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The Foreign Military Sales Act, as amended, requires that the Government be reimbursed by other countries for full costs of administrative personnel used in the Foreign Military Sales program. The Defense Department presents its recommendations to the Congress on the strengths of the military services and civilian employees in its Manpower Requirements Reports. Findings/Conclusions: The Manpower Requirements Report for fiscal year (FY) was misleading, and the three military services used inconsistent criteria in reporting on estimates of personnel needed for the program. A one-time estimate of personnel requirements for FY 1977 prepared for the Senate Armed Services Committee was incomplete, inaccurate, and inconsistent. The Defense Department usually charges a 2% surcharge on foreign military sales cases to recover administrative costs, but there was no assurance that this was adequate because the system of accounting for personnel was inadequate and factors included in the surcharge to recover retirement costs were not high enough. Reliable estimates of personnel requirements are needed to: give the Congress a basis to authorize personnel ceilings; develop a budget for administering the program; establish a basis for administrative surcharges; and provide a basis for reimbursement for costs from receipts generated by the program. (HTW)

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**REPORT TO THE SENATE COMMITTEE
ON ARMED SERVICES** *Released 10/31/77*

**BY THE COMPTROLLER GENERAL
OF THE UNITED STATES**



Inadequate Methods Used To Account For And Recover Personnel Costs Of The Foreign Military Sales Program

Reliable estimates of personnel requirements for foreign military sales activities are needed to

- give the Congress a basis to authorize personnel ceilings,
- develop a budget for the resources required to administer the program,
- establish a basis for keeping administrative surcharges up to date to be sure that all administrative costs are recovered, and
- provide a basis for reimbursing the appropriation that originally financed the administrative costs from the receipts generated by the program.

The Defense Department has begun corrective actions which should improve its management of the program.



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

B-165731

The Honorable John Stennis
Chairman, Committee on Armed Services
United States Senate

Dear Mr. Chairman:

This report is in response to your request contained in Senate Report 94-878 of May 14, 1976. You asked that we review the accounting and reimbursement for all military and civilian personnel involved with foreign military sales.

The Assistant Secretary of Defense (Comptroller) has told us that he agrees that the Defense Department lacks an adequate system for determining the number of personnel involved in the Foreign Military Sales program. He said that a project has been initiated to develop a standard manpower accounting system for determining the amount of Defense effort supporting the program. He also advised us that action has been taken on our suggestions to correct the other problems discussed in this report.

As arranged with your office, we will make a general distribution of this report 10 days after you receive it.

Sincerely yours,

A handwritten signature in black ink, appearing to read "James B. Atchafalua".

Comptroller General
of the United States

COMPTROLLER GENERAL'S REPORT
TO THE SENATE COMMITTEE
ON ARMED SERVICES

INADEQUATE METHODS USED TO
ACCOUNT FOR AND RECOVER
PERSONNEL COSTS OF THE
FOREIGN MILITARY SALES PRO-
GRAM

D I G E S T

No adequate systems exist for accounting and reporting the actual number of personnel involved with the Foreign Military Sales program for use in determining personnel costs. Thus, one-time studies have to be made when congressional or Defense Department officials require Foreign Military Sales personnel statistics.

Recent one-time studies have been so perfunctory and inexact that they are of little value in congressional or defense management decisionmaking processes. (See chs. 2 and 3.)

The Foreign Military Sales Act, as amended by the International Security Assistance and Arms Export Control Act of 1976, requires that the Government be reimbursed by other countries for the full costs of administrative personnel used in the program.

The Defense Department presents its recommendations to the Congress on the strengths of the military services and civilian employees of the Department in its Manpower Requirements Reports. GAO found that this report left a misleading impression of the number of personnel required to carry out the Foreign Military Sales program in fiscal year 1977.

The three military services used inconsistent criteria in reporting on estimates of personnel needed for the program. Because the report did not adequately specify the personnel required, the Department was requested to submit a one-time estimate of personnel requirements for fiscal year 1977 to the Senate Committee on Armed Services. This one-time estimate was incomplete, inaccurate, inconsistent, and of little value to the Committee. (See pp. 7-11.)

FGMSD-77-22

The Defense Department usually charges a 2-percent surcharge on foreign military sales cases to recover the administrative costs of the program. GAO found that the Defense Department has no assurance that the 2-percent administrative surcharge recovers the full cost of administering the Foreign Military Sales program because

- the system of accounting for personnel working on the program is inadequate and
- the factors included in the administrative surcharge to recover retirement costs of military and civilian personnel are not high enough to recover the full cost. (See ch. 3.)

Reliable estimates of personnel requirements for foreign military sales activities are needed to

- give the Congress a basis to authorize personnel ceilings,
- develop a budget for the resources required to administer the program,
- establish a basis for keeping administrative surcharges up to date to be sure that all administrative costs are recovered, and
- provide a basis for reimbursing the appropriation that originally financed the administrative costs from the receipts generated by the program. (See p. 11.)

The Assistant Secretary of Defense (Comptroller) agreed with GAO that the Defense Department lacked an adequate system to determine the number of personnel working on the Foreign Military Sales program. In accordance with GAO's suggestion, he said that the Defense Department has begun developing a standard manpower accounting system which will provide manpower information on the program for internal Defense

management decisions as well as data to meet reporting requirements for the Congress. (See p. 12.)

The Defense Department, in accordance with GAO's suggestions, also:

- Agreed to make a complete review of the factors used to recover military retirement and civilian retirement, health, and life insurance benefit costs of Defense Department personnel working on the Foreign Military Sales program. (See p. 19.)
- Revised instructions to the military departments to require that administrative surcharge collections be credited to the appropriations which originally financed them or credited to Miscellaneous Receipts in the Treasury if the receipts are for unfunded retirement costs. (See p. 21.)
- Audited all Foreign Military Sales cases handled by the Army International Logistics Command before transferring the cases to the Security Assistance Accounting Center. (See p. 22.)

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CHAPTER 1

INTRODUCTION

The Senate Committee on Armed Services, in its report on Authorizing Appropriations for Fiscal Year 1977 for Military Procurement, Research, and Development; and Active Duty, Selected Reserve and Civilian Personnel Strengths and Other Purposes, dated May 14, 1976, requested that we review the accounting and reimbursement for all military and civilian personnel involved with the Foreign Military Sales program and report our findings to the Committee.

In its report, the Committee expressed concern about (1) increases in military and civilian staffing for the program, (2) the lack of a standardized and precise accounting system for staffing and associated costs, and (3) the adequacy of a 2-percent charge that the Defense Department adds to the price of foreign sales to cover the cost of administering the program.

The Foreign Military Sales Act of 1968 (Public Law 90-629) authorizes the sale of defense articles and services to eligible countries and international organizations. This act provides that the U.S. Government is to receive no less than the value of materials and services sold to others.

With respect to the U.S. military departments' administrative costs in connection with sales, the International Security Assistance and Arms Export Control Act of 1976 (Public Law 94-329) clarified the concept of full value. The act now provides that letters of offer issued after September 30, 1976, for the sale of defense articles from stock or procurement and for defense services include appropriate charges, calculated on an average percentage basis, to recover the full estimated administrative costs of the sales from purchasers.

From the beginning of the program through fiscal year 1976, orders for defense articles and services have amounted to \$56.9 billion, of which only \$25.1 billion had been delivered as of June 30, 1976. Since fiscal year 1972, the program has grown considerably. Orders for \$38.5 billion of defense articles and services, or about 68 percent of all orders under the total program, were received by the Defense Department during fiscal years 1972-76. The program is expected to continue on a substantial basis during fiscal year 1977 as orders for \$8.7 billion of defense articles and services are expected to be placed with the Defense Department.

The Defense Department uses the logistical systems and other facilities of the military services to obtain the articles and services it furnishes under the program. Defense articles furnished are obtained either from the military departments' inventories, or the military departments specifically purchase items to sell to the foreign countries. Defense services furnished under the program are either obtained through Defense Department contracts or are furnished directly by military and civilian employees of the Defense Department.

METHODS USED TO RECOVER PERSONNEL COSTS

The Defense Department has two methods for obtaining reimbursement for the cost of its military and civilian employees working on the program. To recover the costs of employees involved in administrative or management services for the program, Defense Department procedures provide that a 2-percent surcharge will usually be added to the cost of the defense article or service being sold. In addition to recovering personnel costs which amount to 90 percent of the administrative expenses, the 2-percent charge is also used to reimburse the Defense Department for other costs of the program, such as rents, utilities, travel, and office supplies.

The cost of other employees providing services under the program, such as members of Technical Assistance Field teams or instructors, are recovered through direct charges for their services or the inclusion of an instructor's cost in the calculation of the tuition for training.

PREVIOUS GAO REPORTS ON RECOVERY OF PERSONNEL COSTS

In 1976 we issued two reports on the Defense Department's failure to recover the full cost of personnel providing technical assistance and training under the Foreign Military Sales program.

In a July 13, 1976, report to the Secretary of Defense (FGMSD-76-64), we pointed out that Defense auditors had reported that of the \$93.4 million total costs incurred by the U.S. Government to provide technical assistance and training to the Iranian Armed Forces during fiscal year 1976, \$28.5 million would not be recovered. In their "Report on Review of Security Assistance Program in Iran," February 26, 1976, the Defense auditors recommended that a study be made

to identify all costs, including personnel costs, of providing services to the Iranian Armed Forces and that reimbursement for such costs be obtained.

We pointed out that no action had been taken on the Defense auditors' recommendations, nor could we find any indication that Defense officials planned to take any action although they had concurred with the Defense auditors' report. In August 1977 Defense officials told us that they had completed their analysis of the costs that could be charged and were in the process of increasing the billing to Iran by \$17.4 million. Defense officials had found that the remaining \$11.1 million of the \$28.5 million potential costs originally reported by the Defense auditors were not costs attributable to technical assistance and training provided to the Iranian Armed Forces.

In our second report entitled "Millions of Dollars of Costs Incurred in Training Foreign Military Students Have Not Been Recovered" (FGMSD-76-91), December 14, 1976, we pointed out that costs incurred by the Defense Department in training foreign students have not been recovered by the United States due to faulty pricing, billing, and collection systems. In the Army alone, such unrecovered costs totaled about \$13.7 million during fiscal year 1975. One of the significant costs which was not recovered was for personnel.

Responding to both congressional and our own concerns, the Defense Department took action to improve its pricing policy. However, Defense subsequently altered its policy, and on September 28, 1976, it made major reductions to tuitions despite objections by House and Senate Committees on Appropriations. In the December 1976 report we pointed out that even before the decision to reduce tuitions the Defense pricing system was not recovering the full cost of the foreign training. We estimated that it would have cost the United States at least \$40.4 million in fiscal year 1977 because tuitions had not been set to recover the full cost, as required by law, of training foreign students.

In the December 1976 report, we recommended that, in addition to rescinding the order to reduce tuition rates, the Secretary of Defense revise the pricing system to require that certain additional training costs be recovered.

In May 1977 Defense Department officials again revised the tuitions for foreign military students. The changes in tuition are in accordance with recommendations made in

the above two reports on training of foreign military students. These changes should improve the Department's pricing policy for foreign training.

We plan to continue monitoring the Department's efforts to improve the pricing policy for foreign military training, including the adequacy of charges for U.S. military and civilian personnel supporting the program.

CHAPTER 2

AN ADEQUATE SYSTEM IS NEEDED TO DETERMINE THE NUMBER OF PERSONNEL INVOLVED IN THE FOREIGN MILITARY SALES PROGRAM

The Defense Department does not have an adequate system for accounting for and reporting the number of personnel working on the Foreign Military Sales program. Thus, one-time studies have to be made when a congressional committee, such as the Senate Committee on Armed Services, needs foreign military sales personnel statistics.

Our review of recent Defense Department efforts to determine the number of personnel involved in the program showed that the studies were carried out in such an inexact manner that they are of little value in congressional decisionmaking processes.

ESTIMATE OF FOREIGN MILITARY SALES PERSONNEL IN DEFENSE MANPOWER REQUIREMENT REPORT FOR FISCAL YEAR 1977

Section 138(c)(3) of title 10 of the United States Code requires the Secretary of Defense to provide recommendations to the Congress for military personnel levels for each of the services and civilian personnel levels for each component of the Defense Department for the next fiscal year. These recommendations are presented, by defense programing and planning categories, in the annual Defense Manpower Requirements Report. The purpose of this report is to describe, explain, and justify Defense manpower requirements to the Congress. Thus, the report plays an integral part in the assessment by the Congress of the Defense Department's request for personnel. A section of the report entitled "Support to Other Nations" includes information on Defense Department military and civilian personnel in the Foreign Military Sales program.

Each of the military services used significantly different criteria on the number and type of foreign military sales personnel included in the support to other nations section of the report. As a result, users of the report are misled about the number of personnel required to carry out the program.

The support to other nations section of the report combines estimates of the staffing for the Foreign Military Sales program with staffing for other activities, such as

the Military Assistance Program, John F. Kennedy Military Assistance Center at Fort Bragg, the School of the Americas in the Canal Zone, the Inter-American Defense Board, and the United Nations Truce Observer Teams.

The following table shows the Defense Department's fiscal year 1977 estimates, by military services, of foreign military sales personnel and personnel in all other activities in the support to other nations category.

<u>Service</u>	<u>Foreign military sales activity</u>	<u>Other activity</u>	<u>Total</u>
Army	1,100	1,700	2,800
Navy	1,700	600	2,300
Air Force	<u>4,000</u>	<u>500</u>	<u>4,500</u>
Total	<u>6,800</u>	<u>2,800</u>	<u>9,600</u>

The Air Force estimate of personnel in the support to other nations category included only full-time personnel involved in the Foreign Military Sales program. Air Force personnel working only part-time on foreign military sales activities were reported in the Defense program planning category most closely associated with their primary mission. Estimates of Air Force staffing for the program indicated that in fiscal year 1977 at least 1,900 additional staff-years of effort would be required by Air Force personnel on a part-time basis for the program.

The Navy, on the other hand, reported both the full-time and staff-year equivalents of some of its part-time personnel working on foreign military sales activities in the support to other nations category. The Navy, however, also reported personnel working on the Foreign Military Sales program in other defense programming and planning categories of the manpower report. For example, civilian support for the Foreign Military Sales program at naval industrial activities, totaling about 800 staff-years of effort, was included in the central support category rather than in the support to other nations category.

The Army estimate of personnel working on foreign military sales activities included in the support to other nations category of the report totaled only 1,100. The Army did not include in this estimate personnel who (1) provide administrative support for the Foreign Military Sales program (2) perform maintenance, packing, crating, and handling of foreign military sales items, or (3) work on the Army's

foreign military sales training programs. Other estimates of Foreign Military Sales program personnel indicate that if personnel working on these functions had been included in the support to other nations category, the estimate of Army personnel working on the program in fiscal year 1977 would have been increased by at least 5,400 personnel.

FISCAL YEAR 1977 ESTIMATE OF PERSONNEL
FOR THE PROGRAM FURNISHED THE SENATE
COMMITTEE ON ARMED SERVICES

Because the Defense manpower requirements report did not use consistent definitions of manpower planning categories, the Senate Committee on Armed Services requested a separate estimate of personnel needed for the Foreign Military Sales program in fiscal year 1977.

The estimate furnished to the Committee during the February 1976 hearings showed that the military services expected that 7,300 full-time personnel and 6,900 part-time staff-years of effort would be required. The estimate was, however, based on incomplete, inconsistent, and inaccurate data. Thus, it was of little value to the Committee during its assessment of Defense Department personnel requirements.

The individual military services' estimates were based on a one-time compilation of personnel requirements. As far as we could ascertain, no precise measures or methods for developing the personnel data were prescribed. Moreover, in a number of instances we found that staffing statistics furnished to the Committee were understated, and in other instances sufficient documentation supporting the estimates was not available for review.

The personnel estimates that the military services furnished to the Committee are shown on the following page.

Staffing for
fiscal year 1977
(note a)

	<u>Military</u>	<u>Civilian</u>	<u>Total</u>
Army			
Full-time end strengths	500	1,600	2,100
Part-time staff-years	<u>(b)</u>	<u>3,200</u>	<u>3,300</u>
	<u>500</u>	<u>4,900</u>	<u>c/5,300</u>
Navy			
Full-time end strengths	300	900	1,200
Part-time staff-years	<u>500</u>	<u>1,300</u>	<u>1,800</u>
	<u>800</u>	<u>2,200</u>	<u>3,000</u>
Air Force			
Full-time end strengths	2,100	1,900	4,000
Part-time staff-years	<u>400</u>	<u>1,400</u>	<u>1,900</u>
	<u>2,600</u>	<u>3,300</u>	<u>5,900</u>
Total			
Full-time end strengths	2,900	4,400	7,300
Part-time staff-years	<u>1,000</u>	<u>5,900</u>	<u>6,900</u>
	<u>3,900</u>	<u>10,400</u>	<u>14,300</u>

a/Some totals have been rounded.

b/Fewer than 50 spaces.

c/In subsequent testimony during hearings held by the Senate Committee on Armed Services in February 1976, the Secretary of the Army stated that about 6,000 full-time Army military and civilian personnel were engaged in work related to the foreign military sales program.

METHODS USED BY THE MILITARY SERVICES TO DEVELOP ESTIMATES

None of the military services have a personnel accounting and reporting system which identifies the number of individuals actually working on the Foreign Military Sales program. Thus, one-time estimates had to be made to develop the data on foreign military sales personnel used for the fiscal year 1977 Defense Manpower Requirements Report and the estimate furnished to the Senate Committee on Armed

Services. The following sections of this chapter describe the methods used by the military services in developing these estimates.

Army estimate of foreign military sales
personnel requirements for fiscal year 1977

The estimate of Army personnel required to support the Foreign Military Sales program in fiscal year 1977 furnished to the Committee was based on data contained in an October 1975 report entitled "A Study on Army Security Assistance" prepared by the Office of the Army Chief of Staff. In developing this estimate, the Chief of Staff did not use actual staff-years of effort used in support of the Army Foreign Military Sales program because accounting procedures for personnel working on the program had not been established. Thus, the estimate was based on personnel spaces identified either in support of or programmed against foreign military sales requirements, as of April 1975. These personnel spaces were then increased by 32 percent to provide for anticipated growth of the Foreign Military Sales program. An Army official pointed out that the estimate does not reflect actual fiscal year 1977 authorized spaces devoted to security assistance, nor was it based on actual personnel devoted to the program.

The Army also understated the estimate because Training and Doctrine Command personnel who train foreign students under the program were not included in the estimate. According to Army officials, the Training and Doctrine Command used about 1,200 staff-years of effort to train foreign students in fiscal year 1976.

Navy estimate of foreign military sales
personnel requirements for fiscal year 1977

The Navy also does not have a personnel accounting and reporting system that identifies the number of individuals working in the area of foreign military sales. Lacking a system, Navy officials obtained their personnel estimates by telephone or correspondence from each naval command.

Our review of the data developed in this manner disclosed that:

1. The 274 staff-years of effort included in the estimate for the Naval Air Systems Command was understated by about 29 percent, or 78 staff-years, because instructions were misinterpreted, and authorized staff-years rather than actual staff-years were used to develop the estimate.

2. The estimate was further understated because the effort of Navy employees spending less than 25 percent of their time on foreign military sales activities was not included in the estimate.

3. The Navy had no documentation available to support the estimate of 500 staff-years of effort for naval military personnel who work part-time on the Foreign Military Sales program.

Air Force estimate of foreign military sales personnel requirements for fiscal year 1977

The Air Force used its personnel authorization reporting system to develop both the estimate furnished to the Senate Committee on Armed Services and the estimate included in the Defense Manpower Requirements Report of Air Force personnel required for the Foreign Military Sales program in fiscal year 1977. This automated system accounts for Air Force personnel working on Air Force programs on the basis of authorized positions.

In August 1975 the Air Force Director of Manpower and Organization requested that all major force components in the Air Force be reviewed to identify personnel authorizations which supported foreign military sales activities. The review identified an additional 2,580 positions in other major Air Force programs which performed functions for the Foreign Military Sales program. As a result of this review, these 2,580 positions were transferred to the Foreign Military Sales program from other major programs.

Under the Air Force system, positions assigned duties connected with the Foreign Military Sales program are given codes based on the amount of time--from 10 percent to full-time--incumbents are to spend on program activities. The difference in the estimates of personnel working on the program furnished to the Committee and the estimate included in the Manpower Requirements Report resulted because the estimate furnished to the Committee included 4,000 full-time personnel and 1,900 staff-years of effort for part-time personnel, while the estimate in the report reflected only the 4,000 full-time personnel.

As indicated by the August 1975 review of positions authorized for Air Force major force programs, there can be a significant difference in authorized positions for an activity and the actual number of personnel working on the activity. Thus, the Air Force system cannot be relied on

to produce accurate personnel statistics unless positions are reviewed periodically to determine that the personnel are actually performing authorized activities.

CONCLUSIONS

Reliable estimates of Defense Department personnel required for the Foreign Military Sales program are needed by the Congress and the Senate Committee on Armed Services so that they can establish Defense personnel ceilings and assess the impact of personnel used in the Foreign Military Sales program on the overall Defense capabilities of the Armed Services.

Reliable estimates of the program's personnel requirements are also needed by Defense Department management officials for use in

- developing a budget, using actual workloads as a basis, for the resources required to administer the Foreign Military Sales program (see ch. 3);
- establishing a method of updating the administrative surcharge on foreign military sales items to insure that the Defense Department is recovering all such costs (see ch. 3); and
- reimbursing the appropriation that incurred costs for the Foreign Military Sales program from receipts generated by the program (see ch. 4).

We therefore suggested that the Secretary of Defense prescribe standard procedures for identifying and reporting estimated and actual staff-years of effort devoted to the Foreign Military Sales program. To the extent feasible, this system should be based on actual effort, and in instances where estimates are required, they should be based on actual workload data, time standards, and management engineering techniques.

We also suggested that the Secretary of Defense direct the three military services to use a consistent definition to report foreign military sales personnel figures included in the support to other nations category of the annual Defense Manpower Requirements Report. Consistent with congressional interest in foreign military sales activities, all personnel required for the program should be reported in the support to other nations category.

AGENCY ACTION

In an August 17, 1977, letter, the Assistant Secretary of Defense (Comptroller) agreed that the Department lacks an adequate system for determining the number of personnel involved in the Foreign Military Sales program. He also stated that the Department has recently initiated a formal project to develop a standard manpower accounting system for determining the amount of Defense effort that supports the program. The Comptroller believes that, when completed, the system will provide information for internal Defense management decisions as well as data to meet reporting requirements established by the Congress. According to the Comptroller, initial data from the new standard system are scheduled to be available for the fiscal year 1979 Defense Manpower Requirements Report to the Congress.

CHAPTER 3

NEED TO IMPROVE PROCEDURES USED TO RECOVER

ADMINISTRATIVE PERSONNEL COSTS OF THE PROGRAM

The current policies and procedures of the military services do not adequately account for the number of military and civilian personnel who administer the Foreign Military Sales program nor for the full recovery of costs to the U.S. Government of the retirement program for these personnel. As a result, the Defense Department has no assurance that the 2-percent charge added to the sales price of military equipment and services sold under the program is sufficient to recover, as intended by law, the full cost of administering the program.

COST RECOVERY REQUIREMENTS

The Foreign Military Sales Act of 1968, as amended (22 U.S.C. 2761), authorizes the sale of defense articles and services to foreign nations if the foreign governments agree to pay not less than their value. In addition, the International Security Assistance and Arms Export Control Act of 1976 (Public Law 94-329) amended the Foreign Military Sales Act specifically to require the payment to the U.S. Government of the full cost of administering the program. In this regard, the 1976 amendment requires that letters of offer for the sale to foreign purchasers of defense articles and services include appropriate charges for administrative services (calculated on an average percentage basis), to recover the full estimated costs of administration of sales made under this act.

Department of Defense Instruction 2140.1 provides that a 2-percent charge normally be added to the cost of articles and services sold under the program to cover the administrative costs. This instruction also provides that the rate be subject to review at least every 2 years and that the military services design their management systems to facilitate timely reviews of the rate.

COST UNKNOWN OF PERSONNEL ADMINISTERING THE FOREIGN MILITARY SALES PROGRAM

Although the major part of the costs of administering the Foreign Military Sales program is for personnel, no system exists to account for the time Defense Department personnel spend administering the program. Thus, in July 1975 when the Defense Security Assistance Agency decided to test the

adequacy of the 2-percent surcharge on defense articles and services furnished under the program, the agency had to request estimates of personnel and other administrative costs of the program on a command or installation basis.

We reviewed the procedures used by 7 of the 72 commands and installations reporting administrative costs to the Defense Security Assistance Agency. The 7 commands and installations included in our review reported costs of \$40.5 million, or 36 percent, of the \$111.6 million total costs reported to the Defense Security Assistance Agency. Our review disclosed that the estimates of personnel and other administrative costs of the Foreign Military Sales program were inaccurate, incomplete, and inconsistent.

We found that:

- Five of the seven commands and installations included in our review did not have a system to compile regularly foreign military sales administrative cost data. Estimates were furnished on the basis of the best judgment or memory of command or installation officials. Since the Foreign Military Sales program was the principal function of the other two commands, estimates of administrative costs were easily identified.
- At several commands supporting rationale and documentation for the administrative cost estimates were either inadequate or in some instances did not exist. For example, the Navy Ships Parts Control Center could not show us any documentation supporting the \$1.6 million of administrative costs they reported.
- Many personnel were not included in the estimate. For example, the Air Force Audit Agency found that the Air Force excluded over \$1 million of the administrative costs because personnel who spent less than 10 percent of their time on foreign military sales activities were excluded from the estimate, and errors were made in estimating the time spent on the program. We also found that the Naval Air Systems Command Headquarters understated their costs of administering the Foreign Military Sales program by about \$298,000 because they did not include the cost of all supervisory personnel in their estimate.

At two Defense commands included in our review, the number of staff-years reported to the Defense Security Assistance Agency for use in developing personnel costs for the study were inconsistent with data reported for other purposes.

Army Armament Command

The Army Armament Command--a major subordinate command of the Army Material Development and Readiness Command--reported three sets of figures for use in the study of administrative costs. On September 10, 1975, the Command reported that its administrative costs for the Foreign Military Sales program in fiscal year 1975 were about \$3.1 million, based on 186 staff-years which were used primarily by Command headquarters. According to the Command's comptroller, a subsequent review established that all costs were not included.

On November 7, 1975, the Command again reported on its administrative costs during fiscal year 1975, this time reporting about \$11.2 million based on 699 staff-years--505 at the Command's headquarters and 194 at the Command's ammunition plants. On January 14, 1976, the Command reported an even larger amount of administrative costs during fiscal year 1975--about \$14.8 million--which was the estimate reported for the Defense Security Assistance Agency study. This estimate was based on 845 staff-years--699 referred to above plus 146 at the Command's arsenals.

However, the estimate of 845 staff-years was inconsistent with various other sources of personnel information. On January 12, 1976, 2 days before the Command submitted its last report on fiscal year 1975 administrative costs, the Personnel, Training, and Force Development Directorate provided the Commanding General with an estimate of 1,632 spaces involved with the Foreign Military Sales program. This estimate included 563 persons for the Command headquarters, 262 for ammunition plants, 801 for the arsenals, and 6 spaces which could not be identified with specific armament command activities.

In attempting to validate the 845 staff-year estimate, we found that the supporting rationale and documentation were questionable. Examples are cited below.

--In the Procurement and Production Directorate, which accounted for 226 of the 845 staff-years, the computation was based on authorized spaces in the Directorate rather than actual staff-years devoted to the Foreign Military Sales program.

--In the Maintenance Directorate, which accounted for 87 of the 845 staff-years, the assumption was made that personnel spent 25 percent of their time on foreign military sales activities without a documented explanation.

--For the ammunition plants, which accounted for 194 of the 845 staff-years, the supporting documents disclosed that the staff-years were understated by about 7 percent.

Moreover, a comparison of the 505 staff-years for headquarters personnel that the Command included in the 845 staff-years with other recent estimates of foreign military sales personnel indicated that the figure for headquarters personnel may have been overstated by at least 200 persons, or 40 percent.

It was not possible to determine clearly the number of personnel at the Command who spent time administering the program in fiscal year 1975. It does appear, however, when other sources of personnel data are considered, the number of staff-years furnished to the Defense Security Assistance Agency were overstated.

Air Force Logistics Command

The Air Force Logistics Command's estimate of personnel furnished to the Defense Security Assistance Agency for the study was based on the judgment and memory of Logistics Command officials because no system existed to account for and track actual time spent on the Foreign Military Sales program. Using this method the Logistics Command reported that 595 staff-years were used for the program in fiscal year 1975. A subsequent study of staffing at the Logistics Command in fiscal year 1975 indicated that the estimate of 595 staff-years was substantially understated.

The Logistics Command's Directorate for Manpower and Organization conducted a staffing study in 1975 on the Security Assistance program which is defined to include Grant Aid as well as foreign military sales activities. In contrast to the methods used to estimate staff-years for the Defense Security Assistance Agency, industrial engineering methods used to establish Air Force staffing requirements were the basis for the Security Assistance program staff estimate. These methods included using actual workload and actual time-spent factors as well as applying time standards to develop estimates of staff required.

This study concluded that 3,235 staff-years were expended to support the Security Assistance program. Grant Aid support accounted for 620 staff-years, and foreign military sales support totaled 2,615 staff-years. Logistics Command officials updated this study in August 1976 and determined that 2,601 staff-years were needed to support the Foreign Military Sales program. This estimate included staffing for which the Air Force would receive direct reimbursement as well as staffing which was reimbursed under the administrative surcharge. Of the 2,601 staff-years, Logistics Command officials estimated that 1,079 would be chargeable as administrative costs.

As stated above, the Air Force Logistics Command, in responding to the Defense Security Assistance Agency's study, reported that 595 staff-years were needed to administer the program. Thus the staff-years used for the Air Force Logistics Command appear to be understated by 484 staff-years.

**NEED TO CONSIDER FULL RETIREMENT COST
WHEN DETERMINING ADMINISTRATIVE
COSTS OF THE PROGRAM**

Factors currently used by the military services to determine the costs to the U.S. Government for retirement and other benefits of personnel administering the Foreign Military Sales program do not provide for the full costs of these benefits. Since there is a substantial difference between the factors being used and those that should be used, the Defense Department has no assurance that the 2-percent charge added to the sales price of military equipment and services sold under the program is sufficient to recover the full costs of administering the program, as intended by law.

Guidance furnished to the military services for the 1975 Defense Security Assistance Agency study of the administrative costs of the Foreign Military Sales program provides that a factor of 17 percent be applied to the composite pay rate 1/ for each military grade to recover military retirement costs, and a factor of 9 percent be added to the base pay for each civilian grade to recover the cost of civilian retirement and health and life insurance benefits. These prescribed factors are not high enough to assure the recovery of the full cost of military retirement benefits, or the full cost of civilian retirement and health and life insurance benefits.

1/Composite pay rate includes basic pay, allowances for quarters, and other payments.

We have previously reported that the U.S. Government's cost of military retirement is about 37 percent of the base pay. (See our report to the Chairman of the Task Force on National Defense, Senate Budget Committee, FPCD-76-43, March 4, 1976.) The amount that would be recovered for retirement costs by charging 37 percent of basic pay versus charging 17 percent of composite pay would be appreciably higher. For example, 17 percent of the fiscal year 1976 composite pay rate of an Army officer in pay grade 05 was \$4,919; whereas 37 percent of basic pay for grade 05 was \$8,153--a difference of more than \$3,200. In order to be assured that all costs of administering the Foreign Military Sales program are recovered, the 37-percent factor should be used.

Similarly, the 9-percent factor used to compute the cost of civilian benefits is not high enough to assure the full recovery of the costs of these benefits. The Office of Management and Budget has determined that the U.S. Government's cost of civilian retirement, life insurance, and health benefits is 28.7 percent of base pay. Use of the 9-percent factor understates the administrative costs of the Foreign Military Sales program by 19.7 percent of civilian base pay. The U.S. budget shows that the average salary of a Defense Department civilian employee during fiscal year 1977 will be about \$14,000. Thus, the cost of benefits, for the average civilian employee working on the Foreign Military Sales program was understated by \$2,748 (19.7 percent of \$14,000).

Full costs not included in budget
for administrative costs of the
Foreign Military Sales program

On December 10, 1976, the Defense Security Assistance Agency requested, for the first time, that each of the military services develop a budget for the cost of administering the Foreign Military Sales program. Guidance furnished to the military services by Defense Security Assistance Agency personnel for developing the budget prescribed factors for military and civilian retirement benefits and other civilian benefits which are not high enough to cover the full cost of these benefits. As a result, several million dollars of the administrative costs of the Foreign Military Sales program will not be provided for in the budget.

Instead of prescribing the 37-percent and 28.7-percent factors to provide for the U.S. Government's costs of retirement benefits, the Defense Security Assistance Agency

prescribed that 17 percent and 9 percent be used to develop the costs of the benefits. Using these low factors will result in a significant understatement of the costs of these benefits in the budget. An estimate of this understatement cannot be developed because of the lack of reliable data on the number of personnel working on the Foreign Military Sales program. We believe, however, that the understatement of costs resulting from the use of the low factors will be several million dollars.

CONCLUSION

The preparation of a budget for the administrative costs of the Foreign Military Sales program is a significant step forward in the Defense Department's management of the program. However, failure to require factors that will account for the full cost of retirement benefits for military and civilian personnel could result in an inadequate administrative surcharge rate.

We therefore suggested that the Secretary of Defense require that pricing guidelines for foreign military sales items be amended so that retirement cost factors will allow the full recovery of the cost of retirement benefits and so that the total costs of retirement benefits will be considered in establishing surcharge rates used to recover the program's administrative expenses.

AGENCY ACTION

In his August 17, 1977, letter, the Assistant Secretary of Defense (Comptroller) stated that the Defense Department is making a complete review of the factors used to recover military retirement and civilian retirement, health, and life insurance benefit costs. The Comptroller also advised us that the Defense Department is working with the Civil Service Commission and the Office of Management and Budget to develop realistic factors, and upon completion of the studies, the Defense Accounting Guidance Handbook will be revised to include new rates. In view of this action, we are making no further suggestions at this time.

CHAPTER 4

INAPPROPRIATE PROCEDURES WERE USED TO ACCOUNT

FOR ADMINISTRATIVE SURCHARGE RECEIPTS

Existing Defense Department procedures had to be revised to insure that appropriations incurring administrative costs in the conduct of Foreign Military Sales transactions will be fully reimbursed from administrative surcharge receipts.

The Defense Department uses two of its appropriations to finance the administrative costs of the Foreign Military Sales program until the appropriation is reimbursed from surcharge receipts. To the extent that receipts from the administrative surcharge were not credited to the appropriation which actually financed the administrative costs, the funds available for the purposes of the appropriation were decreased and the Foreign Military Sales program was subsidized by funds from the appropriation. On the other hand, if receipts from the surcharge in excess of the amount of administrative costs were credited to the appropriation, the appropriation was being improperly augmented.

Defense Department Instruction 2140.1 prescribes rules which govern the sale of defense articles and services under the Foreign Military Sales program. The overall intent of this instruction is that sales receipts are to be used to reimburse the appropriations that actually incurred the costs. However, the instruction provided that administrative surcharge receipts are to be credited to the current appropriation for operations and maintenance.

Most administrative costs of the Foreign Military Sales program consist of personnel costs. As such, they would be financed by the Military Pay and Allowances appropriation for military personnel and by the Operations and Maintenance appropriation for civilian personnel. In addition, Defense Department Instruction 2140.1 provides that reimbursements for such items as the unfunded accrued costs for military retirement pay are to be deposited to Miscellaneous Receipts in the Treasury.

Each of the military services accounted for receipts from foreign military sales surcharges on a different basis. The Army's practice was to credit all receipts from the surcharge to the Operations and Maintenance appropriation.

Similarly, the Air Force, until fiscal year 1976 when receipts were credited to the Military Pay and Allowance appropriation, also credited surcharge receipts to the Operations and Maintenance appropriation. On the other hand, the Navy credits, as appropriate, the Military Pay and Allowances appropriations, the Operations and Maintenance appropriation, or Miscellaneous Receipts in the Treasury with receipts from sales.

CONCLUSION

Because of the lack of an adequate system to account for foreign military sales personnel and the apparent conflict in Defense Department Instruction 2140.1 about which appropriations were to be credited, receipts from the surcharge were sometimes not being credited to the Defense Department appropriations which originally financed the costs. Thus, to an extent, these appropriations were either improperly financing the Foreign Military Sales program or the appropriations were being augmented by receipts from the administrative surcharge.

We therefore suggested that the Secretary of Defense direct the military departments to revise procedures to insure that administrative surcharge receipts are credited to the appropriations which originally financed them or that the receipts are credited to Miscellaneous Receipts in the Treasury if they are for unfunded retirement costs or otherwise cannot be identified with a current appropriation.

AGENCY ACTION

In his August 17, 1977, letter the Assistant Secretary of Defense (Comptroller) advised us that Defense Department Instruction 2140.1 has been revised to require that administrative collections be deposited to the account where the costs were incurred or to the Miscellaneous Receipts account in the Treasury for unfunded military retirement costs.

CHAPTER 5

FAILURE TO BILL FOR ADMINISTRATIVE COSTS

Our review of the sales records at the U.S. Army International Logistics Command disclosed that there were 66 foreign military sales cases which were erroneously recorded as being exempt from the 2-percent administrative surcharge. As a result, the surcharge, which amounted to \$940,000, was not billed to foreign countries.

We also found 64 additional cases which were recorded on the sales records as either totally or partially exempt. We requested the International Logistics Command to review these cases to determine if they were correctly recorded as exempt or partially exempt.

Representatives of the International Logistics Command advised us that they had recently implemented a new system which should insure the correct coding of sales records.

In a January 28, 1977, letter to the Deputy Commander of the International Logistics Command, we requested that we be advised of corrective actions taken by the Command, including (1) the amount of additional billing to customers for previously omitted surcharges and (2) the total program value of items incorrectly coded as exempt which may be identified among the 64 cases we asked the Command to examine.

We suggested that the Army Audit Agency periodically review the effectiveness of the Army International Logistics Command's system for insuring that the 2-percent administrative surcharge is included in the sales price of goods and services sold under the Foreign Military Sales program.

AGENCY ACTION

In an August 17, 1977, letter, the Assistant Secretary of Defense (Comptroller) advised us that all foreign military sales cases are being transferred to the Security Assistance Accounting Center in Denver, Colorado, and that before transfer, all cases are completely audited. The Comptroller also stated that personnel at the Security Assistance Accounting Center review all new cases before they are introduced into the foreign military sales accounting system. The Comptroller believes, and we agree, that these actions should meet the objectives of our suggestion. We plan to test the adequacy of these reviews in our future audits of the Foreign Military Sales program.

CHAPTER 6

SCOPE OF REVIEW

We reviewed the military services systems used to account for foreign military sales personnel to determine if all personnel who supported foreign military sales were identified and if administrative personnel and support costs were being recovered.

Our review included an examination of pertinent legislation, policies, procedures, and documents dealing with foreign military sales staff authorizations. We also reviewed the military sales departments' applicable reports and studies on personnel and administrative costs and interviewed officials responsible for managing the program.

We made our review at the following departments and organizations.

Departments of Defense, Army, Navy, and Air Force,
Washington, D.C.
Defense Security Assistance Agency, Washington, D.C.
Naval Air Systems Command, Crystal City, Virginia
Navy Ships Parts Control Center, Mechanicsburg,
Pennsylvania
Navy International Logistics Control Office, Bayonne,
New Jersey
U.S. Army International Logistics Command, New Cum-
berland, Pennsylvania
U.S. Army Armament Command, Rock Island, Illinois
U.S. Air Force Logistics Command, Wright-Patterson
Air Force Base, Dayton, Ohio
U.S. Air Force Air Logistics Center, Kelly Air Force
Base, San Antonio, Texas
U.S Air Force Accounting and Finance Center, Denver,
Colorado



COMPTROLLER

ASSISTANT SECRETARY OF DEFENSE
WASHINGTON, D.C. 20301

17 AUG 1977

Mr. D. L. Scantlebury
Director, Division of Financial and
General Management Studies
U.S. General Accounting Office
Washington, D.C. 20548

Dear Mr. Scantlebury:

This is in reply to your letter to the Secretary of Defense regarding your draft report dated June 9, 1977, on "Inadequate Methods Used to Account for and Recover Personnel Costs of the Foreign Military Sales Program," OSD Case #4643. We have reviewed your draft report and, in general, the report accurately portrays the current problems with the way FMS manpower and associated costs are accounted for and recovered.

The major deficiency discussed in the draft report is the lack of an adequate system in the Department of Defense (DoD) for determining the number of personnel involved in the FMS program (Chapter 2). We agree that there is a need for better security assistance manpower information. DoD has recently initiated a formal project to develop a standard manpower accounting system for determining the amount of Defense effort which supports the security assistance program. When completed, the system will provide information for internal management decisions as well as data to meet reporting requirements established by the Congress. Initial data from the new standard system are scheduled to be available for the FY 1979 Defense Manpower Requirements Report to the Congress.

At the time DoD validated the 2% FMS administrative rate in July 1975, the Department of Defense admittedly did not have a system to precisely estimate the number of man-years of effort devoted to FMS administration. However, even with the estimating system used at that time, it does not necessarily follow that all personnel costs were underestimated. It is entirely conceivable that some of these estimates were overstated just as some are obviously understated. There are two significant points to be made with respect to the validation effort. First, the estimates provided were not intended to serve as a basis for recovering actual costs in a given year. The estimates were used only in connection with the multi-year assessment of the 2% rate. Second, the study pointed out the need for a budget-based system that would provide better overall



management of FMS administrative funds. As a result, such a system was approved and has since been implemented. We believe the new system represents a dramatic improvement in the management of this program. The new manpower reporting system, when operating in conjunction with the new centralized management of the administrative surcharge budget under the Defense Security Assistance Agency, should correct most of the deficiencies discussed in the draft report.

Additional comments on the draft report are included in Enclosure 1.

Sincerely,



Fred P. Wacker
Assistant Secretary of Defense

Enclosure

Enclosure 1

Detail Comments on Draft Report
"Inadequate Methods Used to Account for and
Recover Personnel Costs of the Foreign Military Sales Program"

Chapter 1, page 3 - Previous GAO Reports on Recovery of Personnel Costs

The DoD has completed its review of the underbillings identified in the Defense audit report and billing action is in process. A revision to DoDI 2140.1, "Pricing of Sales of Defense Articles and Defense Services to Foreign Countries and International Organizations," dated March 9, 1977, provides more detailed guidance on the pricing of security assistance teams. Also, a new tuition pricing policy for training foreign students was issued May 3, 1977. This policy was informally approved by staff members of the two Congressional Appropriations Committees.

Chapter 3, page 21 - Need to Consider Full Retirement Cost When Determining Administrative Costs of the Program

DoD has agreed to make a complete review of the acceleration factors to recover military retirement and civilian retirement, health and life insurance benefit costs. The studies are in process. One of the complicating factors is that OMB has recently published in the Federal Register for comment a revision to OMB Circular A-76 which changes the civilian acceleration factor from 28.7% to 14.1%. We are working with the Civil Service Commission and OMB to develop a realistic rate. Upon completion of the studies, the Accounting Guidance Handbook will be revised to include the new rates.

Chapter 4, page 25 - Need to Revise Procedures Used to Account for Surcharge Receipts

The March 9, 1977, revision to DoDI 2140.1 requires that the administrative surcharge collections be deposited to the account where the costs were incurred or to the Miscellaneous Receipts account for military retirement.

Chapter 5, page 28 - Failure to Bill for Administrative Costs

The recommendation that the Army Audit Agency review the Army International Logistics Command's system for insuring that the administrative surcharge is included on all FMS cases, is not considered necessary. All FMS cases are being transferred to the Security Assistance Accounting Center (SAAC), Denver, Colorado. Prior to transfer all cases are given a complete audit. Also, under the new FMS accounting system, all new cases are reviewed by the SAAC prior to introduction into the system. This review should identify any cases which do not include the appropriate administrative surcharge. The actions should meet the objectives of the GAO recommendation.

GAO note: Page numbers 21, 25, and 28 of the draft correspond to pages 19, 20, and 22, respectively, in this report.

PRINCIPAL OFFICIALS
RESPONSIBLE FOR ADMINISTERING ACTIVITIES
DISCUSSED IN THIS REPORT

Tenure of office
From To

DEPARTMENT OF DEFENSE

SECRETARY OF DEFENSE:

Dr. Harold Brown	Jan. 1977	Present
Donald H. Rumsfeld	Nov. 1975	Jan. 1977
Dr. James R. Schlesinger	July 1973	Nov. 1975
William P. Clements (acting)	Apr. 1973	July 1973
Elliot L. Richardson	Jan. 1973	Apr. 1973
Melvin R. Laird	Jan. 1969	Jan. 1973

**ASSISTANT SECRETARY OF DEFENSE
(COMPTROLLER):**

Fred P. Wacker	Sept. 1976	Present
Terence E. McClary	June 1973	Aug. 1976
Don R. Brazier (acting)	Feb. 1973	June 1973
Robert C. Moot	Jan. 1969	Jan. 1973

**ASSISTANT SECRETARY OF DEFENSE
(MANPOWER, RESERVE AFFAIRS AND
LOGISTICS) (note a):**

Dr. J. P. White	May 1977	Present
Carl W. Clewlow (acting)	Feb. 1977	May 1977
David P. Taylor	July 1976	Feb. 1977
John Ahearne (acting)	Mar. 1976	July 1976
William K. Brehm	Sept. 1973	May 1976
Carl W. Clewlow (acting)	June 1973	Sept. 1973
Rodger T. Kelley	Mar. 1969	June 1973

DEPARTMENT OF THE ARMY

SECRETARY OF THE ARMY:

Clifford Alexander, Jr.	Feb. 1977	Present
Martin R. Hoffman	Aug. 1975	Feb. 1977
Howard H. Gallaway	May 1973	July 1975
Robert F. Froehlke	July 1971	May 1973

a/Title changed from Installations and Logistics to Manpower, Reserve Affairs and Logistics in April 1977.

	<u>Tenure of office</u>	
	<u>From</u>	<u>To</u>
ASSISTANT SECRETARY OF THE ARMY (INSTALLATIONS, LOGISTICS AND FINANCIAL MANAGEMENT) (note a):		
Alan J. Gibbs	Apr. 1977	Present
Jack E. Hobbs (acting)	Apr. 1977	Apr. 1977
Hadlai A. Hull	Mar. 1973	Apr. 1977
Richard L. Saint Sing (acting)	Sept. 1972	Mar. 1973
COMPTROLLER OF THE ARMY:		
James Leonard (acting)	June 1977	Present
Lt. Gen. John A. Kjellstrom	July 1974	June 1977
Lt. Gen. E. M. Flanagan, Jr.	Jan. 1973	July 1974
Lt. Gen. John H. Wright, Jr.	Aug. 1970	Jan. 1973
ASSISTANT SECRETARY OF THE ARMY (MANPOWER AND RESERVE AFFAIRS):		
Robert L. Nelson	June 1977	Present
Paul D. Phillips (acting)	Feb. 1977	June 1977
Donald G. Brotzman	Mar. 1975	Feb. 1977
Paul D. Phillips (acting)	Jan. 1975	Mar. 1975
David Lowe	Mar. 1974	Jan. 1975
Paul D. Phillips (acting)	Jan. 1974	Mar. 1974
Carl Wallace	May 1973	Jan. 1974
Paul D. Phillips (acting)	Mar. 1973	May 1973
Hadlai Hull	July 1971	Mar. 1973

DEPARTMENT OF THE NAVY

SECRETARY OF THE NAVY:		
W. Graham Claytor, Jr.	Feb. 1977	Present
J. William Middendorf II	June 1974	Feb. 1977
John W. Warner	May 1972	Apr. 1974
ASSISTANT SECRETARY OF THE NAVY (FINANCIAL MANAGEMENT):		
Gary D. Penisten	Oct. 1974	Present
Vacant	May 1974	Oct. 1974
Robert D. Nesen	May 1972	Apr. 1974

a/Title changed from Financial Management to Installations, Logistics and Financial Management in June 1977.

Tenure of office
From To

**ASSISTANT SECRETARY OF THE NAVY
(MANPOWER, RESERVE AFFAIRS AND
LOGISTICS) (note a):**

Edward Hidalgo	Apr. 1977	Present
Joseph M. McCullen	Sept. 1973	Apr. 1977
James E. Johnson	Jan. 1972	Sept. 1973

DEPARTMENT OF THE AIR FORCE

SECRETARY OF THE AIR FORCE:

John C. Stetson	Apr. 1977	Present
Thomas C. Reed	Jan. 1976	Apr. 1977
James W. Plummer (acting)	Nov. 1975	Jan. 1976
Dr. John L. McLucas	July 1973	Nov. 1975
Dr. Robert C. Seamans, Jr.	July 1969	July 1973

**ASSISTANT SECRETARY OF THE AIR FORCE
(FINANCIAL MANAGEMENT):**

Arnold G. Bueter	Aug. 1977	Present
Everett Keech	Sept. 1976	Aug. 1977
Frances Hughes	Mar. 1976	Sept. 1976
Arnold G. Bueter (acting)	Aug. 1975	Mar. 1976
William W. Woodruff	Apr. 1973	July 1975
Spencer J. Schedler	June 1969	Apr. 1973

COMPTROLLER OF THE AIR FORCE:

Lt. Gen. Charles G. Buckingham	Sept. 1975	Present
Lt. Gen. J. R. DeLuca	Oct. 1973	Sept. 1975
Lt. Gen. D. L. Crow	Apr. 1969	Oct. 1973

**ASSISTANT SECRETARY OF THE AIR FORCE
(MANPOWER AND RESERVE AFFAIRS):**

Antonia Handler Chayes	July 1977	Present
James P. Goode (acting)	Jan. 1977	July 1977
Mrs. Nita Ashcraft	Aug. 1976	Jan. 1977
James P. Goode (acting)	July 1976	Aug. 1976
David P. Taylor	June 1974	July 1976
James P. Goode (acting)	June 1973	June 1974
Richard J. Bords	Oct. 1970	June 1973

a/Title changed from Manpower and Reserve Affairs to Manpower, Reserve Affairs and Logistics in April 1977.