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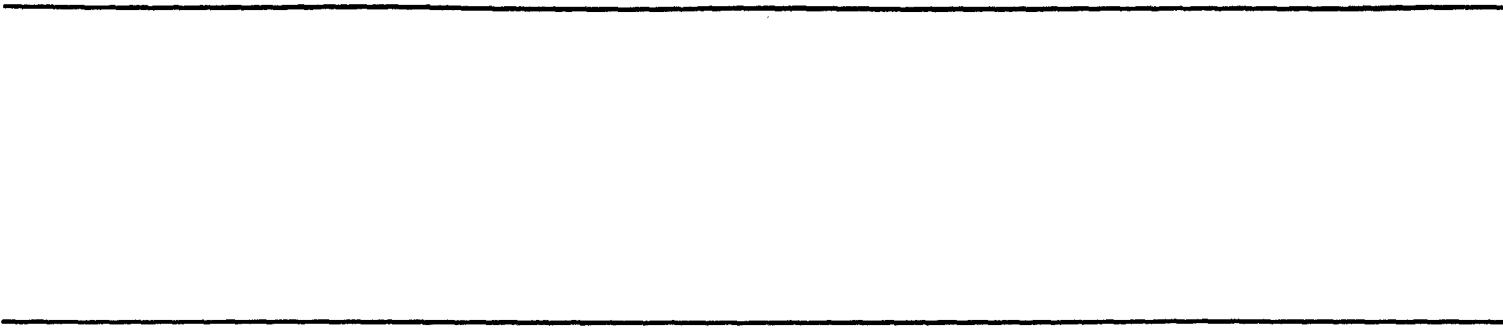
FINANCIAL  
MANAGEMENT

DOD Has Not Responded  
Effectively to Serious,  
Long-standing Problems

Statement of Charles A. Bowsher  
Comptroller General of the United States



057544/ 149538



Mr. Chairman and Members of the Committee:

We are pleased to be here today to discuss financial management in the Department of Defense (DOD), including its implementation of the Chief Financial Officers (CFO) Act of 1990 (Public Law 101-576). Over the past several years, we have testified before this and other congressional committees on the results of our financial audits of the Army and the Air Force, and on other DOD financial management issues. We have just completed our second comprehensive evaluation of the Army's financial operations and will be discussing the results of that work today. Our reports and testimonies have identified widespread and significant problems in DOD's financial management operations, systems, and controls. Equally disturbing has been DOD's slow response to the problems and weaknesses we have reported.

In particular, the adequacy of DOD's systems of internal controls to safeguard the Department's resources from waste, mismanagement, fraud, and abuse continues to be a major concern. We recently reported to the Secretary of Defense that DOD's fiscal year 1992 Federal Managers' Financial Integrity Act (FMFIA) report does not sufficiently and clearly disclose extensive and deep-rooted weaknesses in its internal control systems.<sup>1</sup> Weaknesses in fundamental controls, such as those discussed in this testimony, have led to millions of dollars of losses and inefficiencies for DOD. Some examples follow.

- An Air Force base accountant was recently convicted of illegally diverting about \$2 million of Air Force funds over a 3-year period to his personal bank accounts. The Air Force's internal controls failed to prevent or detect the accountant's activities. Instead, an acquaintance's tip to a federal investigative agency brought his illegal activities to light.
- Internal control weaknesses allowed a clerk at an Army finance and accounting office to falsify documents and create a fictitious or "ghost" soldier on the payroll system. The clerk then diverted portions of the ghost's monthly pay to his personal account, receiving over \$31,000 to which he was not entitled.
- A Sergeant Major was separated from the Army on September 25, 1991, yet continued to receive full pay through May 15, 1993. This individual improperly received over \$69,500 simply because

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<sup>1</sup>Letter to the Honorable Les Aspin, the Secretary of Defense, regarding DOD's FMFIA assertions (GAO/AFMD-93-61R, April 27, 1993). The subject letter is attached.

controls were not sufficient to ensure that she was removed from the payroll system upon her separation.

- Internal controls at four Army depots did not adequately safeguard millions of dollars of weapons and equipment during the maintenance process. Because many repairables were stored, often for years, without adequate protection, they were highly vulnerable to corrosion and rust, which greatly increased scrapage rates and maintenance costs.

Just as disturbing are the numerous indications that the information needed to assess whether funds are disbursed in accordance with requirements is unreliable. As I will discuss later, these include billions of dollars in unmatched disbursements, failures to retain records needed to verify whether and how individual disbursements are reflected in summary disbursement totals, and unacceptably high rates of changes from one appropriation to another when disbursements are initially and finally accounted for.

STRONG, SUSTAINED FINANCIAL  
LEADERSHIP NEEDS TO BE ESTABLISHED

A cornerstone of the CFO Act was the establishment of CFOs and Deputy CFOs to direct and control financial management activities in major departments and agencies. Within the extremely large and highly diversified DOD organization, such activities are extremely difficult and complex. In my view, the DOD CFO's job is one of the most challenging in government. Currently, top leadership vacancies are exacerbating DOD's financial management problems. For the last several months and, in some cases, since last summer, key positions where officials must provide the leadership and consensus-building that DOD needs for its financial management initiatives have either been vacant, or filled by individuals serving on an "acting" basis. These positions include the DOD CFO and Comptroller, the Secretaries of the military services, and the services' Assistant Secretaries for Financial Management. Only recently has a Director of the Defense Finance and Accounting Service been appointed. Further, we believe that DOD needs to appoint a top-level Defense official as overall manager of the Defense Business Operations Fund (DBOF).

The CFO Act assigns important responsibilities and functions to the agency CFOs. The act requires, among other things, that the CFO (1) report directly to the head of the Department regarding financial management matters, (2) oversee all financial management activities, including budget execution, relating to programs and operations of the Department, (3) develop and maintain an integrated accounting and financial management system, including financial reporting and internal controls, and (4) direct, manage, and provide policy guidance and oversight of financial management personnel, activities, and operations. When its CFO is finally

appointed, DOD needs to ensure that he or she has the appropriate authority and resources needed to carry out this vitally important job.

In selecting individuals for top financial management positions, the qualifications set forth in the CFO Act should be of paramount consideration. CFOs are to "possess demonstrated ability in general management of, and knowledge of and extensive practical experience in financial management practices in large governmental or business entities." Deputy CFOs should possess "demonstrated ability and experience in accounting, budget execution, financial and management analysis, and systems development, and not less than 6 years practical experience in financial management at large governmental entities." While the CFO Act authorized a CFO and Deputy CFO for DOD, the military services do not have such legislated positions. Financial management in the military services comes under the purview of the Assistant Secretaries for Financial Management, and it is important that individuals filling these positions possess the same or similarly high qualifications as CFOs. In the past, almost total emphasis was placed on individuals having a budgetary background. Although budgetary knowledge is important, and should be well represented in the group of top people responsible for financial operations, financial and information management expertise is also important.

In our opinion, efforts to address deficiencies and improve financial management has been slow within DOD. For example, we have seen a less-than-optimal approach to correcting reported deficiencies, particularly within the Air Force. Only in March 1993 did the Defense Finance and Accounting Service and the Air Force prepare a joint plan aimed at addressing the deficiencies we initially reported in February 1990.

In contrast, the Army, based on our discussions and briefings on the results of our fiscal year 1991 audit, established a special action group to oversee corrective action implementation. The work of this group was directed by a high-level committee composed of senior-level military and civilian officials. Vacancies in Army's top positions have not helped to maintain initial momentum. The special action group has made some progress in following up on our recommendations, devising corrective actions, and monitoring their status. Equally important, Army officials cooperatively and productively worked with us during our fiscal year 1992 audit both to take corrective actions on problems we identified and to help ensure that our auditors had the access and cooperation necessary to accomplish our work efficiently.

#### SEVERAL FINANCIAL MANAGEMENT INITIATIVES ARE LOSING MOMENTUM

Over the last few years, DOD has fundamentally changed its approach and organizational structure for financial management. Much of the

responsibility, authority, control, and resources for financial management operations and systems has been transferred to the Office of the Secretary of Defense (OSD) from the military services. Thus, the military services' ability to unilaterally act to make changes and improvements in their financial operations is now limited. DOD's rationale for the changes was that, on a centralized basis, financial management activities could be greatly enhanced. However, to date, significant improvements have not occurred. Certainly, the leadership voids I just mentioned play a part in this.

### Corporate Information Management

OSD established the Corporate Information Management (CIM) initiative in October 1989 with the objectives of (1) implementing new or improved business methods in several functional areas, including financial management, (2) creating more uniform practices for common functions, and (3) improving and standardizing DOD's automated information systems. Since this initiative's inception, DOD has cited it as a primary solution to the numerous problems plaguing its accounting and other management information systems. While CIM is important to a completely satisfactory solution, much can and should be done to improve the operation of existing information systems. CIM should not be used as an excuse for failing to act now.

Our reviews of the CIM initiative have shown that the effort has been plagued by a lack of top-down policy direction, as well as inadequate strategic planning and leadership changes.<sup>2</sup> As a result, CIM has not been focused at the right level, and the potential for achieving its objectives and benefits may be waning.

### Defense Finance and Accounting Service

In January 1991, OSD made a major change in departmental accounting and finance responsibilities by establishing a single organization--the Defense Finance and Accounting Service (DFAS)--to be primarily responsible for accounting activities throughout the Department. DFAS took control over most of the accounting operations previously conducted by the military services. Based on the results of our Army audits and our knowledge of the DOD Inspector General's and military services' financial audits, better financial reporting has not yet resulted from the creation of DFAS. DOD organizations still cannot prepare reasonably accurate financial statements--something that every organization with fiduciary responsibilities should be able to do as a matter of course.

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<sup>2</sup>Defense ADP: Corporate Information Management Must Overcome Major Problems (GAO/IMTEC-92-77, September 14, 1992).

## Defense Business Operations Fund

In October 1991, OSD implemented the Defense Business Operations Fund which consolidated the existing industrial and stock funds operated by the military services and other DOD organizations, as well as DFAS. The Fund is intended to bring greater economies and efficiencies to DOD's support establishment, in part by raising cost consciousness within the military services. We have long supported the concepts upon which the Fund is based. However, we recently reported that DOD continues to have difficulties in effectively implementing and operating the Fund. For example, OSD was about a year behind schedule in developing the Fund's policies. Also, DOD's failure to correct longstanding financial management system problems is now preventing it from being able to compile accurate and reliable cost information needed to achieve the Fund's major objectives. It is not realistic to expect the military services to become more cost conscious when OSD is incapable of reliably compiling and reporting actual costs.

### DOD COULD NOT PROPERLY IMPLEMENT "M" ACCOUNT LEGISLATION

We recently reported that because of years of neglect, inadequate systems, and poor management, DOD could not properly implement provisions of the "M" account legislation (Public Law 101-510).<sup>3</sup> The legislation required Defense to conduct a one-time audit of its "M" account balances by December 31, 1991. On that audit, the Inspector General concluded that DOD's "M" account balances were materially misstated, inadequately managed, and vulnerable to abuse.

For example, because its accounting records were so poor, the Air Force did not discover a \$649 million difference between its control accounts and supporting records until it started to review its account balances. According to Air Force officials, this difference was the cumulative result of over 30 years of accounting errors. Although the Air Force could not provide adequate documentation to show that it needed the additional \$649 million, the Defense Deputy Comptroller permitted the Air Force to restore this amount of budget authority in "M" accounts--an action that both we and the DOD Inspector General said was not justified.

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<sup>3</sup>Financial Management: Agencies' Actions to Eliminate "M" Accounts and Merged Surplus Authority (GAO/AFMD-93-7, April 2, 1993).

ACCOUNTING AND FINANCIAL MANAGEMENT  
RESPONSIBILITIES NOT CLEARLY DELINEATED  
BETWEEN DOD AND THE MILITARY SERVICES

With the Office of the Secretary of Defense, through its Comptroller, having assumed greater responsibilities for financial functions previously controlled by the military services, it has become vitally important that OSD and the military services more clearly assign accountability and responsibility for internal controls, financial data accuracy, and financial reporting. The need for greater clarity in this regard is particularly evident with respect to the divisions of responsibility between DFAS and the military services, as the following examples illustrate.

- While DFAS now has control over most of the systems producing the military services' financial information, and its finance centers actually produce their financial statements, OSD requires the military services' senior managers to certify to the statements' overall reasonableness and accuracy. Obviously, they are not in a position to do so.
- A key internal control over payroll operations is matching a military service's personnel files with the DFAS payroll records and, equally important, following up on the results of that matching to ensure that pay and allowances are provided only to entitled personnel. However, because DFAS' and Army's respective responsibilities for implementing this control were unclear, the control feature did not work for the Army's military payroll. As a result, as discussed later, millions of dollars of taxpayers' money was spent on improper salary payments.
- Also, while the military services' former stock and industrial funds are now part of DOD's Defense Business Operations Fund and their financial reports are prepared by DFAS, OSD continues to require the military services to attest to the financial reports of their former stock and industrial funds. Stock and industrial fund financial operations now fall under the control of OSD, and it is important that the Department logically establish the responsibilities for the accuracy of reported financial information.

AUDITS OF DOD ENTITIES REVEAL PERVASIVE  
FINANCIAL MANAGEMENT PROBLEMS AND DEFICIENCIES

For fiscal year 1992, we, the DOD Inspector General, and the military services' audit organizations conducted a number of financial audits of DOD entities, most of which were required by the CFO Act. I would now like to discuss some of the results of these CFO Act-mandated audits.



## Weaknesses and Problems in the Army's Financial Management Operations and Controls

We attempted to audit the Army's financial statements for fiscal years 1991 and 1992. We reported last year that significant uncertainties regarding the fiscal year 1991 statements' completeness and accuracy prevented us from issuing an opinion on them. We also concluded that because of internal control weaknesses, (1) unauthorized use or disposition of assets could lead to material losses and (2) instances of noncompliance with laws and regulations and misstatements material to the financial statements could occur and not be detected within a timely period.

Our fiscal year 1992 evaluation revealed that although the Army had made some improvements, we were again unable to provide an opinion on the Army's financial statements due to a number of conditions similar to those reported for fiscal year 1991. For fiscal year 1992, we concluded that, in addition to the internal control weaknesses cited above, controls were not effective in assuring material compliance with laws and regulations governing budget authority. We also found that general controls over automated data processing operations relied on to support the Army's financial accountability could not ensure that financial data were accurately processed or that automated systems and data were secure.

I will now discuss some of the more severe problems and deficiencies we identified in our latest Army financial audit.

### Unauthorized Payments Made to Soldiers

Our review of the payroll system used to pay Army's military personnel disclosed that unauthorized payments totaling approximately \$6 million were made to about 2,200 individuals. These payments had not been prevented or detected because the Army and DFAS did not properly follow established internal control procedures. Specifically, DFAS and Army personnel failed to ensure that individuals who were not entitled to compensation, such as soldiers who had separated from the service, had deserted, or were absent without leave, were removed or suspended from the active payroll records. Because our testing was limited to individuals who were paid in September 1992, it is likely that the Army's total amount of improper payments in fiscal year 1992 and prior periods was greater than the amount we identified.

What is so disturbing about this situation is that there were clear indications that these kinds of payroll irregularities potentially existed, but DFAS did not follow up on them until we repeatedly brought this situation to its attention. For example, during July 1992, out of a total of about 829,000 active payroll records, the Army's comparison of payroll and personnel records revealed over 203,000 payroll records that did not match active personnel

records. However, neither the Army nor DFAS investigated the causes of this difference.

#### Inaccurate and Unreliable Payroll Reporting

DOD's military payroll system used to pay Army personnel does not accurately summarize and report payroll information. As a result, DFAS has been unable to ensure that it reports accurate information to the Army, the Internal Revenue Service (IRS), or other organizations. For example, DFAS did not properly report payroll data used to manage the Army's Military Personnel appropriation, and may not have reported and remitted about \$40 million in taxes to the IRS. Additionally, because of systemic problems and input errors in the payroll system, the Army's Military Personnel appropriation was improperly charged and not fully reimbursed for payments to Army reservists.

#### Army Lacks an Accurate and Reliable Accounting System

DFAS, Indianapolis Center, maintains a centralized general ledger system to consolidate over 32,000 general ledgers submitted by Army accounting offices. For most asset accounts, the Army replaces general ledger amounts with information derived from logistical or operational/accountability systems not subject to accounting controls. For example, for fiscal year 1992, the Army recorded almost \$93 billion of adjustments to bring general ledger balances into agreement with amounts derived from other systems, such as the accountability system for tactical equipment. In addition, the Army recorded \$7 billion of unsupported adjustments to make general ledger balances agree with the departmental budget execution system because DFAS considered it to be more accurate. Of this amount, \$2 billion of unsupported adjustments were made to bring the Army's fund balance account, representing appropriated funds available for disbursement, into agreement with amounts reported by Treasury.

Based on our audit work, we proposed about \$52 billion of adjustments to improve the accuracy and presentation of the Army's fiscal year 1992 financial statements. However, at OSD's direction, the Army reflected only \$28 billion of these adjustments in its financial statements. The statements do not reflect all of our proposed adjustments primarily because OSD directed the Army to reverse adjustments it had made to record \$24 billion in liabilities. Also at OSD's instruction, the Army made an additional adjustment which removed \$11.4 billion from the Statement of Financial Position. We did not concur with the latter adjustment since it removed from the financial statement ammunition which had been issued to installations but had not actually been used in operations. Nevertheless, even if the Army had made all of our proposed adjustments, sufficient uncertainties regarding other accounts would still exist, making it unlikely that the financial

statements would be reliable. Following are examples which illustrate some of the accounting systems problems we found.

- The Army's budget execution reports are unreliable. As of September 30, 1992, the Army recorded \$4.9 billion of "undistributed disbursements" in its reports. These are disbursements made by disbursing offices but not recorded by Army accounting offices. These undistributed disbursements had not been recorded against any legal limits on Army's disbursements other than the overall appropriation accounts involved. However, when these disbursements were finally accounted for during fiscal year 1992, 17 percent of the initial charges were reversed and charged to different appropriations. Accordingly, the Army's budget reports on amounts disbursed were misstated.
- The Army Materiel Command, which accounted for about \$29 billion of the Army's fiscal year 1992 disbursements, did not retain certain financial records necessary to document postings of individual payment transactions to obligation, expenditure, and general ledger accounts. By law, Army must retain such documents for at least 3 years. Without the documents, we were unable to conduct tests necessary to evaluate the accuracy and reliability of postings to the Army's accounts.

The above two deficiencies--particularly in combination with one another--place the Army at risk that improper expenditures of funds could be made and not be detected on a timely basis. Moreover, they lessen the service's ability to control its expenditures, and thus comply with the Anti-Deficiency Act's limits on disbursements.

A related concern deals with duplicate and erroneous payments. During fiscal year 1992, DFAS-Columbus Center solicited refunds from and contractors returned approximately \$118 million, including \$50 million from Army contractors. During the first 6 months of fiscal year 1993, DFAS received about \$751 million in returned payments, including \$478 million of unsolicited, voluntary refunds from contractors. These refunds represent duplicate and/or erroneous payments to contractors.

However, problems with disbursements are not confined to the Army. We recently reported on unmatched disbursements in the Navy's Standard Accounting and Reporting System (STARS)--one of its primary accounting systems.<sup>4</sup> As of December 19, 1992, STARS contained \$13.6 billion of unmatched disbursements. The Navy's unmatched disbursements were largely caused by lax compliance with existing guidance, procedural requirements and internal controls, and, in some cases, a need for stronger controls.

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<sup>4</sup>Financial Management: Navy Records Contain Billions of Dollars in Unmatched Disbursements (GAO/AFMD-93-21, June 9, 1993).

### Equipment Accountability System Contains Unreliable Data

Our audit showed that the Army's equipment accountability system--the Continuing Balance System Expanded (CBSX)--does not provide consistently reliable information on the quantity, type, and location of \$53 billion in Army equipment accounted for by the system. The system should accurately reflect the records of the organizational units possessing equipment, and those records, in turn, should accurately reflect on-hand equipment. We noted that a November 1992 comparison of CBSX and unit records identified over 1.3 million differences for individual pieces of equipment valued at about \$7 billion. In addition, even if information in the system agreed with unit records, the data could not be considered reliable and accurate because we found that some units inaccurately recorded or failed to record equipment items, such as tanks, rifles, and howitzers, in their records.

Experiences gained in the Army's recent deployment to Southwest Asia confirm the need for accurate CBSX data. As reported by the Army, inaccurate CBSX data hampered equipment distribution decisions. For example, many deployed and deploying units were issued quantities of major items in excess of authorized limit. Also, inaccurate CBSX data hampered distribution of major items to units that did not deploy to Southwest Asia. The release of equipment to these units was delayed because the Army was unsure whether deployed units' requirements were met. As a result, the readiness of units that did not deploy was seriously deteriorated.

Inaccuracies in the CBSX can adversely affect other Army operations since the Department uses data from the system to develop its budgets, to make purchase decisions, and to distribute equipment to Army units. Additionally, the Army requires accurate CBSX data to direct the movement of equipment into and within theaters of operation during deployment. Failing to record equipment items exposes the Army to undetected losses and unauthorized use of equipment. We understand there are recent indications that CBSX accuracy may be improving and, if true, that would certainly be encouraging.

### Real Property Accounting and Reporting Weaknesses

The Army's Facilities System, used at each installation and at headquarters to record and report real property, could not provide complete and accurate information on the quantity and type of Army structures and facilities. This information is needed to (1) develop real property maintenance budgets and (2) provide readily available, accurate information for use in the base realignment and closure process. As a result, real property maintenance budget requests were unreliable, and additional verification was required for real property status information used

in the Army's base realignment and closure evaluation process. For example, inaccurate and unreliable information in the Facilities System database required the Army to take other actions, such as data validations reviews, to ensure that accurate data was available to decisionmakers involved in the base realignment and closure evaluations.

### Air Force Financial Deficiencies Continue

The Air Force Audit Agency (AFAA) recently issued a disclaimer of opinion on the Air Force's fiscal year 1992 financial statements.<sup>5</sup> AFAA reported that due to deficiencies in the Air Force's accounting systems and internal controls, it was unable to obtain sufficient evidence to permit it to opine on the statements.

DOD Inspector General and AFAA representatives are here today to discuss the results of their work, but I would add that AFAA's disclaimer follows two similar reports which we issued on Air Force's financial management operations and reporting for fiscal years 1988 and 1989.<sup>6</sup>

As you know, we monitored AFAA's financial audit of the Air Force, including Air Force-operated DBOF activities. The agency devoted substantial resources, energy, and personnel to the audit. While we have not reviewed its reporting at this time, we would like to commend the audit agency for its commitment to the CFO Act's goals.

However, the audit results are also disappointing. We would have hoped that the Air Force and DFAS would have made more progress in addressing and correcting problems we previously reported. You will recall that at hearings before this Committee on these matters, OSD and Air Force representatives made commitments to improve Air Force's financial operations. However, the AFAA's findings obviously show that insufficient commitment and progress have been made.

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<sup>5</sup>Opinion on Fiscal Year (1992) Air Force Consolidated Financial Statements, 25 June 1993. The Air Force was required to prepare agencywide financial statements for fiscal year 1992 and have them audited under a pilot program established by the CFO Act. The DOD Inspector General designated AFAA to audit the subject statements.

<sup>6</sup>Financial Audit: Air Force Does Not Effectively Account for Billions of Dollars of Resources (GAO/AFMD-90-23, February 23, 1990) and Financial Audit: Aggressive Actions Needed for Air Force to Meet Objectives of the CFO Act (GAO/AFMD-92-12, February 19, 1992).

## Disclaimer of Opinion on DBOF's Financial Statements

The DOD Inspector General, with assistance from the military services' audit organizations, audited DBOF's financial operations for fiscal year 1992 pursuant to the CFO Act. The Inspector General determined that, due to significant problems with the Fund's financial systems, internal controls, and financial data, it was unable to opine on the Fund's financial statements. The Inspector General's report is consistent with our observations and findings since DBOF's inception in October 1991.

As previously noted, we support the Fund's concepts and are convinced that with reliable financial systems and proper management, it can contribute to significant improvement in DOD's operations. However, DOD continues to have difficulties in effectively implementing and operating the Fund. Basic system problems, such as those affecting the Fund's cost accounting systems, remain. We believe that delays in appointing experienced individuals to many key leadership positions have contributed to the Fund's continuing problems.

## CONCLUSIONS

Mr. Chairman, while the Army has shown leadership and initiative in addressing its financial management problems, it is disheartening to see that overall in DOD, so little progress has actually been achieved after so many audit reports and hearings by this Committee. Despite the good intentions which are often voiced, DOD's civilian and military leadership have yet to take the kinds of strong, decisive, and sustained actions that are required to significantly improve financial management. Conceptually sound initiatives have been started, but their execution--for various reasons--is not achieving the results intended. After several years of what should be considered devastating audit findings, OSD has still not demonstrated that it is serious about resolving its financial management problems by aggressively developing and implementing effective corrective actions. Even the Department's FMFIA reports fail to report many material internal control weaknesses, and most of the weaknesses that it does report were first identified by auditors, not by DOD managers.

It is paradoxical that the defense establishment, where discipline is essential for combat, instills so little discipline in its financial management operations. Existing policies and procedures often are sufficiently sound to provide at least minimally adequate control and accounting, yet high rates of noncompliance render the policies and procedures ineffective.

When considered in their entirety, DOD's financial management problems, deficiencies, and weaknesses are almost overwhelming. They include (1) vacancies in top financial leadership positions, (2) unclear financial accountabilities and responsibilities, (3)

unreliable financial systems, (4) ongoing changes in programs and extensive downsizing, (5) high rates of noncompliance with internal controls and policies, (6) failure to retain certain financial records, (7) billions of dollars of undistributed and unmatched disbursements, (8) mischarges to appropriations, (9) millions of dollars of negative unliquidated obligations, and (10) millions of dollars of duplicate, erroneous, and improper payments. It is incumbent on the new administration to deal with these very serious problems and commit the necessary resources to do so effectively.

The Congress can help. During the confirmation process, it can insist that highly qualified and technically capable individuals who are willing to take over the complex and difficult duties of financial management are appointed to DOD. Likewise, the Congress can closely monitor DOD's plans, actions, and progress, including allocations of budgetary and staffing resources, to help ensure that financial management problems are addressed promptly. Finally, as we have previously recommended,<sup>7</sup> it can encourage DOD to take aggressive short-term actions to make its existing systems as accurate as possible, which includes instilling the discipline required to set goals and milestones for improving financial management and measuring progress toward achieving them.

Mr. Chairman, this concludes my statement. I will be glad to answer any questions you or the other Members of the Committee may have at this time.

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<sup>7</sup>Financial Audit: Aggressive Actions Needed for Air Force to Meet Objectives of the CFO Act (GAO/AFMD-92-12, February 19, 1992), and Financial Management: Immediate Actions Needed to Improve Army Financial Operations and Controls (GAO/AFMD-92-82, August 7, 1992).







United States  
General Accounting Office  
Washington, D.C. 20548

Comptroller General  
of the United States

B-253124

April 27, 1993

The Honorable Les Aspin  
The Secretary of Defense

Dear Mr. Secretary:

We have reviewed the Department of Defense's (DOD) fiscal year 1992 report mandated by the Federal Managers' Financial Integrity Act of 1982 (FMFIA). This report asserts that DOD's internal controls and financial systems, when taken as a whole, provide reasonable assurance that the objectives of the FMFIA are being achieved.

These assertions are inconsistent with details in DOD's report and with findings presented in a number of audit reports by GAO and others on DOD's financial management systems and operations. These reports highlight long-standing management, internal control, and accounting system deficiencies that weaken DOD's ability to safeguard, manage, and control the hundreds of billions of dollars of resources entrusted to it.

A summary of the major internal control and financial management deficiencies is provided in our high-risk and transition series reports issued in December 1992.

We are concerned that DOD's FMFIA report, which was issued shortly before you became Secretary of Defense, may lead you and other members of the new administration to overly optimistic conclusions about what should be done to correct the serious management, control, and accounting deficiencies of DOD. Should this happen, your ability to provide proper stewardship over DOD and effectively manage its operations will be severely impaired.

We note that you have recently directed the Deputy Secretary of Defense and the Comptroller's organization to review the Defense Business Operations Fund (DBOF). We think this action is an important step, but would point out that our concerns go well beyond the operations of this Fund to

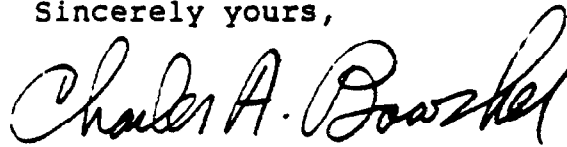
B-253124

include the need to put in place the right top executive leadership in DOD's financial and information management organizations.

The enclosures to this letter explain and illustrate our concerns. We hope that you will read them and meet with us soon to discuss the many important corrective actions that need to be taken, including strengthening DOD's management resources. Please call me on (202) 512-5500 or Donald H. Chapin on (202) 512-2600 to arrange for a meeting.

We are sending copies of this letter to the Director, Office of Management and Budget and to the Chairmen and Ranking Minority Members of the House and Senate Armed Services Committees, the Senate Committee on Governmental Affairs, the House Committee on Government Operations, the House Committee on Appropriations, and the Senate Committee on Appropriations.

Sincerely yours,



Charles A. Bowsher  
Comptroller General  
of the United States

Enclosures

DOD'S FISCAL YEAR 1992 FEDERAL MANAGERS'  
FINANCIAL INTEGRITY ACT REPORT IS MISLEADING

The FMFIA and its implementing guidance require the heads of federal agencies to annually report to the President and the Congress by December 31 whether (1) their internal control systems are effective, (2) their accounting systems conform to the Comptroller General's accounting principles and standards and related requirements, and (3) they have planned and/or implemented actions to correct identified weaknesses. Most importantly, the FMFIA process makes agency management responsible for assessing its own operations, and produces vital information that top management must have to control costs and improve operations.

The current environment of budget reductions and downsizing makes it more important than ever before that DOD achieve effective financial management and control over its operations. Effective financial management and controls can help DOD ensure that it gets the most value for each taxpayer dollar spent, thereby assuring that available budgetary resources will be used in ways to optimize readiness and force structure. The FMFIA process--by requiring identification and disclosure of existing weaknesses--provides an important tool and a vital first step to achieving the kinds of management reform needed.

Over the last few years, we have issued many reports<sup>1</sup> pointing out DOD-wide problems related to internal controls and accounting systems. In December 1992 we issued a series of high-risk<sup>2</sup> and transition<sup>3</sup> reports which summarized these DOD-wide problems. The investigative and reporting process mandated by FMFIA should provide DOD with a powerful tool to identify additional internal

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<sup>1</sup>See enclosure II.

<sup>2</sup>High-Risk Series: Defense Inventory Management (GAO/HR-93-12, December 1992); Defense Contract Pricing (GAO/HR-93-8, December 1992); and Defense Weapons Systems Acquisition (GAO/HR-93-7, December 1992).

<sup>3</sup>Transition Series: Financial Management Issues (GAO/OCG-93-4TR, December 1992); and National Security Issues (GAO/OCG-93-9TR, December 1992).

control and accounting systems problems, and provide a basis for dealing with them in an organized fashion.

Unfortunately, DOD's fiscal year 1992 FMFIA report does not sufficiently and clearly disclose the extensive and deep-rooted weaknesses in its internal control systems or the widespread failure of its accounting systems to effectively comply with the applicable principles and standards. The report presents contradictory information that simply does not communicate present conditions. Furthermore, it presents planned corrective actions that often do not address the root causes of problems.

These conditions are not new to DOD; changing them will require a strong, knowledgeable, and seasoned financial management team at DOD. In this regard, the start of a new administration presents a unique opportunity to appoint the kinds of knowledgeable financial and information systems executives and managers that will be critical to achieving major management reform at DOD.

#### REQUIREMENTS FOR ANNUAL AGENCY FMFIA REPORTS

According to FMFIA and the implementing Office of Management and Budget (OMB) guidance,<sup>4</sup> annual agency reports are to be based on self-assessments of agency internal control and accounting systems. The annual reports must state whether

- the agency's internal controls taken as a whole provide reasonable assurance that (1) obligations and costs are in accordance with applicable laws, (2) funds, property, and other assets are safeguarded against waste, loss, unauthorized use, or misappropriation, and (3) revenues and expenditures are properly recorded and permit the presentation of reliable financial and statistical reports; and
- the agency's accounting systems conform to the Comptroller General's accounting principles and standards.

Agency reports must also identify any material internal control weaknesses or instances of nonconformity with the Comptroller General's accounting principles or standards. Finally, the report must describe the corrective actions to deal with current material weaknesses and noncompliances, and its efforts to

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<sup>4</sup>OMB guidance in this area includes Circular A-123, "Internal Control Systems"; Circular A-127, "Financial Management Systems"; and annual memoranda issued to agencies.

validate whether corrections of past weaknesses and noncompliances are effective.

FISCAL YEAR 1992 REPORT OVERSTATES  
THE EFFECTIVENESS OF DOD'S INTERNAL CONTROLS

In its fiscal year 1992 FMFIA report, DOD asserted that its internal controls, taken as a whole, provide reasonable assurance that the objectives of the FMFIA are being achieved. DOD asserted that the results of its 1992 internal control evaluations supported its assessment. DOD further asserted that audits of its financial statements and related notes have, with few exceptions, indicated that internal controls in DOD financial systems are adequate and that most financial system internal control weaknesses were not material.

In our view, the FMFIA evaluations and audit results that DOD relied upon offer overwhelming evidence that DOD's internal controls are not adequate. DOD's report acknowledges 116 material internal control weaknesses that cover major DOD resource areas such as contract administration, major system acquisition, and property management. Furthermore, many of our recent DOD financial audit and other reports (listed in enclosure II) show that DOD's financial and internal control systems do not adequately safeguard billions of dollars of resources, such as equipment and inventories. We have also identified extremely serious accounting control weaknesses in all three military services' operations, as well as in Defense Business Operations Fund activities. Several of the major findings from our reports follow.

Army

Our recent audit of Army's fiscal year 1991 financial statements uncovered major internal control weaknesses and accounting deficiencies that put billions of dollars of Army resources at risk of waste and mismanagement and prevented us from expressing an opinion on the financial statements. These included the following:

- The Defense Finance and Accounting Service (DFAS) initiated and processed about \$250 billion in adjustments to the data before preparing the Army's financial statements. However, officials could not give us records or documentation to support many of the adjustments and, where documentation was available, there was no evidence of supervisory review and approval.

- We could not verify the accuracy of equipment accounts reported to be \$151 billion because accounting policies on valuing items were not consistently followed.
- About 35 percent of the recorded inventory quantities at Army depots were inaccurate by 10 percent or more for the reported \$12 billion in inventory.
- Army has not established property accountability and controls over the \$7.4 billion in government material and equipment furnished to contractors.
- About \$18.4 billion of ammunition inventory held in central storage areas at installations was not recorded in accounting or logistics records. Also, about \$800 million of ammunition inventories either in transit or in production was not tracked and controlled through accounting or logistics records.
- Inadequate physical protection of hundreds of millions of dollars of weapons and equipment stored outside at Army depots resulted in some scrappage rates reaching 70 percent and losses of undeterminable values through theft.

In response to our report, Army established a special action group to oversee action on our recommendations. In addition, the Secretary of the Army sent a message to all commanders of major Army commands reiterating the importance of internal management controls and pointing out that these controls are an inherent part of every leader's job--of every commander's and manager's job--not something imposed from above.

#### Air Force

Hundreds of millions of dollars of Air Force resources were open to fraud, waste, and mismanagement, and we were unable to express an opinion on the Air Force's fiscal year 1988 financial statements, in part because of pervasive internal control problems similar to those identified for the Army. As we reported in our December 1992 transition series<sup>5</sup> on financial management, the Air Force has made little or no progress in correcting the weaknesses pointed out by auditors. Only recently, in March 1993, did DOD and Air Force issue a comprehensive corrective action plan to deal with these weaknesses. We could not express an opinion on Air Force's

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<sup>5</sup>See Transition Report entitled Financial Management Issues (GAO/OCG-93-4TR, December 1992).

financial statements because, among other things, the following conditions existed.

- Air Force organizations (1) neither reviewed and analyzed their general ledger records to ensure that they fairly reflected resources actually on hand nor reconciled those records with detailed supporting accounts and records, (2) made billions of dollars in erroneous entries and arbitrary adjustments to force agreement between related records, and (3) did not always record transactions in a timely manner.
- Air Force inventory systems did not accurately report either the quantities or values of high-dollar items actually on hand. Our physical counts of these items disclosed erroneous quantities on hand for many inventory items and over a billion dollars in errors.
- Air Force logistics centers (1) made billions of dollars in unsupported adjustments to their inventory records to force them into agreement with financial records in Air Force's general ledger and (2) did not investigate billions of dollars in differences between inventory and financial records.
- The Air Force paid more than \$630 million for communications satellites stored by contractors. These satellites were not on the Air Force's financial or property management records.

### Navy

We are currently performing work which analyzes why the Navy had almost \$12.3 billion in unmatched disbursements as of February 1992. The unmatched disbursements are analogous to writing checks but not knowing what bills were paid. We are finding that the high level of unmatched disbursements was caused by internal control weaknesses in Navy's disbursement processes and a major accounting system. The weaknesses place Navy at risk of using funds contrary to congressional intent and/or making improper or fraudulent payments. In addition, the Naval Audit Service recently declined to express an opinion on the aircraft parts inventory portion of the Navy Stock Fund, which comprised 45 percent of the Fund's assets, because of accounting and recordkeeping deficiencies.

### Defense Business Operations Fund

Our March 1, 1993, letter to the House and Senate defense committees--which we also provided to the Secretary of Defense--

discussed DOD's difficulties in implementing the \$81 billion Defense Business Operations Fund. These difficulties included serious deficiencies in control over the accuracy, reliability, and usefulness of information reported on the Fund's financial condition and operating results. Specifically, we noted for fiscal year 1992 (1) a gross difference of \$14 billion in amounts reported for operating results between the Fund's financial and budget reports, (2) a difference of \$9.4 billion between amounts cited for operating results by the Defense Finance and Accounting Service and the Air Force for its supply management business area, and (3) an average monthly unexplained difference of \$900 million between disbursements reported by the Fund and by the Treasury.

On April 20, 1993, The Secretary of Defense directed the Deputy Secretary and the Comptroller's organization to take the lead in reviewing the Fund, pointing out that ". . . if acceptable oversight of this system cannot be established, it is highly unlikely that either the Department of Defense or the Congress will continue with this system."

DOD'S ACCOUNTING SYSTEMS  
DO NOT SUBSTANTIALLY COMPLY WITH  
PRINCIPLES AND STANDARDS

DOD's detailed discussions of its accounting systems' nonconformity with the Comptroller General's principles and standards appear to contradict its overall assertion that its accounting systems substantially conform to the standards. Specifically, DOD stated that 225 of its 274 accounting systems substantially complied with these standards, and that all but 20 of the 187 material nonconformities identified and reported in DOD's accounting systems since FMFIA was implemented have been corrected. The data tend to hide the extent of DOD's accounting system shortcomings.

DOD's overall assertions are in sharp contrast with its detailed discussion of accounting systems problems. Specifically, in Enclosure D-1 to its FMFIA report, DOD states that it has material nonconformances in the following areas:

- general accounting system ledger control and financial reporting,
- property accounting,
- accounting for receivables,
- cost accounting,



- system controls,
- audit trails,
- system documentation,
- system operations,
- user information needs, and
- budgetary accounting.

Further, DOD reported similar major nonconformities with accounting principles and standards for the Defense Business Operations Fund, including problems with the military and civilian payroll procedures supporting the Fund. Clearly, these are all fundamental and serious weaknesses.

The annual FMFIA evaluation and reporting requirements should cause agencies to focus on how internal control and accounting system weaknesses affect managerial decisionmaking and accountability for resources provided and results achieved. In our view, DOD's implementation of FMFIA and its report do not reflect this emphasis. Rather, DOD appears to focus more on keeping score of the number of its material weaknesses and nonconformances than on the effect of the extremely serious problems that exist in its key accounting and financial management functions. These functions should be, but currently are not, offering a sound basis for managerial and budgetary decisions.

MANAGERIAL SELF-ASSESSMENTS HAVE NOT IDENTIFIED SERIOUS INTERNAL CONTROL WEAKNESSES

DOD's program of managerial self-assessments under FMFIA did not identify serious internal control weaknesses in the Department. For example, in January 1993 we reported<sup>6</sup> that poor internal controls and inadequate systems at Army's maintenance depots did not protect weapons and equipment from deterioration and theft during shipment to depots and during the maintenance process. We noted that these weaknesses resulted in the waste of millions of dollars. Our report also pointed out that, even though these were long-standing problems, they had not been reported as

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<sup>6</sup>Financial Management: Poor Internal Control Has Led to Increased Maintenance Costs and Deterioration of Equipment (GAO/AFMD-93-8, January 25, 1993).

material weaknesses in the Army's and DOD's FMFIA assurance statements. This report, as well as the reports on our financial audits at Air Force and Army,<sup>7</sup> points out that DOD and the military services do not use the FMFIA process to provide for comprehensive and continuing assessments of internal control systems and candid disclosure of all material internal control weaknesses.

This information, along with our analysis of the material weaknesses disclosed in DOD's fiscal year 1992 report, clearly contradicts DOD's assertion that it has long operated systems of checks and balances and other internal control evaluations, as well as evaluations required by FMFIA, to ensure (1) prompt and full disclosure of control deficiencies, when identified, and (2) timely development and implementation of corrective actions. Rather, our December 1992 transition series report on financial management issues points out that past Air Force and Army FMFIA reports had not been fully candid in disclosing serious control and accounting problems. In addition, most of the material internal control weaknesses included in DOD's 1992 report were disclosed in audit reports. Of the 116 uncorrected material internal control weaknesses in DOD's 1992 FMFIA report, 92 were identified through audits, 9 were initially identified by audits and followed up on by FMFIA internal control reviews, and only 15 weaknesses were identified through FMFIA internal control reviews. Of the 50 corrected material internal control weaknesses, 40 were identified by audits, 3 were initially identified by audits but followed up on by FMFIA internal control reviews, and only 7 were identified by managerial assessments required under FMFIA.

While audit reports should be a key source to identify material internal control weaknesses, they should not be the chief source used by an agency. Audit coverage of an agency's operations, by its very nature, encompasses only a small portion of those operations during any fiscal year. Consequently, audit coverage should not be relied on to identify most of an agency's material internal control weaknesses. Because relatively few of DOD's

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<sup>7</sup>Financial Audit: Air Force Does Not Effectively Account For Billions of Dollars of Resources (GAO/AFMD-90-23, January 23, 1991); and Financial Management: Immediate Actions Needed to Improve Army Financial Operations and Controls (GAO/AFMD-92-82, August 3, 1992).

reported internal control weaknesses were self-identified, we believe that DOD's annual internal control evaluations have not achieved the intended benefits of the FMFIA process.

DOD'S ACTIONS TO DATE WILL  
NOT CORRECT ALL WEAKNESSES

We believe that many of DOD's internal control and accounting system problems persist because DOD has not undertaken improvement initiatives that attack the root causes of those problems. For example, DOD's 1992 report stated that more than one-third of its corrective actions entailed revising or issuing new regulations and assigning responsibilities for carrying them out. However, many of the root causes, if not most, of the serious internal control weaknesses disclosed in our recent reports on DOD financial management were the failure of staff to actually carry out existing control procedures. For example, in our January 1993 report on Army maintenance depot operations, we pointed out that the depots we visited were not performing required physical inventories of weapons and equipment to validate information in inventory records. In fact, the report pointed out that, on average, the depots we visited completed only one-third of required physical inventories.

Our reports on our financial audits at Army and Air Force also pointed out the failures of staff to carry out existing control requirements as the root causes of major internal control weaknesses. Consequently, the promulgation of additional requirements for additional controls will not solve DOD's material internal control weaknesses.

With respect to the nonconformance of its accounting systems, DOD asserts that two major, long-term initiatives will solve these problems. These are (1) Defense Management Report initiatives, including the Corporate Information Management (CIM) initiative, which is to improve DOD business processes and information systems, and (2) the establishment of the Defense Business Operations Fund.

We agree that, as proposed in DOD's Corporate Information Management initiative, financial and related logistics systems need to be integrated to provide summary financial control over DOD's noncash, long-term resources. We also agree that the Defense Business Operations Fund, from a conceptual perspective, can reduce the cost of providing support to the military

services. However, as we have reported, these two initiatives currently have serious problems.

- The Corporate Information Management initiative to improve DOD's business processes and information systems has had limited success. It suffers from a lack of clear management direction, lines of authority, and responsibility for implementing it. In addition, it is focusing on selecting specific systems and technology without first determining what the goal of its business operations should be and how these operations should be improved. As a result, its goals of improved information systems and \$36 billion in savings through fiscal year 1997 may not be realized.
- Successful implementation of the Defense Business Operations Fund will require a substantial and continuing effort to (1) enhance DBOF financial management, (2) improve existing financial systems and develop new systems, (3) develop reliable baseline financial data, and (4) obtain needed management and personnel resources. As discussed earlier, DOD is not meeting its expectations for DBOF in these areas.

NEED FOR A STRONG FINANCIAL  
MANAGEMENT TEAM AT DOD

Recent budget cuts for defense occasioned by the end of the Cold War and the pressing need to reduce the structural budget deficit have highlighted the need to optimize the economy and efficiency of all DOD operations. This is necessary both to ensure that available budgetary resources are used to build the force structure needed to respond to threats and to keep the force at an optimal state of readiness. To achieve needed enhancements in economy and efficiency of operations, DOD needs to (1) make major improvements to its financial management operations and systems and (2) build a management team to make the system improvements work.

DOD has acted to improve its financial management operations and systems through major recent initiatives--Defense Management Report, Defense Business Operations Fund, and Corporate Information Management initiative, for example--but it needs to act on building the management team to bring these initiatives to full fruition. For example, our September 1992 report on CIM<sup>8</sup>

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<sup>8</sup>Defense ADP: Corporate Information Management Must Overcome Major Problems (GAO/IMTEC-92-77, September 14, 1992).

cited the lack of effective management and funding control and DOD's failure to follow its information management improvement model as reasons for the program's limited progress and lack of success.

Unless the right top executive leadership is put in place and is fully supported by the most competent and experienced people from across the services and in the DOD financial and information management organizations, the Department will be unable to achieve a number of the cost savings anticipated by the Defense Management Report. In addition, DOD needs to devote, to the extent practicable, the needed budgetary resources to financial management improvement initiatives and to emphasize the training and development of people.

The CIM project is a case in point. It has been plagued by numerous leadership changes, organizational realignments, and at least three false starts. It has been over 3 years since CIM was initiated and DOD still has little to show for its efforts. Few business processes have been streamlined, few systems have been improved, and little progress has been made towards the \$36 billion in promised savings. CIM is taking much longer than expected; its potential for success is obviously waning.

DOD's financial management initiatives have merit and are consistent with "reinventing government." We believe that they deserve a chance to succeed. A strong management team is needed at DOD both to accomplish these initiatives and overcome the past neglect of systems and controls. With a strong management team, DOD can identify and correct control and systems weaknesses. Furthermore, and much more importantly, without such a team, progress in correcting these very serious weaknesses will definitely be limited.

#### CONCLUSIONS

DOD's internal financial and accounting control weaknesses currently pose the following risks:

- Waste, fraud, and abuse will occur and not be detected or will not be detected early enough to be dealt with effectively.
- Budgetary and force structure decisions will be based upon incorrect data.
- The success of critical DOD initiatives such as its Defense Business Operations Fund will be jeopardized.

-- Proposed improvements in DOD's operations or corrective actions for known deficiencies will not be effective.

These risks have the potential to severely embarrass the Department. They also could undermine public confidence at a time when the nation's taxpayers are being asked to bear a markedly heavier burden.

DOD's success in supporting the new administration's goals of increasing the federal government's efficiency and cost-effectiveness will to a large extent depend on the efforts you and your top officials make to identify and correct internal control and accounting system weaknesses through the FMFIA and other processes. This makes it even more important that you and the administration select knowledgeable individuals with proven financial management track records to fill key DOD leadership positions. Resolving DOD's long-standing financial management and control problems will be a daunting task, especially under an increasingly restrictive budgeting environment. That very environment, however, makes it increasingly important to be as efficient and cost-effective as possible if DOD is to maintain optimal force structure and readiness.

We expect to continue our audit and evaluation work of DOD's financial management operations, which is currently focused heavily on the Army. In addition, follow-up efforts related to our prior Air Force and Army financial statement audits will be a continuing priority, and we are preparing to begin an overall assessment of the Navy. We are continuing to monitor progress in implementing DBOF and CIM.

RELATED GAO PRODUCTS

Financial Management: Navy Industrial Fund Has Not Recovered Costs (GAO/AFMD-93-18, March 23, 1993).

Financial Management: Poor Internal Control Has Led to Increased Maintenance Costs and Deterioration of Equipment (GAO/AFMD-93-8, January 25, 1993).

Financial Management: DOD Faces Implementation Problems in Stock Funding Repairable Inventory Items (GAO/AFMD-92-15, December 26, 1991).

Air Force Depot Maintenance: Improved Pricing and Financial Management Practices Needed (GAO/AFMD-93-5, November 17, 1992).

Financial Management: Weak Financial Accounting Controls Leave Commodity Command Assets Vulnerable to Misuse (GAO/AFMD-92-61, September 4, 1992).

Financial Management: Army Conventional Ammunition Production Not Effectively Accounted for or Controlled (GAO/AFMD-92-57, August 31, 1992).

Financial Management: Internal Control Weaknesses Impede Air Force's Budgeting for Repairable Items (GAO/AFMD-92-47, August 26, 1992).

Financial Audit: Examination of Army's Financial Statements for Fiscal Year 1991 (GAO/AFMD-92-83, August 7, 1992).

Financial Management: Immediate Actions Needed to Improve Army Financial Operations and Controls (GAO/AFMD-92-82, August 7, 1992).

Financial Management: Defense Business Operations Fund Implementation Status (GAO/T-AFMD-92-8, April 30, 1992).

Financial Audit: Aggressive Actions Needed for Air Force to Meet Objectives of the CFO Act (GAO/AFMD-92-12, February 19, 1992).

Financial Audit: Status of Air Force Actions to Correct Deficiencies in Financial Management Systems (GAO/AFMD-91-55, May 16, 1991).

Defense's Planned Implementation of the \$77 Billion Defense Business Operations Fund (GAO/T-AFMD-91-5, April 30, 1991).

Financial Audit: Financial Reporting and Internal Controls at the Air Logistics Centers (GAO/AFMD-91-34, April 5, 1991).

Financial Audit: Financial Reporting and Internal Controls at the Air Force Systems Command (GAO/AFMD-91-22, January 23, 1991).

Financial Audit: Air Force Does Not Effectively Account for Billions of Dollars of Resources (GAO/AFMD-90-23, February 23, 1990).

Air Force ADP: Lax Contract Oversight Led to Waste and Reduced Competition (GAO/IMTEC-93-3, November 19, 1992).

Defense ADP: Corporate Information Management Must Overcome Major Problems (GAO/IMTEC-92-77, September 14, 1992).

Air Force ADP: Status of Logistics Modernization Projects and CIM Impacts (GAO/IMTEC-92-66, July 30, 1992).

Embedded Computer Systems: Defense Does Not Know How Much It Spends on Software (GAO/IMTEC-92-62BR, July 6, 1992).

Defense ADP: Lessons Learned From Development of Defense Distribution System (GAO/IMTEC-92-25, March 20, 1992).

Defense ADP: Corporate Information Management Initiative Faces Significant Challenges (GAO/IMTEC-91-35, April 22, 1991).

Defense ADP: Corporate Information Management Savings Estimated Are Not Supported (GAO/IMTEC-91-18, February 22, 1991).

Air Force ADP: Logistics Systems Modernization Costs Continue to Increase (GAO/IMTEC-89-7FS, December 28, 1988).

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