operational Architecture. It provides secure information interoperability and cross-functional access between combat support and command and control functions necessary to support today's Marine. GCSS-MC is in testing phase and achieved initial operational capability on 13 March 2010.

For additional background information, see Exhibit A, Background.

### **Pertinent Guidance**

Marine Corps Order (MCO) 5230.19, "Logistics Data Administration Program," dated 22 December 1995, states the objectives of the Marine Corps Data Administration Program. Some of those objectives are to:

- Establish control of logistics data to ensure it is efficiently, effectively, and economically managed throughout its life cycle.
- Promote the use of data as a shared resource, integrate data requirements, establish interoperability as a requirement among Logistics Automated Information Systems, and facilitate the movement of shared data among strategic, tactical, and administrative environments.
- Establish standards for logistics data accuracy, integrity, security, and timeliness.
- Reduce data proliferation and redundancy by managing data as a critical resource that is shared within and among functional areas.
- Institutionalize the logistics data administration program with the flexibility to accommodate existing data in operational systems and provide guidance for new logistics automated information system initiatives or modifications.
- Provide the end users of logistics automated information systems with a line of communication to report data accuracy and data currency problems or changes.

Users Manual (UM) 4400.71, "Data Control Manual," dated 1 November 1989, establishes and maintains a common language of terms, definitions, abbreviations and codes for universal use throughout the Marine Corps. The definition of each term and its

approved abbreviations will be controlled at the Marine Corps Logistics Base, Code P810, Albany, GA to ensure consistency and compatibility in usage. For example, the manual states the following about the data elements we reviewed:

- **Item Exit Date** identifies when the end item is scheduled to go out of use by the Marine Corps.
- **Table of Authorized Materiel Control Number (TAMCN)** consists of the type and technical category of materiel, item number, and class of supply.
- **Item Designator Number (IDN)** is used to control the item subsystem and referred to for reportable items only.
- **National Stock Number (NSN)** consists of 13 digits used in all United States Government materiel management functions. It consists of a four-digit Federal Supply class, and a nine-digit national item identification number.

MCO 4105.1B, “Weapon System Management Within the Marine Corps,” dated 30 July 1990, provides policy, management principles, and a clear delineation of responsibility for the execution of weapons system management within the Marine Corps. It requires Marine Corps personnel use the Weapon System Code (WSC) to identify critical weapon systems. Critical weapons systems require maximum support from the Defense Logistics Agency for all consumable Class IX items that are used by these critical weapon systems (Class IX items are repair parts (less medical-peculiar repair parts) all repair parts and components, including kits, assemblies, and subassemblies (reparable and nonreparable) required for maintenance support for all equipment).

MCO 5311.1D, “Total Force Structure Process” (TFSP), dated 26 February 2009, provides policy and procedural guidance for TFSP. It identifies the Deputy Commandant for Combat Development and Integration as the TFSP owner (TFSPPO). Additionally, it identifies the responsible owners for data elements.

## Audit Results

We found that USMC equipment record data within legacy information systems that is migrating to GCSS-MC was significantly inconsistent and inaccurate.

Valid equipment record data is important because the Marine Corps is in the process of modernizing its logistics systems by shutting down several of its core legacy systems and migrating much of the data to the new GCSS-MC.

Despite its importance, we found, for the 5 high-priority data elements (Item Exit Date, Table of Authorized Materiel Control Number (TAMCN), Item Designator Number

(IDN), National Stock Number (NSN), and Weapon System Code (WSC)) within 4 legacy systems reviewed, about 20,065 data element discrepancies out of the approximately 95,708 total records reviewed. We also found that data element accuracy rates among the systems ranged from 58 to 95 percent for the 5 elements reviewed.

This situation occurred because Marine Corps guidance doesn't clearly define the respective roles and responsibilities for Marine Corps logistics data systems and there is confusion among various Marine Corps commands about who is responsible for the different data elements contained in the systems. It also occurred because Marine Corps guidance lacks sufficient operating procedures and business rules for legacy logistics information systems that interface. Additionally, Marine Corps personnel in the Fleet are not aware of, or are not in compliance with, current operation procedures and business rules. For example, we found that documentation for legacy systems has not been updated since 2003 and some Users Manuals, (guidance for legacy logistics systems) date back to the 1980s.

### **Consistency of Legacy Logistics Systems**

To determine if Marine Corps legacy logistics systems contained consistent data, Marine Corps personnel suggested that we select 5 high-priority data elements from among 93 data elements represented within 4 legacy logistics systems. These 5 high-priority data elements are among the 38 data elements transitioning to GCSS-MC. We compared 9,752 NSNs with those elements across 4 legacy data systems to identify potential discrepancies among the systems. As stated earlier, in total, we identified about 20,065 data element discrepancies out of the approximately 95,708 total records reviewed. The legacy systems reviewed were the Total Force Structure Management System (TFSMS), Items Application (Item Apps), Technical Data Management System (TDMS), and Supported Activities Supply System (SASSY). Exhibit A provides a detailed discussion of each of these systems. Examples of the types of inconsistencies we identified are shown in Exhibit D.

We also found that data element accuracy rates among the systems ranged from 58 to 95 percent for the 5 elements reviewed. Exhibit B "Scope and Methodology" provides more details. After comparing the data elements among the systems, we categorized each of the potential inconsistencies by data element, type of discrepancy noted, and legacy system impacted. Exhibits D and E provide additional details on our discrepancy analysis. We contacted each of the Marine Corps system owners to discuss our results and determine what caused the inconsistent data in their legacy systems. We identified what decisions leadership was using each data element for, and how the elements will potentially impact the GCSS-MC and the Marine Corps supply system. Potential data element impacts on the GCSS-MC and the Marine Corps supply system include:

- Routine cataloging steps in the process for fielding new equipment could be eliminated or omitted due to the lack of visibility over assets;
- Confidence in the cataloging process could be reduced;
- Leveraging of data to achieve strategic objectives to enhance support to warfighter could be reduced;
- Research and defined decision support capability requirements could be affected;
- Data used in asset management could be flawed;
- Equipment that is not needed may be procured; and
- Data used to accurately assess impact on mission requirements could be flawed.

The data elements reviewed, discrepancies identified, total records reviewed, accuracy rates and the legacy systems compared for each data element are shown in Table 1.

**Table 1.**

<b>Discrepancies by Data Element</b>				
<b>Data Element</b>	<b>Discrepancies</b>	<b>Total Records Reviewed</b>	<b>Accuracy Percentage Rate</b>	<b>Legacy Systems Compared</b>
TAMCN	11,655	28,806	60	TFSMS & Items Applications & SASSY
Item Exit Date	4,282	10,312	58	TFSMS, Items Applications
Weapon System Code	492	2,506	80	TFSMS & Items Applications
Item Designator	1,149	8,080	86	TFSMS & Items Applications
National Stock Number	2,487	46,004	95	TFSMS, Items Applications, SASSY & TDMS
Total	20,065	95,708	N/A*	

\*The overall accuracy rate is not applicable because each record may have more than one data element with a discrepancy associated with it.

The definition of each data element reviewed, the Marine Corp command responsible for that data element, why the element is important, the systems compared, the number of records reviewed, and the number and types of deficiencies noted are discussed below.

**TAMCN.** The TAMCN consists of Type and Technical category of Material, Item Number and Class of Supply. Marine Corps personnel use the TAMCN to identify an item of combat equipment. The Marine Corps Combat Development Command (MCCDC) is responsible for the TAMCN. The TAMCN data element was contained in three of the systems we reviewed (TFSMS, Items Apps, and SASSY). During our review of the TAMCN, we compared a total of 28,806 TAMCN records from these 3 systems and identified 11,655 equipment data records with discrepancies. This resulted in an accuracy rate of 60 percent for this data element review. An example of a discrepancy involving the TAMCN is NSN 4935011477053. This NSN had a TAMCN of E1921, but there was no record of it in Item Apps. Without accurate TAMCNs, the Marine Corps risks using flawed data in asset management and in assessing the impact on mission requirements.

**Item Exit Date.** The Item Exit Date identifies the date the end item is scheduled to go out of use by the Marine Corps. MCCDC is responsible for the Item Exit Date. The Item Exit Date data element was listed in two of the systems we reviewed (TFSMS and Item Apps). In total, we reviewed 10,312 Item Exit Date records from these 2 systems and identified 4,282 equipment records with discrepancies. This resulted in an accuracy rate of 58 percent for this data element review. An example of a discrepancy involving the Item Exit Date is NSN 5820015631703. This NSN had a TFSMS exit date of 6 May 2010 and an Item Apps exit date of 12 December 2020. Without accurate item exit dates, the Marine Corps risks procuring equipment that is not needed. They also risk not procuring equipment, which also impacts the War Reserves' inventory levels.

**WSC.** The WSC is a two-digit alphanumeric code used to identify the weapons system and its major components. Marine Corps personnel use the WSC to identify critical weapons systems that require maximum support from the Defense Logistics Agency for all consumable Class IX items that are used by these critical weapon systems. The Marine Corps Systems Command (MARCORSYSCOM) is responsible for the WSC. The WSC data element was listed in two of the systems we reviewed (TFSMS and Item Apps). In total, we compared 2,506 WSC records from these 2 systems and identified 492 equipment data records with discrepancies. This resulted in an accuracy rate of 80 percent for this data element review. An example of a discrepancy involving the WSC is NSN 2320013245915 with TAMCN D0881. This NSN had a WSC of "QE" (Trailer, Ribbon Bridge-MK 18/A1) in Item Apps, and a WSC of "5Q" (non-WSC) in TFSMS. Without accurate WSCs, the Marine Corps risks the procurement of equipment and spare parts that are not needed. They also risk using flawed data in asset management and reduced ability to leverage data to achieve strategic objectives to enhance support to the warfighter.

**IDN.** The IDN is used for the control and identification of equipment and its repair parts. Marine Corps personnel use the IDN to identify principle end items, major components,

secondary item repairable, and modification kits. The Marine Corps Logistics Command (MARCORLOGCOM) is responsible for the IDN. The IDN data element was listed in two of the systems we reviewed (TFSMS and Item Apps). In total, we compared 8,080 equipment data records from these 2 systems and identified 1,149 equipment data records with discrepancies. This resulted in an accuracy rate of 86 percent for this data element review. An example of a discrepancy involving the IDN is NSN 6115014313062. This NSN had an IDN of 11559A in Item Apps, but the line item was not in TFSMS. Without accurate IDNs, the Marine Corps risks the omission or elimination of routine cataloging steps in the process for fielding new equipment due to the lack of visibility over assets.

**NSN.** The NSN is a 13-digit stock number used in all U.S. Government material management functions. NSNs consist of a four-digit Federal Supply Class (FSC) and a nine-digit National Item Identification Number (NIIN). MARCORLOGCOM is the responsible for the NSN. The NSN data element was listed in all four of the systems we reviewed (TFSMS, Item Apps, TDMS, and SASSY). During our review of the NSN, we compared 46,004 equipment data records from these 4 systems and identified 2,487 equipment data records with discrepancies. This resulted in an accuracy rate of 95 percent for this data element review. An example of a discrepancy involving the NSN is NSN 7021014919156 for TAMCN A09407G. This line item was in TFSMS, but not in TDMS. Without accurate NSNs, the Marine Corps risks confidence in the cataloging process being reduced.

### **Reasons for the Differences.**

We met with personnel from MCCDC and MARCORLOGCOM to determine why they believed the discrepancies were occurring. We also obtained and reviewed Catalog Action Requests, Table of Equipment Change Requests, and history files from TFSMS, Items Applications, and Federal Logistics Data systems to validate the explanations provided. Based upon our review, we concluded that the discrepancies occurred because Marine Corps guidance does not clearly define the respective roles and responsibilities for Marine Corps logistics data systems, resulting in confusion amongst various Marine Corps Commands about who is responsible for the accuracy of the different data elements contained in the systems. It also occurred because Marine Corps guidance lacks sufficient operating procedures and business rules for legacy logistics information systems. Additionally, Marine Corps personnel in the Fleet are not aware of, or are not in compliance with current operation procedures and business rules.

As a result of the differences, the Marine Corps leadership has no assurance that decisions about major end items and spare parts are being based upon reliable, consistent, and valid equipment data records.

## Recommendations and Corrective Actions

Recommendations, summarized management responses to the recommendations, and our comments on the responses are presented below. The complete text of management responses are in the Appendix.

We recommend that the Commandant of the Marine Corps:

**Recommendation 1.** Revise documentation for legacy logistics systems to reflect current operating procedures and business rules.

**Management response to Recommendation 1.** Concur. Current Interface Control Documents (ICDs) for the interface between the TDMS, Item Applications, and TFSMS have been updated. The Marine Corps Provisioning Manual as well as data management procedures and business rules will be updated. Estimated completion date is June 2011.

**Naval Audit Service comments on response to Recommendation 1.** Planned actions by management meet the intent of the recommendation. This recommendation is open, pending completion of agreed upon actions.

**Recommendation 2.** Clearly define the roles and responsibilities of I&L, MARCORSYSCOM, MARCORLOGCOM, and MCCDC to include oversight, enforceability, accountability, and equipment data reconciliation authority.

**Management response to Recommendation 2.** Concur. Marine Requirements Oversight Council (MROC) Decision Memorandum 23-2009 appointed the Deputy Commandant (DC) for Installations and Logistics (DC I&L) as the Total Life Cycle Management (TLCM) Governance Leader. The TLCM Office, within DC I&L, published the TLCM Order (MCO 4000.57) which lays out the requisite roles and responsibilities associated with TLCM. Within the Marine Corps TLCM construct, HQMC provides policy and advocacy for Marine Corps equipment accountability as well as oversight of the Marine Corps TLCM programs and efforts. MCSC is responsible for the Life Cycle Management (LCM) of all Marine Corps, DoD-registered equipment and MCLC is responsible for the LCM sustainment of Marine Corps, DoD-registered equipment. Cataloging and provisioning data accuracy is the responsibility of the program managers assigned by MCSC. HQMC considers Recommendation 2 implemented as of 24 April 2009.

**Naval Audit Service comments on response to Recommendation 2.** Actions taken by management meet the intent of the recommendation. This recommendation is considered closed.

**Recommendation 3.** Provide training to logistics supply system users to reflect the updated legacy logistics systems operating procedures and business rules developed under Recommendation 2.

**Management Response to Recommendation 3.** Concur. Fleet Marine Forces receive additional training from each supporting Supply Management Unit. The Field Supply & Maintenance Analysis Offices (FSMAOs)—the compliance arm of HQMC I&L—provides additional on-site training. Current supply management manuals for the legacy SASSY provide applicable information on every SASSY transaction, legacy SASSY process interface, and SASSY-generated reports. Additionally, the DC for Combat Development and Integration (CD&I) is responsible for TFSMS training for the program managers who have equipment cataloging responsibilities. HQMC considers Recommendation 3 implemented as of 24 April 2009.

**Naval Audit Service comments on response to Recommendation 3.** Actions taken by management meet the intent of the recommendation. This recommendation is considered closed.

**Recommendation 4.** Perform a data reconciliation of Marine Corps logistics systems, identify errors and inconsistencies, and establish a plan of actions and milestones for correcting the data.

**Management Response to Recommendation 4.** Concur. The USMC is already addressing this issue. As part of the process, the Logistics Data Working Group (LDWG), headed by I&L Logistics Vision and Strategy Branch (LPV), is currently identifying the operating processes and business rules for systems using a process-centric approach to identify and address the issues that cause data errors. Additionally, the primary objective of the LDWG is to develop a methodology and plan of action and milestones that will support the logistics enterprise in the evaluation of its current data environment. A logical data model is being developed for the Supply, Maintenance, and Transportation areas that will identify and eliminate data errors and inconsistencies. It will provide for data reconciliation of logistics systems resulting in an agreed-upon common vocabulary understood across the logistics enterprise. Additionally, the Marine Corps Business Office (MCBEO) conducted a data profiling tool pilot study in 2009. As the leader of the TLMC Data Quality Assurance (DQA) Integrated Product Team (IPT), they are currently in the process of evaluating available data profiling tools for USMC procurement and use, which will aid in the identification and resolution of data errors and inconsistencies. The target date for publishing this policy is 31 March 2011 and HQMC I&L will provide a status update to NAS no later than 31 August 2010.

**Naval Audit Service comments on response to Recommendation 4.**

Planned actions by management meet the intent of the recommendation. This recommendation is open, pending completion of agreed upon actions.

Management should give status reports for each of the planned actions as of the target completion dates listed above, starting with 31 August 2010.

**Recommendation 5.** Revise Marine Corps Order 5230.19, “Logistics Data Administration Program” and issue guidance requiring periodic data reconciliations among Marine Corps logistics systems, and for correcting identified errors and inconsistencies, at specified intervals, such as semiannually.

**Management Response to Recommendation 5.** Concur. MCO 5230.19 is in the process of being revised as part of the LDWG initiative and it is estimated to enter the USMC staffing process in September 2010. The revision will establish an overarching data implementation plan as well as a governance structure and framework for improving data. In addition to revising MCO 5230.19, a LDWG charter and a Logistics Data Management Plan are also being established. These will provide further guidance on data reconciliation, systems management, and data error resolution. The target date for publishing this policy is 31 March 2011 and HQMC I&L will provide a status update to NAS no later than 31 August 2010.

**Naval Audit Service comments on response to Recommendation 5.**

Planned actions by management meet the intent of the recommendation. This recommendation is open, pending completion of agreed upon actions.

Management should give status reports for each of the planned actions as of the target completion dates listed above, starting with 31 August 2010.

## Finding 2: Accuracy of Asset Visibility

### Synopsis

The Supported Activities Supply System (SASSY) did not accurately present the Marine Corps with an accurate picture of asset visibility for the six judgmentally selected Marine Corps units we reviewed. We statistically sampled the inventories of six Marine Corps units, comparing their SASSY records to on-hand counts, and determined that the units did not meet the required Department of Defense (DoD) minimum physical inventory accuracy rate of 98 percent. Instead, we found record accuracy rates ranged from a low of 54 percent to a high of 80 percent. This situation occurred because personnel assigned responsibility for updating and maintaining that system were often not sufficiently experienced and trained, or held accountable for data accuracy. In addition, Marine Corps guidance was outdated or inadequate. For example, in many cases, Marine Corps Orders had been superseded by Marine Administrative Messages (MARADMINs) instead of permanent guidance and regulations. Based upon this review, we determined that the Marine Corps SASSY records may be understating the value of Marine Corps equipment on hand at the six units audited (\$288.9 million) by a net of approximately \$19.9 million, and may be in error, in total, by \$44.4 million.

### Discussion of Details

#### Background

In May 2006, in response to the continuing Global War on Terrorism, the findings of the Inspector General of the Marine Corps, and requests from Marine Forces (MARFOR) and Marine Expeditionary Force (MEF) Commanders, Headquarters Marine Corps (HQMC) issued MARADMIN 210/06 directing the creation of Data Assurance Teams (DATs), also known as Logistics Management Teams (LMTs). The purpose of the teams was to provide assistance to the MEF/MARFOR Commanders in the analysis of their subordinate units' equipment accountability and readiness reporting postures. The DATs were to provide this assistance by using on-site special analysis support. In the near term, their mission was to ensure data accuracy and fidelity for property accountability and readiness reporting at the using-unit level of the Marine Air-Ground Task Force. In the longer term, their mission was to ensure equipment records accuracy and the synchronization across logistics legacy automated information system files to enable a smoother transition to the Global Combat Support System - Marine Corps (GCSS-MC) Block 1. To evaluate equipment accuracy, the DAT uses the following criteria:

- Marine Corps Automated Readiness Evaluation System (MARES) items should be 100-percent accurate;

- Crane Reportable items should be 100-percent accurate;
- Stores Account Code (SAC) 3 items should be 100-percent accurate; and
- SAC 1 items should be 97-percent accurate.

Following the creation of the DATs, the Commandant of the Marine Corps reiterated the importance of equipment record accuracy in White Letter Number 03-08, dated 16 May 2008. In the letter, the Commandant stated that, based upon recent reports by the Inspector General, equipment accountability must be improved to ensure that the Marine Corps can effectively meet ongoing and future mission requirements. The letter also noted that equipment accountability ensures accurate readiness reporting, successful justification of resource requests to Congress, and continued ability to provide well-equipped forces to answer the nation's call as its force in readiness. Additionally, the letter stated that equipment accountability is a warfighting and readiness issue and must be a priority.

### **Pertinent Guidance**

According to User's Manual (UM) 4400.124, "Fleet Marine Force SASSY Using Unit Procedures," dated April 1984 SASSY functions as a centralized record keeper, stock manager, and forecaster, and as a central bank or information point for the using units, without negating command responsibility. SASSY is oriented toward removing supply accounting and recordkeeping functions from the using unit, and provides management reports to aid the unit commander in maintaining surveillance over the material readiness of the command. Computer-produced documentation is provided to facilitate the receiving, issuing, and accounting for materiel.

Marine Corps Order (MCO) P4400.150E, "Consumer Level Supply Policy Manual," dated 21 June 1999, defines accountability and responsibility for the supply function. It states that accountability is the obligation imposed by law, or lawful order, or regulation on an officer or other person for keeping accurate records of property, documents, or funds. The person having this obligation may, or may not, have actual possession of the property, documents, or funds. Accountability is concerned primarily with records, while responsibility is concerned primarily with custody, care, and safekeeping. Responsibility is defined as the obligation for the proper custody, care, and safekeeping of property or funds entrusted to the possession or supervision of an individual. Any person having public property in their custody or under their supervision assumes a public trust that the property will be used only for its intended purpose, and as authorized by law or regulations. The same order also states that each unit/section shall prepare desktop procedures for each billet involving administrative and management functions.

DoD Instruction 5000.64, “Accountability and Management of DoD-Owned Equipment and Other Accountable Property,” dated 2 November 2006, states that a minimum 98-percent physical inventory accuracy rate shall be achieved and maintained.

## **Audit Results**

SASSY did not present the Marine Corps with a fully accurate picture of asset visibility, as intended, for the six Marine Corps units we audited. Equipment accountability is important because it ensures accurate readiness reporting, successfully justifies resource requests to Congress, and continues the Marine Corps’ ability to provide well-equipped forces to answer the nation’s call as the force in readiness.

We judgmentally selected 6 Marine Corps units and statistically sampled their inventories, comparing their SASSY records to on-hand counts, and determined that the units did not meet the required minimum physical inventory accuracy rate of 98 percent. Instead, we found record accuracy for those units ranged from a low of 54 percent to a high of 80 percent.

This situation occurred because the personnel assigned responsibility for updating and maintaining the SASSY records were often not sufficiently experienced and trained, or held accountable for data accuracy. It also occurred because Marine Corps guidance was outdated or insufficient, because in many cases, Marine Corps Orders had been superseded by MARADMINs instead of permanent guidance and regulations.

### **Accuracy of Unit Records**

To determine if Marine Corps units were accurately accounting for their equipment in SASSY, we judgmentally selected six Marine Corps units and statistically sampled their inventories, comparing their SASSY records to on-hand counts. Using the lists of available units provided by I MEF and II MEF, we judgmentally selected three units (one infantry unit, one logistics unit, and one aviation unit) at each location for detailed review. The units chosen and their respective MEFs are listed in Table 2.

**Table 2.**

Units Selected	Location
2 <sup>nd</sup> Infantry Battalion, 2 <sup>nd</sup> Marine Division (2/2)	II MEF
Combat Logistics Regiment – 27 (CLR-27)	II MEF
Marine Air Control Squadron – 2 (MACS-2)	II MEF
3 <sup>rd</sup> Infantry Battalion, 1 <sup>st</sup> Marine Division (3/1)	I MEF
7 <sup>th</sup> Engineer Support Battalion (7 <sup>th</sup> ESB)	I MEF
Marine Tactical Air Control Squadron – 38 (MTACS-38)	I MEF

After selecting the units, we obtained copies of each unit’s SASSY Loaded Unit Allowance File (LUAF) to determine the Table of Authorized Materiel Control Numbers (TAMCNs) as a basis for sample construct. The LUAF is the primary means by which a unit commander establishes and maintains the required records of authorized allowance-type items, and a TAMCN is a number used to identify a specific item within the Marine Corps inventory. After compiling our list of TAMCNs to use as a basis for sample construct, we then selected a random statistical sample of 60 TAMCNs for each unit for detailed review (see Exhibit B for a detailed description of the sample). In addition to the random sample of 60 TAMCNs, we also reviewed the 10 highest-dollar TAMCNs for each unit if they were not selected as part of our random sample of 60. Examples of these TAMCNs included data distribution systems, radar sets, and telephone switching units. Exhibit B provides details on the scope and methodology used for our unit and sample selection.

Upon our arrival at each unit, we obtained a current SASSY LUAF and copies of Consolidated Memorandum Receipts (CMRs) issued by the unit. A CMR is a list of property assigned to a Responsible Officer. Using the CMRs, we determined the location of the TAMCNs selected for review and provided this information to the supply officer for the unit. For those items not on the CMR, the location was identified as the unit’s warehouse. We then conducted a physical inventory count of each TAMCN statistically selected for that unit. If a unit presented documentation that supported receipts or issues not yet posted, we accounted for those transactions during our counts. After completing each site review, we compared the results of our physical counts to the SASSY records and calculated the LUAF count accuracy rate for each sample. We also calculated the LUAF accuracy rate for the unit’s 10 highest dollar value TAMCNs. According to DoD Instruction 5000.64, “Accountability and Management of DoD-Owned Equipment and Other Accountable Property,” a minimum 98-percent physical inventory accuracy rate shall be achieved and maintained. As shown in Table 3, we found that the Marine Corps’ equipment accuracy rates did not meet the established criteria.

**Table 3.**

I & II MEF Sample Units LUAF Count Accuracy Rate Analysis Total Sample and High 10 TAMCNs		
Unit Selected	Total Sample LUAF Count Accuracy Percentage	High 10 LUAF Count Accuracy Percentage
2/2	54	80
CLR-27	56	40
MACS-2	72	50
3/1	72	60
7 <sup>th</sup> ESB	80	90
MTACS-38	80	90

Using our sample results, we projected the LUAF count accuracy rates over the target universe of the six units' inventories. Based on this analysis, we projected that 70 percent of the TAMCNs from our target universe at the 6 units reviewed had on-hand counts that matched the counts indicated on the LUAF. The 90-percent confidence interval<sup>1</sup> for this projection ranged from 66 to 74 percent. As detailed in Table 4, this did not meet DoD Instruction 5000.64's required minimum 98-percent physical inventory accuracy rate.

**Table 4.**

I & II MEF Sample Units LUAF Count Accuracy Rate Analysis Statistical Projections			
Unit Selected	90% Lower Bound on LUAF Count Accuracy Percentage	Projected Estimate %	90% Upper Bound on LUAF Count Accuracy Percentage
2/2	46	55	64
CLR-27	47	58	68
MACS-2	64	74	82
3/1	67	76	84
7 <sup>th</sup> ESB	69	78	86
MTACS-38	72	80	87
OVERALL	66	70	74

After calculating these statistical projections, we took the actual count accuracy rates for the total sample and conducted an additional analysis of these results by the Stores Account Code (SAC). SAC is the code used to differentiate between appropriation-financed principle items, appropriation-financed secondary items, and stock fund items. With the exception of one TAMCN, each sample TAMCN fell into

<sup>1</sup> A 90-percent confidence interval is an interval that has a 10 percent risk of not including the actual LUAF Count Accuracy.

two classifications: SAC 1 and SAC 3. SAC 1 items are minor end items, repair parts, and individual clothing that are financed through the Navy Working Capital Fund and are the budget responsibility of the customer. Examples of SAC 1 items include barber kits, computer printers, and battery chargers. SAC 3 items are appropriation stores account principle end items of major importance and major components, which required detailed analysis and examination, at the level established for control or at the military service level, of all factors affecting supply and demand. They are financed through appropriations other than the DON Stock Fund (Marine Corps Division) or Operations & Maintenance, Marine Corps, and are not the customer’s budget responsibility. Examples of SAC 3 items include night vision goggles, engine analyzer sets, and Dragon Eye UAV systems. As earlier stated, when evaluating SAC items, the DAT expects SAC 1 items to be 97-percent accurate while SAC 3 items should be 100-percent accurate. As shown in Table 5, we found that the Marine Corps’ equipment accuracy for the SAC 1 and 3 TAMCNs in our sample did not meet these criteria.

**Table 5.**

I & II MEF Sample Units LUAF Count Accuracy Rates SAC 1 & 3 Analysis		
Unit Selected	SAC 1 Count Accuracy Percentage	SAC 3 Count Accuracy Percentage
2/2	33	72
CLR-27	58	52
MACS-2	73	69
3/1	64	81
7 <sup>th</sup> ESB	71	87
MTACS-38	74	85

We also broke out our analysis by MARES and non-MARES items. MARES reflects the current status of selected ground equipment authorized and possessed by reporting commands/units. We identified MARES TAMCNs in our sample as the reportable equipment identified annually in a Marine Corps Bulletin in the 3000 series, entitled “Table of Marine Corps Ground Equipment Resource Reporting Equipment.” Examples of MARES items include data distribution systems, target designators, and expanded utility trucks. Examples of non-MARES items include ohmmeters, combat tents, and analyzer sets. According to the DAT’s established criteria, MARES items should be 100-percent accurate. Since the DAT does not examine non-MARES items during reviews, we went to DoD Instruction 5000.64 to obtain criteria regarding the minimum acceptable rate for physical inventory. Using this instruction as our criteria, we determined that a minimum 98-percent physical inventory accuracy rate should be achieved and maintained for non-MARES items. As shown in Table 6, we found that the Marine Corps’ equipment accuracy for the MARES and non-MARES TAMCNs in our sample did not meet established criteria.

**Table 6.**

<b>I &amp; II MEF Sample Units LUAF Count Accuracy Rates MARES &amp; Non-MARES Analysis</b>		
Unit Selected	<b>MARES Count Accuracy Percentage</b>	Non-MARES Count Accuracy Percentage
2/2	<b>75</b>	49
CLR-27	<b>62</b>	56
MACS-2	<b>50</b>	83
3/1	<b>67</b>	74
7 <sup>th</sup> ESB	<b>86</b>	79
MTACS-38	73	82

Additionally, we conducted these same analyses comparing the unit’s CMRs to the on-hand counts to determine if equipment accuracy improved when using the report signed by the Responsible Officer. Again, we found that the sample TAMCNs’ equipment accuracy rates did not meet the established criteria of a minimum 98-percent physical inventory accuracy rate. Table 7 summarizes our overall analysis using the CMR as the basis.

**Table 7.**

<b>I &amp; II MEF Sample Units CMR Count Percent Accuracy Analysis Total Sample</b>	
Unit Selected	CMR Count Accuracy Percentage Rate
2/2	60
CLR-27	74
MACS-2	89
3/1	72
7 <sup>th</sup> ESB	85
MTACS-38	71

### **Why the Differences Occurred**

To determine why the SASSY accuracy rates were not higher, we interviewed the supply officer for each of the units reviewed to determine their training and experience level, unit staffing, and the procedures used to manage their supply records. We also interviewed personnel working for Logistics Modernization Team (LMT)-West to discuss the procedures used during their unit reviews and to discuss some of the conclusions we were drawing as a result of our field work. Based upon our review, we concluded that the personnel assigned responsibility for updating and maintaining the system were often not sufficiently experienced and trained, or held accountable for data accuracy. We also found that they often did not know the most current procedures to manage their supply account.

**Experience.** Personnel assigned responsibility for updating and maintaining SASSY records were often not sufficiently experienced. We found that the frequent change of personnel within units resulted in a lack of expertise and continuity in day-to-day operations. For example, in one unit, the supply officer was a newly appointed Second Lieutenant with less than 1 year of experience in supply. He was appointed to his position after graduating from Supply School, and there was only a brief overlap with the preceding Supply Officer. In another unit, staffing was stretched so thin due to deployments that there was no supply officer. As a result, a Master Sergeant within the unit had to take over the supply officer duties. In addition, we found that, in four of the units, the supply officer's subordinate staff consisted mainly of junior Marines ranging from Corporals and Lance Corporals to Privates First Class. In one unit, the supply officer stated that, because his unit had so many Marines who were promoted quickly, but were inexperienced in their current Military Occupation Specialty, it may have had a negative impact on the recordkeeping accuracy levels.

**Training.** Personnel assigned responsibility for updating and maintaining SASSY records were often not sufficiently trained. Although each supply officer attended the Basic School and the Ground Officer Supply Course required by the Marine Corps, none felt the courses fully prepared them for their responsibilities as a supply officer. For example, one supply officer stated that the classroom training was too ambiguous and did not illustrate how the different aspects of supply interrelated. In particular, the course did not explain how the CMR, Mechanized Allowance List (MAL), and Due and Status File (DASF) tie in to each other. They also stated that although the courses taught procedures, they did not necessarily teach how to implement the procedures. Another supply officer stated that the classroom training did not teach the basic fundamentals of supply chain management. In addition, we found that insufficient training was provided to responsible officers. At most units, training consisted solely of a PowerPoint presentation, and no standardized deskbooks were provided to guide the responsible officers in their day-to-day tasks. According to the Consumer-Level Supply Policy Manual, desktop procedures help reduce problems that personnel confront on a daily basis, and are required for each billet involving administrative and management functions. Because the training and materials provided didn't fully prepare personnel for their assigned positions, Marines had to rely on on-the-job training to learn how the supply system worked, and how to implement their daily procedures.

**Accountability.** Personnel were often not held accountable for data accuracy. We interviewed LMT-West personnel and they identified trends that have indicated that the supply administrative accountability of units is lacking. This trend was also duly noted through the CMC White Letter 03-08 on accountability. According to LMT-West's Position Paper titled, "Remain-Behind Equipment Supply Administration Management," a causative factor to this lack of accountability has been linked to "remain-behind"

equipment management. Presently, the accountable officer is responsible for managing their supply account forward and in the rear. For example, in I MEF units did not have resources in their Table of Organization (T/O) to accomplish their mission by splitting up their supply section to deploy some supply personnel with them while leaving an appropriate amount of supply Marines in the rear to capably manage the administration of the rear supply account. Instead, units left a remain-behind element made up mainly of non-deploying Marines, or those who would deploy in the “Type Address Code (TAC) 2” of a unit’s deployment cycle. TAC 2 is the supply support activity that supports the unit. The limitations of the T/O, and the manner in which I MEF deploys units, limit effective supply administrative management of the supply account in the rear. The Marine Corps could counteract these limitations and create stability in the supply section by establishing a civilian supply billet to assist in management of the supply account. When deployed, this individual could remain stateside and manage the unit’s account in the rear.

We also found that the Marine Corps’ lack of a higher headquarters oversight authority contributed to the accountability problem. At the time of the audit, the Marine Corps had DATs, also known as LMTs, which performed reviews of units’ equipment accountability and issued reports after each review. However, higher headquarters took no action to demand and direct change that was organizationally sustainable. Additionally, although these teams focused on removing recordkeeping mistakes, they were not focused on ensuring that Marine Corps units were in compliance with directives and orders. The Marine Corps has recently taken steps to address this issue. On 19 August 2009, they issued MARADMIN 498/09, which reestablished the Field Supply Maintenance Analysis Office (FSMAO). According to this MARADMIN, the FSMAO structure will be leveraged from the existing LMTs. Effective 1 October 2009, the LMTs were renamed FSMAO East, West, and Western Pacific (WESTPAC (WP)). As such, FSMAO East and West were to cease all DAT reviews and shift to a holistic materiel and maintenance management analysis approach in order to achieve initial operating capability no later than November 2009.

The new FSMAO will look at 100 percent of MARES equipment and Crane Reportable Assets and a sampling of non-MARES reportable TAMCNs to gauge overall equipment accountability and readiness. Their objective will be to analyze every active duty unit in each MEF, to include intermediate level activities, biennially. Supporting establishment units and Marine Forces Reserve units will be scheduled for analysis triennially. The teams will continue to work toward eliminating record-keeping mistakes through inspections; however, their expanded role will include demanding compliance with Marine Corps directives and orders. Although compliance with directives remains paramount, the new FSMAO will also assume a training and mentoring role. For example, when problems are found with a unit’s bookkeeping, the average Staff Sergeant or Second Lieutenant handling supply orders will receive training rather than simply

receiving a report filed by inspectors and sent up the chain of command. In addition to reinstating the FSMAO teams, the Marine Corps has assigned Installations and Logistics, Code LPC, responsibility for receiving equipment accountability reports and directing change throughout the Marine Corps in conjunction with MARCORLOGCOM, which has been given the authority to direct that inventories be conducted for accountability across the Marine Corps.

***Procedures Used to Manage Supply Records.*** Personnel often did not know the most current procedures to manage their supply accounts. We interviewed MARCORLOGCOM and MARFORCOM personnel and determined that Marine Corps guidance was outdated and needed revision. We found four instances, in particular, in which Marine Corps orders had been superseded by MARADMINs instead of permanent guidance and regulations. Because messages are not inherently in the directives issuance system, they tend to be misplaced or discarded over time and the guidance in them becomes lost. This creates a situation in which there is a possibility that the most current policies and procedures are often not known or followed by supply personnel. For example, we asked each supply officer what they used as procedural guidance, and each referred to a Marine Corps order – no one made reference to using any MARADMINs as guidance for managing their supply accounts. By updating official Marine Corps guidance to incorporate these supply and logistics-related MARADMIN policy into official Marine Corps Orders, the most current policies and procedures will be readily available to all supply personnel.

### **Impact of the Differences Identified**

Using the results of the statistical samples of the six units we reviewed, we calculated an unbiased dollar-value projection of the differences we identified between the SASSY records and the on-hand counts. There was no associated confidence interval with this calculation. Based upon this review, and as shown in Table 8, we determined that the Marine Corps records may be understating the total \$288.9 million value of Marine Corps equipment on-hand at the 6 units reviewed by a net amount of approximately \$19.9 million. In total, the absolute value of the errors was approximately \$44.4 million.

**Table 8.**

Unit Selected	Total Understatement	Total Overstatement	Net Understatement / (Overstatement)	Absolute Value of Error
2/2	\$1,079,435	\$590,723	\$488,712	\$1,670,158
CLR-27	\$5,364,725	\$6,224,618	(\$859,893)	\$11,589,343
MACS-2	\$22,206,271	\$292,879	\$21,913,392	\$22,499,150
3/1	\$631,442	\$1,304,750	(\$673,308)	\$1,936,192
7 <sup>th</sup> ESB	\$2,109,089	\$1,043,527	\$1,065,562	\$3,152,616
MTACS-38	\$748,258	\$2,774,261	(\$2,026,003)	\$3,522,519
Totals	\$32,139,220	\$12,230,758	\$19,908,462	\$44,369,978

## Recommendations and Corrective Actions

Recommendations, summarized management responses to the recommendations, and our comments on the responses are presented below. The complete text of management responses are in the Appendix.

We recommend that the Commandant of the Marine Corps:

**Recommendation 6.** Require commanders to provide refresher training about supply functions for personnel being assigned to supply system billets.

**Management Response to Recommendation 6.** Concur. This recommendation addresses the insufficient degree of formal, follow-on, or refresher training available to Supply personnel who return to their primary specialty after having been assigned to a non-primary specialty billet. To that end, Supply School offers a three-week intermediate course for Non-Commissioned Officers (NCOs), and a 4-week Chief’s Course for Staff NCOs. Currently, there is no follow-on training specifically for Supply Officers. That requirement remains filled by the On-the-Job Training (OJT) and courses offered at the School of MAGTF Logistics (SOML) (i.e., Tactical Logistics Officer Course (TLOC), Advanced Logistics Officer Course (ALOC), and the Marine Corps Logistics Education (MCLEP)). While formal training is available in the advanced enlisted courses, Supply School historically has vacant seats for them. Since 2001, Supply School has graduated 1,723 students from a seat capacity of 2,820 or a 61.1 percent attendance rate. Based on this data, the issue is not the lack of formal training; rather, it is the inability of Marines to attend these resident courses due to increasingly higher operational tempos, deployments, personnel turnover, and competing priorities (SNCO Career and Advanced Courses). Recognizing this gap, Supply School is actively pursuing options on how to distribute their course to the Operational

Forces (OpFors) in order to meet advanced training requirements. To that end, they are exploring options for distance learning in order to close these gaps, and to assist the Operating Forces in their responsibility for sustainment training. Existing policy still requires that commanders ensure small unit training programs are being conducted for MOS proficiency and sustainment. The target date for completing exploration of options for distance learning to close identified gaps in supply system sustainment training is 15 October 2010.

**Naval Audit Service comments on response to Recommendation 6.**

Planned actions by management meet the intent of the recommendation. This recommendation is open, pending completion of agreed upon actions.

**Recommendation 7.** Require commanders to update deskbooks for all supply officers, supply clerks, and responsible officers within each unit.

**Management response to Recommendation 7.** Concur. Current policy and procedures standardize how the Marine Corps operates its supply chain. However, process execution is often not the same for every unit in the Marine Corps. As a result, standardized deskbooks are not a one-size-fits-all solution. Our policies are now being revised and written in such a way as to be more relevant and scalable to every level of the Marine Corps Supply Chain. It is a basic tenet of leadership that commanders at every link in that supply chain ensure their Supply Marines are trained and equipped to perform their functions optimally. It is also a policy requirement for commanders to ensure their subordinate officers produce and maintain desktop procedures—using published HQMC policy as the guideline—to create standard operating procedures applicable to their level and unit. Compliance with these training and desktop requirement has been lacking but, with the re-implementation of the FSMAO Program, it is now being scrutinized. The target completion date for reporting on the updating of deskbooks for all supply officers, supply clerks, and responsible officers within each unit is 15 April 2011. An interim status report will be provided on 15 October 2010.

**Naval Audit Service comments on response to Recommendation 7.**

Planned actions by management meet the intent of the recommendation. This recommendation is open, pending completion of agreed upon actions.

Management should give status reports for each of the planned actions as of the target completion dates listed above, starting with 15 October 2010.

**Recommendation 8.** Determine the effectiveness and feasibility of converting a military supply officer billet or creating a civilian supply billet to provide stability and assist the Marine Corps supply system.

**Management response to Recommendation 8.** Partially concur. The feasibility of converting military billets to civilian was reviewed, and it was determined that doing so within a deployable unit would undermine that unit's ability to effectively execute Supply functions in a deployed environment. Even so, deployable units do rely, in part, on civilian supply chain managers while in garrison. Commanders of deployable forces must, however, be careful to not erode core competencies by becoming overly reliant on their civilian professionals. It is crucial that individual and functional core competencies be honed in garrison by Marines who will be responsible for their execution while deployed. In the non-deployable Supporting Establishment (SE), there is a great advantage in "civilianizing" a greater portion of supply billets, and this has been implemented—to varying degrees depending upon the agency or command—for many years. Such conversion in the SE, however, must be balanced with a uniformed presence—doing so ensures a warfighting perspective, brings recent deployed and Fleet experience back to the SE, and allows active and Reserve Marines to draw upon civilian experience. HQMC considers Recommendation 8 implemented as of 15 April 2010.

**Naval Audit Service comments on response to Recommendation 8.**

Actions taken by management meet the intent of the recommendation. This recommendation is considered closed.

**Recommendation 9.** Update official Marine Corps guidance related to supply and logistics by incorporating MARADMIN policies into Marine Corps Orders.

**Management response to Recommendation 9.** Concur. This task has been largely accomplished in the release of the 2009 Current Clarification Notices for Supply and Maintenance Policy (Dir LP ltr 4400/1A/LP of 15 June 2009). The remaining MARADMIN guidance is currently incorporated into several pending policy revisions due for anticipated publication within the next 12 months. The target date for publishing these policies is 31 March 2011, and HQMC I&L will provide a status update to NAVAUDSVC no later than 31 August 2010.

**Naval Audit Service comments on response to Recommendation 9.**

Planned actions by management meet the intent of the recommendation. This recommendation is open, pending completion of agreed upon actions.

**Recommendation 10.** Assign an oversight authority dedicated to ensuring that the actions in Recommendations 1-9 are accomplished, and that units are complying with established orders, directives, and instructions governing supply accountability.

**Management response to Recommendation 10.** Concur, no further action. MROC Decision Memorandum 23-2009 appointed DC I&L as the TLCM Governance Leader and vested in him the necessary authorities to oversee the resources committed to resolving the issues addressed in this Report. The Marine Corps considers this recommendation closed with no further action, implemented 24 April 2009.

**Naval Audit Service comments on response to Recommendation 10.** Actions taken by management meet the intent of the recommendation. This recommendation is considered closed.

**Recommendation 11.** Establish a plan of action and milestones for accomplishing the actions in Recommendations 1-10 throughout the Marine Corps.

**Management response to Recommendation 11.** Concur. Currently, these efforts are being pursued under the auspices of the various TLCM IPTs dedicated to their resolution. These IPTs include:

- Equipment Accountability and Visibility (EAV);
- Data Quality Assurance (DQA);
- Fielding;
- Sustainment Planning;
- Structure;
- Professional Development; and
- Policy, Oversight and Governance.

Each effort has its own, individual POA&M for resolution. The target dates for publishing the respective plans of action and milestones are tied to the stage of implementation for each effort. HQMC I&L will provide a status update for all seven IPTs to NAVAUDSVC no later than 31 August 2010.

**Naval Audit Service comments on response to Recommendation 11.** Planned actions by management meet the intent of the recommendation. This recommendation is open, pending completion of agreed upon actions.

**Recommendation 12.** Make asset visibility and equipment data management an assessable unit in the MIC program.

**Management response to Recommendation 12.** Concur. Asset visibility and equipment data management will be made accessible on the Unit MIC Program. Estimated target completion date is 30 June 2010.

**Naval Audit Service comments on response to Recommendation 12.**  
Planned actions by management meet the intent of the recommendation. This recommendation is open, pending completion of agreed upon actions.

## Finding 3: Command Ethics Program

### Synopsis

Marine Corps Systems Command (MARCORSYSCOM) and Marine Corps Logistics Command (MARCORLOGCOM) senior leadership have established programs to stress the importance of good ethics to their workforce. The commands provided personnel with relevant information on ethics-related obligations including training, financial disclosures, conflicts of interest, post-Government employment, and hotline complaints. In MARCORLOGCOM's case, there was coordination with another command, Marine Corps Logistics Base Albany (MCLBA), and each played an integral role in ensuring guidance was provided. Overall, the ethics program at MARCORLOGCOM and MARCORSYSCOM were effectively implemented; however, at MARCORSYSCOM, we found that 3 of the 5 personnel who were required to file the Public Financial Disclosure Form (SF 278) had not completed the annual post-employment certification form at the time of our audit. MARCORSYSCOM personnel attempted to locate the forms based upon our request, but they were unable to do so. All employees should have filed the annual post-employment certification forms based on the Department of Defense (DoD), Joint Ethics Regulation (JER) 5500.7-R, Section 8-400.

### Discussion of Details

#### Background

In 2006, the Secretary of the Navy (SECNAV) established "Reinforcing ethics as a foundation of conduct within the Department of the Navy (DON)" as a top objectives. This objective continues to be one of SECNAV's priorities.

To assist SECNAV in achieving this objective, the Naval Audit Service is performing reviews in each command to determine if they have an effective ethics program in place in terms of systems, processes, and procedures to ensure compliance with DoD 5500.7-R, "Joint Ethics Regulation," and with Executive Order 12674, "Principles of Ethical Conduct for Government Officers and Employees."

#### Pertinent Guidance

5 Code of Federal Regulations (CFR) 2638.203(b)(7) requires that a counseling program for agency personnel concerning all ethics and standards of conduct matters, including post-employment matters, be developed and conducted.

DoD Executive Order 12674, “Principles of Ethical Conduct for Government Officers and Employees,” states that it is DoD policy that DoD agencies shall administer and maintain a comprehensive Agency ethics program, and ensure that all organizations within their jurisdiction administer the program.

DoD JER 5500.7-R, states that it is DoD policy that a single uniform source of standards of ethical conduct and ethics guidance shall be maintained within DoD, and each DoD agency shall implement and administer a comprehensive ethics program to ensure compliance with such standards and guidance. It also includes requirements concerning Public Financial Disclosure Forms (SF 278). The regulations state that personnel offices should provide activity ethics counselors with accurate and timely data on personnel who are required to file SF Form 278s, and that activities should ensure that SF 278s are filed timely (within 30 days of assuming a position or termination, and by 15 May for the annual form) unless a filing extension is granted. It also states that all SF 278s be signed and reviewed by appropriate supervisory and review officials.

## **Audit Results**

Overall, MARCORSYSCOM and MARCORLOGCOM had effective ethics programs. MARCORLOGCOM, who worked in close coordination with MCLBA, was fully in compliance with DoD JER 5500.7-R and MARCORSYSCOM was in compliance with the majority of the requirements of DoD JER 5500.7-R. We determined this by conducting interviews with command personnel, and by reviewing documents required to be filed and evaluating the systems, processes, and procedures established by the command. However, MARCORSYSCOM needed to make an improvement in one area to ensure that they are in compliance with DoD guidance and regulations.

According to DoD JER 5500.7-R, Section 8-400, “DoD employees who file the Public Financial Disclosure Report (SF 278) shall certify annually that they are aware of the disqualification and employment restrictions of 18 U.S.C. 207 and 208, and 41 U.S.C. 423 (references (b) and (c)), and that they have not violated those restrictions.”

MARCORSYSCOM was unable to locate three of the five annual post-employment certification forms that were required from personnel within the command. The three forms that were missing were for incumbents, who are personnel who filed an SF 278 in the previous year and still hold the same position; the incumbents had all been in their current positions for at least 1 year. The two forms that we received were for the new entrants. Therefore, we can conclude that MARCORSYSCOM needs to revisit current tracking procedures in place for command personnel required to file an annual post-employment certification form.

## Recommendation and Corrective Action

The recommendation, summarized management response to the recommendation, and our comment on the response are presented below. The complete text of management responses are in the Appendix.

We recommend that MARCORSYSCOM:

**Recommendation 13.** Improve internal controls related to the filing and tracking of annual post-employment certification forms, and provide oversight to ensure that the forms are properly completed and filed.

**Management Response to Recommendation 13.** Concur, no further action. Previously, all SF-278 Public Financial Disclosure Report forms were forwarded to the Office of Counsel for the Commandant of the Marine Corps (CMC) without a copy being retained by MCSC. Effective immediately, the MCSC Office of Counsel has instituted a policy of retaining a copy of the SF-278 and the accompanying post-employment certification for each required SF-278 filer. The MCSC Office of Counsel will also verify by the first of May of each year that an annual post-Government certification is on file for each required SF-278 filer in the command. Action has been completed, and the Marine Corps considers this recommendation closed.

**Naval Audit Service comments on response to Recommendation 13.** Actions taken by management meet the intent of the recommendation. This recommendation is considered closed as of 15 April 2010.

## Section B:

# Status of Recommendations

Finding <sup>2</sup>	Rec. No.	Page No.	Subject	Status <sup>3</sup>	Action Command	Target or Actual Completion Date	Interim Target Completion Date <sup>4</sup>
1	1	13	Revise documentation for legacy logistics systems to reflect current operating procedures and business rules.	O	CMC	06/30/2011	
1	2	13	Clearly define the roles and responsibilities of I&L, MARCORSYSCOM, MARCORLOGCOM, and MCCDC to include oversight, enforceability, accountability, and equipment data reconciliation authority.	C	CMC	04/24/2009	
1	3	14	Provide training to logistics supply system users to reflect the updated legacy logistics systems operating procedures and business rules developed under Recommendation 2.	C	CMC	04/24/2009	
1	4	14	Perform a data reconciliation of Marine Corps logistics systems, identify errors and inconsistencies, and establish a plan of actions and milestones for correcting the data.	O	CMC	03/31/2011	08/31/2010
1	5	15	Revise Marine Corps Order 5230.19, "Logistics Data Administration Program" and issue guidance requiring periodic data reconciliations among Marine Corps logistics systems, and for correcting identified errors and inconsistencies, at specified intervals, such as semiannually.	O	CMC	03/31/2011	08/31/2010
2	6	26	Require commanders to provide refresher training about supply functions for personnel being assigned to supply system billets.	O	CMC	10/15/2010	
2	7	27	Require commanders to update deskbooks for all supply officers, supply clerks, and responsible officers within each unit.	O	CMC	04/15/2011	10/15/2010

<sup>2</sup> / + = Indicates repeat finding.

<sup>3</sup> / O = Recommendation is open with agreed-to corrective actions; C = Recommendation is closed with all action completed; U = Recommendation is undecided with resolution efforts in progress.

<sup>4</sup> If applicable.

Finding <sup>2</sup>	Rec. No.	Page No.	Subject	Status <sup>3</sup>	Action Command	Target or Actual Completion Date	Interim Target Completion Date <sup>4</sup>
2	8	27	Determine the effectiveness and feasibility of converting a military supply officer billet or creating a civilian supply billet to provide stability and assist the Marine Corps supply system.	C	CMC	04/15/2010	
2	9	28	Update official Marine Corps guidance related to supply and logistics by incorporating MARADMIN policies into Marine Corps Orders.	O	CMC	03/31/2011	08/31/2010
2	10	28	Assign an oversight authority dedicated to ensuring that the actions in Recommendations 1-9 are accomplished, and that units are complying with established orders, directives, and instructions governing supply accountability.	C	CMC	04/24/2009	
2	11	29	Establish a plan of action and milestones for accomplishing the actions in Recommendations 1-10 throughout the Marine Corps.	O	CMC	08/31/2010	
2	12	29	Make asset visibility and equipment data management an assessable unit in the MIC program.	O	CMC	06/30/2010	
3	13	33	Improve internal controls related to the filing and tracking of annual post-employment certification forms, and provide oversight to ensure that the forms are properly completed and filed.	C	MARCOR SYSCOM	04/15/2010	

## Exhibit A:

# Background

---

The United States Marine Corps has multiple legacy logistics systems that have been fielded as segregated, stand-alone, stovepipe systems, and is transitioning from the current environment of individual and incompatible information systems to a shared database environment: Global Combat Support System-Marine Corps (GCSS-MC). GCSS-MC is stated as a portfolio of systems with appropriate technical enablers designed and fielded to support the physical implementation of the Marine Corps Logistics Operational Architecture. GCSS-MC is in testing phase and it is expected to achieve initial operational capability in 1st Quarter Fiscal Year 2010.

There are 38 key data elements transferring to GCSS-MC. There were also a total of 93 data elements with the 4 legacy systems we reviewed. At the suggestion of personnel from Marine Corps Logistics Command (MARCORLOGCOM), we selected 5 of 93 of those data elements within 4 legacy logistics systems for detailed review. A discussion of the systems reviewed follows.

**Total Force Structure Management System (TFSMS)** - TFSMS is an enterprise system that combines manpower and equipment data for the purpose of managing the Total Force. The Marine Corps uses TFSMS to make decisions pertaining to active, reserve, and civilian billet requirements and equipment allowances. It allows logical, accurate, and efficient management of the Marine Corps Total Force Structure Process (TFSP). Marine Corps Combat Development Center (MCCDC) personnel are responsible for this system.

**Item Applications (Item Apps)** - Item Apps is an automated, itemized listing of all Marine Corps Equipment Weapons Systems assigned an Item Designator Number and the preferred stock-numbered repair parts. It provides Logistics Management visibility of field Marine Corps equipment and identifies the relationships between the principle end items, major components, reparables and modification kits. For repair parts, the system computes the system combat essentiality code, system source maintenance recoverability code (SMRC), and system end item exit date. MARCORLOGCOM personnel are responsible for this system.

**Technical Data Management System (TDMS)** - TDMS is a management system that accumulates, stores, processes, and provides item related logistics information. It records and maintains technical information applicable to items of supply. It also serves as a catalog of information about each item of supply by its assigned National Item Identification Number (NIIN). It allows the Marine Corp to create, maintain, and delete transactions in order to communicate information about, or a requirement for an item to

Defense Logistics Service Center (DLSC), as well as other users. MARCORLOGCOM personnel are responsible for this system.

**Supported Activities Supply System (SASSY)** - SASSY functions as a centralized record keeper, stock manager, forecaster, and as a central bank or information point for the using units without negating command responsibility. SASSY is oriented toward removing supply accounting and recordkeeping functions from the using unit and provides management reports to aid the unit commander in maintaining surveillance over the materiel readiness of his command. Computer produced documentation is provided to facilitate the receiving, issuing, and accounting for materiel. MARCORLOGCOM personnel are responsible for this system.

### **Marine Corps Supply System**

The Deputy Commandant for Combat Development and Integration is the owner of the Marine Corps TFSP supply management process. TFSP starts with MCCDC's Intergradations Division sending the total Marine Corps requirement and the Table of Authorized Materiel Control Numbers (TAMCNs) to Marine Corps Logistics Systems Command (MARCORSYSCOM). MARCORSYSCOM then creates the Catalog Action Request (CAR), which is submitted through TFSMS, owned by MCCDC to MARCORLOGCOM to obtain a National Stock Number (NSN) and Item Identification Number. This action starts the record in TDMS. Once the NSN from Defense Logistics Information Service (DLIS) is assigned, Item Applications will assign the Item Designator Number (IDN) and forward the information back to TFSMS.

The manual process of the CAR does not include automated feeds from TFSMS to TDMS and Item Apps (legacy systems). Corrections to TFSMS are done through Table of Equipment Change Requests (TOECRs). For changes that affect cataloging the TOECR is sent to MARCORLOGCOM for action. A TOECR can be used to change exit dates, request an IDN, or update a NSN.

## Exhibit B:

# Scope and Methodology

---

We conducted the audit of Marine Corps Equipment Visibility from 3 December 2008 to 26 January 2010. This audit encompassed a two-part analysis that focused on eight data elements and four legacy logistics information systems.

## Finding 1

**Data Comparison Analysis.** We conducted a validity of data analysis to determine if Marine Corps legacy logistics systems contained consistent data prior to the migration into the Global Combat Support System. Our review focused on four automated systems: Item Applications, Total Force Structure Management System (TFSMS), Technical Data Management System (TDMS), and Supported Activities Supply System (SASSY). Marine Corps personnel recommended we review five high-priority data elements within the four automated systems. The five high-priority data elements were: Item Exit Date, Table of Authorized Material Control Number (TAMCN), Weapon System Code, Item Designator Number, and National Stock Number (NSN). The remaining three data elements pertained to SASSY and were for conducting inventory analysis (Finding 2).

We received five databases for the four automated systems and used IDEA to extract information from the files. IDEA is a computer-based file interrogation tool that analyzes data in many ways. IDEA allows extraction, sampling, and manipulation of data in order to identify errors, problems, and specific issues.

We compared 95,708 equipment data records representing 9,752 NSNs across the 4 automated systems and identified 20,065 data element discrepancies between the systems. The four automated systems contained one or more of the five high-priority data elements. We used the NSN, which consists of a nine-digit National Item Identification Number (NIIN) along with a four-digit Federal Supply Class (FSC) number and the TAMCN as our common parameter between the systems. We compared the Item Applications and TFSMS for the data elements: Item Exit Date, Item Designator Number, and Weapons System Code. The TAMCN was compared between TFSMS to Item Applications, and TFSMS to SASSY to determine the discrepancies that occurred. The last analysis was for the NSN which was a comparison between all four of the automated systems. NSN comparisons were TFSMS to Item Application, TFSMS to TDMS, TFSMS to SASSY, and TDMS to SASSY.

After we completed our analysis, the results were segregated into three categories of errors (discrepancies) for further analysis. A sample of each type of discrepancy was then selected for validation with Marine Corps Combat Development Command

(MCCDC) and Marine Corps Logistics Command (MARCORLOGCOM) to obtain additional supporting information as to the cause of the discrepancies. The categories of errors (discrepancies) are:

1. ***Mismatch Data Element Error:*** This would result when the data element being compared in one automated system did not match the data element in another automated system. An example of this would be NSN 4931005085484, for which TFSMS had an exit date of 12/1/2009 and Item Application had an exit date of 12/1/2015.
2. ***Data Element in one automated system but not in another automated system:*** This would result when the record of a line item was present in one automated system with the data element, while the other automated system did not have the data element in its record for the line item. An example of this would be NSN 580501535584. This NSN was located in Item Apps and TFSMS had the line but TFSMS did not have the data element (Item Exit Date)
3. ***Data Element was in one automated system but the other automated system had no record*** This type of error occurred when the data element line item was present in one system but the other automated system did not have a record. An example of this would be NSN 5865014374914. This NSN had an exit date of 9/1/2011 in Item Apps, but TFSMS did not have a record for this item.

We reviewed Marine Corps Order (MCO) 5230.19, “Logistics Data Administration Program,” which states the objectives of the Marine Corps Data Administration Program.

We reviewed User Manual (UM) 4400.71, “Data Control Manual,” which establishes and maintains a common language of terms, definition, abbreviations and codes for universal use throughout the Marine Corps.

We reviewed MCO 5311.1D, “Total Force Structure Process” (TFSP), dated 26 February 2009, which was issued and reviewed during our audit. It provides policy and procedural guidance for the TFSP. It identifies the Deputy Commandant for Combat Development and Integration as the TFSP owner (TFSP O). Additionally, it identifies the responsible owners for data elements.

We reviewed MCO 4105.1B, “Weapon System Management Within the Marine Corps,” which provided policy, management principles, and a clear delineation of responsibility for the execution of Weapons System Management within the Marine Corps.

## Finding 2

**Data Accuracy Analysis.** We conducted a data accuracy analysis to determine if Marine Corps units were accurately accounting for their equipment in SASSY. Our review focused on three data elements: Location, Condition Code, and Quantity. For this analysis, we statistically sampled six Marine Corps units.

**Unit Selection.** We requested a list of available units from I Marine Expeditionary Force (MEF) and II MEF to determine the units for review. We defined a unit as being available for review if it was not deployed, if it was not about to deploy, or if it was not just returning from deployment. During the time of our site reviews, there were 18 available units at II MEF and 9 available units at I MEF. From the lists of available units, we judgmentally selected three units (one infantry unit, one logistics unit, and one aviation unit) at each location for detailed review. We chose these three unit types because MARFORCOM stated that they were the three major types of Fleet units in the MEFs. Based on this information, the audit team felt they would be representative of the MEF. The units chosen and their respective MEF are listed in Table 9.

**Table 9.**

Units Selected	Location
2 <sup>nd</sup> Infantry Battalion, 2 <sup>nd</sup> Marine Division (2/2)	II MEF
Combat Logistics Regiment – 27 (CLR-27)	II MEF
Marine Air Control Squadron – 2 (MACS-2)	II MEF
3 <sup>rd</sup> Infantry Battalion, 1 <sup>st</sup> Marine Division (3/1)	I MEF
7 <sup>th</sup> Engineer Support Battalion (7 <sup>th</sup> ESB)	I MEF
Marine Tactical Air Control Squadron – 38 (MTACS-38)	I MEF

After selecting the units, we obtained copies of each unit’s SASSY Loaded Unit Allowance File (LUAF) to determine the TAMCN as a basis for sample construct. We treated each unit’s LUAF as a separate sample in order to sample a greater number of TAMCNs. This approach also precluded the situation in which a randomly selected TAMCN was not present in a unit’s equipment allowance. To reduce the scope of our inventory effort, we removed from the sample universe: all small arms and small arms-related TAMCNs, all TAMCNs with “zero” on-hand count, all Central Issue Facility TAMCNs, and all TAMCNs with an on-hand count of more than 500 items. Small arms and small arms-related TAMCNs were removed because they have been the subject of a recent audit published by the Naval Audit Service on 23 November 2007, “N2008-0008: Marine Corps Small Arms,” that resulted in a more tightly controlled level of custody that could potentially skew the sample. TAMCNs with a “zero” on-hand count were eliminated because they reflected a “due in” status, and populating the sample

universe with items that are not held by the unit would also potentially skew the sample results. Central Issue Facility TAMCNs were removed because these items are not usually held by a unit but, rather, are kept at a central issue point pending emergent operational needs and would therefore be unavailable for our on-hand counts. Finally, all TAMCNs with an on-hand count of more than 500 items were removed because the time allotted for sampling would preclude extended counts.

After compiling our list of TAMCNs to use as a basis for the sample construct, we then selected a random statistical sample of 60 TAMCNs for each unit for detailed review. In addition to the random sample of 60 TAMCNs, we also reviewed the 10 highest-dollar TAMCNs for each unit, if they were not selected as part of our random sample of 60, in order to cover a large percentage (between 30 and 50) of the dollar value within each location. Examples of these TAMCNs included data distribution systems, radar sets, and telephone switching units. Therefore, at each unit we sampled between 60 and 70 TAMCNs as listed in Table 10.

**Table 10.**

Sample Sizes of Selected Marine Corps Units		
Unit Selected	Universe Size	Sample Size
2/2	180	69
CLR-27	398	70
MACS-2	340	67
3/1	206	66
7 <sup>th</sup> ESB	402	70
MTACS-38	180	66

**Analysis.** After selecting the units and sample for review, we obtained a current SASSY LUAF and copies of Consolidated Memorandum Receipts (CMRs) issued by the unit to conduct the data accuracy analysis. Using the CMRs, we determined the location of the TAMCNs selected for review and provided this information to the supply officer for the unit. For those items not on the CMR, the location was identified as the unit's warehouse. We then conducted a physical inventory count of each TAMCN statistically selected for that unit. If a unit presented documentation that supported receipts or issues not yet posted, we accounted for those transactions during our counts. Although we also judgmentally assigned a condition code to each TAMCN counted, we based our judgment on a simplified version of codes. The complexities in assigning condition codes and the time required to conduct a complete examination of each item counted precluded further analysis. After completing each site review, we compared the results of our physical counts to the SASSY records and calculated the LUAF count accuracy rate for each sample. We then broke out these results by the 10 high-dollar value TAMCNs,

by Stores Account Code (SAC) 1 and SAC 3 TAMCNs, and by Marine Corps Automated Readiness Evaluation (MARES) and Non-MARES TAMCNs.

We interviewed the supply officers at the six units visited, I and II MEF personnel, Marine Corps Forces Command (MARFORCOM) personnel, and Logistics Management Team (LMT)-West personnel to identify the causes of the inaccuracies identified between the SASSY records and the audit team's on-hand counts.

We reviewed Commandant of the Marine Corps (CMC) White Letter 03-08, "Equipment Accountability," which emphasized that equipment accountability is a priority in the Marine Corps and must be improved; Marine Administrative Message (MARADMIN) 210/06, "Concept of Operations for HQMC Data Assurance Teams," which detailed the role of the Data Assurance Teams; Users Manual (UM) 4400.124, "Fleet Marine Force Using Unit Procedures," which detailed the functions of SASSY; MCO P4400.150E, "Consumer Level Supply Policy manual," which provided detailed supply management policies; Department of Defense (DoD) Instruction 5000.64, "Accountability and Management of DoD-Owned Equipment and Other Accountable Property," which provided the established criteria for the minimum physical inventory accuracy rate; and MARADMIN 498/09 which reestablished the Field Supply Maintenance Analysis Office (FSMAO).

We also reviewed a series of logistics and supply related MARADMINs provided by MARFORCOM that have not been instituted into official MCOs.

### **Finding 3**

**Command Ethics Program.** We conducted ethics program reviews at MARCORLOGCOM and Marine Corps Systems Command (MARCORSYSCOM) to determine whether the commands have effective ethics programs in place in terms of the systems, processes, and procedures. The team conducted interviews with ethics personnel and obtained documentation to support the scope of the review. The team referred to Department of Defense (DoD) Joint Ethics Regulation (JER) 5500.7-R and Executive Order 12674 as a guide to ensure that both commands were in compliance.

We reviewed 5 Code of Federal Regulations (CFR) 2638.203(b)(7), which requires that a counseling program for agency personnel concerning all ethics and standards of conduct matters, including post-employment matters, be developed and conducted.

We reviewed DoD Executive Order 12674, "Principles of Ethical Conduct for Government Officers and Employees," which states that it is DoD policy that DoD agencies shall administer and maintain a comprehensive agency ethics program, and ensure that all organizations within their jurisdiction administer the program.

We reviewed DoD JER 5500.7-R, which states that it is DoD policy that a single uniform source of standards of ethical conduct and ethics guidance shall be maintained within DoD, and each DoD agency shall implement and administer a comprehensive ethics program to ensure compliance with such standards and guidance. It also includes requirements concerning Public Financial Disclosure Forms (SF 278).

We also evaluated internal controls and reviewed compliance with regulations. There were no previous audits related to Marine Corps Equipment Visibility during the last 5 years by the Naval Audit Service, Department of Defense Inspector General, or Government Accountability Office, so there was no need to perform audit followup.

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

**Exhibit C:****Activities Visited and/or Contacted**

<b>Activity</b>	<b>Location</b>
*Marine Corps Logistics Command	Albany, GA
*Marine Corps Systems Command	Quantico, VA
*Marine Corps Forces Command	Norfolk, VA
*Marine Corps Combat Development Command	Quantico, VA
*Marine Corps Base Camp Pendleton	Camp Pendleton, CA
*Marine Corps Base Camp Lejeune	Camp Lejeune, NC
*Headquarters Marine Corps Navy Annex	Arlington, VA
*Marine Corps Air Station Miramar	San Diego, CA
*Marine Corps Air Station Beaufort	Beaufort, SC
*Marine Corps Air Station New River	Jacksonville, NC
*Marine Corps Auxiliary Landing Field	Bogue, NC
*Marine Corps Air Station Cherry Point	Cherry Point, NC
Marine Corps Forces Pacific	Camp H.M. Smith, HI

\* Activities Visited

**Exhibit D:****Data Element Analysis**

<b>Description</b>	<b>Exit date</b>	<b>TAMCN</b>	<b>WSC</b>	<b>IDN</b>	<b>NSN</b>	<b>Total</b>
Data element in one system and not the other	263	1,128	0	0	0	1,391
Data element in one system and not in the other systems	1,996	10,447	316	1,139	1,904	15,802
Data element does not match between multiple systems	2,023	80	176	10	583	2,872
<b>Subtotal (Discrepancies)</b>	<b>4,282</b>	<b>11,655</b>	<b>492</b>	<b>1,149</b>	<b>2,487</b>	<b>20,065</b>
<b>Total Records Reviewed</b>	<b>10,312</b>	<b>28,806</b>	<b>2,506</b>	<b>8,080</b>	<b>46,004</b>	<b>95,708</b>

**Exhibit E:****Item Exit Date Discrepancies (Mismatches)**

---

<b>Discrepancy in Days</b>	<b>No. of Discrepancies (Mismatches)</b>	<b>Percentage of Total Discrepancies</b>
< 30 Days	1,236	61%
> 30 Days ≤ 365 Days	59	3%
> 365 Days ≤ 4 years	277	14%
> 4 years	451	22%
Total	2,023	100%

As shown in Exhibit D, our comparison of Item Exit Date within TFSMS and Item Applications identified a total of total 4,282 data record discrepancies. Of the 4,282 discrepancies identified, 2,023 discrepancies represented Item Exit Dates listed in both systems that did not match. The table above breaks down those mismatches based upon the difference in days between the two systems.

**Exhibit F:**

# Acronym Listing

---

CAR	Catalog Action Request
CMR	Consolidated Memorandum Receipt
DAT	Data Assurance Team
FSC	Federal Supply Class
FED LOG	Federal Logistics Data
FSMAO	Field Supply Maintenance Analysis Office
GCSS-MC	Global Combat Support System – Marine Corps
HQMC	Headquarters Marine Corps
IDN	Item Designator Number
LMT	Logistics Management System.
MARCORLOGCOM	Marine Corps Logistics Command
LUAF	Loaded Unit Allowance File
MAL	Mechanized Allowance File
MARADMINS	Marine Administrative Messages
MARCORSYSCOM	Marine Corps Systems Command
MARES	Marine Corps Automated Readiness Evaluation
MARFORCOM	Marine Corps Forces Command
MCCDC	Marine Corps Combat Development Command
MCO	Marine Corps Order
MEF	Marine Expeditionary Force
MTACS	Marine Tactical Air Command Squadron
NIIN	National Item Identification Number
NSN	National Stock Number
SAC	Stores Account Code
SASSY	Supported Activities Supply System
TAMCN	Table of Authorized Material Control Number
TDMS	Technical Data Management System
TFSMS	Total Force Structure Management System
TFSP	Total Force Structure Process
TOECR	Table of Equipment Change Request
UM	Users Manual
WSC	Weapon System Code

Appendix:

# Management Responses from the Commandant of the Marine Corps



DEPARTMENT OF THE NAVY  
HEADQUARTERS UNITED STATES MARINE CORPS  
3000 MARINE CORPS PENTAGON  
WASHINGTON, DC 20380-3000

IN REPLY REFER TO  
7500  
RFR-80  
15 Apr 10

From: Commandant of the Marine Corps (CMC (RFR))  
To: Assistant Auditor General for Installations  
and Environment Audits, Naval Audit Service  
Subj: COMMANDANT OF THE MARINE CORPS (CMC) RESPONSES TO NAVAL  
AUDIT SERVICE (NAVAUDSVC) DRAFT REPORT N2009-NIA000-0065,  
"MARINE CORPS EQUIPMENT VISIBILITY."  
Ref: (a) NAVAUDSVC ltr 7510 N2009-NIA000-0065.000 of 26 Jan 10  
Encl: (1) CMC Responses

1. Reference (a) requested Marine Corps comments to the subject draft report and its recommendations. Comments are provided at the enclosure.
2. Enclosure (1) was coordinated with the Installations & Logistics Department, Headquarters, U. S. Marine Corps; and the Marine Corps Systems Command.
3. Point of contact for this matter is Mr. Charles Keith Dove, Headquarters Marine Corps Senior Audit Liaison Officer, email [charles.dove@usmc.mil](mailto:charles.dove@usmc.mil) or phone (703) 697-5028; DSN 227-5028.

[REDACTED]  
[REDACTED]  
By direction

FOIA (b)(6)

Copy to:  
NAVAUDSVC Audit Dir

**NAVAL AUDIT SERVICE (NAS) DRAFT REPORT DATED 26 JANUARY 2010  
PROJECT # N2009-NIA000-0065.000**

**“MARINE CORPS EQUIPMENT VISIBILITY”**

**UNITED STATES MARINE CORPS COMMENTS  
TO NAS RECOMMENDATIONS**

**RECOMMENDATION 1.** Revise documentation for legacy logistics systems to reflect current operating procedures and business rules.

**USMC RESPONSE:** Concur. Current Interface Control Documents (ICDs) for the interface between the Technical Data Management System (TDMS), Item Applications, and Total Force Structure Management System (TFSMS) have been updated. The Marine Corps Provisioning Manual as well as data management procedures and business rules will be updated. Estimated completion date is June 2011.

**RECOMMENDATION 2.** Clearly define the roles and responsibilities of HQMC I&L Dept, Marine Corps Systems Command (MCSC), Marine Corps Logistics Command (MCLC), and Marine Corps Combat Development Command (MCCDC) to include oversight, enforceability, accountability, and equipment data reconciliation authority.

**USMC RESPONSE:** Concur. Marine Requirements Oversight Council (MROC) Decision Memorandum 23-2009 appointed the Deputy Commandant (DC) for Installations and Logistics (DC I&L) as the Total Life Cycle Management (TLCM) Governance Leader. The TLCM Office, within DC I&L, published the TLCM Order (MCO 4000.57) which lays out the requisite roles and responsibilities associated with TLCM. Within the Marine Corps TLCM construct, HQMC provides policy and advocacy for Marine Corps equipment accountability as well as oversight of the Marine Corps TLCM programs and efforts. MCSC is responsible for the Life Cycle Management (LCM) of all Marine Corps, DOD-registered equipment and MCLC is responsible for the LCM sustainment of Marine Corps, DoD-registered equipment. Cataloging and provisioning data accuracy is the responsibility of the program managers assigned by MCSC.

**RECOMMENDATION 3.** Provide training to logistics supply system users to reflect the updated legacy logistics systems operating procedures and business rules developed under Recommendation 2.

**USMC RESPONSE:** Concur. Fleet Marine Forces receive additional training from each supporting Supply Management Unit. The Field Supply & Maintenance Analysis Offices (FSMAOs) – the compliance arm of HQMC I&L – provide additional on-site training. Current supply management manuals for the legacy Supported Activity Supply System (SASSY) provide applicable information on every SASSY transaction, legacy SASSY process interface, and SASSY-generated reports. Additionally, the DC for Combat Development and Integration (CD&I) is responsible for TFSMS training for the program managers who have equipment cataloging responsibilities.

**RECOMMENDATION 4.** Perform a data reconciliation of Marine Corps logistics systems, identify errors and inconsistencies, and establish a plan of actions and milestones for correcting the data.

**USMC RESPONSE:** Concur. The USMC is already addressing this issue. As part of the process, the Logistics Data Working Group (LDWG), headed by I&L Logistics Vision and Strategy Branch (LPV), is currently identifying the operating processes and business rules for systems using a process-centric approach to identify and address the issues that cause data errors. Additionally, the primary objective of the LDWG is to develop a methodology and plan of action and milestones that will support the logistics enterprise in the evaluation of its current data environment. A logical data model is being developed for the Supply, Maintenance, and Transportation areas that will identify and eliminate data errors and inconsistencies. It will provide for data reconciliation of logistics systems resulting in an agreed-upon common vocabulary understood across the logistics enterprise. Additionally, the Marine Corps Business Office (MCBEO) conducted a data profiling tool pilot study in 2009. As the leader of the TLCM Data Quality Assurance (DQA) Integrated Product Team (IPT), they are currently in the process of evaluating available data profiling tools for USMC procurement and use, which will aid in the identification and resolution of data errors and inconsistencies. The target date for publishing this policy is 31 March 2011 and HQMC I&L will provide a status update to NAS no later than 31 August 2010.

**RECOMMENDATION 5.** Revise Marine Corps Order 5230.19 Logistics Data Administration Program and issue guidance requiring periodic data reconciliations among Marine Corps logistics systems, and for correcting identified errors and inconsistencies, at specified intervals, such as semiannually.

**USMC RESPONSE:** Concur. MCO 5230.19 is in the process of being revised as part of the LDWG initiative and it is estimated to enter the USMC staffing process in September 2010. The revision will establish an overarching data implementation plan as well as a governance structure and framework for improving data. In addition to revising MCO 5230.19, a LDWG charter and a Logistics Data Management Plan are also being established. These will provide further guidance on data reconciliation, systems management, and data error resolution. The target date for publishing this policy is 31 March 2011 and HQMC I&L will provide a status update to NAS no later than 31 August 2010.

**RECOMMENDATION 6.** Require commanders to provide refresher training about supply functions for personnel being assigned to supply system billets.

**USMC RESPONSE:** Concur. This recommendation addresses the insufficient degree of formal, follow-on, or refresher training available to Supply personnel who return to their primary specialty after having been assigned to a non-primary specialty billet. To that end, Supply School offers a three-week intermediate course for Non-Commissioned Officers (NCOs), and a four-week Chief's Course for Staff NCOs. Currently, there is no follow-on training specifically for Supply Officers. That requirement remains filled by On-the-Job Training (OJT) and courses offered at the School of MAGTF Logistics (SOML) (i.e., Tactical Logistics Officer Course

(TLOC), Advanced Logistics Officer Course (ALOC), and the Marine Corps Logistics Education Program (MCLEP)). While formal training is available in the advanced enlisted courses, Supply School historically has vacant seats for them. Since 2001, Supply School has graduated 1,723 students from a seat capacity of 2,820 or a 61.1% attendance rate. Based on this data, the issue is not the lack of formal training; rather, it is the inability of Marines to attend these resident courses due to increasingly higher operational tempos, deployments, personnel turnover, and competing priorities (SNCO Career and Advanced Courses). Recognizing this gap, Supply School is actively pursuing options on how to distribute their courses to the Operational Forces (OpFors) in order to meet advanced training requirements. To that end, they are exploring options for distance learning in order to close these gaps, and to assist the Operating Forces in their responsibility for sustainment training. Existing policy still requires that commanders ensure small unit training programs are being conducted for MOS proficiency and sustainment.

**RECOMMENDATION 7.** Require commanders to update deskbooks for all supply officers, supply clerks, and responsible officers within each unit.

**USMC RESPONSE:** Concur. Current policy and procedures standardize how the Marine Corps operates its supply chain. However, process execution is often not the same for every unit in the Marine Corps. As a result, standardized deskbooks are not a one-size-fits-all solution. Our policies are now being revised and written in such a way as to be more relevant and scalable to every level of the Marine Corps Supply Chain. It is a basic tenet of leadership that commanders at every link in that supply chain ensure their Supply Marines are trained and equipped to perform their functions optimally. It is also a policy requirement for commanders to ensure their subordinate officers produce and maintain desktop procedures – using published HQMC policy as the guideline – to create standard operating procedures applicable to their level and unit. Compliance with these training and desktop requirement has been lacking but, with the re-implementation of the FSMAO Program, it is now being scrutinized.

**RECOMMENDATION 8.** Determine the effectiveness and feasibility of converting a military supply officer billet or creating a civilian supply billet to provide stability and assist the Marine Corps supply system.

**USMC RESPONSE:** Partially concur. The feasibility of converting military billets to civilian was reviewed, and it was determined that doing so within a deployable unit would undermine that unit's ability to effectively execute Supply functions in a deployed environment. Even so, deployable units do rely, in part, on civilian supply chain managers while in garrison. Commanders of deployable forces must, however, be careful to not erode core competencies by becoming overly reliant on their civilian professionals. It is crucial that individual and functional core competencies be honed in garrison by Marines who will be responsible for their execution while deployed. In the non-deployable Supporting Establishment (SE), there is a great advantage in "civilianizing" a greater portion of supply billets, and this has been implemented – to varying degrees depending upon the agency or command – for many years. Such conversion in the SE, however, must be balanced with a uniformed presence – doing so ensures a warfighting perspective, brings recent deployed and Fleet experience back to the SE, and allows active and Reserve Marines to draw upon civilian experience.

**RECOMMENDATION 9.** Update official Marine Corps guidance related to supply and logistics by incorporating MARADMIN policies into Marine Corps Orders.

**USMC RESPONSE:** Concur. This task has been largely accomplished in the release of the 2009 Current Clarification Notices for Supply and Maintenance Policy (Dir LP Itr 4400/1A/LP of 15 Jun 09). The remaining MARADMIN guidance is currently incorporated into several pending policy revisions due for anticipated publication within the next twelve months. The target date for publishing these policies is 31 March 2011, and HQMC I&L will provide a status update to NAS no later than 31 August 2010.

**RECOMMENDATION 10.** Assign an oversight authority dedicated to ensuring that the actions in Recommendations 1-9 are accomplished, and that units are complying with established orders, directives, and instructions governing supply accountability.

**USMC RESPONSE:** Concur, no further action. MROC Decision Memorandum 23-2009 appointed DC I&L as the TLCM Governance Leader and vested in him the necessary authorities to oversee the resources committed to resolving the issues addressed in this Report. The Marine Corps considers this recommendation closed with no further action.

**RECOMMENDATION 11.** Establish a plan of action and milestones for accomplishing the actions in Recommendations 1-10 throughout the Marine Corps.

**USMC RESPONSE:** Concur. Currently, these efforts are being pursued under the auspices of the various TLCM IPTs dedicated to their resolution. These IPTs include:

- Equipment Accountability and Visibility (EAV)
- Data Quality Assurance (DQA)
- Fielding
- Sustainment Planning
- Structure
- Professional Development
- Policy, Oversight & Governance

Each effort has its own, individual POA&M for resolution. The target dates for publishing the respective plans of action and milestones are tied to the stage of implementation for each effort. HQMC I&L will provide a status update for all seven IPTs to NAS no later than 31 August 2010.

**RECOMMENDATION 12.** Make asset visibility and equipment data management accessible on the Unit Management Internal Control (MIC) program.

**USMC RESPONSE:** Concur. Asset visibility and equipment data management will be made accessible on the Unit MIC Program. Estimated target completion date is 30 June 2010.

**RECOMMENDATION 13.** Improve internal controls related to the filing and tracking of annual post-employment certification forms, and provide oversight to ensure that the forms are properly completed and filed.

**USMC RESPONSE:** Concur, no further action. Previously, all SF-278 Public Financial Disclosure Report forms were forwarded to the Office of Counsel for the Commandant of the Marine Corps (CMC) without a copy being retained by MCSC. Effective immediately, the MCSC Office of Counsel has instituted a policy of retaining a copy of the SF-278 and the accompanying post-employment certification for each required SF-278 filer. The MCSC Office of Counsel will also verify by the first of May of each year that an annual post-government certification is on file for each required SF-278 filer in the command. Action has been completed, and the Marine Corps considers this recommendation closed.



DEPARTMENT OF THE NAVY  
HEADQUARTERS UNITED STATES MARINE CORPS  
3000 MARINE CORPS PENTAGON  
WASHINGTON, DC 20350-3000

IN REPLY REFER TO:  
7500  
RFR-80  
03 May 10

From: Commandant of the Marine Corps (RFR)  
To: Assistant Auditor General for Installations and  
Environment Audits, Naval Audit Service (NAVAUDSVC)  
Subj: CMC SUBSEQUENT CORRESPONDENCE ON NAVAUDSVC DRAFT REPORT  
N2009-NIA000-0065, "MARINE CORPS EQUIPMENT VISIBILITY."  
Ref: (a) NAVAUDVSC ltr 7510 N2009-NIA000-0065.000 of 26 Jan 10  
(b) CMC ltr 7500 RFR-80 of 15 Apr 10  
Encl: (1) Marine Requirements Oversight Council (MROC) Decision  
Memorandum 23-2009

1. Reference (a) transmitted NAVAUDSVC draft report N2009-NIA000-0065 for CMC comment. Reference (b) provided the requested CMC comments. Paragraphs 2 through 7 below provide subsequent correspondence to supplement reference (b), for NAVAUDSVC consideration and inclusion in the final version of report N2009-NIA000-0065.
2. With regards to the USMC response to Recommendation 2 provided in reference (b), enclosure (1) herein provides a copy of the MROC Decision Memo 23-2009. Based upon enclosure (1) and the initial CMC comments provided in reference (b), HQMC considers Recommendation 2 implemented as of 24 April 2009 (date of the MROC 23-2009 memorandum.)
3. With regards to the USMC response to Recommendation 3 provided in reference (b), in consideration of enclosure (1) documenting implementation of Recommendation 2, HQMC considers Recommendation 3 implemented as of 24 April 2009.
4. With regards to the USMC response to Recommendation 6 provided in reference (b), the target date for completing exploration of options for distance learning to close identified gaps in supply system sustainment training is 15 October 2010.
5. With regards to the USMC response to Recommendation 7 provided in reference (b), and in consideration of the re-implementation of USMC Field Supply Maintenance Analysis Office (FSMAO) inspections, the target completion date for reporting on the updating of deskbooks for all supply officers, supply clerks, and responsible officers within each unit is 15

MROC Decision Memo 23-2009 is omitted from this report at USMC request because it is an internal document marked For Official Use only. FOIA Exemption (b)(5) applies.

Subj: CMC SUBSEQUENT CORRESPONDENCE ON NAVAUDSVC DRAFT REPORT  
N2009-NIOA000-0065, "MARINE CORPS EQUIPMENT VISIBILITY."

April 2011. An interim status report will be provided on 15  
October 2010.

6. With regards to the USMC response to Recommendation 8  
provided in reference (b), and within the constraints of its  
partial concurrence with Recommendation 8, HQMC considers  
Recommendation 8 implemented as of 15 April 2010.

7. With regards to the USMC response to Recommendation 10  
provided in reference (b), and in consideration of enclosure (1)  
assigning DC, I&L as the USMC Total Life Cycle Management  
Governance Leader, HQMC considers Recommendation 10 implemented  
as of 24 April 2009.

8. For questions regarding this response, you may contact  
[REDACTED] Headquarters U. S. Marine Corps Senior  
Audit Liaison, at [REDACTED] or email  
[REDACTED]

FOIA (b)(6)

[REDACTED]  
[REDACTED]

By direction of the  
Commandant of the Marine Corps

FOIA (b)(6)

~~FOR OFFICIAL USE ONLY~~

Use this page as

# **BACK COVER**

for printed copies  
of this document

~~FOR OFFICIAL USE ONLY~~