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

TRANSPORTATION DIVISION
IN REPLY PLEASE QUOTE

B-145455

The Honorable
The Secretary of Defense



Attention: Assistant Secretary of Defense (Comptroller)

Dear Mr. Secretary:

We have completed our survey of the Department of Defense (DOD) practices and procedures for the movement of container shipments under through Government bill of lading (TGBL) arrangements (Code 43185). We found two matters which we believe warrant your attention.

First, we found that commercial carriers had been paid for hauling containers from the port of debarkation to the final destination in Germany although the containers actually had been hauled by Army tractors. Second, we found that detention charges on containers hauled by the Army equipment were excessive compared with the charges on containers hauled by commercial equipment. Both of these situations indicate a need for DOD to review its container delivery and turnaround operations in Germany.

BACKGROUND

Two methods are available to ship containers overseas: (1) the TGBL method controlled by the Military Traffic Management and Terminal Service (MTMTS) and (2) the container-agreement method controlled by the Military Sealift Command (MSC). Under the TGBL method the carriers file with MTMTS single-factor rates which cover the surface transportation within the continental United States (CONUS), the ocean movement, and the overseas surface transportation. The origin transportation officer issues a single Government bill of lading (GBL) for the through movement, and the Army Finance Center pays the carrier's charges.

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Under the other method MSC awards container agreements to cover the ocean and overseas land transportation only. The CONUS surface transportation is procured separately by MTMTS. The MSC office where the shipments originate makes payment to the carriers. MSC agreements were modified early in 1971 to include the surface transportation in CONUS, but they had limited use because of documentation problems with carriers.

CARRIERS PAID OR HAULING CONTAINERS
ACTUALLY MOVED WITH ARMY EQUIPMENT

Both the TGBL tenders and the MSC container agreements provide that the Government can use Army tractors to pull the containers from the European port of debarkation to the final destination in Germany. The carriers' rates are reduced when this "shortstop" option is exercised by the Army.

We tested a limited number of container shipments from CONUS to Germany--both TGBL and container-agreement movements. We found shipments under both methods in which the commercial ocean carriers had been overpaid because the paying offices did not know that the containers had been moved inland by the Army, rather than by commercial carriers. For example, we found that United States Lines--the ocean carrier--had been paid, under container agreements, for the inland drayage on six containers hauled by the 37th Transportation Group, U.S. Army, from the port to Mannheim, Germany. Payment was made by the MSC Disbursing Office in Brooklyn, New York, because the containers had been shipped under MSC container agreements. The Disbursing Office did not know, however, that the commercial carrier had not provided the inland drayage service originally ordered. In fact, the payment was supported by a signed certificate of container receipt, which indicated that United States Lines had delivered the six containers to Mannheim but which did not indicate the mode used for the haul. Since that certificate normally is used to support payments for the transportation in Germany, there was no reason for the Disbursing Office to question it.

At the Rhine River Terminal at Mannheim, we examined the transportation control and movement document files which contained the type of documents used by DOD installations to control container shipments. The files showed that the containers under study had been transported by tractors of the 37th Group. On the basis of that information, we asked the MSC Disbursing Office in Brooklyn to recover overpayments of about \$1,000. At the conclusion of our review, MSC was processing the overcharges with the carrier.

Concerning TGBL shipments we found that Sea-Land Service, the commercial carrier, had been paid for the inland drayage of eight containers from the port of debarkation to Nahbollenbach Army Depot, Germany. An examination of the movement documents at Nahbollenbach showed that the containers actually had been moved by the 37th Group. Nevertheless payment for the through movement was made by the disbursing officer at the Army Finance Center at Indianapolis, who had no way of knowing that the commercial carrier had not furnished the overland service in Germany. The consignee's certificate of delivery was signed on each of the GBLs, but the date and actual point of delivery by the commercial carrier were not filled in, the authority of the person signing was not indicated on the GBLs, and the GBLs did not show the mode used for the overland drayage. On the basis of the information developed during our review, we are taking action to recover overpayments of about \$400 on these shipments.

As indicated above the carrier's point of delivery and the consignee were not identified on the GBLs. Military authorities were unable to establish who had signed these GBLs or where they had signed them. We found similar unidentified signatures on other GBLs to other Army installations in Germany.

EXCESS DETENTION CHARGES ON CONTAINERS
HAULED WITH ARMY EQUIPMENT

Another area having a potential for savings is that of container detention and damage charges in Germany. In 1969

and 1970 containers hauled by Army equipment incurred an average cost of \$74.05 for detention and damage. The average cost for containers hauled by commercial equipment was only 66 cents. We did not review these costs for every shipment, but, from the data furnished to us, it was apparent that most of the \$74.05 average cost had been incurred for detention.

Our limited inquiry into the detention cost disparity indicated that the commercial carriers in Germany provided the impetus to the consignees to return the containers within the free-time allowance. When the military hauls the containers inland, there is no one to encourage the timely return of containers to the ocean carrier.

Responsibility for container control in Europe is vested with the Movement Control Agency (MCA), an agency within the Transportation Command of the U.S. Army, Europe. Payments for detention and damage are approved by the First Movements Region of MCA. This region, located in Bremerhaven, Germany, issues delivery orders to carriers to shortstop containers at the port and to use the 37th Group's vehicles for inland drayage. This region also receives carriers' invoices, verifies the dates that the containers and chassis are in the hands of the military, and forwards the invoices to the finance office for payment. Funds for payment of detention claims are furnished by the Transportation Command regardless of where the charges are incurred.

Personnel of the First Movements Region use the dates shown on the equipment interchange forms to verify the time a container was in the military's hands. They do not prepare records to justify detention charges but merely verify the dates, certify the bills as correct, and send them to the finance office. Even though the region performs these functions, it cannot control detention costs effectively because it does not have authority to direct unstuffing activities to return the containers within the allotted free time.

Personnel of the Container Control Branch, MCA, are responsible for monitoring receipt and dispatch of containers.

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They receive daily reports on the status of all containers in transit in the area and watch the progress. When they see that a container is not being moved in the free time allowed, they contact the responsible transportation movements office and furnish the necessary details so that the agency responsible for detaining the container can be contacted and efforts can be made to return it to the carrier. They have experienced problems, however, in ensuring timely release of containers. We were told that Air Force installations, for instance, did not believe that they were responsible to the Transportation Command for inbound TGBL shipments. Also, Army activities causing the detention charges do not get the bills for them and neither Army nor Air Force installations have to justify the need for detention since the bills are paid from TRANSCOMEUR funds.

We believe that the lack of effective container controls is adding unnecessary costs to the movement of containers. Activities responsible for detention charges are not motivated to prevent such charges since the activities do not fund for the payment of, or otherwise have to justify, the charges.

CONCLUSIONS AND RECOMMENDATIONS

We believe that, because MTMTS, MSC, and various components of the European Command are involved in this matter, DOD should review the container receipt operation in Germany. Specifically action should be taken to ensure that (1) disbursing offices are notified when container agreement shipments are shortstopped and delivered by military vehicles and (2) original GBLs are annotated to preclude overpayments on TGBL shipments delivered by military vehicles. Also a review should be made of the excessive detention charges on containers moved with Army equipment.

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Copies of this report are being sent today to the Secretaries of the Army, Navy, and Air Force and to the Commander, MTMTS.

Sincerely yours,

A handwritten signature in black ink, appearing to read "A. Sullivan". The signature is written in a cursive style with a large initial "A" and a long horizontal stroke extending to the right.

Director, Transportation Division

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