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# AUDIT REPORT

SUMMARY REPORT ON THE INTERSERVICE REVIEW  
OF U.S. FORCE REDUCTIONS IN KOREA (U)

**DEFENSE AUDIT SERVICE**

*"Serving Management"*

AUDIT REPORT NO. 953

DATE SEPTEMBER 29, 1978

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REPORT  
 NO. 953

September 29, 1978

SUMMARY REPORT ON THE INTERSERVICE REVIEW  
 OF U.S. FORCE REDUCTIONS IN KOREA (U)

TABLE OF CONTENTS

	<u>Page</u>
SUMMARY	1
INTRODUCTION	4
Background	4
Scope of Review	4
RESULTS OF THE REVIEW AND RECOMMENDATIONS	6
A. Scheduling Withdrawals of U.S. Forces	6
B. Transfer Program Guidance	11
C. Honest John Rockets	15
D. TOW Systems	18
E. Watercraft	22
F. Other Command and Control Equipment	24
G. Calibration Support	26
H. Railroad Bridge Repair Project	30
I. Airfield Matting Project	33
J. Coordination of Foreign Military Sales (FMS) and Cost-Free Transfers	35
K. Cargo Movement Controls	37
APPENDIX - Interim Reports	40

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Prepared By:  
 Defense Audit  
 Office-Pacific  
 Project 8SV-057

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SUMMARY REPORT ON THE INTERSERVICE REVIEW OF  
U.S. FORCE REDUCTIONS IN KOREA (U)

SUMMARY

(U) At the request of the Assistant Secretary of Defense (Comptroller), the Commander in Chief, Pacific Command, and the Deputy Director, Defense Security Assistance Agency, the Defense Audit Service is coordinating comprehensive audit coverage of the U.S. ground force reductions in the Republic of Korea and the related Republic of Korea compensation programs announced by the President and being considered by the Congress. The primary objective of our work is to assist Defense management in evaluating the soundness of procedures and controls for the planning, programing, and execution phases of the programs. A secondary goal is to minimize the occurrence of piecemeal and redundant audits by the separate Defense audit organizations and the U.S. General Accounting Office.

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(U) This is the first of a series of summary reports to be issued as a result of continuing audit effort. Additional summary reports will be issued to cover reviews to be made until the U.S. ground force reduction and related Republic of Korea compensation programs are completed. Observations, conclusions, and recommendations in this report resulted from audit work performed by representatives of the Defense Audit Service and the U.S. Army Audit Agency from April 20 to June 15, 1978.

(U) A draft of this report was furnished to the Assistant Secretary of Defense (International Security Affairs), the OSD General Counsel, the Commander in Chief, Pacific, and the Commander in Chief, U.S. Forces, Korea. Their replies were considered in preparing the report and have been summarized after each of the findings.

(U) Our reviews of many other U.S. ground force reduction/ Republic of Korea compensation program areas are continuing. Results through the end of October 1978 will be included in a second summary report.

*Defense Audit Service*

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SUMMARY REPORT ON THE INTERSERVICE REVIEW OF  
U.S. FORCE REDUCTIONS IN KOREA (U)

INTRODUCTION

Background

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Scope of Review

(U) We evaluated the reasonableness of selected plans, programs, procedures, and controls being developed for potential execution of the U.S. ground force reduction/ROK compensation program. Primary coverage was addressed to the adequacy of overall program execution guidance and the justification and requirements computations for U.S. Defense

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assets tentatively scheduled for transfer during initial phases of the program. The work was performed primarily at Headquarters, U.S. Forces, Korea/Eighth United States Army; the Joint U.S. Military Assistance Advisory Group-Korea; the Eighth United States Army, 19th Support Command; and selected units of the U.S. 2d Infantry Division and the ROK Army (ROKA).

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RESULTS OF THE REVIEW AND RECOMMENDATIONS (U)

A. Scheduling Withdrawals of U.S. Forces (U)

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Recommendations

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Discussion

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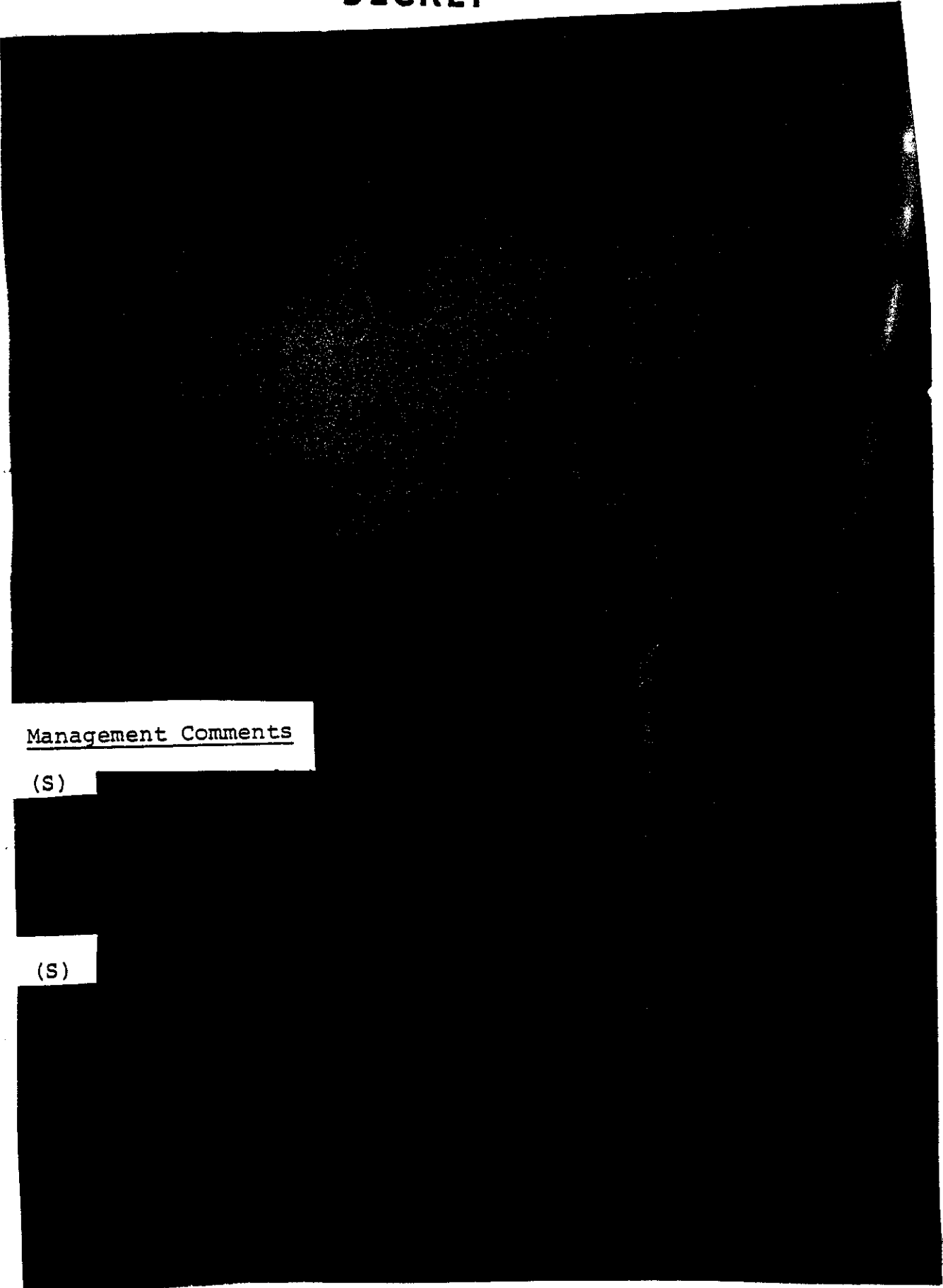
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Management Comments

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Audit Response

(U) Management comments are considered to be responsive to the recommendations.

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B. Transfer Program Guidance (U)

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Recommendations

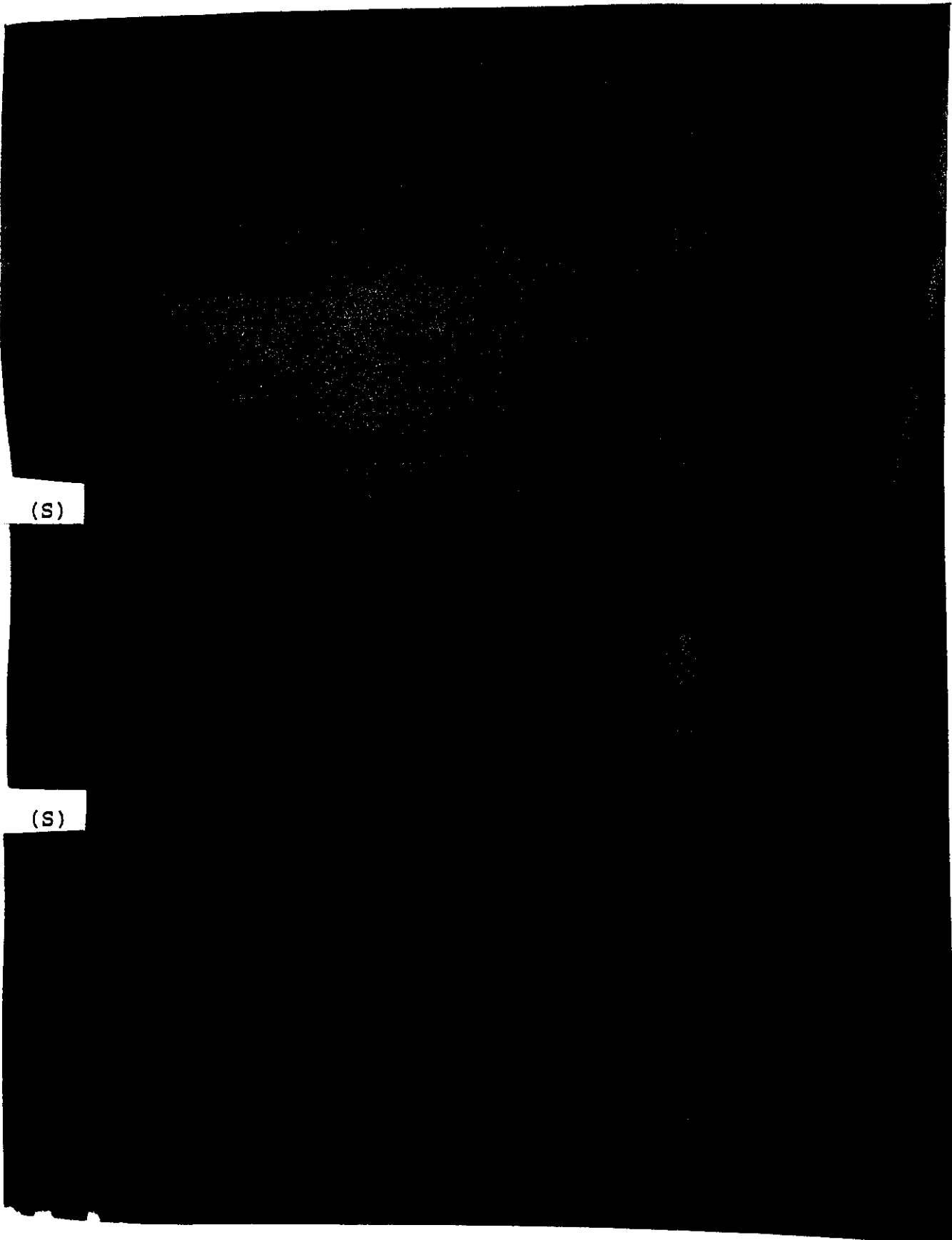
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Discussion

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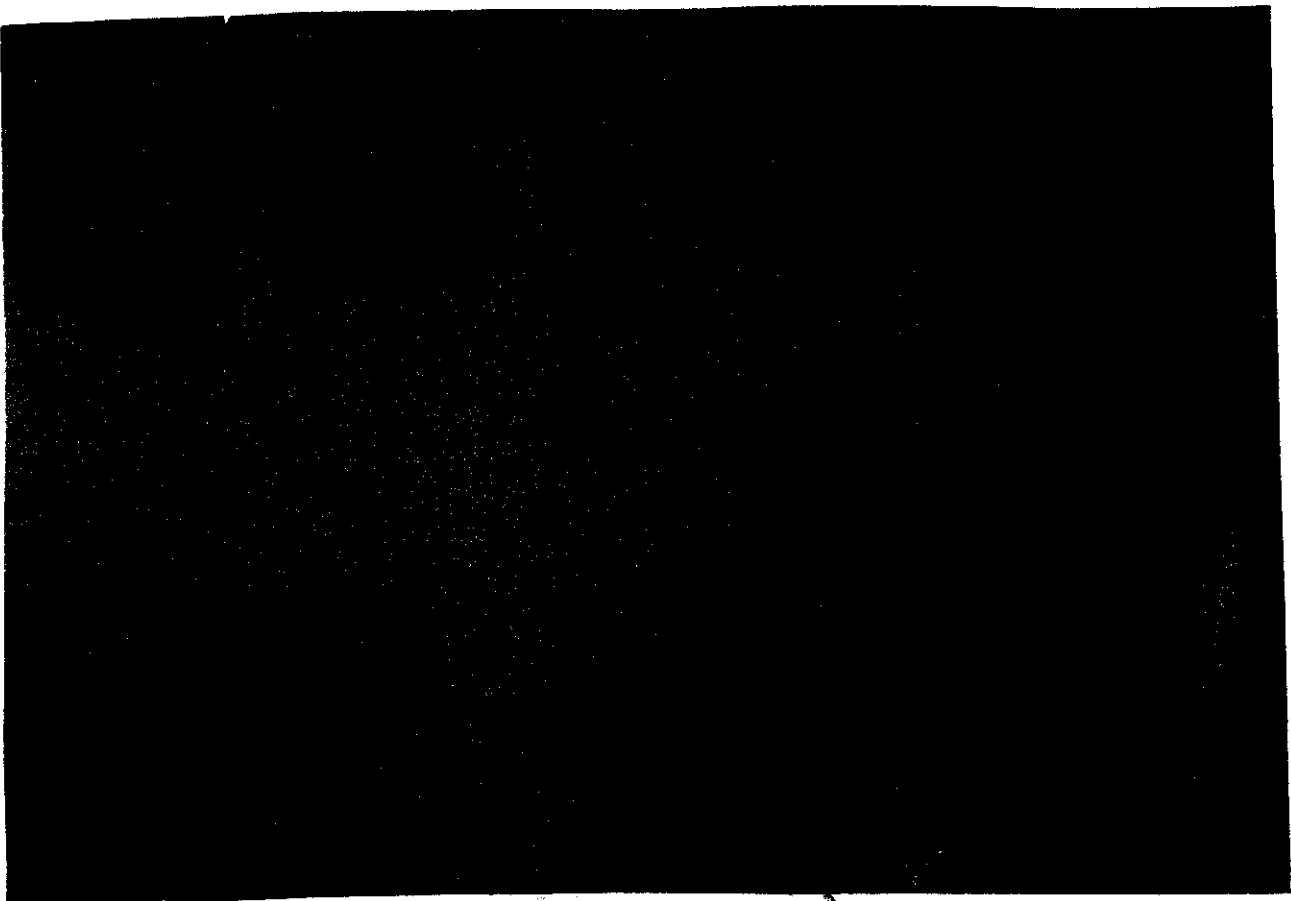
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Management Comments

(U) Appropriate policy guidance is being developed by the Office of the Assistant Secretary of Defense (International Security Affairs). The guidance will be disseminated after approval by the Secretary of Defense. The assistance of the Department of the Army will be obtained to determine the feasibility of providing data on intended items, quantities, and source location of Casey Report items. Policy guidance being developed will provide procedures for the field to recommend changes to the program and methodology for costing recommended changes.

Audit Reponse

(U) Managements comments are considered to be responsive to the recommendations.



C. Honest John Rockets (U)

(S)

Recommendations

(S)

Discussion

(S)

(S)

(S)

(S)

Command Comments

(S)

Management Comments

(S)

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Audit Response

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D. TOW Systems (U)

(S)

Recommendations

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Discussion

(S)

(S)

(S)

(S)

Command Comments

(S)



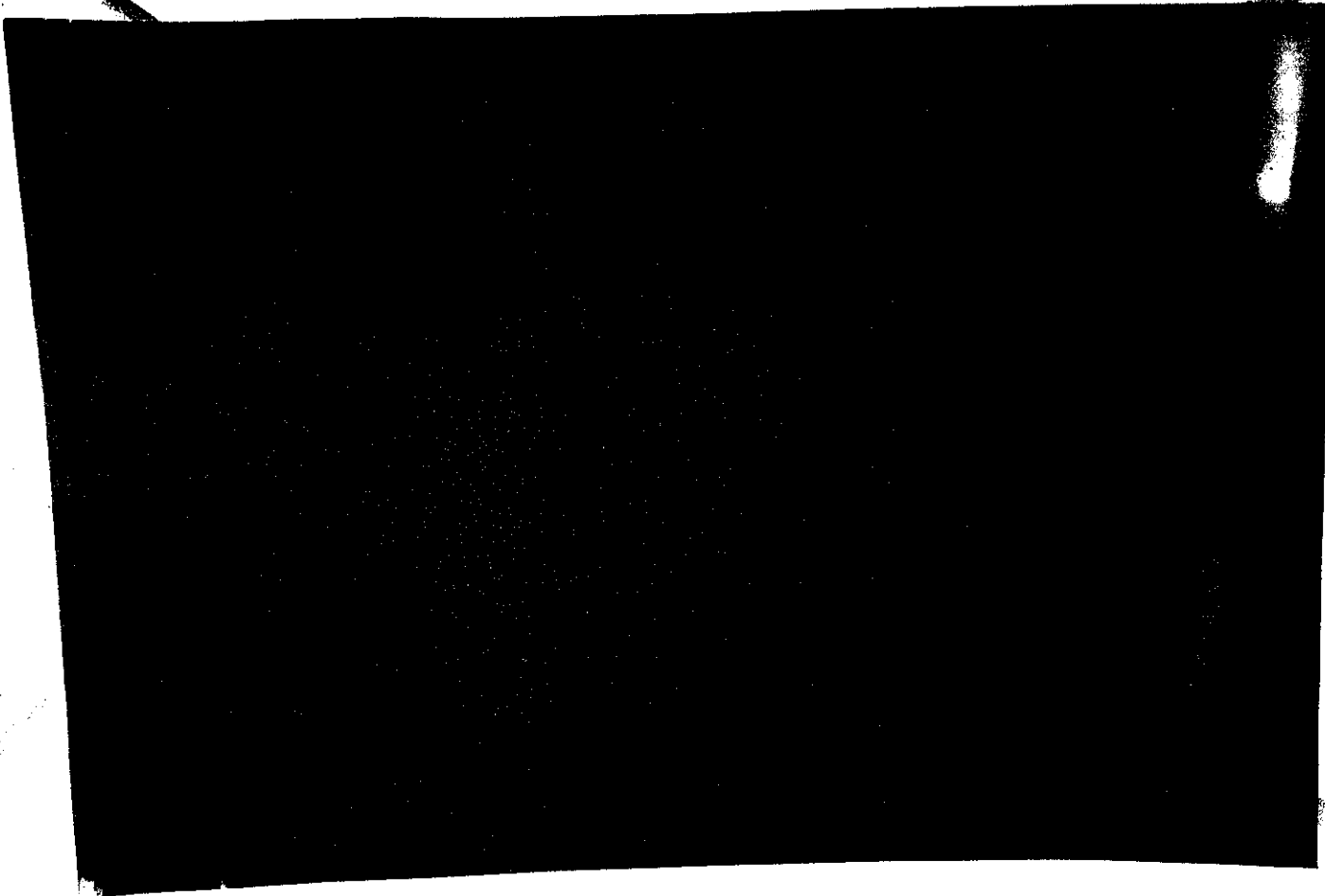
Management Comments

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Audit Response

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E. Watercraft (U)

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Recommendation

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Discussion

(S)

Command Comments

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Management Comments

(S)



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Audit Response

(U) Command and management comments are considered responsive to the recommendation.

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F. Other Command and Control Equipment (U)

(S)

Recommendations

(S)

Discussion

(S)

Command Comments

(U)

Management Comments

(U) The Office of the Assistant Secretary of Defense (International Security Affairs) plans to request the Department of the Army to provide detailed information to all concerned.

Audit Response

(U) Command and management comments are considered responsive to the recommendations.

G. Calibration Support (U)

(S)

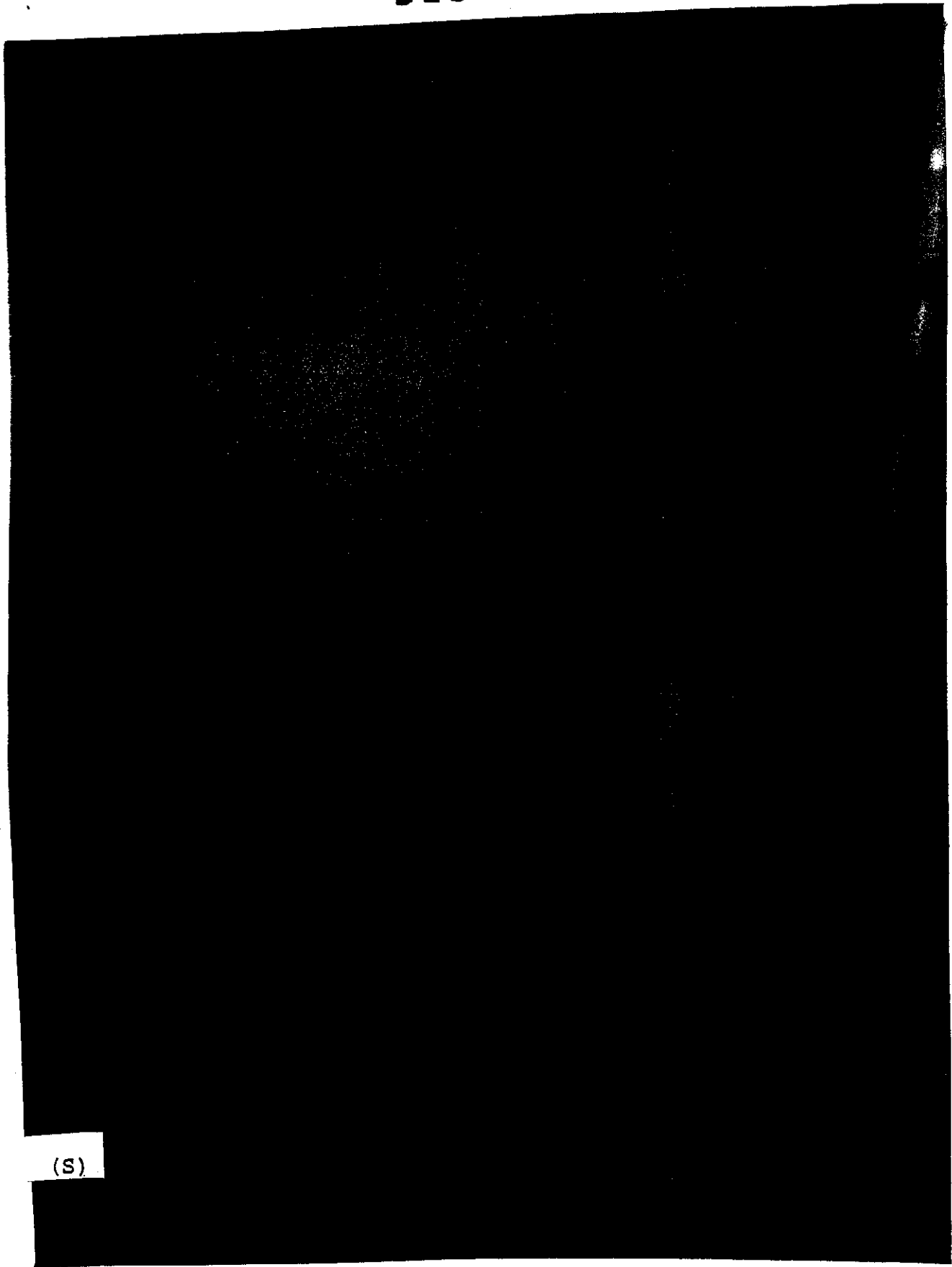
Recommendations

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Discussion

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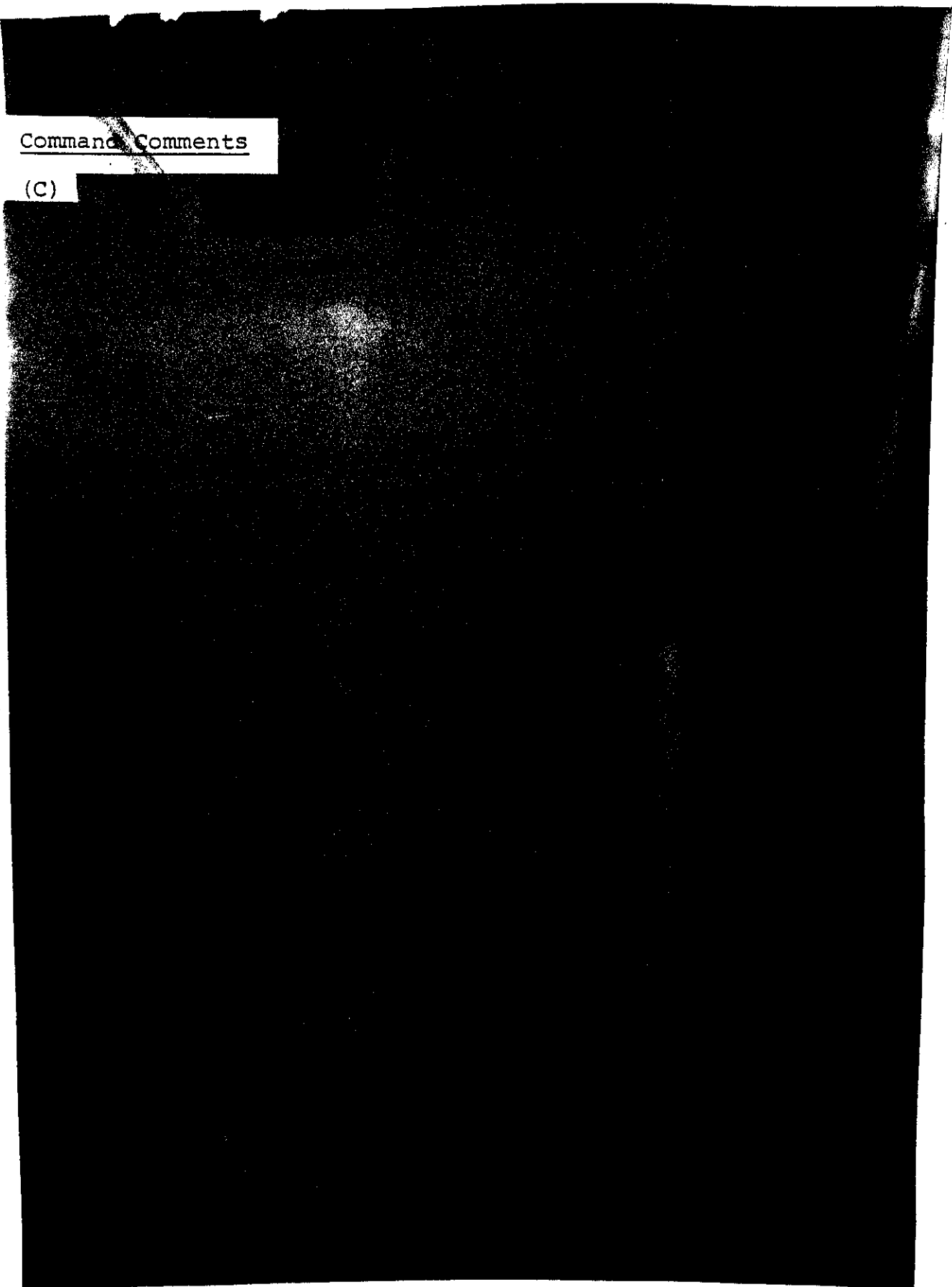
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Command Comments

(C)



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Managemnt Comments

(C)

Audit Response

(U) Command and management comments are considered responsive to the recommendations.

H. Railroad Bridge Repair Project (U)

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Recommendation

(S)

Discussion

(S)

(S)



(S)

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Command Comments

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Management Comments

(S)

Audit Response

(U) The transfer was denied in 1969 because it was considered illegal by OSD management. We believe that the OSD General Counsel should review the laws and provide an opinion on the transfer. As such, we have referred this question to the OSD General Counsel for a preliminary evaluation.

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I. Airfield Matting Project (U)

(S)

Recommendation

(S)

Discussion

(S)

(S)

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(S)

(S)

Command Comments

(S)

Management Comments

(S)

Audit Response

(U) Command and management comments are considered responsive.

J. Coordination of Foreign Military Sales  
(FMS) and Cost-Free Transfer (U)

(C)

Recommendations

(C)

Discussion

(C)

Command Comments

(C)



Management Comments

(C)

Audit Response

(U) Command and management comments are considered responsive.

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## K. Cargo Movement Controls (U)

(U) Improved security was needed to minimize the possibility of unauthorized removal of materiel from 2d Infantry Division facilities. Existing gate controls were poor and could permit significant diversion of U.S. materiel during high-activity periods associated with the U.S. ground force reduction and ROK compensation programs.

### Recommendations

(U) We recommend to the Commander, Eighth United States Army that:

1. Unissued Cargo Vehicle Gate Passes (JK Form 208) be stored in a secure storage cabinet in the Supply Control Office.

2. The Supply Control Office be required to assign control numbers to gate passes at the time of receipt and ensure that complete data are recorded on the gate pass control log as the passes are issued to supply activities.

3. Gate guards be required to contact issuing activities to verify cargo movement authorization when unnumbered gate passes are presented to authorize movement of cargo from the compound.

4. The Supply Control Office be provided copies of gate guard incident reports concerning gate pass irregularities so that appropriate corrective action can be taken.

5. Returned copies of gate passes be promptly reconciled by the Supply Control Office and that appropriate inquiries be made when copies of any gate passes are missing.

### Discussion

(U) The 2d Supply and Transportation Battalion (the Battalion) is responsible for providing Class I, II, III, IV, and VII supply support to units assigned and attached to the 2d Infantry Division. To accomplish this mission, the Battalion operates 5 supply activities at a compound near Camp Casey.

(U) Cargo movements from the compound are controlled by use of accountable forms known as Cargo Vehicle Gate Passes (JK Form 208). The Battalion's Supply Control Office is responsible for assigning numbers to all gate passes. Entries are to be made in the gate pass control log as gate passes are

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issued to the supply activities. The supply activities are to prepare a gate pass for all cargo movements and promptly return a copy to the Supply Control Office where the receipt is to be noted in the control log. Security guards at the compound gate are to obtain a copy of the gate pass as vehicles leave the compound and to return the gate pass to the Supply Control Office for reconciliation with the copy returned by the supply activity.

(U) During a recent audit, the U.S. Army Audit Agency noted a condition which could affect the security of cargo movements at the 2d Supply and Transportation Battalion, 2d Infantry Division. The Army Audit Agency found that the controls over gate passes used by the Battalion to authorize cargo movements were not adequate.

- Blank gate passes were not adequately safeguarded by the Supply Control Office. About 750 blank gate passes were stored in an open box in the Supply Control Office even though a secure storage cabinet was readily available. There is a large volume of traffic in and out of the office and gate passes could be removed with little difficulty. In addition, control numbers were sometimes not recorded on gate passes until they were issued to the supply activities. This practice resulted in numerous numbering errors and incomplete data being recorded in the gate pass control log. For example, the control log showed that 5,296 gate passes were issued between September 7 and December 15, 1977. A detailed review of individual entries, however, showed that only 4,513 of the control numbers were used. There were 111 duplicate and 6 triplicate numbers. Sequencing errors accounted for the other differences. Also, about 30 percent of the entries in the control log did not show which supply activity received the gate passes, the date they were issued, or the name and signature of the person who picked up the passes. Without this information, followup on long outstanding gate passes would be difficult.

- Security guards sometimes allowed cargo vehicles to leave the compound without proper authorization. Review of incident reports prepared by the Battalion's Physical Security Office showed 6 instances during November and December 1977 where unnumbered gate passes were accepted as valid authorization to remove cargo from the compound. The gate guards allowed these vehicles to leave without contacting the supply activities to verify the authorization for the cargo movement. In addition, there was no record to show that Supply Control Office personnel were notified of such incidents so that corrective action could be taken.



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- Returned copies of gate passes were not promptly reconciled by the Supply Control Office to provide assurance that all cargo movements were authorized. On December 13, 1977, about 200 copies of gate passes collected by the security guards were on hand at the Supply Control Office but were not reconciled to the copies returned by the supply activities. Our reconciliation of 50 of these gate passes disclosed 5 passes for which the supply activity's copy was missing. These gate passes may have been used to remove cargo from the compound without the approval of the supply activity.

## Commander, Eighth United States Army Comments

(U) The Commander, EUSA concurred in the recommendations and stated, in part:

All unissued gate passes have been stored in the secure file cabinet located in the Supply Control Office.

Control numbers have been assigned to blank forms immediately upon receipt and increased emphasis has been placed on recording complete data in the gate pass control log.

. . . The security guards will not allow a vehicle to exit the compound with an unnumbered gate pass.

One additional person was assigned to the SCO 1978 to promptly reconcile gate passes and to make appropriate inquiries on missing gate passes.

## Audit Response

(U) The Commander, EUSA comments are considered responsive to the immediate location included in the review. Gate controls at all applicable installations should be subjected to internal review and corrective action, as appropriate.

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## INTERIM REPORTS

During the course of our review, we issued the following interim memorandum reports to the Commander, U.S. Forces, Korea.

### Report Date

May 22, 1978	Transfer Program Lines: Honest John Rockets; Watercraft; Other Command and Control Equipment. Scheduling of Transfers. Pricing of Program Assets. Repair Parts Requirements. Processing Priorities for ROKA Inventory Replenishment Requisitions. ROK Funding for Inventory Replenishment Pipeline. Coordination of Foreign Military Sales and "Cost-Free" Programs.
June 5, 1978	Calibration Support Requirements
June 7, 1978	TOW Transfer Package Requirements
June 9, 1978	U.S. Forces, Korea Draft "Letter of Instruction"--Equipment Transfer Retrograde, Unit Withdrawal, and Inactivation. (Responsibilities and Procedures for Executing the "Cost-Free" Program.)
June 14, 1978	Transfer Program "Operation Project" Lines: Railroad Bridge Repair and Airfield Matting.