

data in the three tables, which should generally be consistent. This type of analysis is an effective and efficient means of identifying inconsistencies or anomalies in the data.

Examples of the inconsistencies we identified in aircraft and missile information contained in the three tables included the following.

- Over 200 ground launched cruise missiles were identified in the assignment table as active combat coded missiles, but did not appear in either of the other two tables. According to REMIS program office officials, these missiles had been destroyed years ago as part of a treaty with the Soviet Union.
- Twelve aircraft and missile records were erroneously included in the inventory table, although they did not appear in the assignment and possession tables. These aircraft and missile records had invalid serial numbers (for example, several serial numbers had less than the required characters) and did not represent actual equipment items and, therefore, should have been deleted from the system.
- Twenty-five aircraft and eight air-launched cruise missiles were identified in the inventory and assignment tables that had assigned command and purpose codes, but were missing from the possession table. This is a concern from a visibility standpoint as the physical location of the assets cannot be readily identified if the possession data are not complete. We later learned that these aircraft and missiles had been transferred from one unit to another, but the receiving unit did not promptly update REMIS for the receipt of these assets.
- Serial numbers for 10 helicopters were each in the inventory table twice, under two different type/model/series designators. These helicopters appropriately appeared only once for each serial number in the other two tables. We learned that these aircraft had undergone a type/model/series modification that had been input improperly into REMIS.

Once inconsistencies or discrepancies are identified by this type of database analysis, the next step would be to research the problem and take the actions necessary to correct it and thereby improve the accuracy of the database. REMIS program office officials advised us that they did not perform this type of systematic analysis to identify inaccuracies on a regular basis. One Aerospace Vehicle Distribution Officer said that he reviews the database on a case-by-case basis but did not perform a systematic review. When we brought these and other discrepancies to the attention of REMIS officials, the officials corrected

several of them and advised us that they would initiate actions to correct the other errors we identified.

IMPROVED REMIS INFORMATION NEEDED  
TO PREPARE ACCURATE FINANCIAL STATEMENTS

In addition to the inaccuracies we identified that could affect the myriad of operational and logistical functions that REMIS data are used to support, we identified two issues that affect the accuracy of the Air Force's financial statements. At the end of each fiscal year, the REMIS program office provides a report to DFAS' Denver Center, which prepares the Air Force's financial statements, showing the number and value of Air Force aircraft and missiles. However, the report provided is based on the possession table, which tends to understate assets because it does not include assets in transit or assets that have not yet been reported as received by the new command. DFAS was unaware that the list provided did not include all Air Force aircraft and missiles.

Also, in some cases, DFAS was not able to distinguish between U.S. Air Force and foreign-owned aircraft that are included in the REMIS reports for maintenance tracking purposes. As a result, the Air Force's fiscal year 1996 financial statements included 82 foreign-owned aircraft. DFAS was able to exclude some foreign-owned aircraft from Air Force financial statements because the REMIS report clearly identified these aircraft as being under foreign command. However, the REMIS program office did not point out to DFAS that the 82 foreign-owned aircraft were assigned to U.S. commands operating under international training agreements. The REMIS report contained an aircraft configuration data field that identifies foreign-owned aircraft and could have allowed DFAS to identify the 82 foreign-owned aircraft. DFAS officials stated that they were not aware of these foreign-owned aircraft and were not aware that the report identified these aircraft under U.S. command as foreign-owned.

CONCLUSIONS

Because REMIS data are relied upon by over 1,700 users for many purposes, from strategic planning and maintenance tracking to financial reporting, it is imperative that the data be as accurate as possible. The database analysis we performed, which identified several errors, could be easily replicated by the REMIS program office on a regular basis—for example, monthly. By performing such a regular analysis, the REMIS program office could help ensure that the system's many users have access to more accurate data at any point in time. This type of proactive and systematic approach to identifying and then resolving errors or discrepancies would help improve and maintain the accuracy of the

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database. Ensuring data accuracy is particularly important as the Air Force moves to implement its new equipment tracking system over the next several years.

In addition, the accuracy of the Air Force's financial statements and reports would be improved if DFAS Denver received reports that included (1) all aircraft and missiles and (2) information necessary to identify and eliminate from its reports all foreign-owned aircraft.

### RECOMMENDATIONS

We recommend that you ensure that the REMIS program office performs an automated analysis on a regular basis, for example monthly, to identify internal inconsistencies or discrepancies, such as the mismatches we identified. Once identified, the problems should then be researched and resolved to help improve the accuracy of the database and identify systemic problems. It is especially important that such analysis and corrective follow-up action be performed at the end of each fiscal year, prior to submitting the data to DFAS Denver for financial statement preparation.

We also recommend that you ensure that the REMIS program office (1) provides DFAS Denver complete information on all aircraft and missiles and (2) either excludes foreign-owned aircraft from the data provided to DFAS Denver for its use in preparing the Air Force's financial statements or provides guidance to DFAS Denver for identifying and eliminating all foreign-owned aircraft from the REMIS data.

### AGENCY COMMENTS AND OUR EVALUATION

In written comments on a draft of this letter, the Department of Defense concurred with our two recommendations. (See enclosure.) In response to our recommendation to regularly identify, research, and correct REMIS mismatches and other discrepancies, DOD stated that the Air Force Aviation Vehicle Distribution Officer will perform a quarterly review process. DOD stated that efforts are underway to complete the first quarterly review by the end of fiscal year 1997. DOD stated that this process would be documented in a local operating instruction and that these actions would be completed by October 31, 1997. DOD also agreed with our recommendation to ensure that the REMIS program office provides DFAS-Denver with complete and accurate information on all aircraft and missiles. DOD also indicated that by October 31, 1997, the DFAS-Denver Center will document procedures for eliminating foreign-owned aircraft from the REMIS data used to prepare the Air Force's financial statements.

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This report contains recommendations to you. Within 60 days of the date of this letter, we would appreciate receiving a written statement on actions taken to address these recommendations.

We are sending copies of this letter to the Chairmen and Ranking Minority Members of the Senate Committee on Armed Services, House Committee on National Security, Senate Committee on Appropriations, and House Committee on Appropriations. We are also sending copies to the Director of the Office of Management and Budget, the Acting Under Secretary of Defense (Comptroller), the Acting Director of DFAS, and the Director of DFAS Denver. Copies will be made available to others upon request.

Please contact me at (202) 512-9095 if you or your staff have any questions concerning this letter. Cleggett Funkhouser, Tim Fairbanks, Odi Cuero, Gary Wiggins, and West Coile were major contributors to this letter.

Sincerely yours,



Lisa G. Jacobson  
Director, Defense Audits

Enclosure

COMMENTS FROM THE DEPARTMENT OF DEFENSE



COMPTROLLER

UNDER SECRETARY OF DEFENSE  
1100 DEFENSE PENTAGON  
WASHINGTON, DC 20301-1100



406 6 1997

Mr. Gene L. Dodaro  
Assistant Comptroller General  
Accounting and Information Management Division  
United States General Accounting Office  
Washington, DC 20548

Dear Mr. Dodaro:

This is the Department of Defense response to the General Accounting Office (GAO) draft report entitled, "Financial Management: Accuracy of Air Force Aircraft and Missile Data Could Be Improved," dated July 23, 1997 (GAO Code 918881/OSD Case 1418).

The Department generally concurs with the subject letter. Enclosed are specific comments on the two recommendations addressed in the GAO draft report.

The Department appreciates the opportunity to comment on the subject draft report.

Sincerely,

Alice C. Maroni  
Acting Under Secretary of Defense  
(Comptroller)

Enclosure

GAO DRAFT REPORT - DATED JULY 23, 1997  
OSD CASE 1418, GAO CODE 918881

**"FINANCIAL MANAGEMENT: ACCURACY OF AIR FORCE  
AIRCRAFT AND MISSILE DATA COULD BE IMPROVED"**

**DEPARTMENT OF DEFENSE COMMENTS ON  
THE GAO RECOMMENDATIONS**

**Recommendation 1:** The GAO recommended that the Commander, Air Force Materiel Command, ensure that the Reliability and Maintainability Information Systems (REMIS) Program Office performs an automated analysis on a regular basis, for example monthly, to identify internal inconsistencies or discrepancies, such as the mismatches we identified. Once identified, the problems should then be researched and resolved to help improve the accuracy of the database and identify systemic problems. It is especially important that such analysis and corrective follow-up action be performed at the end of each fiscal year, prior to submitting the data to the Defense Finance and Accounting Service (DFAS)-Denver Center for financial statement preparation. (p. 7/GAO Draft Report)

**DoD Response:** Concur. The Air Force Aerospace Vehicle Distribution Officer (AVDO) at Wright-Patterson Air Force Base, Ohio, will request that the REMIS Program Office produce an automated analysis quarterly that the AVDO will use to identify, research and correct mismatches and other discrepancies. Efforts are underway to accomplish the first quarterly review in conjunction with the upcoming end of fiscal year. The quarterly reconciliation process will be documented in a local operating instruction. Estimated completion date is October 31, 1997.

**Recommendation 2:** The GAO recommended that the Commander, Air Force Materiel Command, ensure that the REMIS Program Office (1) provides the DFAS-Denver Center complete information on all aircraft and missiles and (2) either excludes foreign-owned aircraft from the data provided to the DFAS-Denver Center for its use in preparing the Air Force's financial statements or provides guidance to the DFAS-Denver Center for identifying and eliminating all foreign-owned aircraft from the REMIS. (p. 7/GAO Draft Report)

**DoD Response:** Concur. The AVDO will perform quarterly reconciliations and take other action as appropriate to ensure that the REMIS reports provide complete and accurate information on all aircraft and missiles to the DFAS-Denver Center. During the audit, the DFAS-Denver Center received guidance to identify and eliminate all foreign-owned aircraft from the REMIS data. By October 31, 1997, the DFAS-Denver Center will document the agreed-upon procedures in DFAS-DE 7400.1R, "General Funds General Ledger Accounting Procedures."

Enclosure to Letter - GAO  
Draft Report - OSD Case 1418  
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