

DOCUMENT RESUME

06098 - [B1526573]

Survey of Transportation Payments for Personal Property Shipments under Foreign Military Sales Service Agreements. LCD-78-204; B-165731. May 22, 1978. 2 pp.

Report to Secretary, Department of Defense; by Fred J. Shafer, Director, Logistics and Communications Div.

Issue Area: Facilities and Material Management: Federal Transportation of Things (704).

Contact: Logistics and Communications Div.

Budget Function: National Defense: Department of Defense - Military (except procurement & contracts) (051).

A survey of transportation payments for personal property shipments under Foreign Military Sales Service Agreements revealed that Iran was underbilled about \$1.6 million by the Army and about \$300,000 by the Air Force for personal property shipments during fiscal year 1975. Army officials advised that because of the lack of specific names and Foreign Military Sales Case Designators they were unable to verify the findings and have taken no action. The Air Force reviewed the findings and advised that action would be taken to bill Iran, but as of May 15, 1978, billing had not taken place. The problem of underbillings noted in fiscal year 1975 has apparently been corrected in subsequent years by an increase in the standard billing rates which became effective in fiscal year 1976. (RRS)

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UNITED STATES GENERAL ACCOUNTING OFFICE

WASHINGTON, D.C. 20548

**LOGISTICS AND COMMUNICATIONS
DIVISION**

MAY 22 1978

**The Honorable
The Secretary of Defense**

**Attention: Assistant for Audit Reports
Room 3A336
ASD (Comptroller)**

Dear Mr. Secretary:

We have completed our Survey of Transportation Payments for Personal Property Shipments Under Foreign Military Sales Service Agreements, assignment code 943292.

Our findings indicate that Iran was underbilled about \$1,600,000 by the Army and about \$300,000 by the Air Force for personal property shipments made during fiscal year 1975. We brought this matter to the attention of the Army and the Air Force on August 31, 1977.

On May 9, 1978, we discussed the underbilling of about \$1.6 million with officials of the Department of the Army. They advised us that because of the lack of specific names and Foreign Military Sales Case designators they were unable to verify our findings and no action had as yet been taken. However, they did agree to have the appropriate individuals examine our working papers and bill Iran for and make every effort to collect the amount that was due to the U.S. Government.

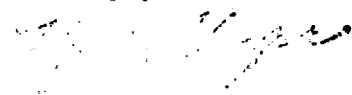
The Air Force initiated action to review our findings and advised us on November 30, 1977, that action would be taken to bill Iran. On May 15, 1978, we were advised that the billing had not taken place but would be accomplished upon receipt of our report.

Since the problem of underbillings noted in fiscal year 1975 has apparently been corrected in subsequent years by an increase in the standard billing rates which became effective with fiscal year 1976, we plan no additional reporting.

**LCD-78-204
(943292)**

We do, however, request that you have the Departments of the Army and Air Force send copies of the above referred to billings to us and upon collection furnish evidence thereof. Thank you for your cooperation in this matter.

Sincerely yours,



Fred J. Shafer
Director

cc: Comptroller of the Air Force (AF/ACUA)
Secretary of the Army (DAIG-A-I)