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UNITED STATES GENERAL ACCOUNTING OFFICE
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Major General Hugh R. Higgins
Commander, U.S. Army Mobility
Equipment Command
4300 Goodfellow Boulevard
St. Louis, Missouri 63120

Dear General Higgins:

We have made a survey at the U.S. Army Mobility Equipment Command (MECOM) to determine how the Military Standard Contract Administration Procedure (MILSCAP) will interface with the Defense Contract Administration Service's (DCAS) Mechanization of Contract Administration Services (MOCAS II) system. The survey was conducted at Army, Navy, Air Force and DCAS installations. The overall objective in the survey was to gather sufficient information about the systems from each of the services to determine whether the design of the DCAS' MOCAS II system meets the principles and standards prescribed by the Comptroller General for accounting systems. Also, we obtained information about MILSCAP to provide the basis for the General Accounting Office staff in Washington to evaluate the Department of Defense's statement of principles and standards for the MILSCAP system.

Our survey of the MILSCAP system at MECOM has shown that the system has been implemented on an interim basis pending the installation of the ALPHA program in late 1973. We found the MILSCAP procedures have been implemented generally in accordance with the procedures set out in the DOD MILSCAP Manual 4105.63M. However, the MILSCAP Project Office has not established written instructions and procedures at the local level to describe the system and identify operational responsibilities.

As previously discussed the MILSCAP system has been implemented on an interim basis and as such has not been interfaced with the existing system because of the delay for the implementation of the ALPHA program. We have been advised that the MILSCAP and the ALPHA systems were anticipated to be implemented at about the same time, and that the ALPHA system would incorporate the requirements of the MILSCAP. Because of the slippage for installing the ALPHA program it was decided to implement MILSCAP as a separate interim system rather than merge it with the existing system. We were told that when the ALPHA program is installed, it will include the MILSCAP under a single management system.

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As a part of our survey we monitored, to a limited degree, the live data test of MILSCAP data between MECOM and the Boston DCAS Region. We found that delays occurred in transmitting contract information to the Boston DCAS Region because problems were encountered with the computer programs, and because of scheduling problems within the Management Information Systems Office. The scheduling problems had been corrected, however, at the time we concluded our work at MECOM the problems with the computer programs had not been completely overcome. For the two new contracts included in the live data test we noted one required 11 working days, after it was signed, to process and transmit the information to the DCAS. The other contract required 21 working days. The MILSCAP manual allows two working days for processing and transmitting the data to the DCAS.

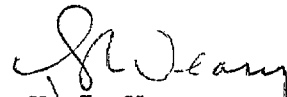
Also, we found that the controls to assure that all modifications to contracts are entered in the MILSCAP pre-ALPHA system are weak. The MILSCAP Project Office depends entirely upon the buyer to advise the Project Office of the modification. The Project Office reviews bi-weekly listings of new contracts to assure that they have all contracts applicable to the live data test, however the listings do not show new modifications to contracts and therefore the system is dependent upon the buyer to supply this information.

During our survey we noted the pre-ALPHA MILSCAP system being tested did not utilize the contract payment notices received from the Boston DCAS Region to update its finance and accounting records. Rather, the payment vouchers provided the basis for making the entries to the accounting records. We were advised the pre-ALPHA system, when completed, will utilize the contract payment notice information as the basis for making entries to the accounting records.

We have been informed that weaknesses of the pre-ALPHA system previously discussed will be corrected under the ALPHA program when it is implemented. Accordingly, we believe the MILSCAP system will provide the necessary input data to interface with the DCAS' MOCAS II system.

We appreciate the cooperation extended our audit staff during their visit at MECOM.

Sincerely yours,


K. L. Weary
Regional Manager

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