

# *U.S. Army Audit Agency 2010 Annual Performance Report*



*Providing Solutions  
for Army Challenges*







## *From The Auditor General . . .*

I'm pleased to present the U.S. Army Audit Agency's 2010 Annual Performance Report. I rejoined the Agency in April 2010 as The Auditor General, and I'm committed to ensuring that our Agency continues to help the Army and its Soldiers accomplish their mission. To do this, we focus on providing valued service, nurturing a professional workforce, and developing organizational effectiveness and efficiency.

We had a great year in 2010 as measured by our two top priorities—providing valued service to our clients and taking care of our people. The Army shows an indomitable spirit of sacrifice and determination in protecting our national interests and in supporting our allies around the world. To make sure we help Soldiers and Army leaders, we aligned our audit coverage with the Army's highest priorities as defined in its 2010 Campaign Plan. Client satisfaction ratings and requests for audit services continue to offer strong evidence that we're accomplishing this mission and that the Army values our services. In FY 10, we published 222 reports with 686 recommendations that represented \$2.5 billion in monetary benefits for the Army. This was a return of \$33 for every dollar we spent—far exceeding our goal of \$20 to \$1. Followup audits showed that our recommendations contributed to major changes in Army operations and resulted in significant cost savings.

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We plan to build on our past successes by delivering even more value-added service to our customers. We want to continue collaborating with Army leaders at all levels and reduce cycle time significantly. We also want to emphasize to senior Army leaders how important it is to implement audit recommendations in a timely way.

As I reflect on our accomplishments, I'm very proud of the hard work and dedication our employees have shown in serving the Army. We're making great strides in accomplishing the goals of our Human Capital Plan—inclusiveness, leader excellence, talent management, engagement, and accountability. I fully support this plan and believe implementing it will make our Agency a model organization dedicated to professionally developing and retaining its employees. In FY 10, we participated in the Partnership for Public Service's 2010 survey of the Best Places to Work in the Federal Government, and we placed second among 224 participating organizations in our class (agency subcomponents). I commend our workforce for their individual contributions to our Agency's overall performance and look forward to building on our achievements and to delivering even higher levels of performance in FY 11.

RANDALL EXLEY  
The Auditor General

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## OUR MISSION

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We serve the Army's evolving needs by helping senior leaders assess and mitigate risk, and by providing solutions through independent auditing services for the benefit of the American Soldier.

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## OUR VISION

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To be recognized as a model audit organization composed of an engaged workforce of respected professionals, guided by innovation and integrity, helping the Army overcome challenges in high-risk areas.

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## OUR CORE VALUES

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**Service.** We provide high-quality, client-focused service that is timely and relevant. We accomplish this with a highly diverse workforce that communicates openly while working as a team and commits to professional development through education and experience.

**Ethics.** We demonstrate integrity, credibility, and commitment to accountability and maintain the independence to perform our mission in keeping with professional standards. In all aspects of our internal operations, we hold ourselves to the same standards that we apply to those we audit.

**Progress.** We anticipate and adapt quickly to change and institute innovative approaches and techniques. We facilitate this by focusing our efforts on meaningful work and maintaining a culture that supports empowerment and promotes quality-of-life issues.



*Agency staff from the Huntsville, Alabama, Field Office*

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# ABOUT THE U.S. ARMY AUDIT AGENCY

## Our Role

The U.S. Army Audit Agency was created after World War II to help the Army meet its global strategic challenges through independent, value-added auditing services. The Agency helps Army leaders and Soldiers resolve issues by providing high-quality solutions that enable them to meet their goals more effectively and efficiently. At the request of the Under Secretary of War, the Agency was established on 12 November 1946, when General Dwight D. Eisenhower issued General Order 135. Placed under the jurisdiction of the Chief of Finance, the Agency was tasked with maintaining appropriation and fund accounting, maintaining military property accountability, and auditing the accounts of the American Red Cross.

As a result of the DOD Reorganization Act of 1986, the Agency was placed under the jurisdiction of the Secretary of the Army. Subsequent general orders made The Auditor General responsible for internal audit services throughout the Department of the Army, including audit policy, training, followup, and liaison with external audit organizations.

Today, we examine the full spectrum of the Army's operations and programs. Our goal is to be recognized as a model audit organization with an engaged workforce of respected professionals, guided by innovation and integrity, helping the Army overcome challenges in high-risk areas.

## Our Organizational Structure

The Auditor General, the Principal Deputy Auditor General, and three Deputy Auditors General lead our Agency. The Principal Deputy Auditor General oversees our strategic planning efforts and internal support functions; the three Deputy Auditors General oversee audits of various Army functions. To achieve our strategic goals and objectives, we have a workforce of highly trained professionals, many with advanced degrees and certifications. Our staff of more than 600 is organized into 20 functional audit teams and 6 smaller divisions. About 80 employees are based at our operations center in Alexandria, Virginia. The rest are at 23 field offices—19 in the continental United States and 4 outside the continental United States (Alaska, Germany, Hawaii, and the Republic of Korea). Additionally, auditors are deployed alongside Soldiers downrange where hostilities are occurring or where they may occur. Currently, we have auditors in Afghanistan, Iraq, and Kuwait.

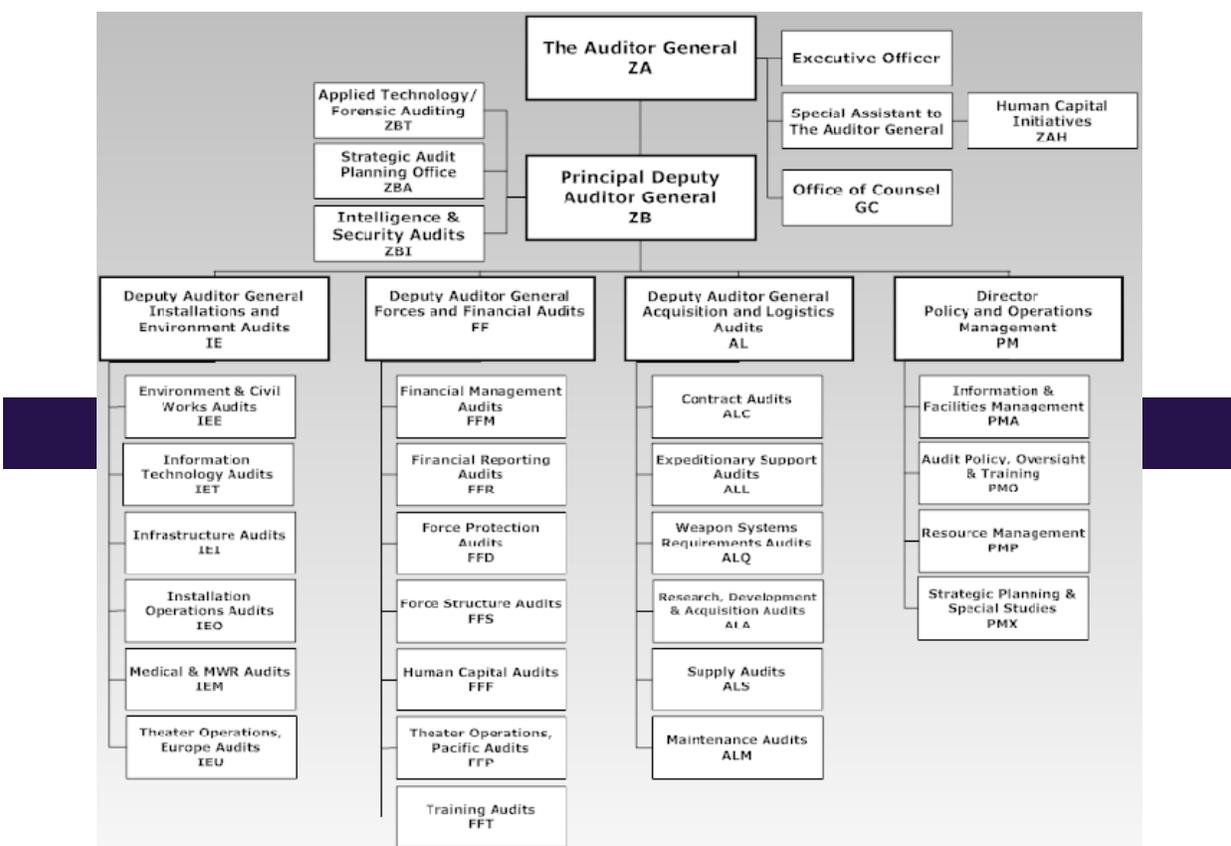


*On 24 May 2010, Randy Exley (right) with his wife, Cherry, received the oath of office from the Honorable Joseph Westphal, Under Secretary of the Army.*

During FY 10, we completed a comprehensive organizational assessment. With the goal of developing an optimal structure responsive to Army leaders and adaptive to changing priorities, we examined our workload distribution, audit teams, and field office structure. As we made decisions to modify our structure, we also considered The Auditor General’s key goals – to be more efficient by reducing cycle time, to collaborate more with Army senior leaders, and to ensure recommendations are fully implemented. As a result, we added a new audit directorate for installations and environment audits; created three new audit divisions (financial reporting, training, and weapon systems requirements); and expanded our applied technology support to include forensic auditing capabilities.

In FY 11, we’ll close offices at Fort Monroe, Virginia; and Fort Monmouth, New Jersey, due to base realignment and closure. Staff at Fort Monroe will move to Fort Eustis, Virginia, with U.S. Army Training and Doctrine Command. Staff at the New Jersey Field Office will move to Aberdeen Proving Ground, Maryland, with CECOM Life Cycle Management Command. Additionally, our operations center will relocate to Fort Belvoir, Virginia.

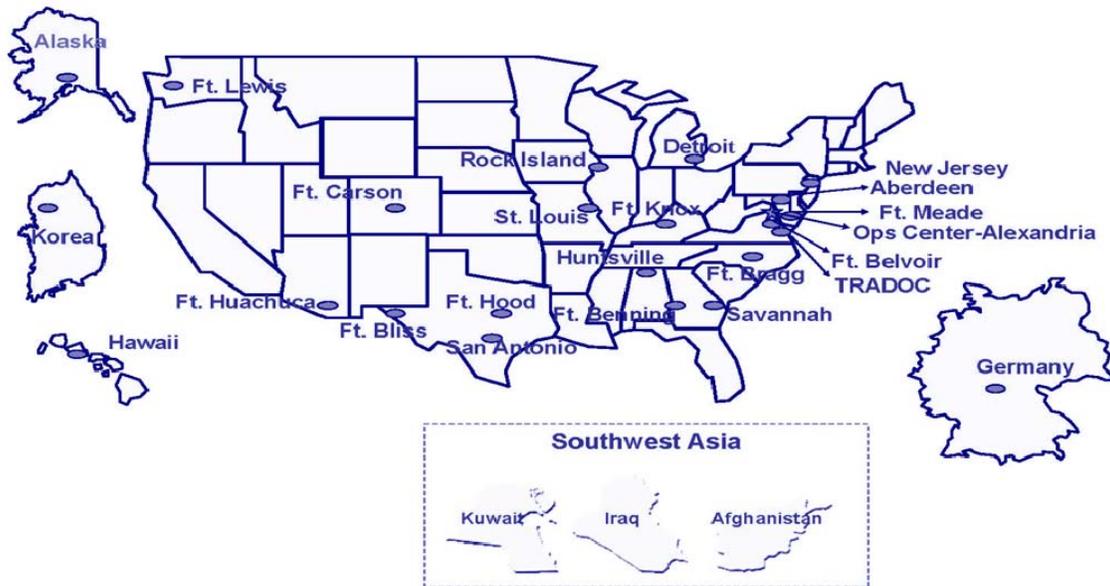
## *Agency Organizational Chart*



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## Agency Office and Downrange Locations

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### Our Strategic Plan

To ensure we're well-positioned to meet the Army's evolving needs, we periodically update our strategic plan. Our latest plan covers FYs 11-15 and can be found online at [www.aaa.army.mil](http://www.aaa.army.mil) or by contacting us at 703.681.1288. As we developed the plan, we analyzed internal and external environmental factors to identify challenges that face our Agency. This plan has four overarching strategic goals—valued service, professional workforce, organizational effectiveness and efficiency, and strategic communications.

Our first goal—valued service—is client-focused. It's intended to strengthen our partnership with our Army clients and to measure how well we're meeting their needs. The next two goals—professional workforce and organizational effectiveness and efficiency—are more internally focused. They're aimed at developing and maintaining a world-class workforce and at maximizing productivity. Our fourth goal—strategic communications—is both internally and externally focused. This new goal will raise our visibility to our Army clients and foster two-way communication throughout the Agency.

We assess our performance around these four strategic goals. For each goal, we developed strategies and action plans that were consolidated into an overall implementation plan. The U.S. Army Audit Agency Implementation Plan also documents priorities for performance goals and defines the scope and methodology for our 18 corporate performance measures. We measure progress in quarterly performance reviews and at senior leadership meetings.

## U.S. Army Audit Agency Strategic Goals

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### Valued Service

Provide the right audit support at the right time to improve Army operations and continue to be a highly sought-after resource that's an integral part of the Army.

### Professional Workforce

Cultivate an engaged and high-performing workforce that maximizes our ability to deliver on our mission.

### Organizational Effectiveness and Efficiency

Operate a highly effective and efficient organization that continuously evaluates internal processes and embraces change to increase our value to the Army.

### Strategic Communications

Maintain open lines of communication and project a distinctive professional image that delivers our message throughout the Agency and across the Army enterprise.



*The Auditor General (back, center) visits with staff at the Aberdeen Field Office in Maryland.*

## VALUED SERVICE

As we approach a second decade of persistent conflict, the Army has made significant progress in its four imperatives identified in 2007 to restore balance—sustain, prepare, reset, and transform. These four imperatives are supported by eight campaign objectives and several major objectives. They're also sustained by three enabling initiatives—enhancing strategic communications, securing financial resources and legislative authorities to meet requirements, and incorporating cost management into processes.

During FY 10, we invested about half of our resources in audits requested by Army clients. The other audits were executed under the authority and direction of The Auditor General based on priorities established in our strategic audit plan. Highlights of completed and ongoing audits that support the Army's imperatives as well as continuing overseas contingency operations are on the following pages.

### *Sustain the Army's Soldiers, Families, and Civilians*

The Army's first imperative is to sustain an all-volunteer Army. The Army wants to reduce stress on Soldiers, families, and civilians who have experienced almost a decade of persistent conflict. To accomplish this, the Army must provide effective facilities, programs, and services. Our audits examined numerous areas under the **sustain imperative**, including:

- Real Property Sustainment, Restoration, and Modernization.
- Antiterrorism Vulnerability Assessments at Non-Installation (Off-Post) Sites.
- Bridges on Army Installations.
- Army Warrior Care and Transition Program.
- Additional Funding and Back Pay for Reserve Component Soldiers.
- American Recovery and Reinvestment Act of 2009.
- Army Strategy for Establishing, Sustaining, and Transitioning Non-Traditional Installations.
- National Guard Excess Facilities.



#### **Real Property Sustainment, Restoration, and Modernization**

The Army's real property included about 256,000 buildings and structures valued at about \$264 billion (more than 37 percent of the total DOD value). The Army spends about \$2.5 billion each year to sustain, restore, and modernize these facilities. For this audit, we visited four garrisons (Fort Campbell, Kentucky; Fort Huachuca, Arizona; Fort Indiantown Gap, Pennsylvania; and Fort McCoy, Wisconsin) and determined that they didn't effectively manage infrastructure support requirements. The garrisons spent only about 3 percent of their

infrastructure support budget for facilities in poor or failing condition. We recommended clarifying guidance, defining roles and responsibilities, and developing more consistent processes to prioritize and fund repairs based on a facility's condition. These actions will allow the Army to better use almost \$900 million for infrastructure support requirements during the next 6 years and help installations improve their poorly rated facilities.

### **Antiterrorism Vulnerability Assessments at Non-Installation (Off-Post) Sites**

At the request of DA Headquarters, we're auditing how antiterrorism vulnerability assessments are done at activities not on Army installations. The series of audits includes Army National Guard, U.S. Army Reserve, and Active Component elements without the protective infrastructure normally provided by an installation garrison. DOD and Army policies require all local commanders to conduct annual antiterrorism vulnerability assessments and to correct or mitigate vulnerabilities they identify. Most local command personnel didn't know about this annual requirement and didn't conduct the periodic assessments. Moreover, not all local command personnel were correcting or mitigating vulnerabilities when they did perform annual assessments. Factors that contributed to these ineffective (or absent) vulnerability assessment programs included ambiguous Army policy, missing or ineffective reporting and followup control procedures at the higher headquarters levels, and a limited number of trained and certified antiterrorism officers.



### **Bridges on Army Installations**

The Army has more than 1,400 bridges, valued at about \$731 million, subject to requirements of public law, including periodic inspections. We conducted audit work at Fort Carson, Colorado; Fort Drum, New York; and Fort Knox, Kentucky, which, together, had almost 160 bridges. We found that the Army's program manager proactively implemented controls and established business rules to increase accountability and enhance the program's effectiveness. Additionally, U.S. Army Installation Management Command routinely inspected bridges.

However, the garrisons didn't always use the results of these inspections to fully program, fund, and perform required maintenance. Also, the garrisons didn't record all of the bridges in the Army's property system. As a result of our audit, the installations qualified for increased sustainment funding. Our audit also facilitated better communication among the garrisons, Installation Management Command, and the Office of the Assistant Chief of Staff for Installation Management on inspection results, necessary repairs, and appropriate funding.

### **Army Warrior Care and Transition Program**

The Army developed a plan to construct 16 new warrior transition units during FYs 09-11. These campus facility complexes will cost about \$873 million and the Army will invest an additional \$295 million to renovate and upgrade existing barracks facilities at various installations. Though the Army implemented major policy changes that enhanced its Warrior Care and Transition Program, it



*Joe Bentz, Deputy Auditor General, Installations and Environment Audits (center) visits with Soldiers and their families at a Wounded Warrior ceremony at the Pentagon.*

didn't initiate timely actions to adjust unit staffing levels and facility construction requirements. Consequently, some warrior transition units had excess staff and space and many services available at assistance center facilities were underused. We recommended reducing staffing levels and facility construction requirements for the Warrior Care and Transition Program, which could result in cost and productivity savings of about \$293 million.

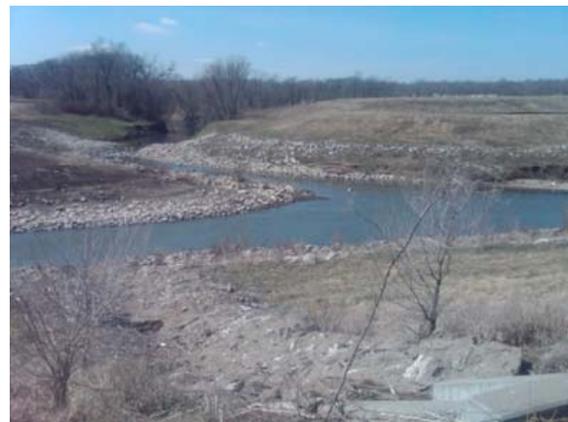
### **Additional Funding and Back Pay for Reserve Component Soldiers**

At the request of the Office of the Deputy Chief of Staff, G-1, we performed an attestation

examination of additional basic allowances for housing owed to Reserve Component Soldiers activated during FYs 06-08. The Deputy Chief of Staff believed that a policy change that increased basic housing allowance entitlements for many activated Reserve Component Soldiers hadn't been executed and that many Soldiers were due additional payments. Specifically, the office asserted that nearly 70,000 Reserve Component Soldiers were due \$173 million in additional basic housing allowance payments. However, data used to generate this assertion was flawed, and we asked that it be updated. After analyzing the revised data, we found that only about 30,000 Soldiers were owed additional payments. Our estimate of this debt was about \$36 million—\$137 million less than the asserted amount. We issued four reports and recommended that the Army develop a plan for reviewing pay records of Soldiers entitled to additional basic housing allowance payments. Further, the initial policy change may have been contrary to U.S. Code and we advised the Deputy Chief of Staff to seek a legal opinion. Based on our results, the office is further analyzing pay for these Soldiers to determine if other mispayments were made outside the scope of our engagement.

### **American Recovery and Reinvestment Act of 2009**

The Army received approximately \$7.7 billion in Recovery Act funds for operation and maintenance; military construction; research, development, test, and evaluation; and U.S. Army Corps of Engineers civil works projects. In FY 10, we continued to perform audits supporting the mandated requirement for the Office of the DOD Inspector General (DODIG) to oversee Recovery Act plans and implementation. Specifically, for Phase II of DODIG's three-phased audit approach, we assessed how projects were planned, funded, executed, tracked, and reported at 18 Active Army, National Guard, and Corps of Engineers locations to ensure efforts facilitated accountability and transparency.



We generally found that the Army properly handled the projects as stipulated in the Recovery Act and related guidance. However, some sites didn't have sufficient project justifications, didn't include some applicable award terms and clauses in contract documents, and didn't properly post required notices on public Web sites. We made recommendations to correct these issues and to improve the transparency of the Army's Recovery Act spending. In FY 11, we'll focus on Phase III of DODIG's audit approach. This will include assessing whether the Army achieves expected project outcomes and takes sufficient actions to ensure recipient reporting meets transparency requirements. We'll conduct audit work at 14 Active Army, Joint bases, National Guard, and Corps of Engineers locations.



### **Army Strategy for Establishing, Sustaining, and Transitioning Non-Traditional Installations**

The necessity for conducting and sustaining extended operations in expeditionary environments led to establishing non-traditional installations. These include forward operating bases, cooperative security locations, and base camps. We concluded that the Army didn't have an overall strategy to establish, sustain, and

transition these installations. Moreover, Soldiers no longer had the skills to properly manage base camps in deployed environments. We reported:

- The Army didn't implement the strategic goals it established for non-traditional installations and didn't have a proponent for these installations.
- Transformation and force structure changes caused an engineering capability gap.
- Doctrine and training didn't evolve with changes from transforming the Army.

These actions reduced expertise available to units, negatively affecting operations in deployed environments and causing overreliance on contractors. The Under Secretary of the Army agreed and appointed the Assistant Secretary of the Army (Installations and the Environment) as the Secretariat-level proponent to develop a strategic path for establishing and overseeing non-traditional installations. The Assistant Secretary is also responsible for synchronizing and resourcing initiatives and for coordinating with other Secretariat and DA staff elements to ensure that these initiatives are properly prioritized and resourced. In addition, the Commission on Wartime Contracting in Iraq and Afghanistan used our report to help prepare its report to Congress.

### **National Guard Excess Facilities**

The Deputy Assistant Secretary of the Army (Installations and Housing) asked us to perform an attestation exam of excess, vacant, and not utilized facilities within the Army National Guard. We examined federally owned facilities and land within the Arkansas, Mississippi, and Tennessee National Guards and found the following unused properties:

- 10 percent of the facilities and about 4 percent of the facilities' square footage (91 facilities totaling 116,109 square feet).
- 9 percent of the maneuver areas (13 of 149 areas).
- 22 percent of the ranges (60 of 271 ranges).
- 70 percent of the drop zones (14 of 20 zones).

The Army did not have visibility of this excess space because system data did not accurately identify these facilities and land. As a result, sustainment and operating funds were overstated by about \$64.9 million during the 6-year program objective memorandum. To improve the accuracy of system data and reduce overstated requirements for sustainment and operating funds, we recommended that the National Guard perform annual utilization surveys and issue guidance to ensure proper operational codes are used.

## *Prepare the Forces for Victory in the Current Conflict*

Preparing Soldiers for conflict is critical to the Army's success. The Army continues to provide appropriate equipment and training to each Soldier and to ensure units are appropriately staffed. It has identified four key goals to prepare for today's strategic environment—grow the Army, training, equipment, and Army Force Generation (ARFORGEN). Major areas we reviewed related to the **prepare imperative** included:

- Pricing and Funding Security Assistance to Iraq and Afghanistan.
- Army Foreign Language Program.
- Award Fee Determinations for Task Order 139—Logistics Civil Augmentation Program III Contract.
- Post-Mobilization Training Requirements.

### **Pricing and Funding Security Assistance to Iraq and Afghanistan (For Official Use Only)**

We audited the process U.S. Army Security Assistance Command used to manage and administer security assistance transactions for Iraq and Afghanistan. Though the Army properly priced equipment transferred to Iraq and Afghanistan on 34 foreign military sales and pseudo cases we reviewed, it recovered less than the replacement cost on 3 replacement and modernization cases totaling about \$64.5 million. We recommended that the Army recover the full replacement costs and Security Assistance Command agreed.

We also concluded that the peacetime foreign military sales process didn't provide the funding needed to increase operations to ensure timely support for overseas contingency operations. The Army agreed to coordinate with DOD's Security Cooperation Agency to develop a strategy for upfront, streamlined funding during these operations.

## Army Foreign Language Program

The Army uses its foreign language program to develop, train, and maintain linguists in select critical languages. This enables Army forces to respond to missions in a multitude of diverse cultures and countries. We determined that only 56 percent of FY 09 graduation candidates had a passing score for this program. We recommended that program managers modify the processes they used to select Soldiers for language training. By designing better tools to screen and test Soldiers, program managers could more precisely select those with an aptitude to learn a foreign language, thereby increasing the numbers completing training and earning passing proficiency scores. Further, the Army only used 74 percent of its training spaces in FY 09 and 73 percent in FY 08. We recommended that program managers change the methodology for estimating training space requirements at the Defense Language Institute Foreign Language Center. We estimated the Army could save about \$24.7 million each year by using a combination of operational mission requirements and historical data to determine space requirements. Program managers could also improve how the foreign language proficiency bonus pay program was monitored. Ensuring that only eligible Soldiers receive this pay should save about \$12.6 million annually.



## Award Fee Determinations for Task Order 139—Logistics Civil Augmentation Program III Contract

The Secretary of the Army requested this audit in response to concerns by Congress about award fees paid to the Logistics Civil Augmentation Program III contractor under task order 139. Specifically, a Soldier was electrocuted while showering at a complex operated by a contractor in January 2008. After this happened, the Army suspended award fee evaluation boards and the Government significantly increased contract oversight. This revealed the magnitude of electrical deficiencies, systemic failures of the contractor's quality control system, and insufficient Government oversight. The contract had about \$125.4 million of pending award fees on task order 139 and the follow-on task order 159.

By implementing our recommendations, the Army will have better oversight, improving Soldier safety and ensuring that contractors provide quality services. There also will be greater assurance that fees paid to program contractors are fully supported by high-quality work and results.

## **Post-Mobilization Training Requirements**

Units train before and after mobilization to ensure that they're ready for operational missions. In this audit, we evaluated post-mobilization training requirements for the Reserve Component. We found that training at mobilization stations didn't always prepare units to meet theater missions. Specifically, 4 of 10 units reviewed were training on tactics, techniques, and procedures that were no longer used in theater. Moreover, 7 of 10 units weren't given all the necessary skills and abilities needed to perform their theater mission due to insufficient hands-on training. Units and First U.S. Army didn't effectively coordinate whether specific mission-dependent training would be done before or after mobilization. Mobilization training centers also didn't adequately document training completion. Consequently, there was no assurance that Soldiers and units had the necessary training before they deployed.

## *Reset Forces to Rebuild Readiness and for Future Deployments and Contingencies*

To ensure a quality force and a level of readiness necessary for complex future missions, the Army must continue to reset its Soldiers and equipment. This is especially critical given the current tempo of deployments and it will continue for several years after operations end in Iraq and Afghanistan. As the Army continues its responsible drawdown in Iraq—while it simultaneously completes its mission in Afghanistan—it is critical to efficiently replace all equipment that has been destroyed and to repair or recapitalize equipment that has been damaged. Major areas of the **reset imperative** we're reviewing include:

- Army Management of Non-Army-Managed Items.
- Sustainment of Non-Standard Equipment.
- Operational Readiness Float.
- Logistics Domain Governance Process.
- Funding Requirements for the Conventional Ammunition Demilitarization Program.
- Project Managers' Use of the Property Book Unit Supply-Enhanced System.
- Organizational Clothing and Individual Equipment.
- Compliance With Section 807 of the 2008 National Defense Authorization Act.



*Members of the Agency's  
Logistics Systems Audit Team.*



## **Operational Readiness Float**

Operational readiness float is a strategic asset deployed to an installation that consists of an authorized quantity of assets to



maintain established readiness levels. A series of audits focused on the process for computing and updating operational readiness float requirements and their use. We issued a quick-reaction report to address current float assets and future float requirements for the Javelin Command Launch Unit that could be redistributed to support other higher priority operational needs. The Office of the Deputy Chief of Staff, G-4 agreed with our recommendation to discontinue the float program and redistribute the 338 Javelin units to meet other higher priority operational needs. This resulted in about \$41.6 million in funds put to better use.

We also determined that the Army’s float program didn’t materially support unit readiness. Specifically, Army managers didn’t have visibility of float authorizations, onhand assets, or demand for operational readiness float assets. Units also reported low usage of onhand float assets. The Army’s process for determining initial float requirements while systems were in production wasn’t reliable and float requirements weren’t updated or removed when commands didn’t report demand. While the float program, valued at about \$1 billion, didn’t materially contribute to unit readiness, the Army continued to plan future operational readiness float procurements. We determined that the Army could reschedule about 90 percent of these programmed procurements, valued at about \$946 million, for other operational needs and still maintain readiness.

## **Logistics Domain Governance Process**

The Army’s governance process for managing information technology-based capabilities and associated investments is based on mission areas and functional domains. Our efforts focused on the management structure and processes used by the logistics domain to identify and manage information technology capabilities and related investments. We found that investment in logistics information technology was geared toward meeting individual organizational needs and not overall Army needs. This happened because Army policy didn’t clearly establish the domain decision authority and didn’t effectively implement higher level oversight.

Additionally, the domain sometimes didn’t use established DOD management processes when developing required capabilities to procure logistics information technology assets. As a result, domain requirements and investments weren’t prioritized and synchronized against other Army requirements to meet overall objectives. The Deputy Chief of Staff, G-4 agreed with our recommendations and included steps to address these issues in the Army Campaign Plan.



### **Funding Requirements for the Conventional Ammunition Demilitarization Program**

In 1975, DOD designated the Army as the single manager for conventional ammunition. This made the Army responsible for the conventional ammunition demilitarization of all of DOD's excess, obsolete, and unserviceable ammunition. We performed this audit to determine whether the Army reasonably estimated the funding required for demilitarizing and disposing of the Military Services'

excess, obsolete, and unserviceable conventional ammunition items. We concluded that since 1994 the Army significantly underestimated the funding requirements needed to perform this conventional ammunition demilitarization mission. This happened primarily because program officials generally believed storage was cheaper than destruction in the near term and the Military Services consistently understated forecasts of stockpile additions. As a result, the DOD stockpile of obsolete, excess, and unserviceable conventional ammunition awaiting demilitarization grew to more than 557,000 tons as of March 2009, representing a \$1-billion liability. Based on recent growth rates and current funding processes, we estimated the stockpile could exceed 1.1 million tons in another 15 years – representing a \$2.8-billion liability. We made several recommendations for the Army to improve the estimate of funding requirements needed to perform the demilitarization mission. The Army's agreed-to actions should reduce the stockpile over time and avoid storage and demilitarization costs by about \$67.8 million from FY 12 through FY 15.

### **Project Managers' Use of the Property Book Unit Supply-Enhanced System**

At the request of the Assistant Secretary of the Army (Acquisition, Logistics and Technology), we conducted a series of audits looking at how project managers used the Property Book Unit Supply-Enhanced (PBUSE) system to field equipment. PBUSE is a Web-based, fully interactive, menu-driven, automated system that provides property accountability information for garrison and tactical units. The Assistant Secretary believed that using the system would improve visibility of Army equipment during the fielding process. From October 2008 through July 2010, program managers fielded more than \$24 billion of equipment to gaining units. Using PBUSE improved asset visibility during this fielding process for some program managers. However, 2 of 13 program managers weren't using it at all to field equipment, and 3 didn't always use it for various reasons. During the audit, the program managers started using PBUSE to field all equipment. The Assistant Secretary and the program managers agreed with our findings and conclusions and took corrective actions to implement our recommendations.



## **Organizational Clothing and Individual Equipment**

We audited the Program Executive Office-Soldier's rapid fielding initiative process to field about \$47.5 million of clothing and individual equipment to nondeploying Soldiers in Korea. We reported that the requirements were overstated for fielding extended cold weather clothing system generation III and modular lightweight load-carrying equipment because Eighth U.S. Army included unauthorized personnel in its requirements. As a result, the central management office for organizational clothing and individual equipment overallocated funds for future requirements in Korea. Based on our recommendation, the management office adjusted FY 10 and FY 11 requirements, enabling the Army to put \$16.2 million of funds to better use.

Additionally, the fielding and recordkeeping processes used by Installation Management Command-Korea Region and Program Executive Office-Soldier didn't ensure that records were accurate, documents were maintained, and accountability over fielded stocks was sustained. Command and the program executive office agreed with our recommendations and acted to correct these issues.

## **Compliance With Section 807 of the 2008 National Defense Authorization Act**

Section 807 of the 2008 National Defense Authorization Act requires DOD to compile an inventory of service contracts and to provide assurances that work done under those contracts doesn't include inherently governmental functions or prohibited personal services. At the request of the Assistant Secretary of the Army (Manpower and Reserve Affairs), we reviewed the Army's efforts in this area. We also assessed the Army's process for compiling an inventory of service contracts and reporting on that inventory. The Army has been a DOD leader in this area by developing the Contractor Manpower Reporting Application in 2005 to capture contractor labor hour and cost data. Additionally, the Assistant Secretary has distributed guidance and checklists to help requiring and contracting activities identify and prevent awarding noncompliant contracts. Nonetheless, additional emphasis, oversight, and controls were needed. Specifically, at least 12 percent of the contracts we reviewed had performance work statements that required contractors to perform inherently governmental duties, provide prohibited personal services, or do work closely associated with inherently governmental functions.

Additionally, more actions were needed to improve the reliability and accuracy of the Contractor Manpower Reporting Application database. For example, only 21 percent of the service contracts we reviewed reported pertinent contract information in the database, such as total invoice, direct labor hours, and contract staff-hour estimates. By implementing our recommendations, the Army can better identify

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*By implementing our recommendations, the Army can better identify and terminate existing noncompliant contracts, prevent awarding such contracts in the future, and significantly reduce risks for contractors inappropriately influencing work and decisions that may not be in the best interest of the Federal Government.*

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and terminate existing noncompliant contracts, prevent awarding such contracts in the future, and significantly reduce risks for contractors inappropriately influencing work and decisions that may not be in the best interest of the Federal Government. Additionally, by making data more complete and reliable, the Army can be assured that any future funding or in-sourcing goals that are based, in part, on reported service contract data are more realistic and achievable. The Assistant Secretary agreed with our recommendations.

## *Transform to Meet the Demands of Persistent Conflict in the 21<sup>st</sup> Century*

The Army continues to transform its operating force by building versatile, agile units to provide combatant commanders with tailored, strategically responsive, and adaptable forces that dominate across the spectrum of conflict in an uncertain threat environment. Major areas of the **transform imperative** we reviewed include:

- Cellular Telephone Management.
- Global Network Enterprise Construct.
- Aerial Common Sensors.
- Table of Distribution and Allowances Workforce—Institutional Training.
- Federal Financial Management Improvement Act.



### **Cellular Telephone Management**

We evaluated controls at different levels over procuring, accounting for, and using cellular devices at U.S. Army Training and Doctrine Command, U.S. Army Forces Command, U.S. Army Installation Management Command, and U.S. Army Accessions Command. The Army obligated more than \$87 million in 2009 for cellular telephone equipment and service. Command activities adequately accounted for their cellular devices and had effective controls to prevent users from adding unauthorized services or features. However, about 19 percent of cellular devices we reviewed had minimal or no monthly usage for 2 or more consecutive months. We recommended that activities improve their oversight procedures and suspend service on unused devices. This would save about \$2 million per year at the activities we visited; doing so throughout the Army would result in even higher savings. Additionally, some activities weren't reviewing their service plans regularly to make sure they were using the most efficient plan for their specific requirements. For example, one activity paid higher prices for wireless services because it didn't pool minutes. Pooling minutes balances out high and low use, essentially eliminating charges for overuse. The activities we reviewed could save about \$350,000 annually by acting on our recommendations to change or combine wireless plans.

### **Global Network Enterprise Construct**

The Chief Information Officer/G-6 requested our support as the Army implements the Global Network Enterprise Construct (GNEC). GNEC is the Army's strategy to transition its networks into a global capability that functions as a single integrated enterprise. Our two audits of the construct focused on resourcing and consolidation/aggregation efforts. In the resources audit, we found that the Army didn't have sufficient visibility over expenditures for common-user information technology services to

fully identify resource requirements. In FYs 07-08, it executed about 54 percent more than was funded for common-user services by using alternate funding sources. These alternate sources weren't recognized as recurring common-user expenses during the requirements review for the program objective memorandum FYs 12-17. Consequently, recommended funding was \$123 million less than what the Army executed, on average, from FY 06 to FY 08. Without additional funding, U.S. Army Network Enterprise Technology Command/9<sup>th</sup> Signal Command (Army) network enterprise centers won't be able to provide the same levels of service.

In the aggregation phase of GNEC, the Army is collecting data about information technology assets, infrastructure, operations, and governance. We're focusing on identifying opportunities for efficiencies related to contracts and service personnel. These audits are ongoing.

### **Aerial Common Sensors (For Official Use Only)**

We reviewed the aerial common sensors program to determine if the acquisition strategy minimized risks related to cost, schedule, and performance. The acquisition strategy generally minimized cost, schedule, and performance risk, and it was structured to comply with applicable guidance. However, there were opportunities to further reduce cost, schedule, and performance risk by strengthening the technology



readiness assessment process, implementing the risk management program, and optimizing competitive aspects of the acquisition strategy. Moreover, we showed the Army how it could reduce overlap and redundant capabilities associated with a legacy system, thereby saving about \$39 million. The Army agreed with our recommendations and estimated savings.

### **Table of Distribution and Allowances Workforce—Institutional Training**

The Army uses various processes to determine requirements for training instructors, developers, and support personnel. We evaluated these processes to determine whether they met the institutional training mission. Audit results showed that the student load was increasing while staffing for trainers and support personnel was being reduced. As a result, recommended instructor-to-student ratios were exceeded. This created a high-intensity environment for instructors with less dwell time between deployments. This condition existed because the methodology to determine requirements for training developers wasn't based on accurate workload and the model to determine support personnel requirements wasn't responsive to frequent changes in training needs. Inaccurate requirements and insufficient staffing caused already overburdened instructors to assume some of this workload. It also caused a backlog of training products that needed to be developed or updated. Detailed and current training products are critical for junior Soldiers filling instructor positions and to capture important lessons learned that can be leveraged for future operations and training.

## Federal Financial Management Improvement Act

The act was enacted to enhance the capabilities of systems to provide timely and accurate financial data to managers, aid in decisionmaking, and help achieve favorable audit opinions on financial statements. We perform attestation evaluations in multiple phases to help the Army identify and solve compliance issues before a system is fielded. During FY 10, our major focus was on the General Fund Enterprise Business System, the Global Combat Support System–Army, and the Logistics Modernization Program System. Specifically:

- For the **General Fund Enterprise Business System**, we observed the testing phase of its fourth deployment to evaluate whether requirements worked as intended and whether they met the Federal Financial Management Improvement Act’s requirements. We concluded that the system is appropriately building toward substantial compliance with the act when it’s fully deployed.
- For the **Global Combat Support System–Army**, we concluded that the program manager couldn’t demonstrate that the required release 1.1 business processes were designed. We recommended the program manager fully document system design parameters.
- For the **Logistics Modernization Program System**, we reported that system developers identified third deployment requirements to meet act requirements, and we will test the controls over the requirements in FY 11.

## *Supporting Overseas Contingency Operations*

The Agency continues to maintain a presence in the Central Command area of responsibility, providing audit services over a wide range of issues that impact Army and other Service commanders in the Joint environment. More than 179 auditors have deployed downrange since 2002; at the end of FY 10, we had 18 auditors in Afghanistan, 10 in Iraq, and 8 in Kuwait.

Additionally, we published 28 reports in theater this year and some of our Stateside audits addressed overseas contingency operations as well. These reports focused primarily on logistics related to drawing down our forces in Iraq, financial controls over invoices, and contract management. Some major areas we reviewed included:

- Controls Over Vendor Payments – Southwest Asia.
- Commander’s Emergency Response Program.
- Pilot Program for Defense Base Act Insurance.
- Disposal of Army Equipment in Iraq.
- Forward Operating Base Closures.



*In Afghanistan, Agency staff members Monique Ferrell (second from right) and Eric Tichay (second from left) forge working relationships with General David Petraeus (far left) and Rear Admiral Kathleen Dussault (far right).*

## Controls Over Vendor Payments—Southwest Asia

We performed work at five financial management units at the request of the Assistant Secretary of the Army (Financial Management and Comptroller). By providing financial and banking services, finance units in contingency environments play a vital role in helping warfighters execute their mission. These include making timely payments to vendors for commercial services and disbursing funds to paying agents. Finance and storefront offices within Southwest Asia took numerous actions to address the Army's material weakness relating to the lack of proper audit trails for commercial payments in a contingency environment. However, vendor payments didn't meet the minimum criteria to determine if payments were valid and fully supported. Furthermore, additional improvements were needed to address the integrity of automated audit trails.

Additionally, in June 2008, the Defense Finance and Accounting Service identified and reported spillage of classified contingency vendor payment information in two unclassified payment repositories. DOD and Army commands took several actions to prevent additional spillage of classified information. However, despite the actions taken, finance and contracting activities continued to process classified information through unclassified vendor pay processes. As a result, the Army was at an increased risk for unauthorized access to classified information that could compromise Soldier safety and foreign relations. The audits raised awareness of the lack of sufficient visibility and oversight of vendor payments. They identified conditions and solutions that addressed risk of fraud, waste, and abuse related to possible duplicate payments, negative unliquidated obligations, unmatched disbursements, and potential Anti-Deficiency Act violations.



*Auditors (left to right) Mike Fray, John Collins, and Ronajae Page in Kuwait waiting to travel to a downrange audit site.*

## Commander's Emergency Response Program (CERP)

The Deputy Commanding General, U.S. Forces Afghanistan (USFOR-A) requested this audit. We assessed whether CERP in Afghanistan was achieving its desired intent relative to counterinsurgency goals. We also looked at whether the Commander's priorities and requirements were sufficiently funded and executed in compliance with applicable policies. We found that while there were no performance measures and no system or process to evaluate CERP performance, external research and studies concluded that the types of projects commands were funding to win the hearts and minds of the people weren't impacting those operations as intended. Our summary of those studies was that to influence stability and security in Afghanistan, Command needed to fund projects – if permissible with CERP dollars – that improved security, justice, governance, and the rule of law as opposed to roads, schools, and clinics. It also needed to systematically gauge if those projects affected stability. Because we believe the studies provided some indication of the program's effectiveness in terms of program overhead, effects achieved, and at what cost, USFOR-A should consider the results of those studies in its overall stability planning and operations for CERP.

### **Pilot Program for Defense Base Act Insurance**

The Office of the Assistant Secretary of the Army (Acquisitions, Logistics and Technology) and the U.S. Army Corps of Engineers requested this audit based on interest by Congress in the Corps' attempt to implement a centralized program for Defense Base Act insurance. We found that the centralized concept provided more affordable coverage and increased participation in Corps projects by smaller contractors. Additionally, it increased contractor awareness of, and compliance with, insurance requirements. The program also initially appeared to achieve savings when compared to rates some contractors paid before the program started. However, as the program progressed into its final stages and converted into a permanent program, the cost of the insurance increased significantly, adversely affecting the cost-effectiveness of the centralized program. This happened because the Corps didn't sufficiently challenge claims data the carrier used to negotiate higher rates. Also, the Corps was in a difficult position to negotiate lower rates because only one carrier was willing to provide the insurance under a centralized program. As a result of our audit, the Corps reduced the rates contractors paid for Defense Base Act insurance when it renegotiated rates for the option periods under the permanent program contract.



*April Waugh and Aaron Brown in Iraq working with command on an audit downrange.*

### **Disposal of Army Equipment in Iraq**

The U.S Forces-Iraq, Director, J-4 asked us to assist with the responsible drawdown of forces and equipment in Iraq. We reviewed whether units' use of Defense Reutilization and Marketing Office sites in Iraq supported the drawdown mission. We found that units generally supported the mission by disposing of unserviceable and nonreparable items at these sites. However, the Standard Army Retail Supply System at supply support activities in Iraq routed all Defense Reutilization and Marketing



*Auditors Aaron Brown and Christine Schmitt on the audit of the disposal of Army equipment in Iraq.*

Office-bound shipments to the Balad office instead of the nearest reutilization and marketing office. These unnecessary shipments between bases consumed scarce trucking assets and needlessly placed lives at risk. Moreover, unit personnel sometimes didn't know disposal requirements or who to contact for help. Consequently, some incorrectly classified equipment ended up at reutilization and marketing office sites. We recommended needed improvements in the supply system process. During May 2010, Command took corrective action on these issues and we verified that the action fixed the problem.



*Brigadier General Gustave Perna, U.S. Forces-Iraq J-4 (far left) requested most of the retrograde audits. Here, he's joined by (L-R) Principal Deputy Auditor General Benny Piccolo and Program Directors Monique Ferrell and Bill Jenkins during a command visit to Iraq.*

## **Forward Operating Base Closures**

The Chief of Staff, Multi-National Force-Iraq asked us to assist with the responsible drawdown of forces in Iraq by analyzing the base closure process. We found that Multi-National Force-Iraq and Multi-National Corps-Iraq had base closure processes that were communicated effectively to most major subordinate commands in Iraq. However, both commands could improve how they monitored and documented these processes. For example, Multi-National Corps-Iraq used a subjective method to monitor and report the status of base closures and lacked measurable and reliable metrics for the process. In addition, some of the required base closure documentation wasn't retained in the official base closure repository for bases that closed between October 2008 and

May 2009. Further, guidance for property disposition and/or transfer to the Government of Iraq needed clarification, property accountability tracking could be improved, and documentation for property transactions was missing. As a result of our audit, Multi-National Force-Iraq asked for a followup audit to ensure that processes were on track to meet timelines for the drawdown.

## *Supporting Army Clients*

To assess how Army clients value our services, we track several quantitative measures. These measures include:

- Client Satisfaction.
- Return on Investment.
- Recommendations Implemented and Benefits Realized.

### **Client Satisfaction**

We survey our Army clients and stakeholders to measure how well we're meeting their needs and expectations. We ask them to rate their satisfaction in seven areas—subject matter, timing of engagement, benefits of engagement, timeliness of information delivery, effectiveness of audit teams, repeat requests and referrals, and comparison with other audit organizations.

We use client ratings to compute our Agency's overall client satisfaction rating. We also use stakeholder ratings as a corporate performance indicator. During FY 10, we received 125 survey responses (48 clients and 77 stakeholders). Our Level I goal is to achieve favorable ratings of at least 80 percent from survey respondents and we exceeded this goal in almost all survey categories. Only the category "Repeat Requests and Referrals" fell shy of our Level I goal. These numbers show that our clients feel we're helping them accomplish their mission and that they value our service. Here are details:

**Table I: Client Satisfaction Ratings\***

Overall Client Satisfaction	93%
~ Subject Matter	92%
~ Timing of Engagement	81%
~ Benefits of Engagement	90%
~ Timeliness of Information Delivery	94%
~ Effectiveness of Audit Teams	98%
Repeat Requests and Referrals	78%
Comparison With Other Audit Organizations	89%
Overall Stakeholder Satisfaction	85%

\*Client: The individual who requested the audit or a key member of his or her staff who was materially involved in the engagement. For audits that weren't requested, the client is normally the senior manager who directs the activity under review.

Stakeholder: An individual assigned to the activity under review with a material interest in the outcome of the audit regardless of whether recommendations are directed to him or her.

### **Return on Investment**

We generate monetary benefits for the Army when our work results in actions that reduce spending or that reprogram funds to other priority areas. Monetary benefits are limited to the 6-year program objective memorandum period to ensure that requirements associated with benefits are programmed and funded. In FY 10, we issued 39 reports with potential monetary benefits. This exceeded our Level II/satisfactory goal of 22 reports (10 percent) and fell just short of the Level I/exceptional goal of 44 reports (20 percent). However, the dollar value of the savings—\$2.5 billion—compared to the Agency's FY 10 annual operating costs of about \$75 million yielded an overall return on investment of about \$33 to \$1. This far exceeded our Level I goal of \$20 to \$1, clearly showing that we're maximizing our investment to the Army.

### **Recommendations Implemented and Benefits Realized**

We do followup audits to learn if our recommendations fixed the original problems we identified and the Army realized our estimated monetary benefits. We use results to track two performance measures—the percentage of recommendations that fixed the problems and the percentage of monetary benefits realized. During FY 10, we reviewed 72 recommendations that included about \$92.8 million in formal monetary benefits of which command had previously agreed. Followup audits showed 62 recommendations (86 percent) fixed the problem, which exceeded our goal of 80 percent. Of the \$92.8 million in formal monetary benefits, command realized about \$81.4 million (88 percent), far surpassing our goal of 75 percent. Additionally, we placed additional emphasis on working with Army managers to review the status of 996 unimplemented recommendations issued in FYs 00-09. These efforts reduced unimplemented recommendations by 62 percent as we closed out all recommendations for FYs 00-03 and have only 11 remaining for FYs 04-06.

## *Corporate Integration*

We continue to seek ways to strengthen partnerships with our clients and to deliver timely, pertinent information to Army leaders. In our FYs 11-15 Strategic Plan, The Auditor General has emphasized how important it is to continue to collaborate with Army leaders at all levels.

To that end, during FY 10, Agency leaders continued strategic communications by meeting with senior political appointees, general officers, and senior executives to review our audit plan and to solicit feedback about our work. Our employees also spent nearly 4,400 hours advising Army task forces, such as the Property Accountability Task Force and the Incentive Pay Board for the National Guard Bureau; and supporting Army-sponsored events, such as change-of-command ceremonies and diversity celebrations.

To further advance strategic communications, The Auditor General and his deputies met with Army leaders during courtesy visits at numerous installations and activities. For FY 11, The Auditor General has emphasized that audit teams actively participate with Army teams and task forces for process improvements.

Further, we're developing a comprehensive strategic communications plan during FYs 11-12 to improve our internal and external communication channels. These efforts will enhance communications with Army leaders and executives as well as Agency employees to help ensure that we remain a highly sought-after, integral part of the Army's team.



*Randy Exley, The Auditor General; Joe Bentz, Deputy Auditor General for Installations and Environment Audits; and Joe Mizzoni, Deputy Auditor General for Acquisition and Logistics Audits brief a U.S. Army Europe resource management team at a professional development meeting.*



*Hagai Tenenbaum-Erez (center, left), Israeli Ministry of Defense, Inspector General with senior members from his units met with Randy Exley, The Auditor General (center, right), and other Agency leaders to discuss our Agency's best practices on conducting audits.*

## PROFESSIONAL WORKFORCE

Our strategic objectives and performance goals focus on maintaining a high-performing workforce. We do this by attracting and retaining the right people with the right skills and by developing employee skills and competencies. We recently published our first Human Capital Plan and created a new team to implement this plan to ensure that we accomplish our strategic objectives and performance goals for our professional workforce. We also have created process action teams composed of personnel from across the workforce to complete initiatives in the plan. We know that highly qualified employees improve our ability to respond to the Army's needs for audit services on a daily basis—especially during challenging times.

### *Human Capital Management*



*The Agency strongly supports continuing education endeavors. This group of Agency staff recently graduated from Georgetown University in Washington, D.C.*

Our employees are our most valuable asset. We build on the talent of our dedicated, professional workforce through a multifaceted training program; by rotating staff among functional teams to gain varied experience; and by encouraging employees to pursue advanced degrees, certifications, and memberships in professional organizations.

Performance measures track progress in each of these areas. In FY 10, 95 percent of employees who attended training responded favorably to questions on training assessments that measure effectiveness of the training course, exceeding our goal of 80 percent. We also measure three categories of professional development—

advanced degrees, professional certifications, and membership in professional organizations. Coincidentally, we had a 31-percent participation rate in all three categories for FY 10.

### **Human Capital Plan**

Leadership's support of our Human Capital Plan, along with the commitment of our workforce, has facilitated significant progress in completing the plan's improvement initiatives. To date, we have completed 8 of the plan's 25 initiatives, 11 are ongoing, and 6 will begin in FY 11 or FY 12. Our workforce stays apprised of the status of each initiative through a milestone document that's updated monthly and briefed to senior leadership.

Continued resourcing of the plan, leadership support, and completing the remaining initiatives will ultimately allow us to reach our goals and be better positioned to face the human capital challenges of today and the future.

Some noteworthy accomplishments during FY 10 included:

- Establishing a 40-hour annual training goal for professional support staff and identifying resources and Army career paths available to these staff.
- Educating staff and supervisors on resources for support staff training and supplemental leadership courses in our FY 10 individual development plan guidance.
- Drafting a comprehensive onboarding program for new employees, including criteria for initial job assignments.
- Fielding diversity awareness training to the entire workforce.
- Marketing and using the Army’s Competency Management System to identify and assess workforce competency gaps.

### Employee Satisfaction

For more than a decade, our Agency has surveyed our workforce each year to gauge how employees view their jobs and the Agency’s organizational culture. Senior leaders use results from this survey to develop or revise policies and programs to enhance the workplace for our employees and to improve the efficiency of our operations. In FY 10, we linked our survey questions to our Human Capital Plan goals to ensure we were delivering on those stated goals. We also included questions used in the Federal Viewpoint Survey by the Office of Personnel Management. Additionally, we included questions from the survey that the Partnership for Public Service used to rank agencies across the Federal Government for the Best Places to Work. Overall, 2010 survey results indicate improvement. With a 74-percent response rate, our overall employee satisfaction score was 81 percent, representing a 2-percent increase from 2009 and exceeding our Level I performance goal (80 percent). We met our Level I performance goal for 7 of 10 categories compared to exceeding the goal in only 5 categories last year. We met our Level II performance goal for the remaining three categories. Here’s a summary of the results by category:

**Table 2: Workforce Survey Results**

Category	Level I Goal %	Level II Goal %	2010 Score %
Leadership and Management	80%	70%	81%
Performance and Recognition	80%	70%	74%
Training and Development	80%	70%	78%
Empowerment, Motivation, Accountability, and Teamwork	80%	70%	84%
Communications	80%	70%	85%
Information Technology	80%	70%	80%
Equal Employment Opportunity	95%	85%	87%
Sexual Harassment Prevention	95%	85%	95%
Work Environment	80%	70%	80%
<b>Overall Satisfaction</b>	80%	70%	81%

To benchmark our 2010 survey results with other organizations, we participated in the Best Places to Work in the Federal Government rankings, placing second of 224 agencies in our class (agency subcomponents). This is a tremendous achievement for our Agency. The results and our overall ranking were based on responses from our 2010 workforce survey. The Partnership for Public Service describes these rankings as “the most comprehensive and authoritative rating and analysis of employee engagement in the federal government.” To that end, the Agency received an e-mail from the Secretary of the Army stating, “to be so selected from 224 federal organizations is a singular achievement that reflects positively on all.”



### **Employee Council**

The Employee Council is chartered to identify and respond to employee issues and to provide Agency leadership with recommendations to improve the effectiveness of the workforce, help ensure employee productivity, and increase morale. In FY 10, the council focused on several key initiatives and actions, including:

- Playing a major role in revising job performance objectives and expectations for GS-5 to GS-13 auditors.
- Helping the Human Capital Team implement one of the Agency’s Human Capital Plan initiatives by reviewing and providing feedback on several personnel policies for comprehension, relevance, ease of administration, and effectiveness.
- Helping to develop benchmark criteria for the Agency’s Mentor Program.
- Reviewing several wellness programs while researching a health promotion strategy for the Agency to participate in wellness activities.
- Polling staff on the importance of the work we do and providing recommendations to Agency leaders on improving perception in this area.

### **Agency Mentor Program**

During FY 10, we made great strides with our Mentor Program. We held our second mentoring workshop and established 23 new partnerships. In addition, 15 of the initial 17 partnerships successfully completed their first year in a formal partnership. Upon completing their first year, we surveyed participants for feedback. Responses clearly showed the program was making a difference and mentors and mentees alike felt they had grown in their positions because of the program. Survey results also helped us establish baseline metrics to evaluate the program’s success. We’re planning another workshop for FY 11 and, as we move forward with the program, we’ll continue to closely monitor progress and make changes as necessary.



*The Auditor General Randy Exley (center) and Deputy Auditor General Joe Bentz (far left) with participants in the Agency’s Mentor Program at a workshop in Annapolis. The program provides additional growth opportunities for newer employees to be mentored by more experienced staff.*

# ORGANIZATIONAL EFFECTIVENESS AND EFFICIENCY

Our strategic objectives and performance goals in organizational effectiveness and efficiency are to improve our internal business processes and maximize our resources. We're determined to improve our audit and support processes so that we have sufficient resources to fulfill our operational requirements to help the Army accomplish its critical missions – both on and off the battlefield.

## *Continuous Process Improvement*

To support the Army's business transformation initiative and to foster an environment of continuous process improvement, the Agency is always looking for ways to be more effective and efficient. As we developed our FYs 11-15 Strategic Plan, we focused on three areas:

- Evaluating our organizational structure to support Army mission requirements.
- Streamlining the audit process to deliver results in a more timely way.
- Providing innovative, efficient support services to facilitate the audit mission.

### **Organizational Structure**

In FY 10, we completed an organizational assessment that led to adding the Installations and Environment Audit Directorate and three new audit divisions – Weapon Systems Requirements, Training, and Financial Reporting. We also added forensic auditing to our Applied Technology Division. Further, the Agency has been approved for one more senior executive service position that will result in another auditing directorate. This new structure reduces the size of directorates, divisions, and teams and will enable our senior leaders to devote more time to each audit and to foster closer working relationships with Army leaders. This will ultimately allow us to deliver solutions to Army leaders more quickly and reduce our audit cycle time.



*Principal Deputy Auditor General Benny Piccolo (in front of map) conducts a town hall meeting in Kuwait with the Expeditionary Support Audit Team.*

### **Audit Process**

The Agency has placed a high priority on reviewing the audit process – from initial planning to final report – to identify ways to reduce audit cycle time. We established seven performance goals related to the audit process and each contributes to our overall objective to streamline the audit process. We also established two corporate measures for cycle time – percentage of audits with the draft report delivered within 300 elapsed days and percentage reduction in average elapsed days to deliver final reports compared to prior year. We'll start reporting on these new corporate measures in FY 11.

## Internal Support Processes

We continuously revise, assess, and adjust our internal support processes to help accomplish our mission. As part of our annual workforce survey, we gauge employee satisfaction with our internal support processes. Most questions are included in the communications segment of the survey where the satisfaction rating was 85 percent, exceeding the Level I performance goal (80 percent). We met or exceeded our Level I goal for 8 of 11 processes, and exceeded our Level II goal (70 percent) for the remaining 3. Our management team uses the results to identify what is going well and areas in which to improve. We experienced significant increases in two areas— Knowledge Management and Training and Education— of 14 percent and 8 percent, respectively. Here are details:

**Table 3: Satisfaction With Support Processes\***

Professional Support Area	Ratings
Applied Technology Team	87%
Audit Coordination and Followup Office	88%
Budget Branch—Pay	79%
Budget Branch—Travel	89%
General Counsel Office	88%
Help Desk	84%
Human Resources Team	78%
Knowledge Management Branch	85%
Policy Branch	87%
Strategic Audit Planning Office	93%
Training and Education Branch	77%

\*Level I Goal (Exceptional) = 80% ~ Level II Goal (Satisfactory) = 70%



*The Auditor General (center, back) with Agency staff from the field office at U.S. Army Training and Doctrine Command (TRADOC) at Fort Monroe, Virginia.*

## AGENCY SENIOR LEADERSHIP



**RANDALL EXLEY**  
The Auditor General



**COLONEL SHEILA DENHAM**  
Executive Officer



**BENNY PICCOLO**  
Principal Deputy Auditor General



**JOE MIZZONI**  
Deputy Auditor General  
Acquisition and Logistics Audits



**ANITA BALES**  
Deputy Auditor General  
Forces and Financial Audits



**JOE BENTZ**  
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**ALICE ARIELLY**  
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Special Assistant for  
Human Capital Initiatives



**ELIZABETH CASCIARO**  
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**SHEILA CLARK**  
Program Director  
Infrastructure Audits



**EVANA DANNER**  
Program Director  
Resource Management



**JEFF FAY**  
Program Director  
Financial Management  
Audits



**GEORGE FELLA**  
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Applied Technology/  
Forensic Audits



**MONIQUE FERRELL**  
Program Director  
Expeditionary Support  
Audits



**DAVID FIGUEROA**  
Program Director  
Intelligence and Security  
Audits



**BILL GABLE**  
Program Director



**BILL GUINAN**  
General Counsel



**BILL JENKINS**  
Program Director  
Theater Operations,  
Europe Audits



**CLARENCE JOHNSON**  
Program Director  
Environment and Civil  
Works Audits



**WAYNE JOHNSON**  
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**TOM ROBERTSON**  
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Information Technology  
Audits



**JO SPIELVOGEL**  
Program Director  
Supply Audits



**FELIX STRELSKY**  
Program Director  
Force Protection  
Audits



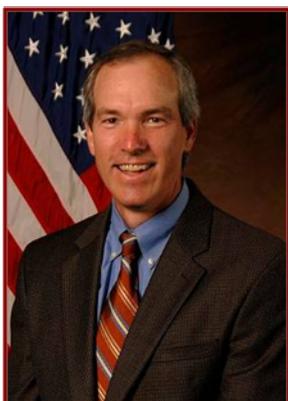
**GEORGE SUNDERLAND**  
Program Director  
Contract Audits



**NICK TORRES**  
Program Director  
Medical and Morale, Welfare,  
and Recreation Audits



**JOE TOTH**  
Program Director  
Force Structure Audits



**DAN VIGLIANCO**  
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**JACKIE WHITE**  
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The following information is available online:

### U.S. Army Audit Agency Web Sites

#### Extranet

<https://www.aaa.army.mil>

Agency Leaders  
Audit Reports  
Audit Plan  
Training  
Policy and Guidance  
Annual Performance Report  
Strategic Plan  
Internal Audit Plan  
Agency Video

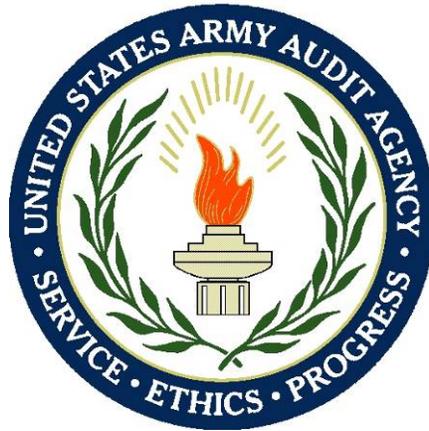
#### Internet

<http://www.hqda.army.mil/aaaweb>

Agency Organization  
Agency Strategic Plan  
Career Opportunities  
Agency History



*Providing Solutions  
for  
Army Challenges*



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