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UNITED STATES GENERAL ACCOUNTING OFFICE
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DETROIT 26, MICHIGAN

MAY 21 1973

Rear Admiral G. C. Heffner
Commander, Defense Construction Supply Center
3990 East Broad Street
Columbus, Ohio

DLG 05471



Dear Admiral Heffner:

We have completed a survey of Defense Construction Supply Center (DCSC) efforts to implement Military Standard Contract Administration Procedures (MILSCAP). During our survey DCSC participated in a live data test of MILSCAP. DCSC transmitted and received contract data from Contract Administration Offices (CAO's) -- primarily the Defense Contract Administration Services Region-Boston (DCASR-Boston).

We reviewed DCSC's procedures and practices for:

- abstracting and transmitting contract data to DCASR-Boston, and
- interfacing output data from DCASR-Boston with its internal system.

DCSC's implementation of MILSCAP generally conforms to Department of Defense requirements. We noted some problems, however, which warrant management attention if the system is to operate effectively. These problems were discussed with you at our exit conference and are outlined below.

ABSTRACTING AND TRANSMITTING CONTRACT DATA

DCSC experienced some problems abstracting data sent to DCASR-Boston. Some of these were local problems, such as procurement personnel not transcribing all data needed for the abstracts. Others were problems involving Defense Supply Agency (DSA) activities outside DCSC. One such problem was the use of wrong CAO codes on contract abstracts because DCSC was not receiving timely updates of

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CAO code listings. DCSC was taking corrective action on local problems and reporting other problems to DSA Headquarters.

We inquired about the timeliness of contract data being sent from DCSC. Initially, we could not determine whether MILSCAP time standards were being met because DCSC was not recording actual processing times. After our inquiry, DCSC began comparing actuals with the standards. It appears that DCSC sent abstracted data on time, but took longer than the standard time to distribute hard copy contracts.

Internal controls for abstracting and transmitting data were generally adequate. However, we noted that:

- after the test, DCSC will not have a central point to control data sent to CAO's; and
- DCSC was not using abstract receipt notices from CAO's to determine that all data transmitted was received.

During the live data test DCSC used a central control point to ensure that data prepared for CAO's was complete and timely. This independent check point will be eliminated when the system is implemented. At that time it will be the responsibility of operating personnel to control the data. DCSC should ensure that the controls within the operating groups are adequate.

The MILSCAP Manual requires CAO's to notify purchasing offices (i.e., DCSC) that abstracted contract data has been received. DCASR-Boston did this during the live data test. However, DCSC did not use this information to determine that all data sent was received. Notices from DCASR-Boston were entered into DCSC's computer but it was programmed to ignore them. During the test DCSC personnel determined by telephone whether DCASR-Boston had received all the data sent.

INTERFACING DCASR-BOSTON OUTPUT AND DCSC SYSTEM

DCSC established simulated active contract files to test the interfacing of output data from DCASR-Boston with its system. Because of problems with the output data, DCSC was unable to adequately test the data in the simulated file.

The primary DCASR-Boston output to DCSC was the contract payment notices (CPN's). DCSC's tests of CPN's were inconclusive because

only a few were received. Of those tested, many were incomplete and/or inaccurate.

DCSC will also receive from DCASR abstracts of contract modifications -- called reverse abstracts. DCSC had not received any reverse abstracts for DCASR-Boston contract modifications. Therefore, this aspect of the system could not be tested at DCSC.

DCSC will begin using DCASR output data in its active contract files when MILSCAP is implemented. A DCSC official said that extensive manual review of the output data will be required until the CPN problems are corrected and all output has been tested. Since DCSC's tests of the output data were incomplete, we could not determine whether there will be serious problems in using this data in DCSC active contract files. Therefore, we believe this area warrants close management attention.

We appreciate the cooperation and assistance extended to our staff during their visit to DCSC. If you need additional information, please let us know.

Sincerely yours,

C. H. MOORE

C. H. Moore
Regional Manager

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REMARKS

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