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**DEFENSE AUDIT SERVICE**

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Signature

*Charles J. Chinn*  
Audit Reviewer

October 12, 1979

REPORT  
NO. 80-005

MEMORANDUM FOR Assistant Secretary of Defense (Comptroller)  
Commander in Chief, Pacific  
Director, Defense Security Assistance Agency

SUBJECT: Third Summary Report on the Interservice Review of  
U.S. Force Reductions in Korea (8SV-057)

At the request of the Assistant Secretary of Defense (Comptroller), the Commander in Chief, Pacific, and the Deputy Director of the Defense Security Assistance Agency, we are coordinating comprehensive coverage by DoD audit activities of the program for reducing U.S. ground forces in the Republic of Korea (ROK) and related compensations to the ROK authorized by the International Security Assistance Act of 1978. 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 program. A secondary objective is to evaluate the adequacy of general DoD logistics controls in the ROK throughout the period of U.S. Forces adjustments.

This report includes the results of our reviews from November 1, 1978, through June 30, 1979. In our opinion, the significant problems addressed in our prior summary reports had been or were being adequately resolved. The relatively minor problems summarized in the Appendix of the report attest to the fact that Defense management over the past several months had brought over-all program plans, guidance, implementing procedures, controls, and interorganizational communications to a status wherein the program would be successfully executed, if continued. Accordingly, our comprehensive audit coverage of the program will be reduced to subsequent periodic surveys, as warranted by evolving circumstances.

During our current audit period, previously announced decisions to withdraw U.S. Army ground combat forces from the ROK were suspended by Presidential decision. Actual force reductions resulting from the program amounted to about 1,500 personnel. Although the U.S. ground force reduction program was suspended, force withdrawals continued at a low level and the compensatory transfer of U.S. Defense articles and training to ROK forces continued under the provisions of U.S. Public Law 95-384. Through June 30, 1979, the following articles had been transferred to the ROK, together with selected support items and repair parts, as compensation for withdrawn U.S. ground force personnel.

## SUMMARY OF AUDIT FINDINGS AND MANAGEMENT CORRECTIVE ACTIONS

### A. Force Withdrawal and Compensation Program

Investments should be continued for the timely completion and retention for contingency use of all planned guidance, operating procedures, and control mechanisms intended for the ROK force reduction and compensation program. Such investments by the experienced management representatives currently involved with the program, together with comprehensive after-action and lessons-learned reports, would permit rapid implementation of such programs in the future. The completion investments would also serve to satisfy a past Office of the Secretary of Defense commitment that such a contingency program would be developed.

Management agreed to restrict reassignment of applicable personnel until all essential program matters are finalized, adequately documented, and placed under controlled retention for contingency use.

### Transfer Program Documentation

#### B. Title Transfer Agreement

Initial title transfer documents did not reference applicable terms of the International Security Assistance Act. Accordingly, U.S. articles were transferred without documented ROK acceptance of required provisions for U.S. surveillance and end-item disposition. Management acknowledged the problem and included necessary U.S. Public Law provisions on subsequent title transfer documents. In addition, we were advised that future transfers would be documented on another form that would reference a comprehensive country-to-country agreement including the Public Law provisions.

#### C. Title Transfer Signature Controls

Action had not been taken to have the ROK forces formally designate their representatives authorized to sign for transferred U.S. articles.

Management acknowledged the control problem and advised us that the ROK forces would formally provide the name, rank, title, unit, and identification number of their appointed representatives.

#### D. Condition of Transferred Articles

Practices for determining and documenting the condition of articles to be transferred were not reasonable. For example, a single U.S. representative determined the condition of all articles included in the transferred Honest John Battalion on the date of transfer. Every article was documented as being in the same condition--used, usable without repairs, and good.

Management agreed with the reported problems and acted to define responsibilities and procedures for obtaining the required approvals.

### Property Accountability

#### I. Redeploying and Inactivating Units

A review of procedures followed by an infantry battalion which redeployed in December 1978 disclosed that a physical inventory of nonexpendable property was not made, shipping documents were not prepared in sufficient detail, and repair parts transferred to another in-country unit were neither inventoried nor promptly posted to the gaining unit's stock records. Strengthening controls would help to ensure that Government property is properly controlled and accounted for during the troop withdrawal period.

Management agreed with the reported problems and advised us of comprehensive corrective actions.

### Munitions Management

#### J. Intercountry Controls

Ammunition stock status reports maintained by the 19th Support Command were not accurate. Required reconciliations were not made, and exception data was not researched. Additions were made to the War Reserve Stock-Allies (WRS-A) account without required approval. Furthermore, instances in which ROK representatives did not conform to the provisions of the Single Ammunition Logistics System-Korea (SALS-K) agreement were not properly documented so that corrective actions could be taken.

In response to our recommendations, management advised us of comprehensive corrective actions including improved coordination and research, establishment of detailed standard operating procedures and checklists, local computer program changes, and revisions to local command regulations for WRS-A and SALS-K.

#### K. Interservice Controls

In-country coordination of U.S. Air Force requirements for Army munitions would avoid recurrence of unnecessary offshore shipments of items available from excess Army inventories in the ROK. Management agreed to establish an appropriate interservice support agreement.

Management actions responsive to our audit recommendations should minimize potential external criticism of DoD, especially in areas involving SALS-K.

principles of the Uniform Materiel Movement and Issue Priority System, incurred additional processing and transportation costs, and did not materially increase the probability that the requisitions would be filled within the prescribed time frame. According to statistics provided by the appropriate CONUS management organization, over 95 percent of all requisitions passed to CONUS supply sources were filled within 180 days.

Management agreed with the recommendation to use issue-priority designators reflecting the actual urgency of need and the unit's force activity designator.

#### O. Cancellation of ROK Force-Related Requisitions

Procedures designed to automatically cancel, at the prescribed time, requisitions intended for the Government of the Republic of Korea were not always working as planned. As a result, some requisitions were canceled much sooner than desired and, therefore, were not afforded a reasonable chance of being filled.

Management acknowledged the problem and advised that revised procedures would provide for intensive management of such requisitions. In addition, requisitions that were prematurely canceled had been resubmitted.