

BASE MAINTENANCE DEPARTMENT
Marine Corps Base
Camp Lejeune, North Carolina 28542

MAIN/BWE/neh
7510
-23 May 1978

From: Base Maintenance Officer
To: Assistant Chief of Staff, Comptroller

Subj: Naval Audit #C42837

Ref: (a) Mtng w/CG MCB 12 May 78
(b) Mtng w/Naval Auditors 19 May 78

Encl: (1) Management Responses to Naval Audit (Revised)

1. In accordance with guidance obtained during reference (a), the management responses to subject audit have been revised and are returned as enclosure (1).

2. A more in-depth review of Audit Item #12 (Reviewing Estimate and Performance Analysis Report #1) has been conducted. It was determined that the statistical data utilized in the audit was not factual. An error exists in the Class I program formula for calculating EPS utilization and thus understates the percent of utilization. Further, only code 05 Specific Job Orders are printed on report #1. To adequately assess EPS utilization requires inclusion of code 04 Estimated Standing Job Orders as pointed out in MCO P11000.7A. Code 04 Estimated Standing Job Orders accounts for a larger percentage of man-hours in Base Maintenance than code 05. Subsequent to reference (b), the Naval Audit Service stated that Item 12, consisting of recommendations #33 through 36 would be deleted.

3. HQMC will be requested to correct the erroneous data in the Class I program for computing EPS utilization.

B. W. ELSTON
Acting

8

AUDIT REPORT #C42837

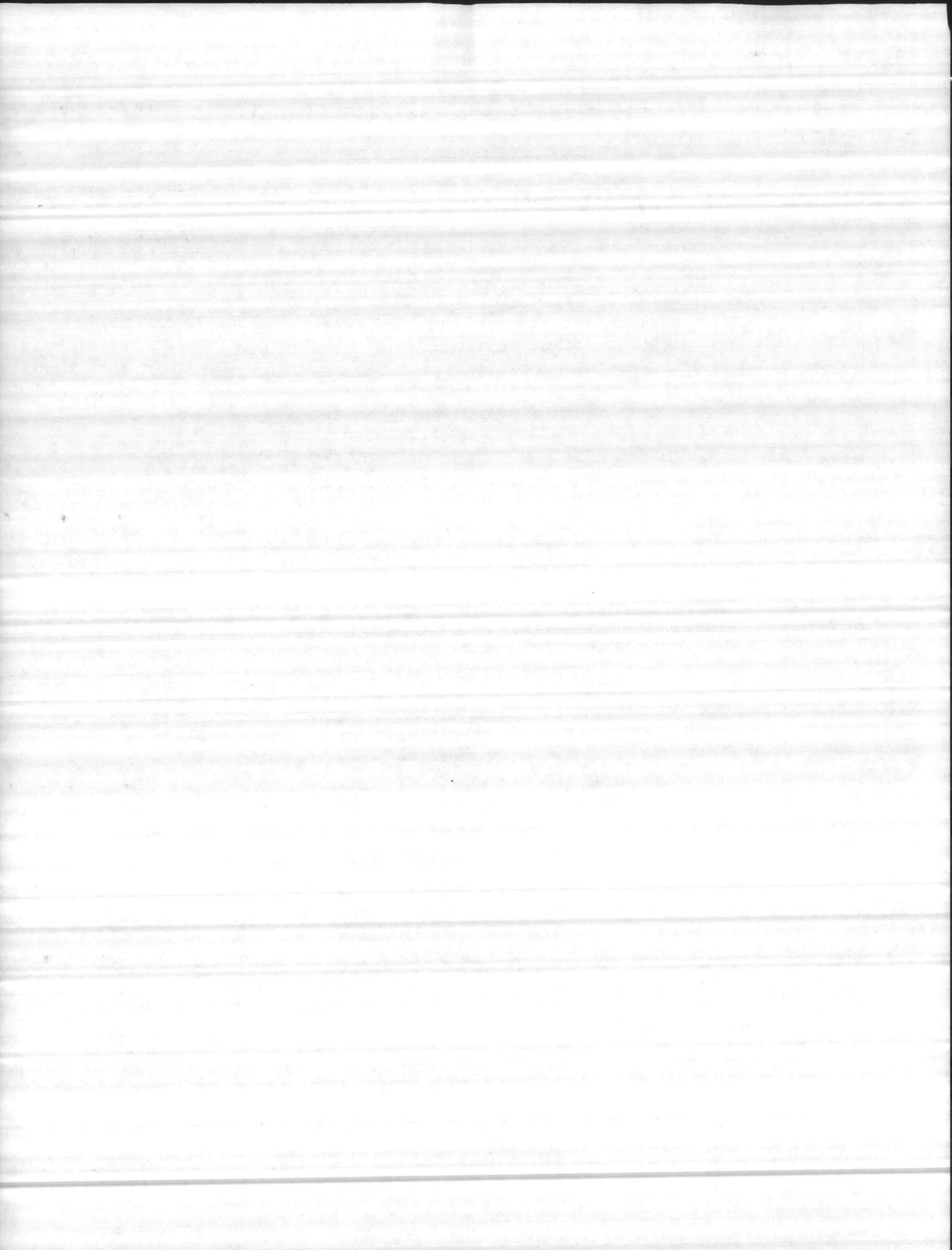
BASE MAINTENANCE DEPARTMENT

Recommendation #1: MARCORB allow only emergency service shop supervisors order material from shop stores bin stocks to support E/S work as provided in MCO P11000.7A, par. 4080.3a.

MARCORB Response: Concur in part. MARCORB concurs only in E/S and other shop supervisors determining requirements and ordering material from shop stores for shop and truck stocks of fast-moving items to support E/S work. MARCORB does not concur in the shop supervisor ordering all material that is not immediately available from shop/truck stock for all E/S tickets. To do so would in many instances require that the employee go to the job site, determine material requirements, and if not available on the truck, return to his supervisor to order the material. The more efficient procedure used is to allow the employee to draw the required item of material directly from shop stores using the ticket as an authorizing document. Adequate control will be exercised through the procedures implemented in the response to Recommendation #2. This procedure is considered to satisfy the requirements of MCO P11000.7A, par. 4080.3a.

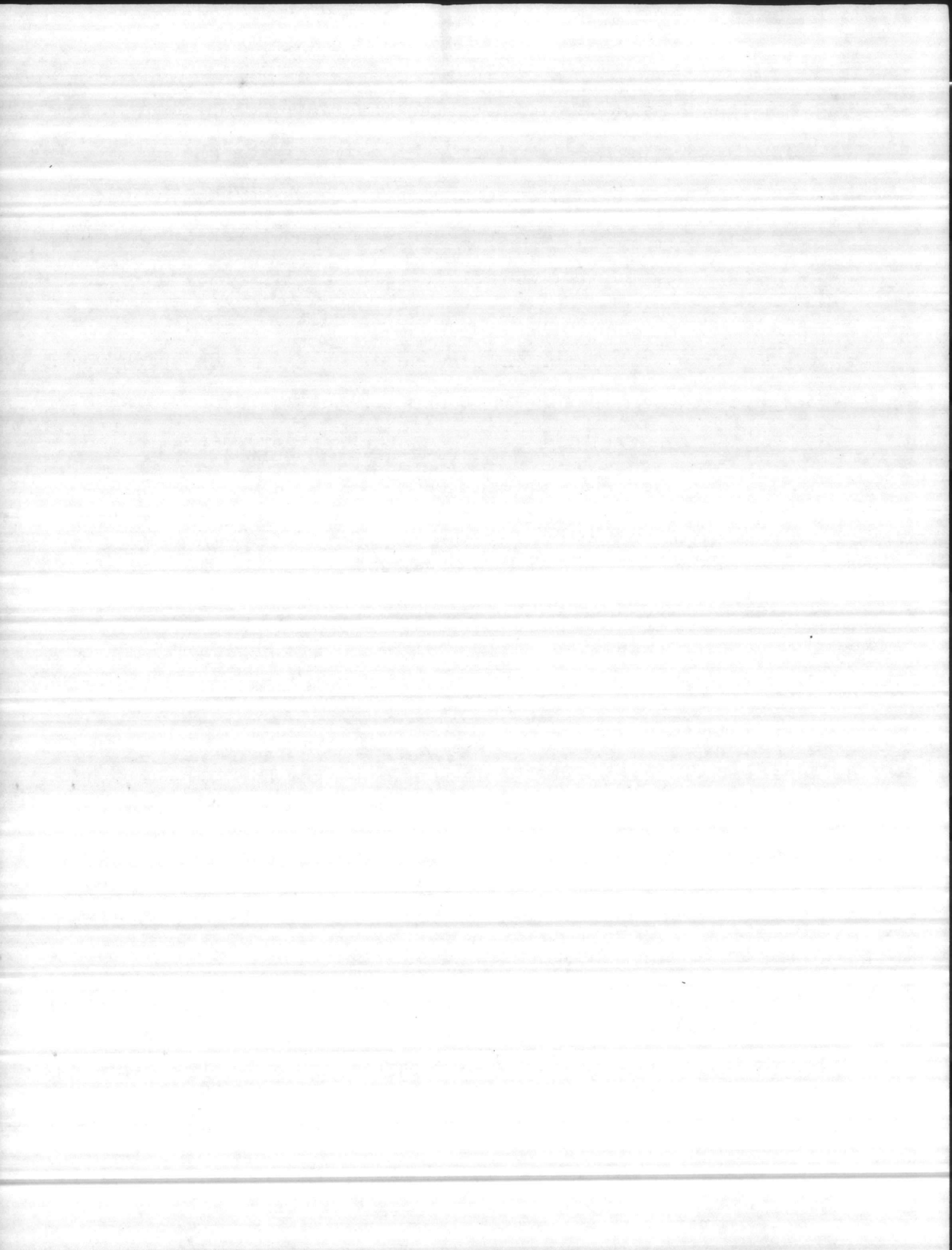
The following comments are provided to place the audit findings in proper perspective:

a. Paragraph (a) of the audit report concerning review of 94 tickets out of 120,000 was prejudicial because the sampling was highly selective involving only tickets with multiple issues.



The findings do not state where the materials drawn against the 61 tickets were used, thus leaving the impression that the material was excessive to requirements. Such is not the case. The current procedure for restocking shop and truck stocks of expendable/nonexpendable materials is to replenish stock with the ticket which necessitated use of the last item. For instance, an electrician would keep 8-10 switches on his truck which would be adequate to complete 8-10 "tickets." He would replenish his stock on the final ticket. It is not practical, economically feasible, or reasonable to draw each switch as needed. Since the overwhelming majority of "ticket" work is charged to the Emergency/Service standing job order number, the charge for replenishing stock would be appropriately lodged against the E/S JON. The fact that excess material was drawn against 61 tickets does not indicate misuse or waste of materials but rather indicates that the auditor selected 94 tickets on the basis of "multiple issues" and did not consider the hundreds of other tickets that were also completed with no material issues. A summary review of tickets shows that \$1,250,000 worth of material was used to complete approximately 120,000 tickets. This equates to an average ticket material cost of \$10.41 per ticket. A detailed review of 100 completed tickets randomly selected from the facility history file revealed the following:

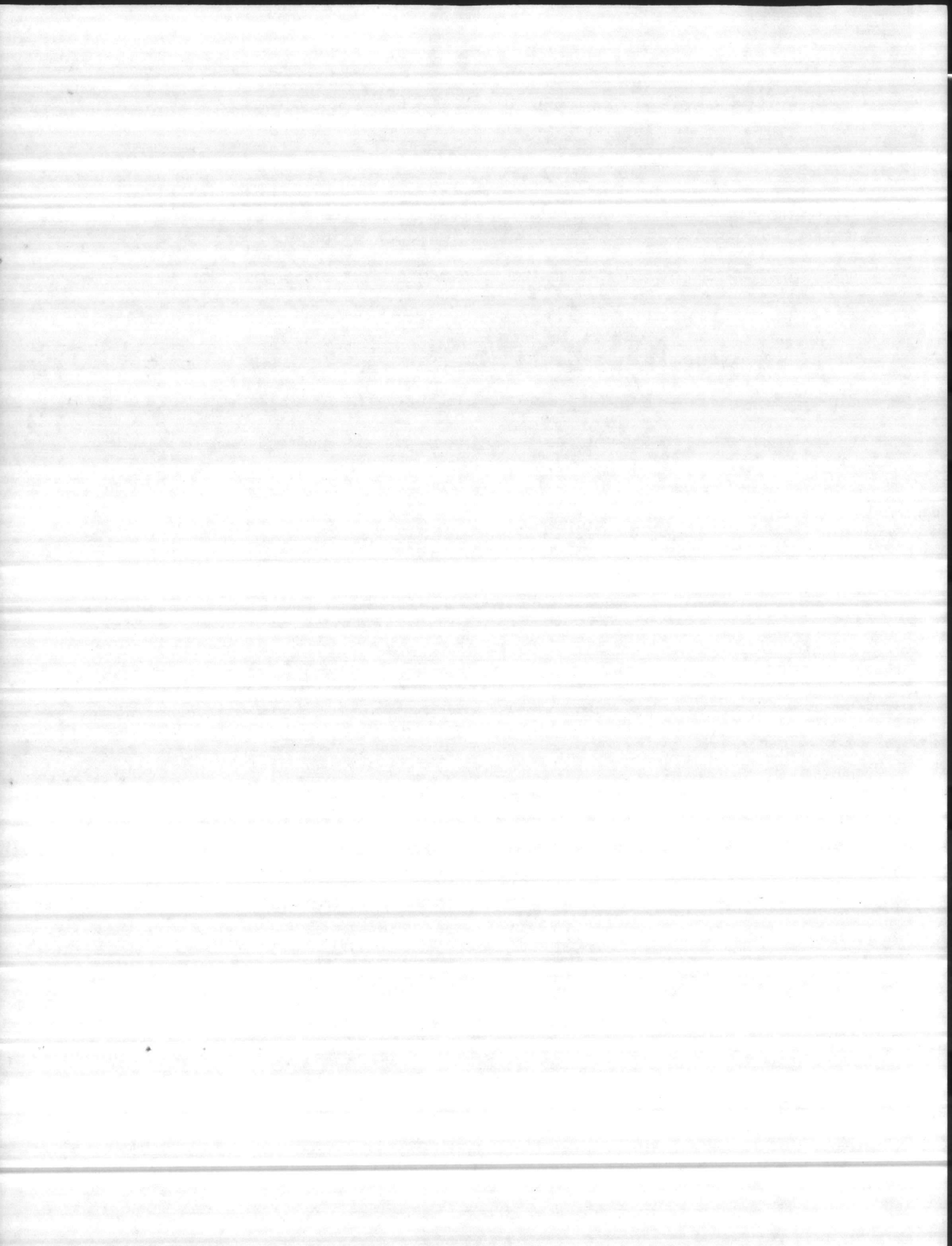
1. 17 tickets had nonexpendable material drawn against them totaling \$157.22. Obviously, none of the sampled tickets exceeded \$200 in material costs.



2. No expendable material was drawn against any of the 100 tickets.

Paragraph (b) of the findings states that the required material is not listed on the ticket by the shop supervisor. The current procedure is to record on the back of the ticket only the material drawn from shop stores against that ticket. Items used from bin stock are not recorded on the ticket because there is no requirement nor would the information be worth the time required to do such. Further, it is not feasible, practical nor reasonable to expect or require the supervisor to "validate" all material requirements for ticket work. Spot checks are and will continue to be made

Paragraph (b) further states that only moderate stocks of low-cost, fast-moving, expendable items (e.g., nails, nuts and bolts, friction tape, solder, etc.) may be maintained in the respective work centers to accomplish work authorized by standing job orders and that such stocks will be ordered by the scheduler against the appropriate standing job order, as per paragraph 4080.3b of MCO P11000.7A. The guidance provided in MCO P11000.7A, Real Property Facilities Maintenance Manual, is predicated on an assumption that there is a shop stores outlet in the vicinity of the work center. Such is not the case for 5 of the 9 Emergency Service Shops in the Base Maintenance Department. However, even if a shop stores outlet were co-located with each work center/shop, it would not relieve the necessity to keep a routine supply of expendable and nonexpendable bin stock material on trucks and in shops. Further, MCO P11000.7A is somewhat contradictory in defin-



ing who will draw the bin stock materials. While paragraph 4080 states that the scheduler will order, paragraph 4042.5 states that "material required for jobs accomplished under the authority of standing job orders normally are obtained for work centers by the shop planners of the M&R Division." The scheduler or shop planner would not be knowledgeable of the material requirements for E/S work. The supervisor of the particular shop is the knowledgeable individual concerning material requirements.

Further, the shops must maintain moderate stocks of fast-moving nonexpendable material items as well as moderate stocks of expendable supplies/materials. Otherwise, each service call/ticket would require a trip to shop stores to draw materials.

Such is not practical nor feasible and would only result in a tremendous increase in maintenance cost (more labor per ticket) with no resulting increase in management control or other benefits.

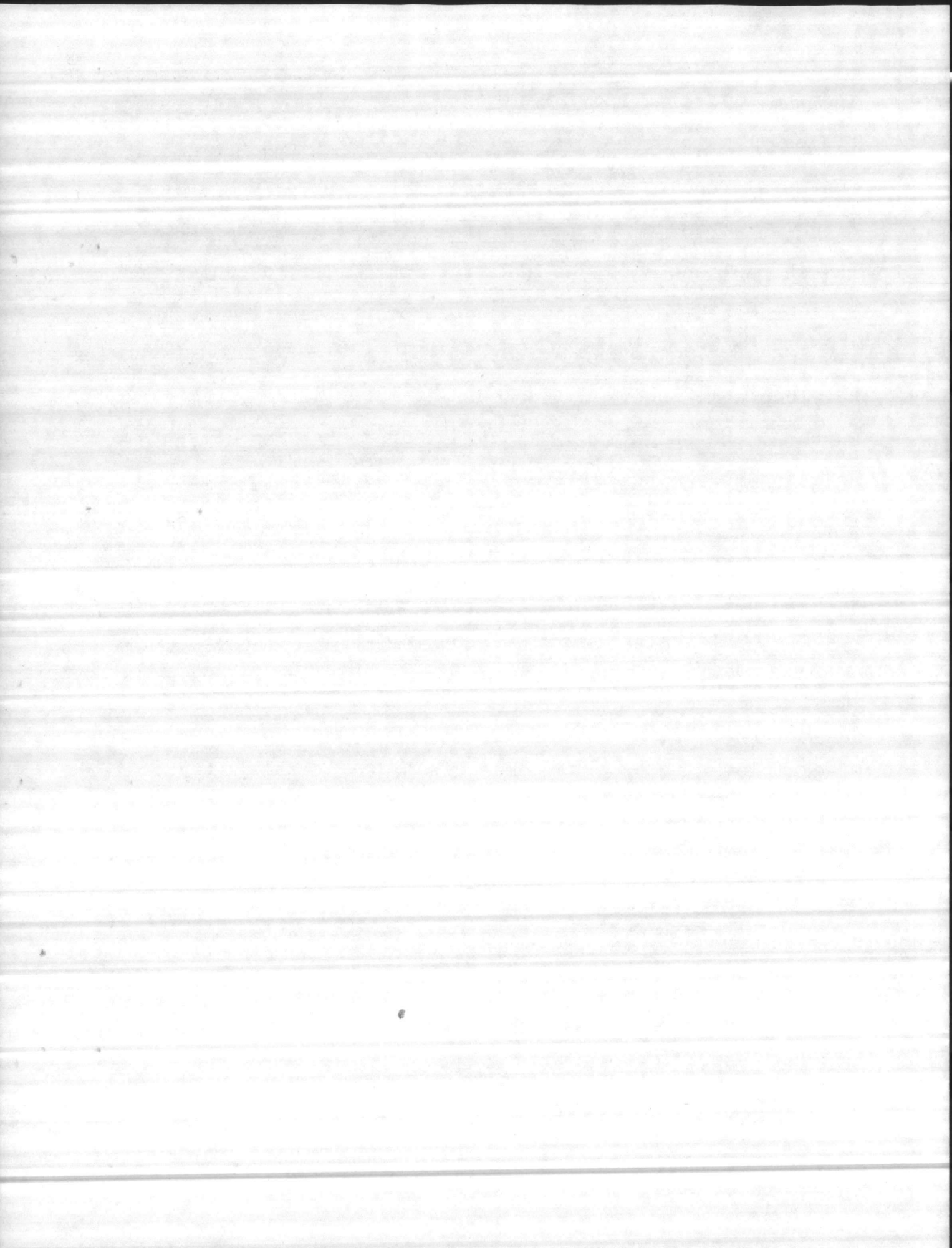
d. The audit findings in paragraph (b)(1) provide a listing of examples with excessive materials drawn against tickets.

It is recognized that the total cost of material charges for the specific examples exceeds the authorized amount for a ticket.

However, the nature and type of items does not indicate any misuse or waste. The items drawn were for restocking bin stocks of nonexpendable items used daily by the emergency/service shops.

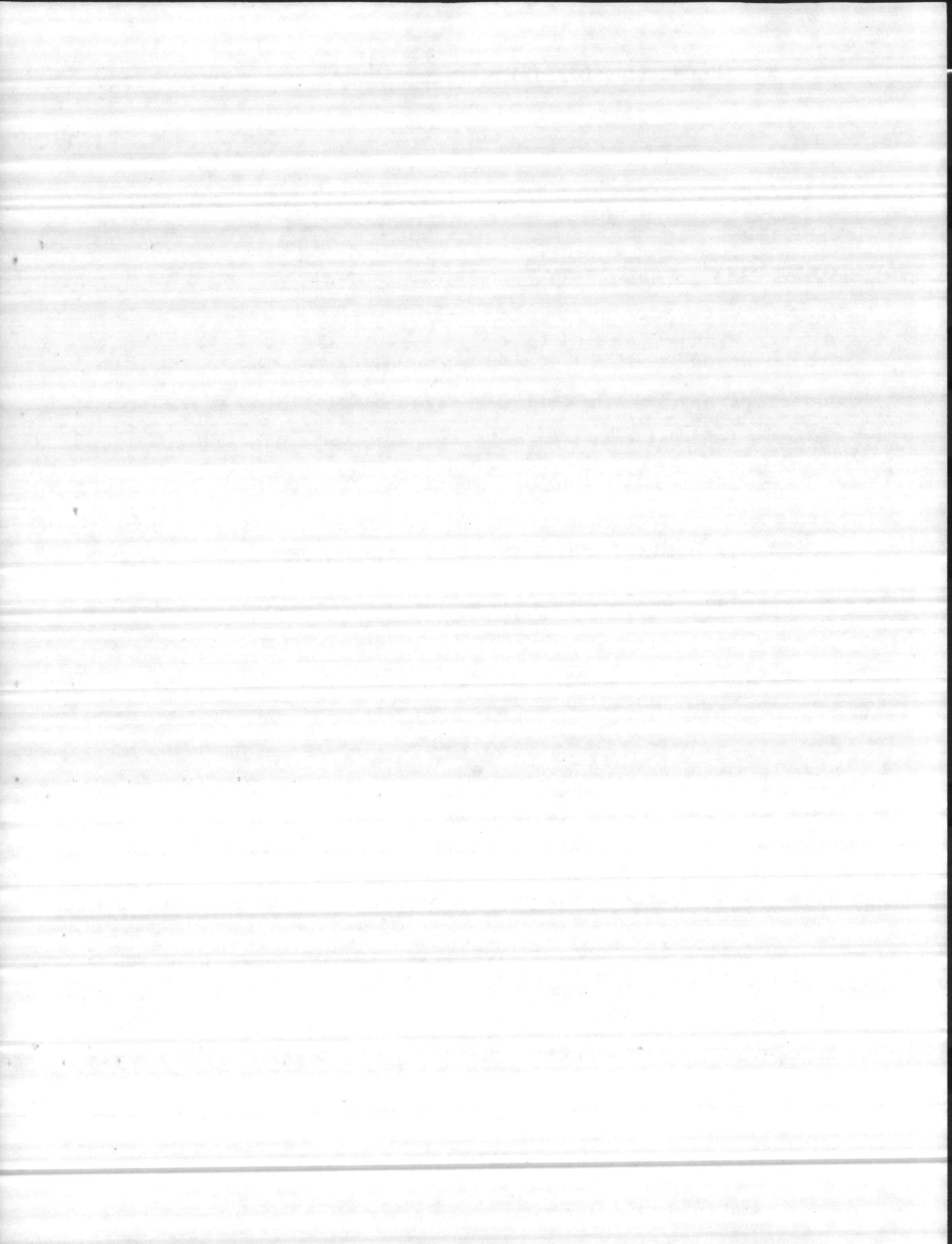
Future procurement and stocking will be in accordance with procedures as outlined in the Management Response to Audit

Recommendation #5.



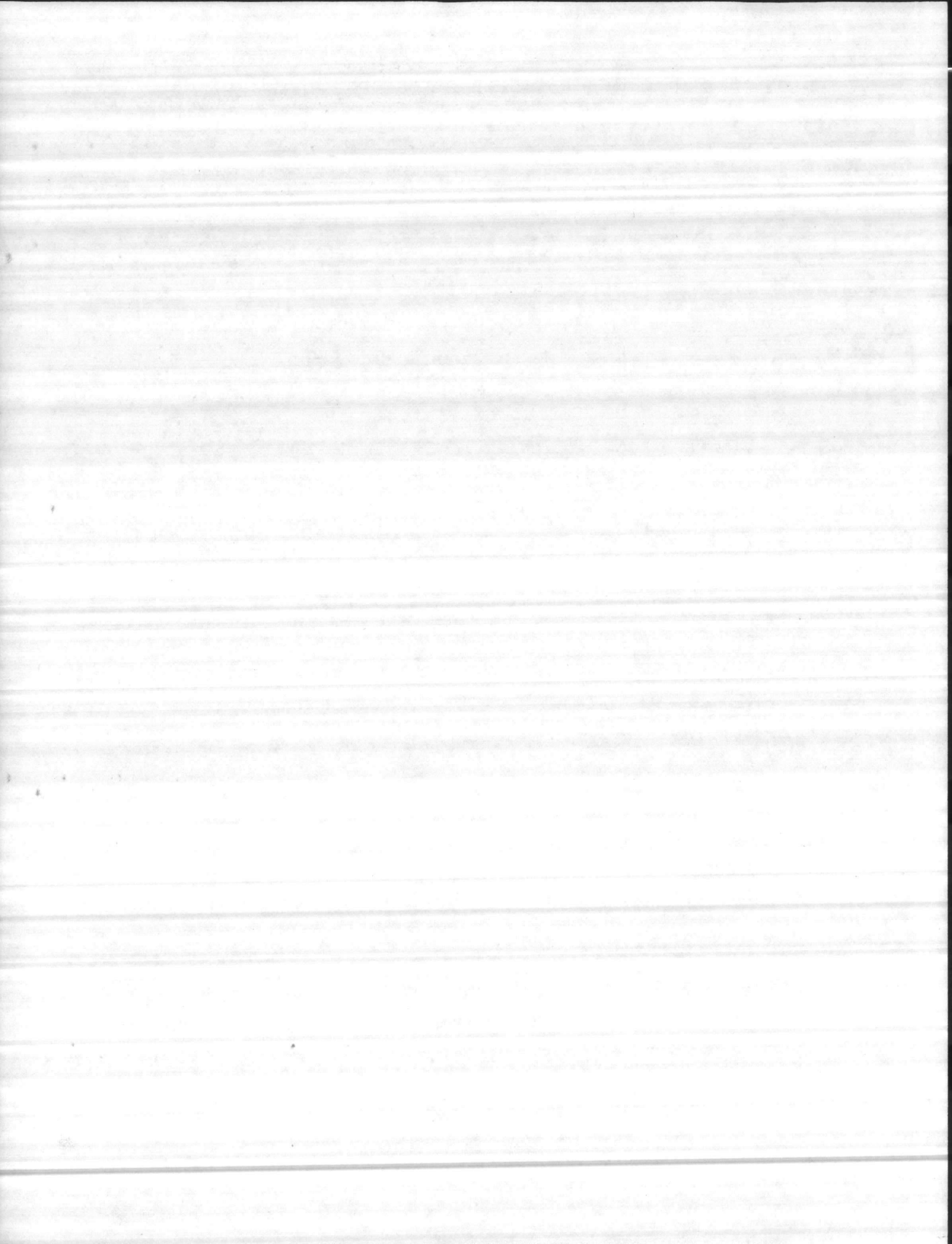
e. Paragraph (b) (2) cites material drawn on canceled tickets. The first example cited manila rope and wiping rags drawn against a ticket that was written to repair a screw type vice in Building 1700, Central Heating Plant. The vice could not be repaired and the ticket was canceled. That ticket was also used to draw the consumable supplies (rope and rags) which are routinely used in the machine shop. Though there appears to be no culpability, the procedure for drawing expendable supplies has been modified as previously stated. The second example of material drawn against a canceled ticket involved the electric distribution shop. The shop used that particular ticket to draw a moderate stock of material. The work was accomplished on a Preventive Maintenance job order and the ticket was later canceled when it was learned that the light had already been repaired. No waste or impropriety was discovered.

f. Paragraph (b) (3) cites material drawn after work completion date shown on ticket. Such instances are not unusual because quite often the work is accomplished and material stocks are replenished two or three days later. The work ticket completion date is the actual date work is completed. In many instances, such as in Family Housing, the work is completed before the ticket is received if it is urgent or of an emergency nature. In many cases the ticket will take a full day to reach the E/S shop from the Family Housing Work Reception Center and the emergency work is performed upon notification by telephone.



g. The examples cited in paragraph (b) (4) of materials drawn for maintenance trucks and shop stocks are valid requirements. It is recognized that the dollar amount exceeds that authorized for a ticket. Specific job orders will be issued in the future to replenish truck and shop stocks as outlined in response to Audit Recommendation #5. [unclear] and [unclear] are routinely used in the machine shop. [unclear] there appears to be no culpability, the procedure for [unclear] expendable supplies has been modified as previously stated. The second example of material drawn against a canceled ticket involved the electric distribution shop. The shop used that particular ticket to draw a moderate stock of materials. The work was accomplished on a Preventive Maintenance job order and the ticket was later canceled when it was learned that the lights had already been repaired. No waste or misappropriation was discovered.

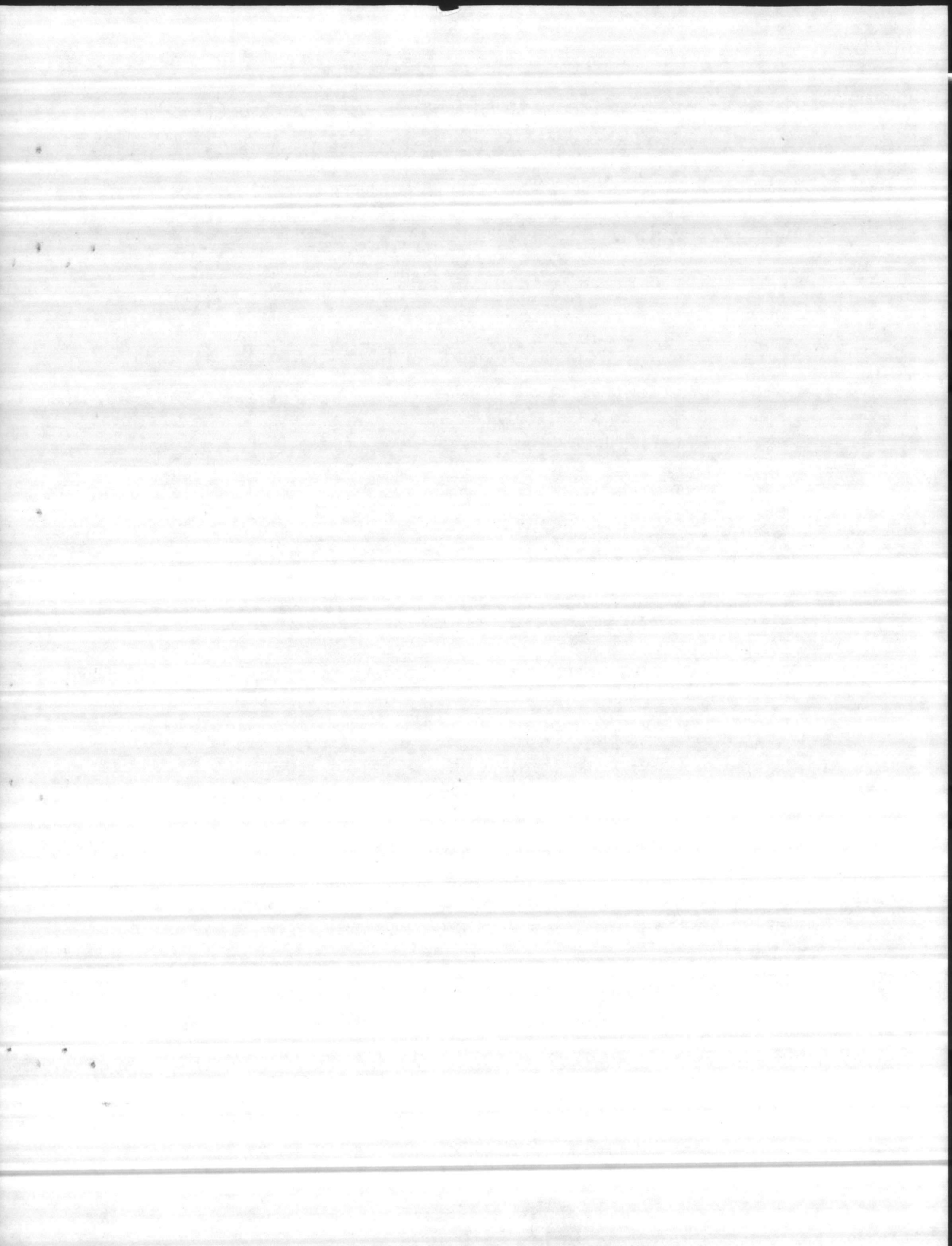
f. Paragraph (b) (3) cites material drawn after work completion date shown on ticket. Such instances are not unusual because quite often the work is started and material stocks are replenished long before the work ticket completion date is reached. In many instances, such as in Family Room, work is completed before the ticket is received. Tickets are of an emergency nature. In many cases the work will take a full day to reach the I & S shop from the [unclear] location.



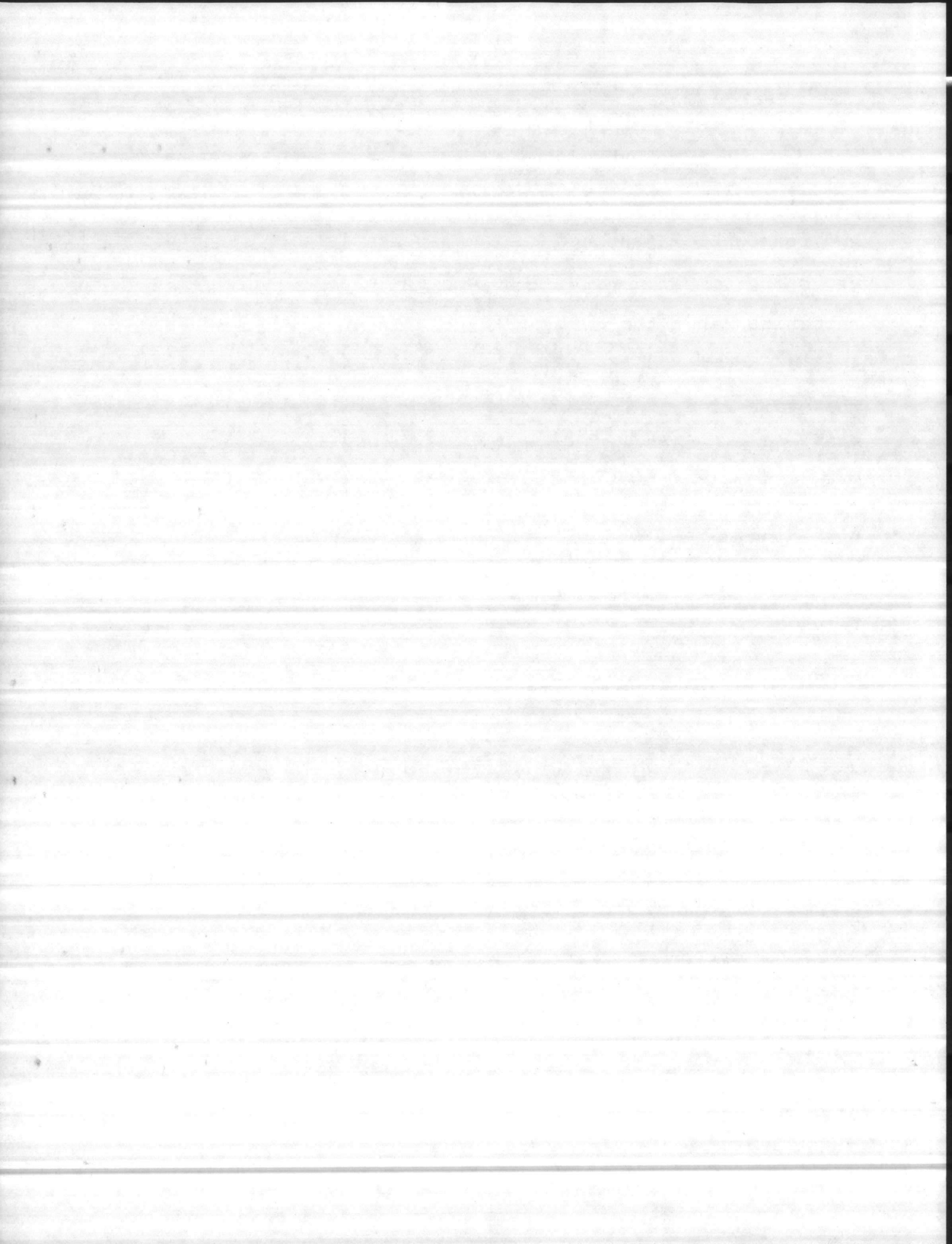
drawn for maintenance BASE MAINTENANCE DEPARTMENT

Recommendation #2: MARCORB develop a mechanized program to provide a complete list of all materials drawn against WGC 01, 02 and 03, to include badge number of individuals drawing material, and standing job order number.

MARCORB Response: Concur. The development of a mechanized material issue system initiated by the Base Maintenance Department should be fully implemented by 31 May 1978. This system has been developed in conjunction with Base Materiel Battalion and ASC personnel over the past five months. A complete material control procedural manual will be developed for use by Base Maintenance personnel. The system will utilize a credit card with employee name and code, and will identify materials issued to an employee by job order number, National Stock Number, quantity and English description of the item. To draw materials for "ticket" work or bin stock (specific job orders to be included at a later date) employees will present their credit card, work authorization and a shopping list similar to the Self Service shopping list form. The shopping list will show each item and the location materials are to be used; i.e., bin stock, building number, ticket number, etc. In the case of bin stock, the materials will be drawn to replenish a pre-established inventory in the shop or truck. A copy of the shopping list will be returned to the shop supervisor and a copy will be forwarded to the Base Maintenance Finance and Accounting Office.



The control procedures cited above will provide reasonable and adequate, but not absolute, assurance as to the safeguarding of materials against loss from unauthorized use or disposition and reasonable assurance that management's policies and objectives are being complied with. The concept of reasonable assurance recognizes that the cost of any system of internal control should not exceed the benefits derived and also recognizes that the evaluation of these factors necessarily requires estimates and judgments of management.



AUDIT REPORT #C42837

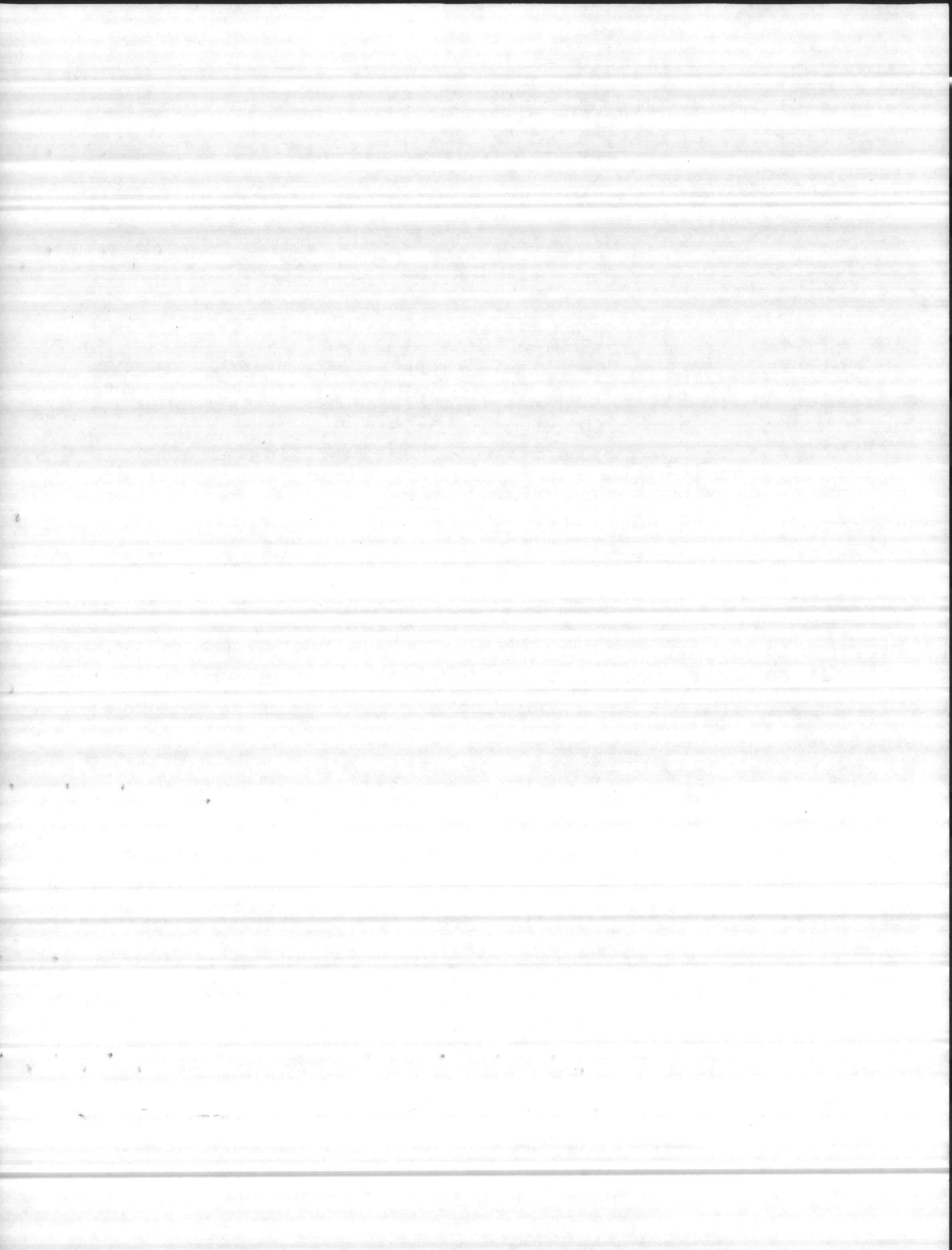
BASE MAINTENANCE DEPARTMENT

adequate, but not essential evidence of the subject.

Recommendation #3: MARCORB establish and maintain a list of personnel authorized to draw materials in shop stores and require individuals to identify themselves.

recognizes that the cost of any system of internal control.

MARCORB Response: Concur. The mechanized system as cited in response to Recommendation #2 will accomplish this action. The evaluation of these factors necessarily requires the and judgments of management.



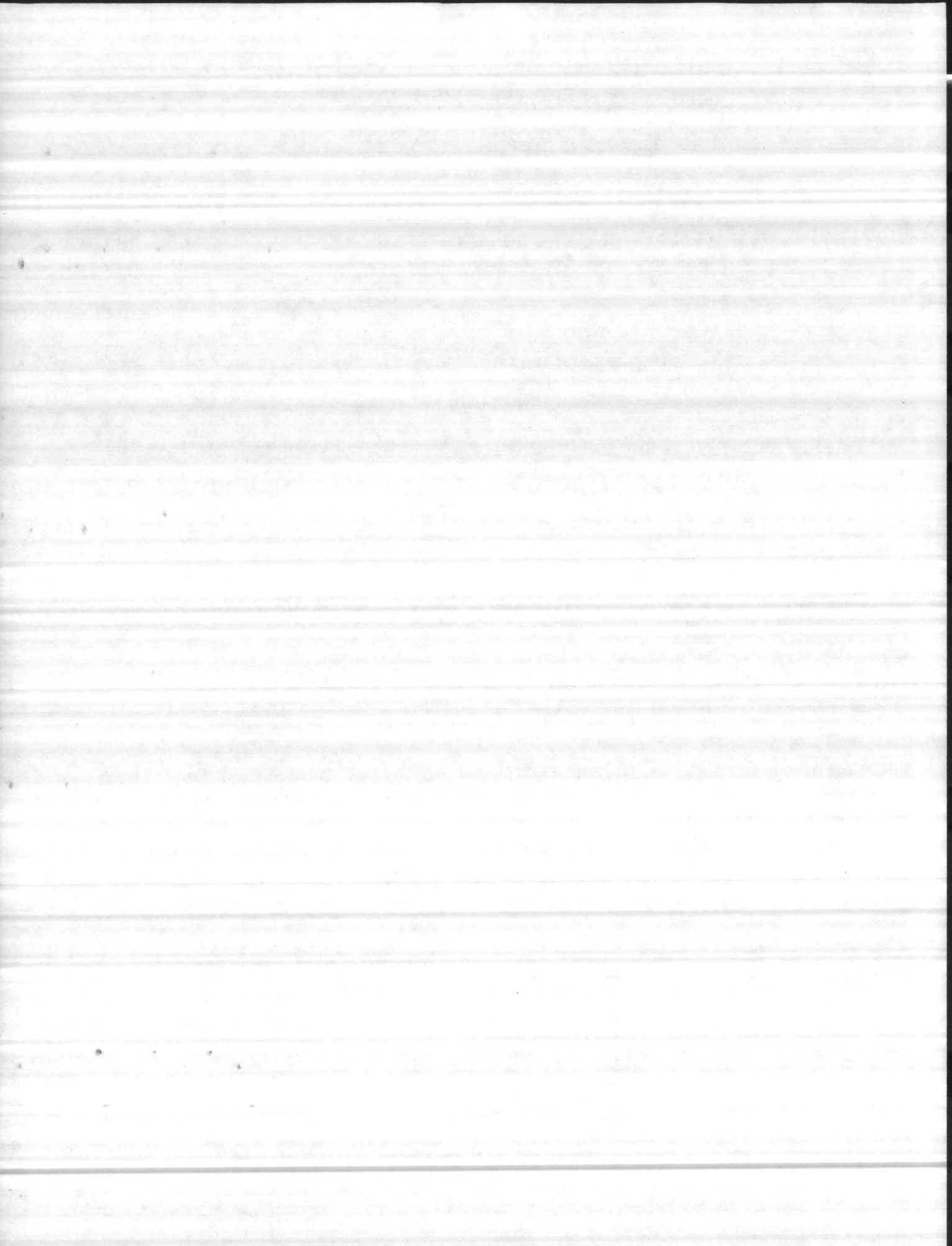
AUDIT REPORT #C42837

BASE MAINTENANCE DEPARTMENT

BASE MAINTENANCE DEPARTMENT

Recommendation #4: MARCORB limit labor and material cost of ticket work to \$200 as required by MCO P11000.7A, par. 4042.4b. Require individuals to identify themselves.

MARCORB Response: Defer to CMC. The \$200 total cost limitation on E/S "ticket" work has been the subject of discussion at several conferences and workshops over the past two years. The consensus of opinion at the East Coast Facilities Maintenance Workshop held March 1977 at MCAS(H), New River, was that the guidelines should be \$200 for material only and 16 man-hours/2 shops. The change has not yet been formally approved and issued by HQMC. FoneCon with Mr. E. T. Lyons (HQMC, Code LFF) indicates he is recommending this change to the Marine Corps Order. The limit should be changed since 16 hours labor is approximately \$170 in many cases, thereby leaving only \$30 for materials. Other services have increased the materials cost limitation on E/S work to as much as \$500.



AUDIT REPORT #C42837

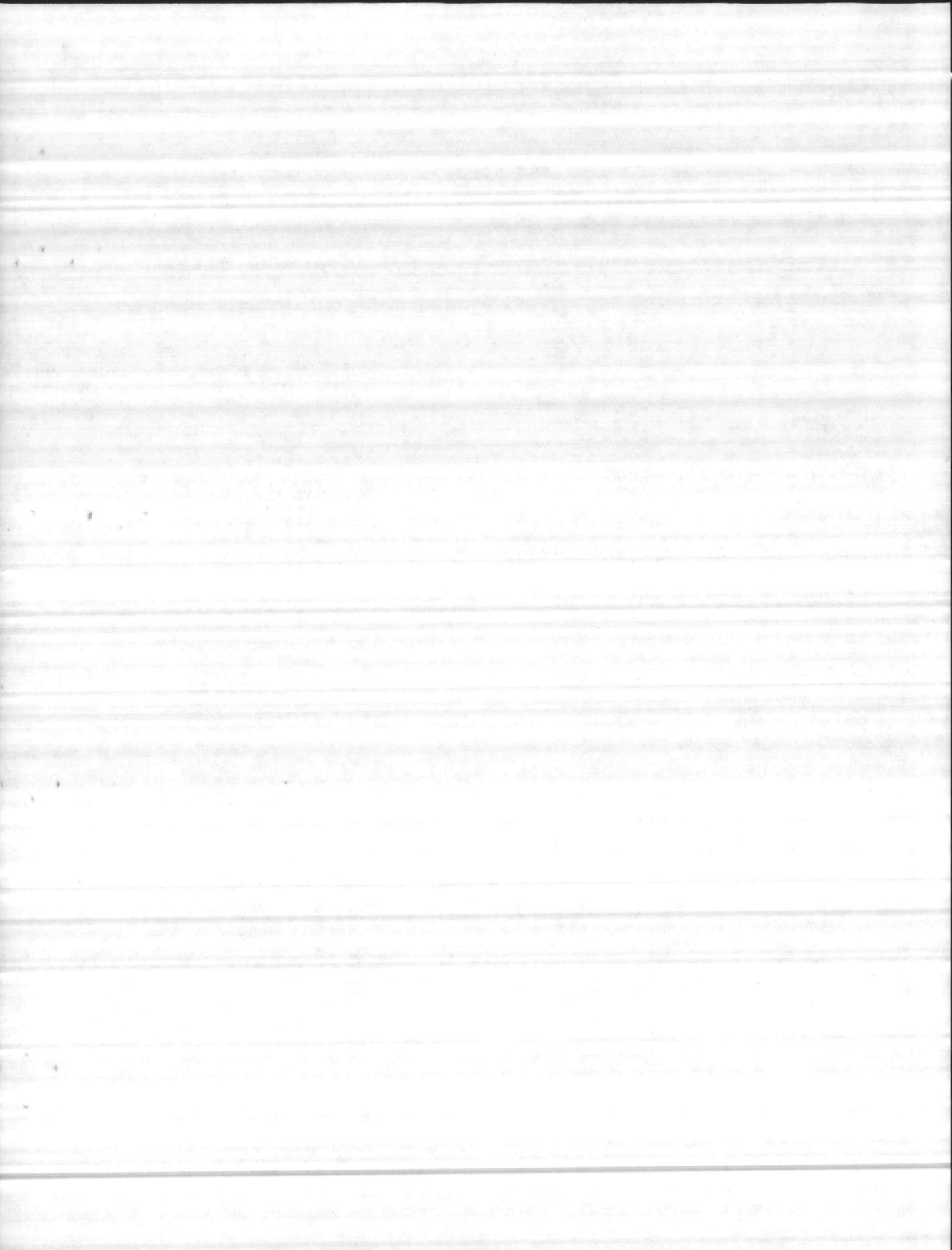
BASE MAINTENANCE DEPARTMENT

Recommendation #5: MARCORB limit truck and shop stock of materials to accomplish ticket work to modest stocks of low-cost, fast-moving, expendable items as provided in MCO P11000.7A, par. 4080.3b, and establish a job order to capture their cost.

or E S ticket work has been the subject of

MARCORB Response: Concur. Inventory limits will be established for all Base Maintenance shops and service trucks. However, because of the unit of issue, not all items of bin stock will be "low cost." For instance, copper tubing and electrical wire come in units of a roll. The Base Maintenance Officer will also establish a list of fast-moving, high-demand, nonexpendable items to be included in the inventory limits as well as an authorized inventory of expendable bin stock items. Additionally, appropriate specific job orders will be issued each shop for procurement of approved quantities of expendable/nonexpendable bin stock material.

The excessive materials referred to in paragraph (b) of the report were materials drawn on that ticket to replenish fast-moving, high-demand items usually stocked on the vehicle or in the shop. In some instances, the materials drawn on the cited examples were in prepackaged amounts; e.g., window glass is prepackaged and is required to be drawn in the quantities indicated for safety purposes.



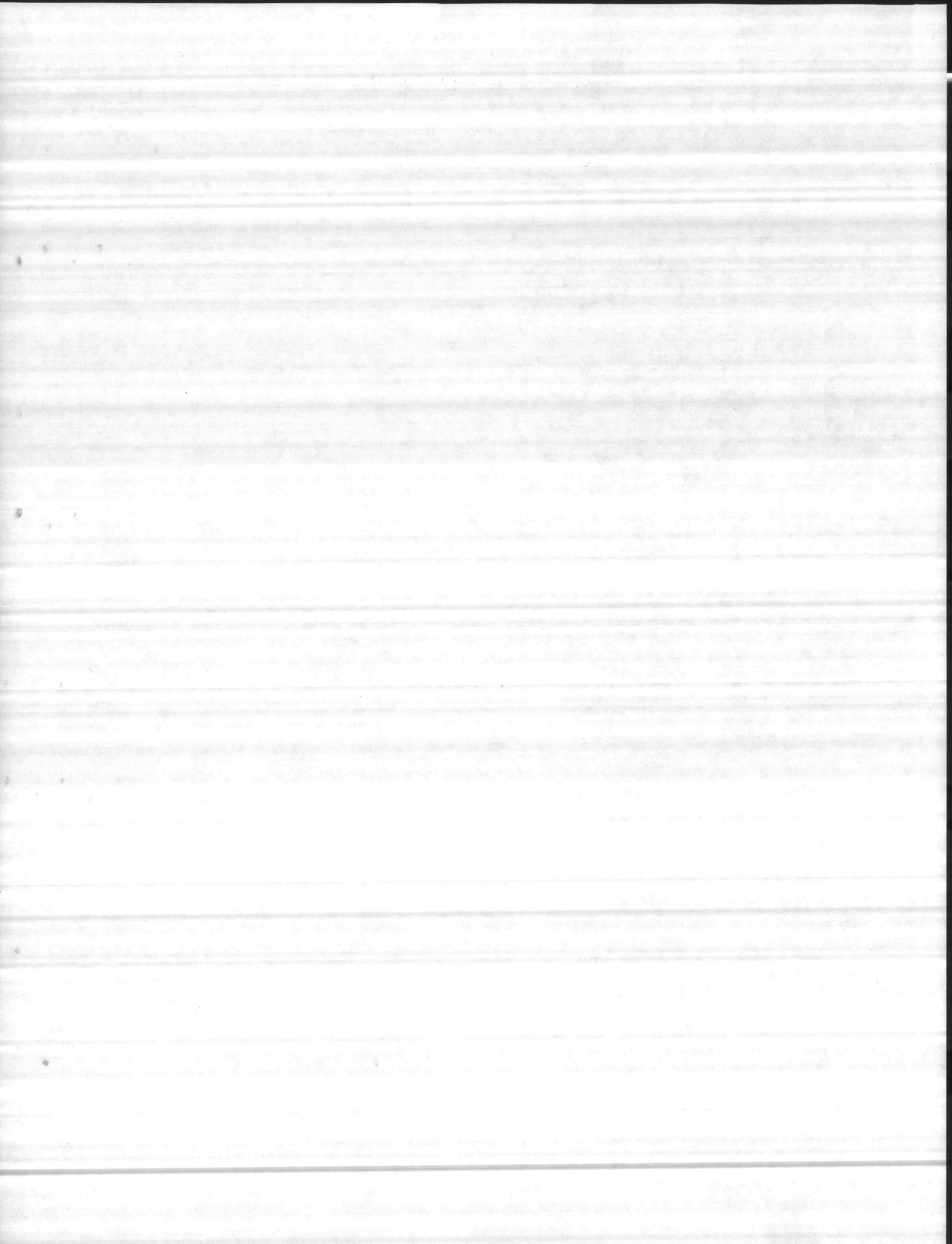
BASE MAINTENANCE DEPARTMENT

Recommendation 6: Deleted.

Recommendation 7: Deleted.

Recommendation 8: Deleted.

Recommendation 9: Deleted.



AUDIT REPORT #C42837

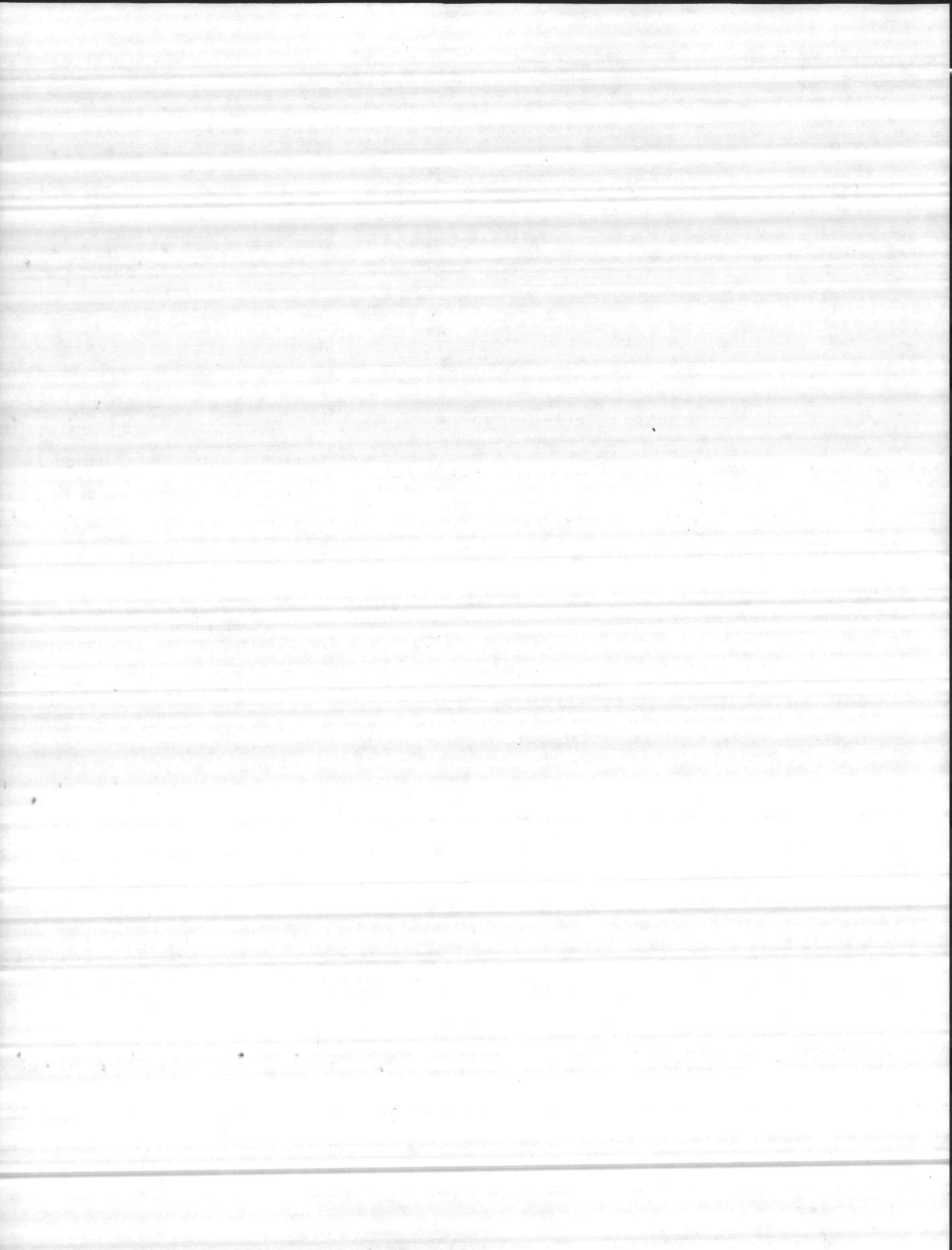
BASE MAINTENANCE DEPARTMENT

Recommendation #7: MARCORB inventory all materials in BMD and take appropriate action to return materials to shop stores for credit and establish accountability for material which cannot be returned for credit.

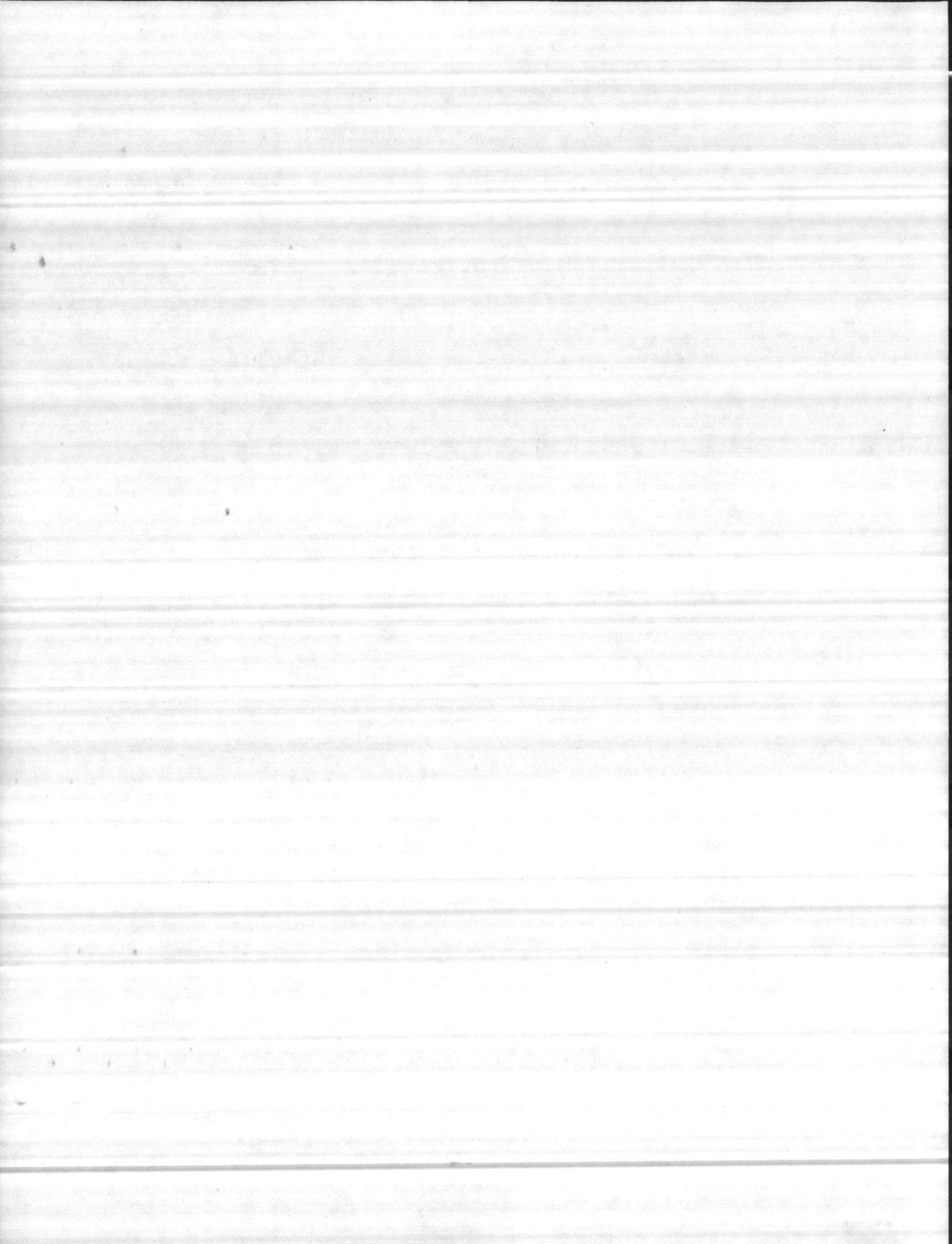
MARCORB Response: Concur. A complete inventory of materials has been conducted. High usage stock and non-stock items will be retained. Slow-moving stock items and non-stock or used items with no foreseeable use have been delivered to Defense Property Disposal Officer.

All of the materials retained are required for maintenance of family quarters and represent yearly demand requirements. Material purchased for family housing is not considered to be excessive in light of the fact that approximately \$500,000 is expended annually. The materials referenced in the audit findings were procured for use in family housing and are stored primarily in Building 1501 with some stockage at the various Emergency Service shops. These areas are considered secure with access limited to authorized personnel. Controls exercised by supervisory personnel are adequate to preclude pilferage.

The auditor's observation of maintenance personnel placing plumbing materials in a dumpster has been investigated. The items in question were determined to be miscellaneous excess materials of no use or



value, to BMD, nor were they qualified for turn in to shop stores for return to the supply system. The items were properly being disposed of in a special container for metal salvage to be turned in to the Property Disposal Officer.

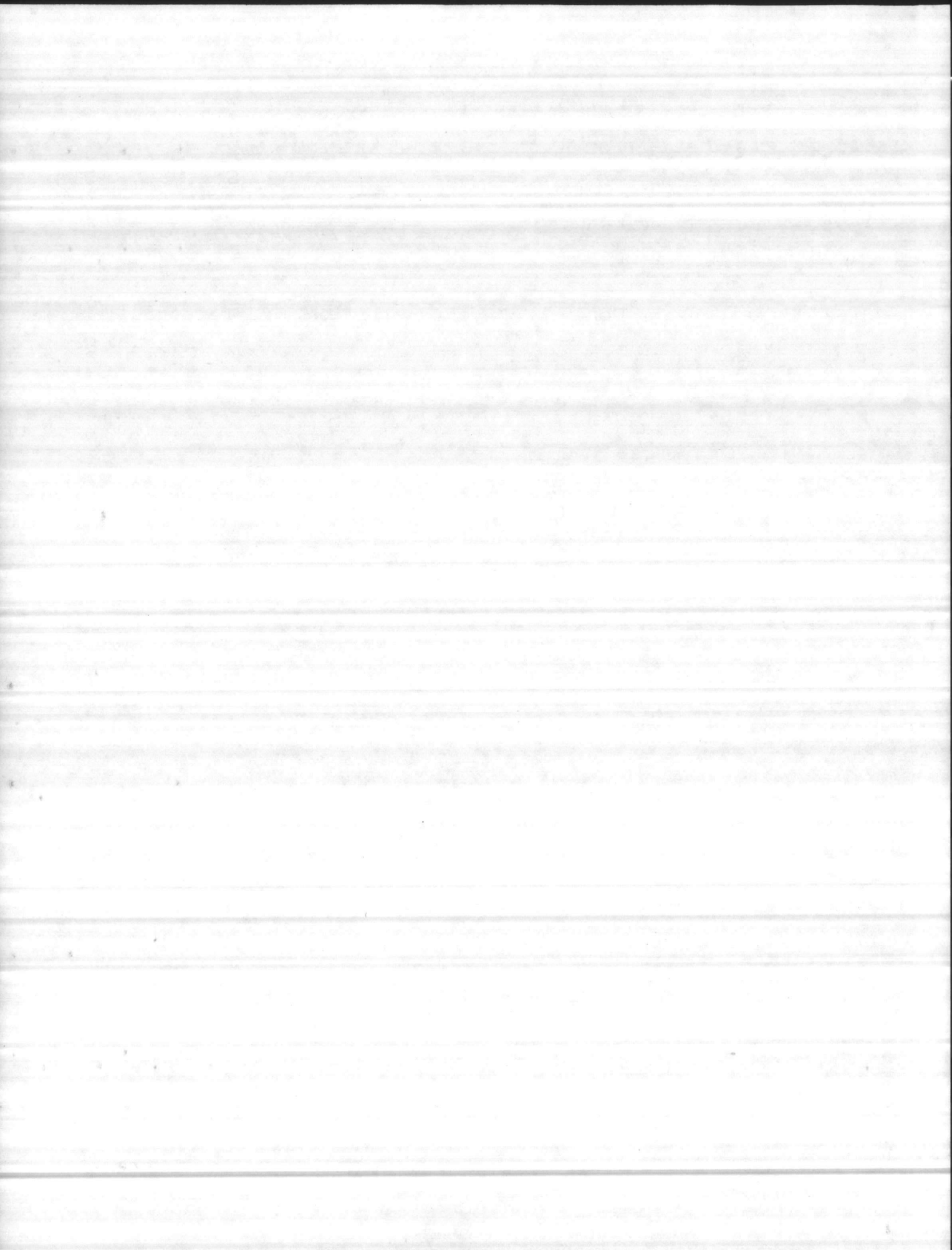


AUDIT REPORT #C42837

BASE MAINTENANCE DEPARTMENT

Recommendation #8: MARCORB stock only low-cost, fast-moving, expendable items in BMD as provided by MCO P11000.7A, par. 4080.3.

MARCORB Response: Concur, Inventory limits will be established as discussed in the response to Recommendation #5.

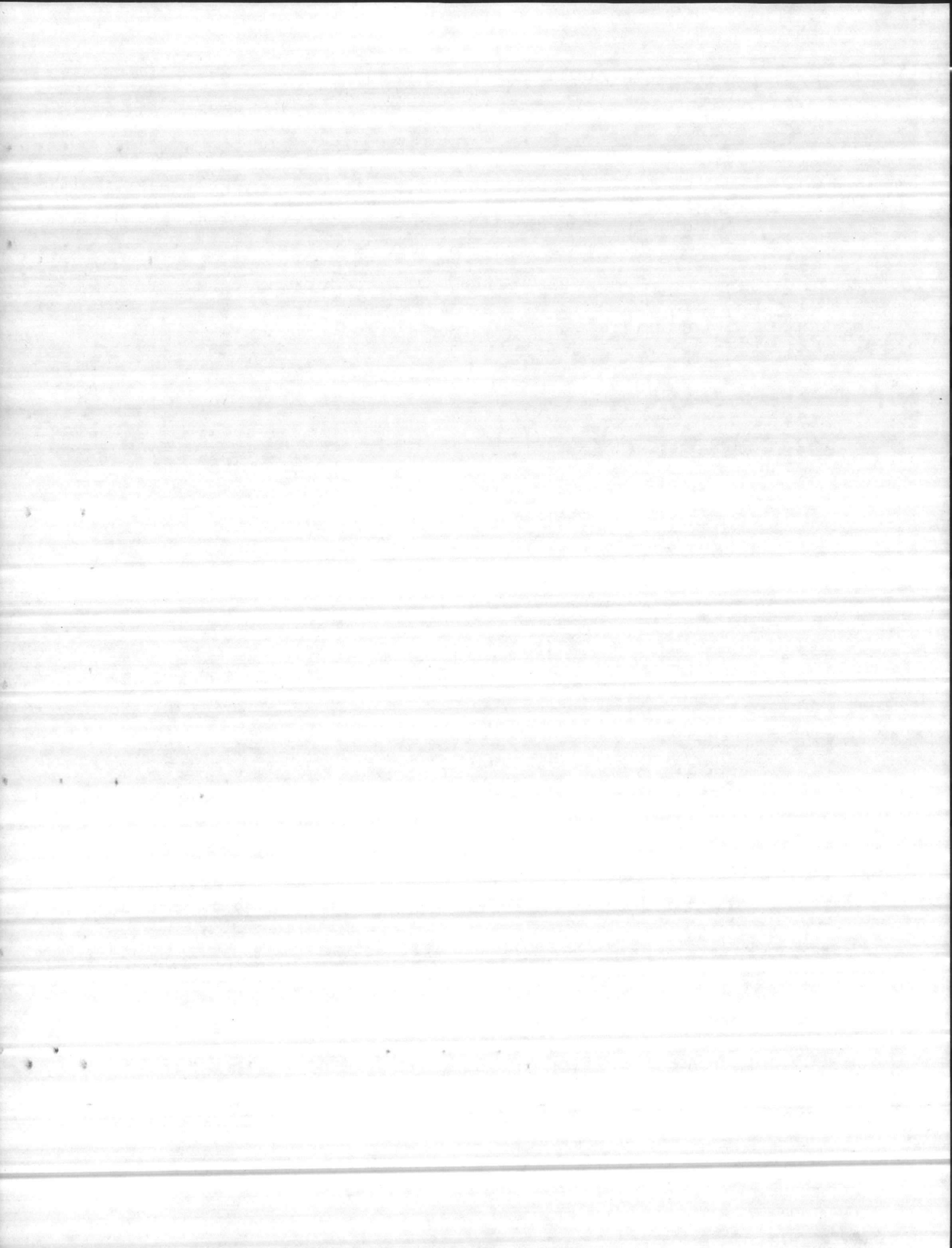


AUDIT REPORT #C42837

BASE MAINTENANCE DEPARTMENT

Recommendation #9: MARCORB request shop stores to stock items when recurring demands are sufficient to warrant stockage.

MARCORB Response: Concur. Items with recurring demands will be reported to shop stores for stockage.



AUDIT REPORT #C42837

BASE MAINTENANCE DEPARTMENT

Recommendation #10: MARCORB change current procedures used for procuring materials for the paint shops, and develop procedures that will capture accurate costs, as required by MCO P11000.7A, par. 4080.3b, and enable management to evaluate performances of the planning and estimating branch and the paint shop.

MARCORB Response: Concur. Corrective action has been taken.

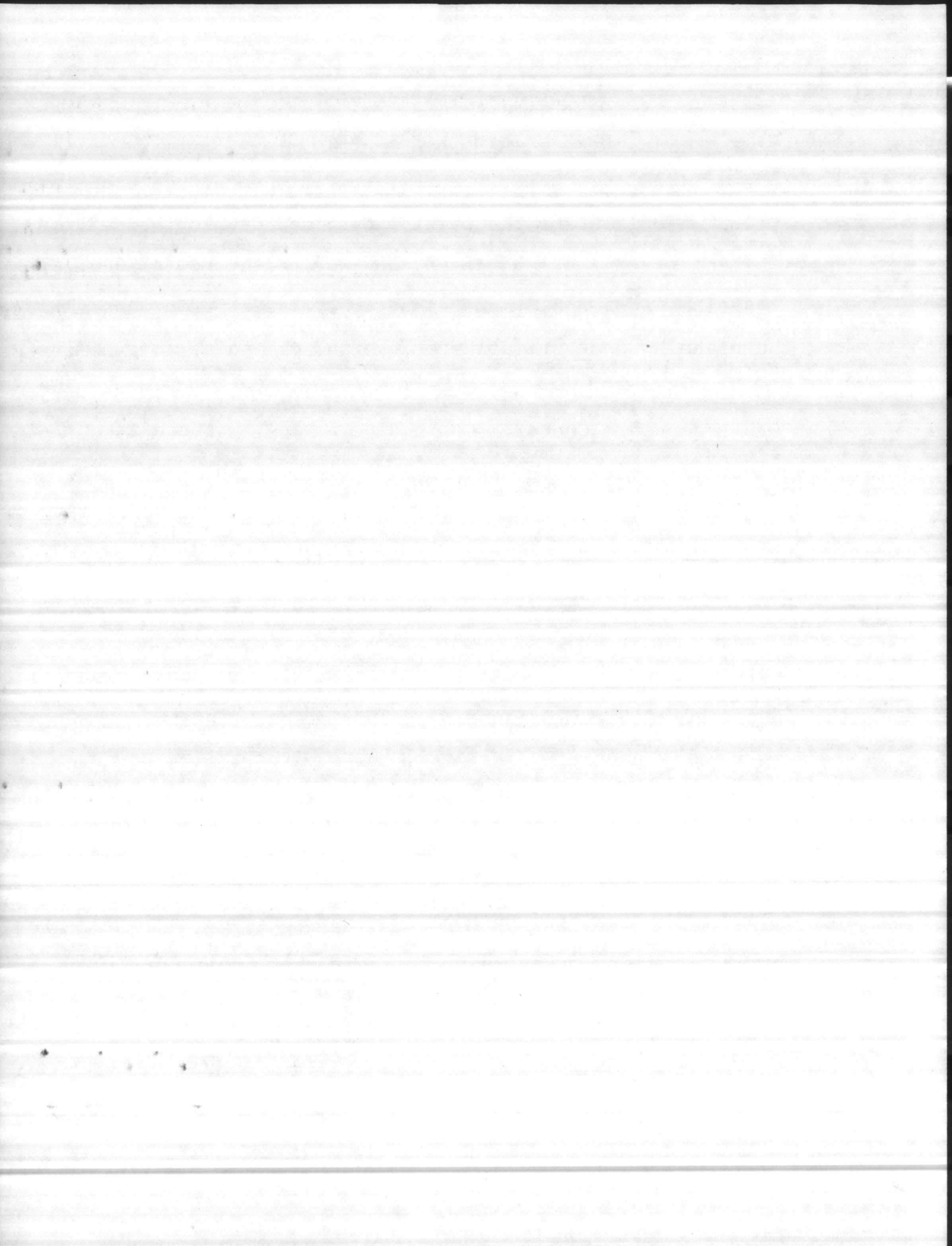
Inventory limits will be established for the paint shop. Procedures for replenishing stock have been modified to reflect actual paint used on a specific job order.

The findings to support the above recommendation are misleading and indicate that the paint shop routinely stocks large excessive quantities of paint. The audit finding indicating an inventory of 5,000 gallons of paint in the paint shop mixing room is accurate. However, the auditor failed to record whether the paint was excess or paint waiting to be applied. Examples of on hand paint are:

a. 1,085 gallons road stripping paint drawn from shop stores on a job order, awaiting suitable weather for application.

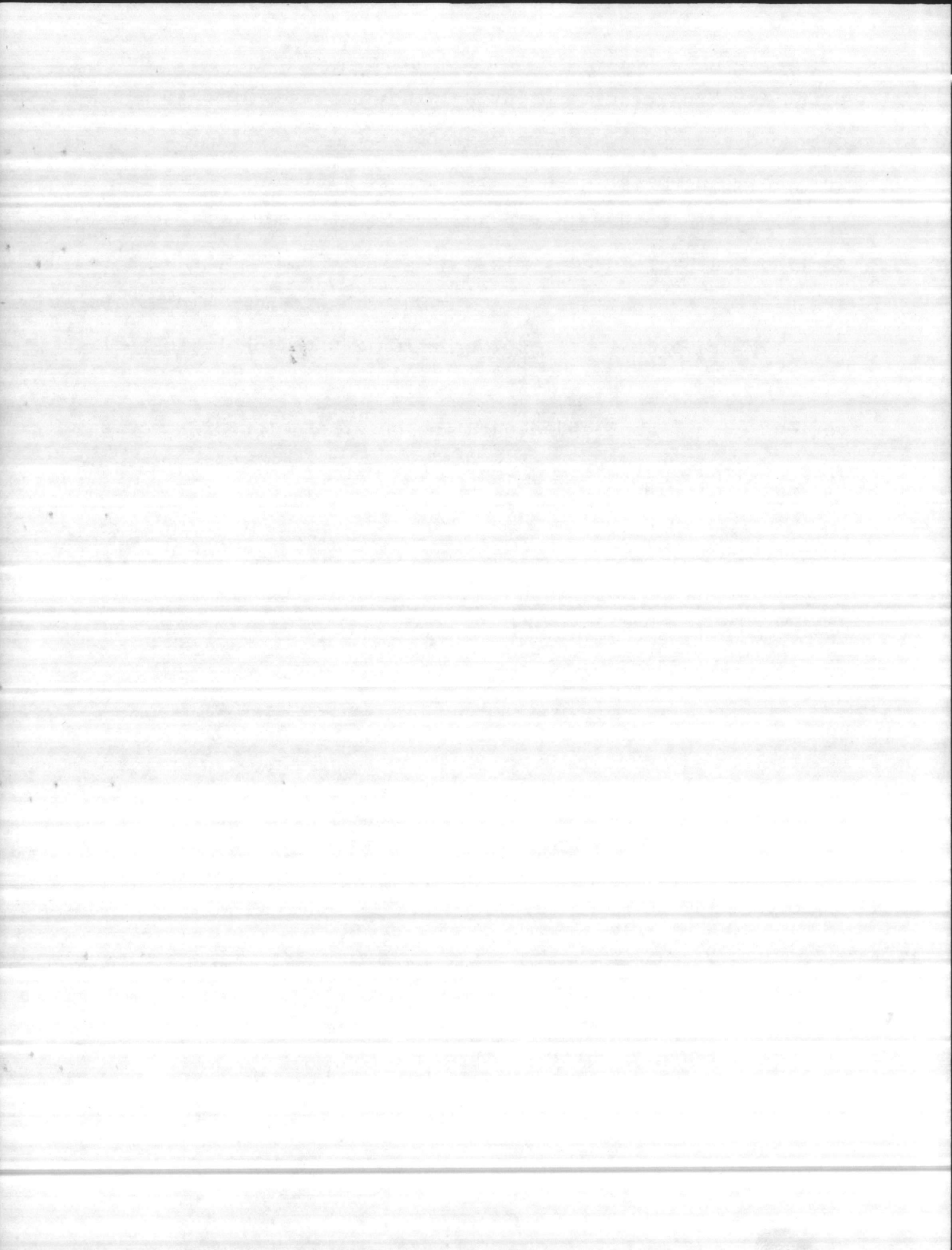
b. 255 gallons dry spray paint left over from a previous job. This paint is not stocked by shop stores and cannot be returned. It is therefore being held pending receipt of a job order requiring similar paint (i.e., theater or field house).

c. 65 gallons flat black left over from a previous job that was canceled due to improper paint being ordered. This



paint is being used to paint welding shop areas and to black out road stripping when requested.

The remaining paint on hand is used to fill orders for self-help and Base Maintenance jobs. Approximately 1,000 gallons during a routine month are drawn, mixed and used. During the week ending 4 February, 875 gallons were issued for self-help alone. Paint is normally drawn on a pallet lot basis (240 gallons), to facilitate handling. Basic white is drawn and color added to provide the various colors approved aboard the base. A standard amount (150-200 gallons) of each basic color is stocked for immediate use. Approximately 120 gallons are required to paint a barracks, therefore, 1,000 to 1,500 gallons mixed paint is not considered excess for day to day issue, especially at this time of year in anticipation of the warm weather and the IG inspection.



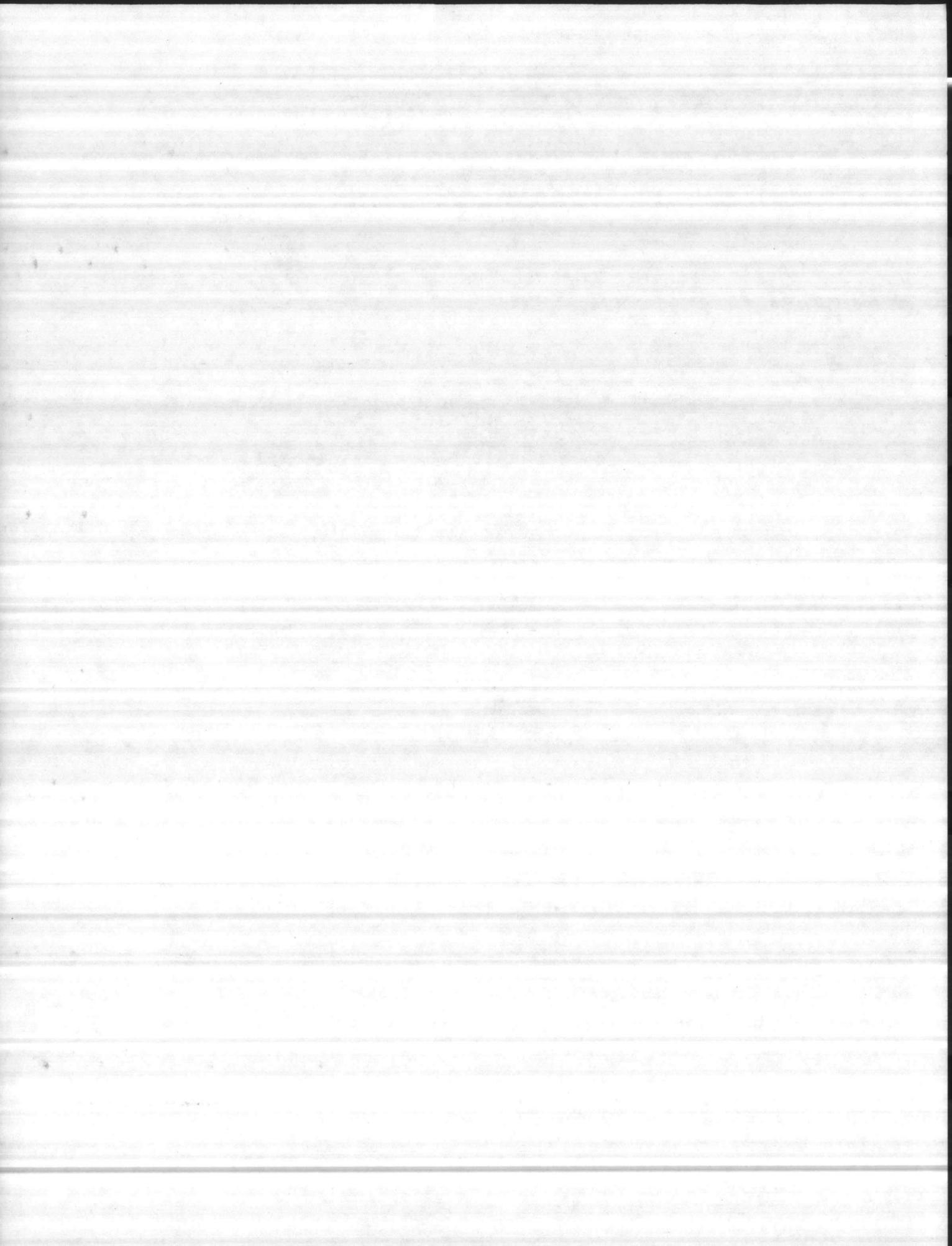
AUDIT REPORT #C42837

PAINT IS BEING USED TO MAINTAIN THE
BASE MAINTENANCE DEPARTMENT

Recommendation #11: MARCORB establish a maximum on hand quantity of paint required by the paint shop for working stock.

MARCORB Response: Concur. Maximum inventory limits will be established to accommodate routine maintenance operations. However, it may become necessary to exceed the established limits during periods of unusually high usage such as extensive self-help projects.

Approximately 100 gallons of each basic color is stocked for use. Approximately 100 gallons are required to paint therefore, 1,000 to 1,500 gallons mixed paint is not excess for day to day issue, especially at this time in anticipation of the next weather and the 10 inspection

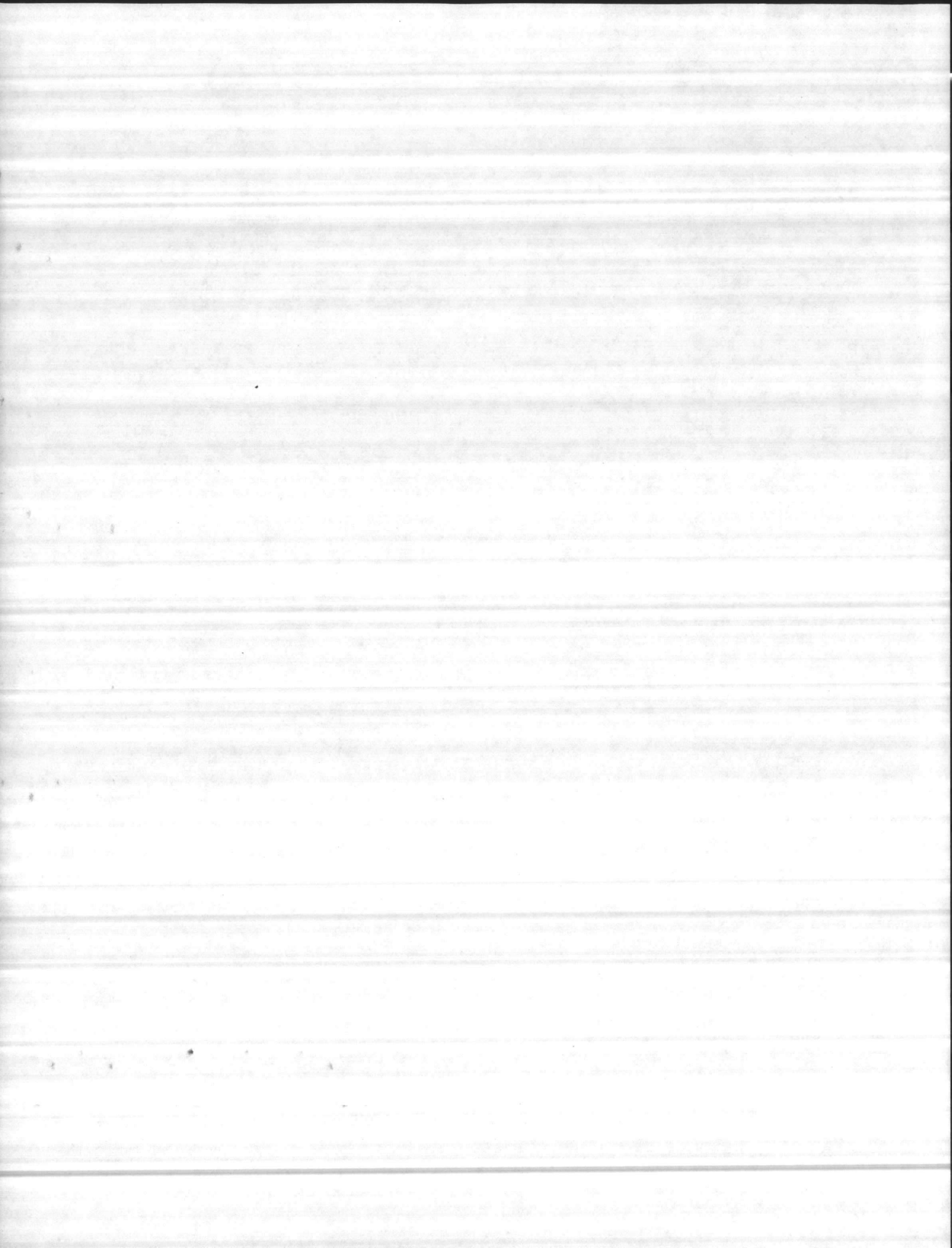


AUDIT REPORT #C42837

RECOMMENDATION #12: BASE MAINTENANCE DEPARTMENT

Recommendation #12: MARCORB examine the current paint inventory at BMD and excess all paint that has no known requirement as provided by MCO P11000.7A, par. 4080.3b. Inventory levels will be established to accommodate routine maintenance operations.

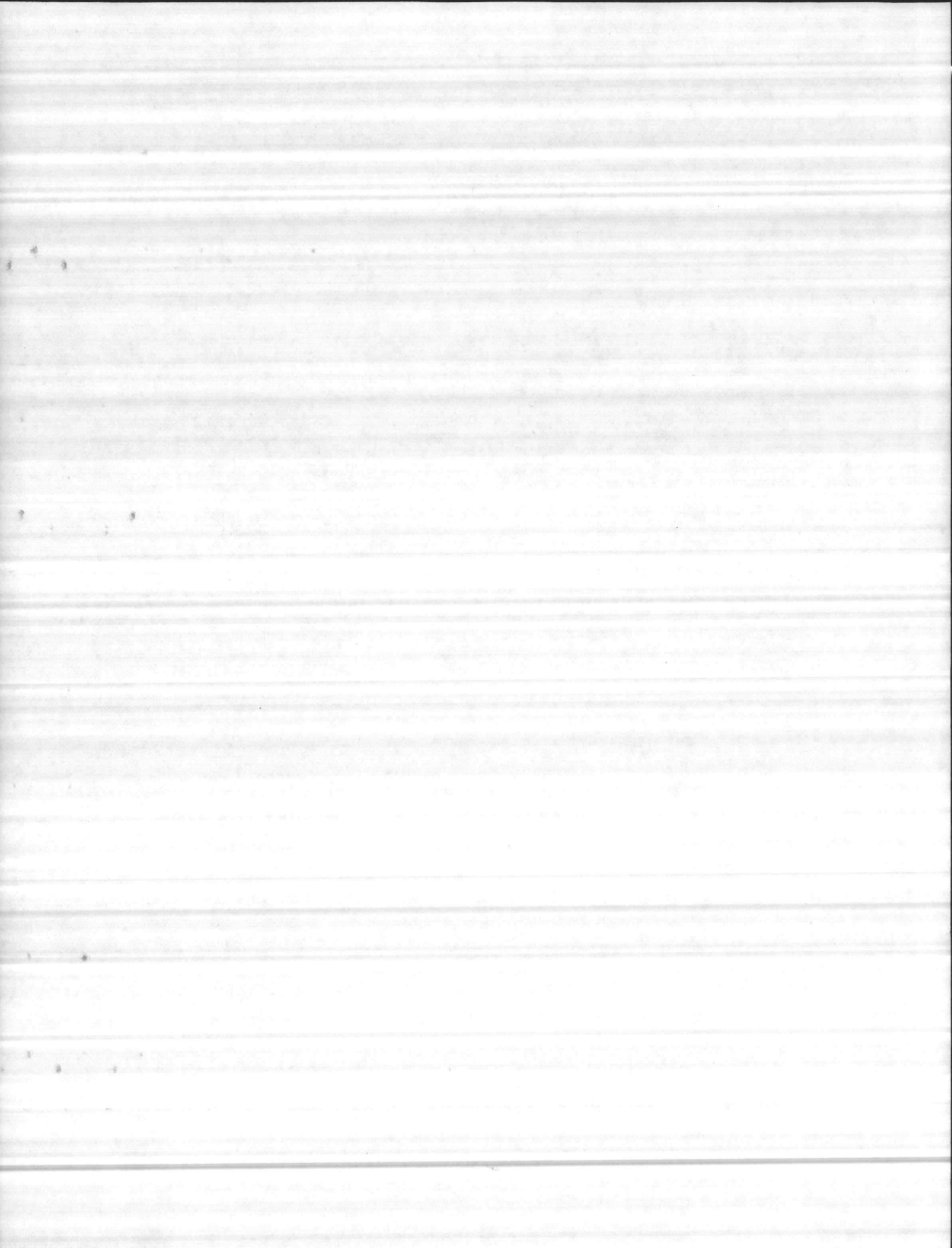
MARCORB Response: Concur. Paint above known requirements will be reduced through demand issues. See Recommendation #10. help projects.



AUDIT REPORT #C42837

BASE MAINTENANCE DEPARTMENT

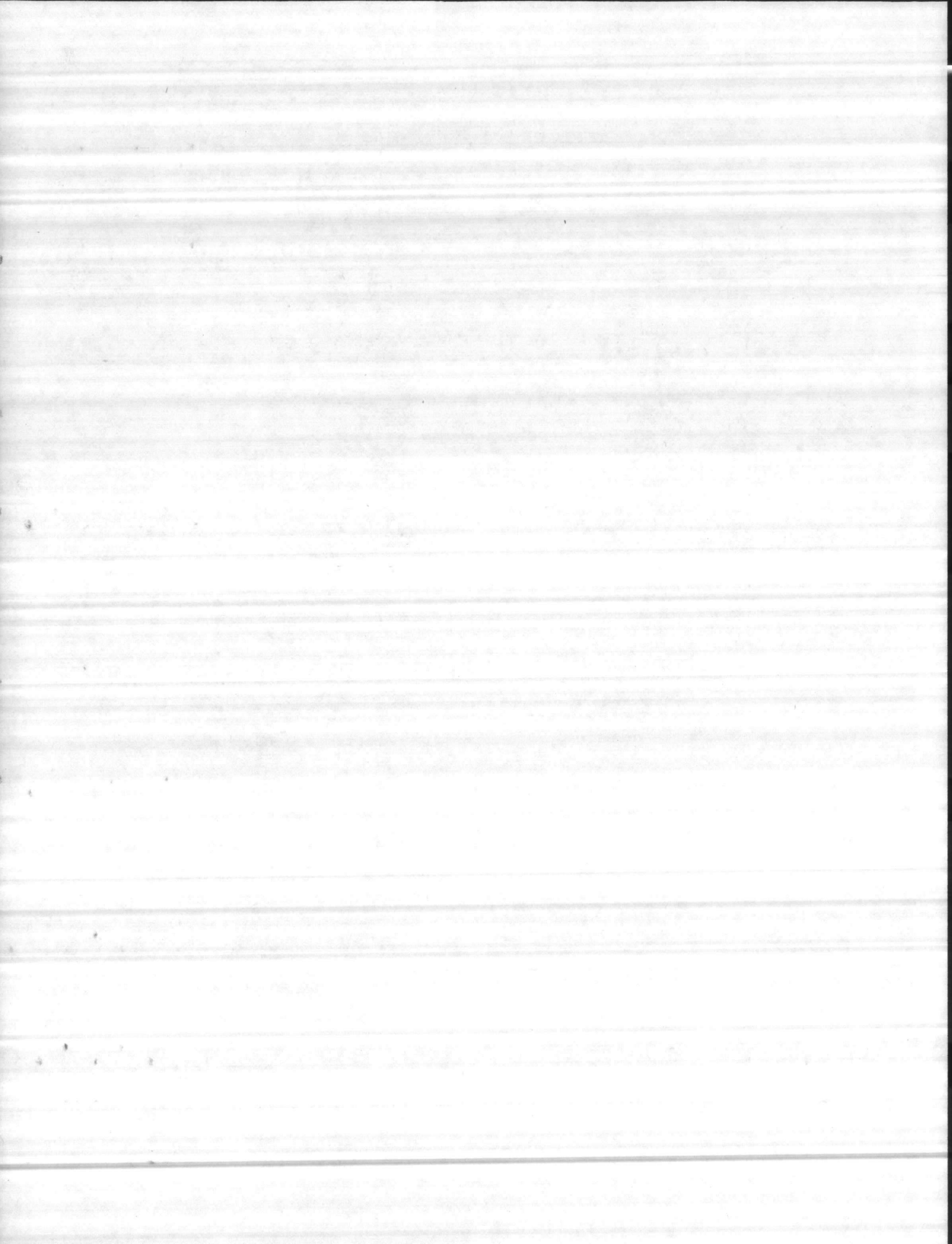
Recommendation #13: Deleted.



AUDIT REPORT #C42837

BASE MAINTENANCE DEPARTMENT

Recommendation #14: Deleted.

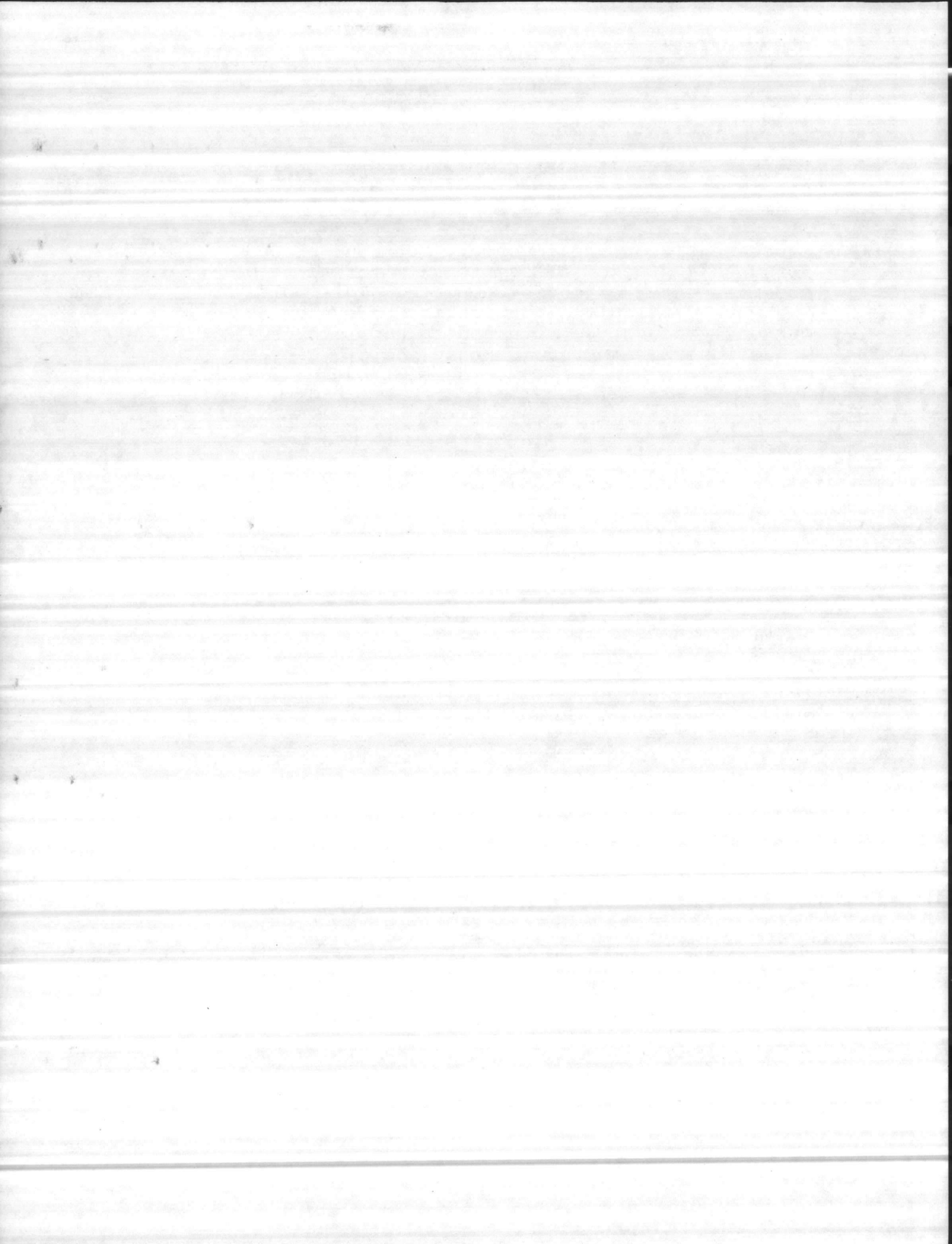


AUDIT REPORT #C42837

BASE MAINTENANCE DEPARTMENT

Recommendation 15: MARCORB revise procedure for closing specific job orders so material not required can be credited to the job order prior to closing.

Management Response: Concur. Current procedures provide for unused stocked or "systems" material to be returned and credited after a job is complete. This policy will continue. The more difficult situation is non-system items which currently cannot be returned to shop stores. Audit recommendation #16 and the response thereto addresses that problem.



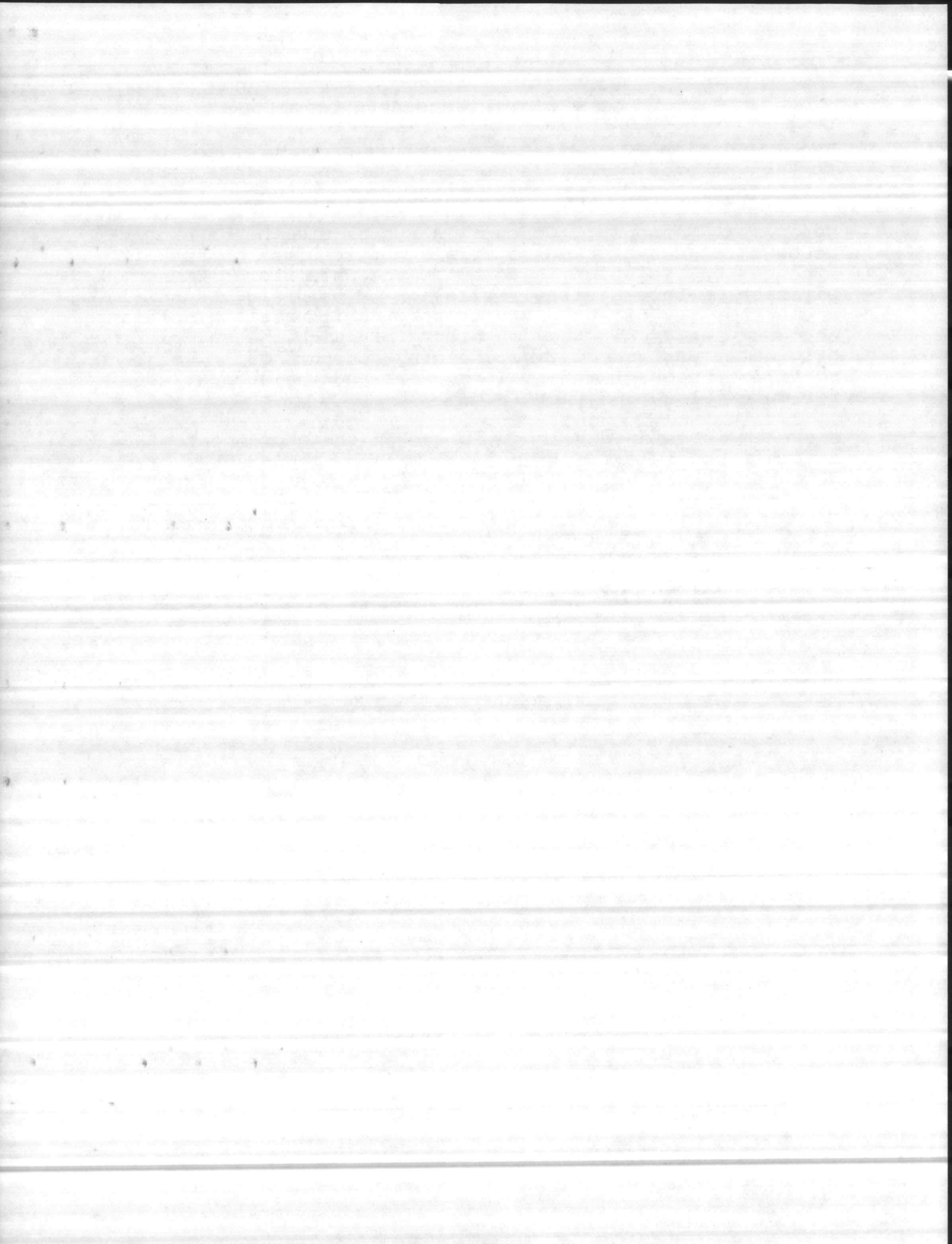
AUDIT REPORT #C42837

BASE MAINTENANCE DEPARTMENT

Recommendation 16: MARCORB establish procedures for accounting for non-stocked materials not required on completed specific job orders.

Management Response: Concur. A system will be developed to account for non-stocked materials not required on specific jobs. A conceptual solution is to allow the Shop Stores Branch, DSSC Division of Base Materiel Battalion to maintain custodial accountability of such materials by debiting a "BM holding account" and credit the job order for which the material was originally purchased. The "holding account" would be scanned to fill subsequent material requests and the account credited for materials drawn therefrom.

A system is being developed, based on the above concept as well as other possible solutions, and will be implemented by 30 September 1978.

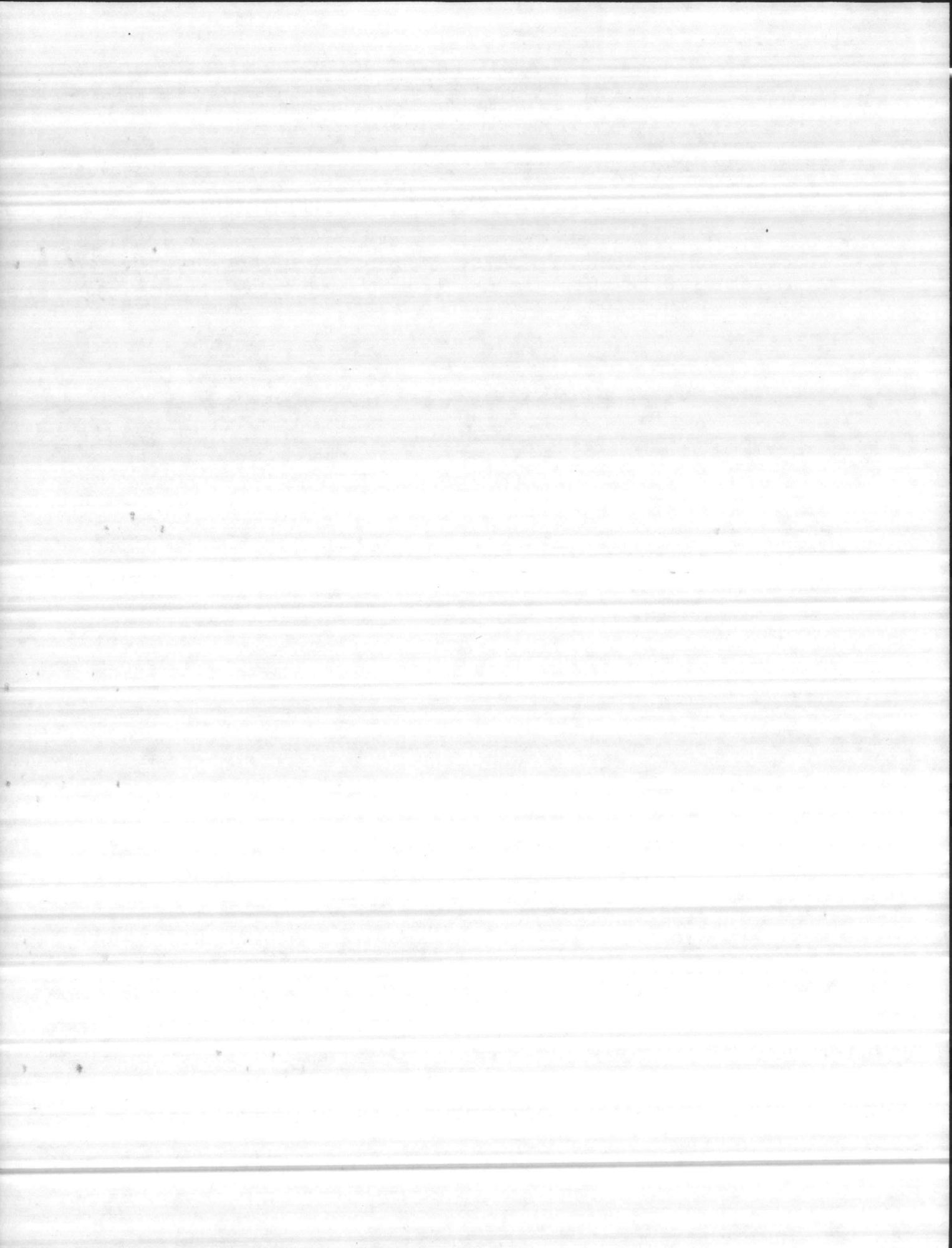


AUDIT REPORT #C42837

BASE MAINTENANCE DEPARTMENT

Recommendation 17: MARCORB request and receive approval from CMC prior to increasing its existing allowances of equipment, as required in MCO 11260.3B, par. 3a(1).

Management Response: Concur. MARCORB requested approval from CMC on 21 February 1978. Approval was received on 27 March 1978 to increase existing allowance to reflect the vehicle in question as required in MCO 11260.3B, par. 3a(1).

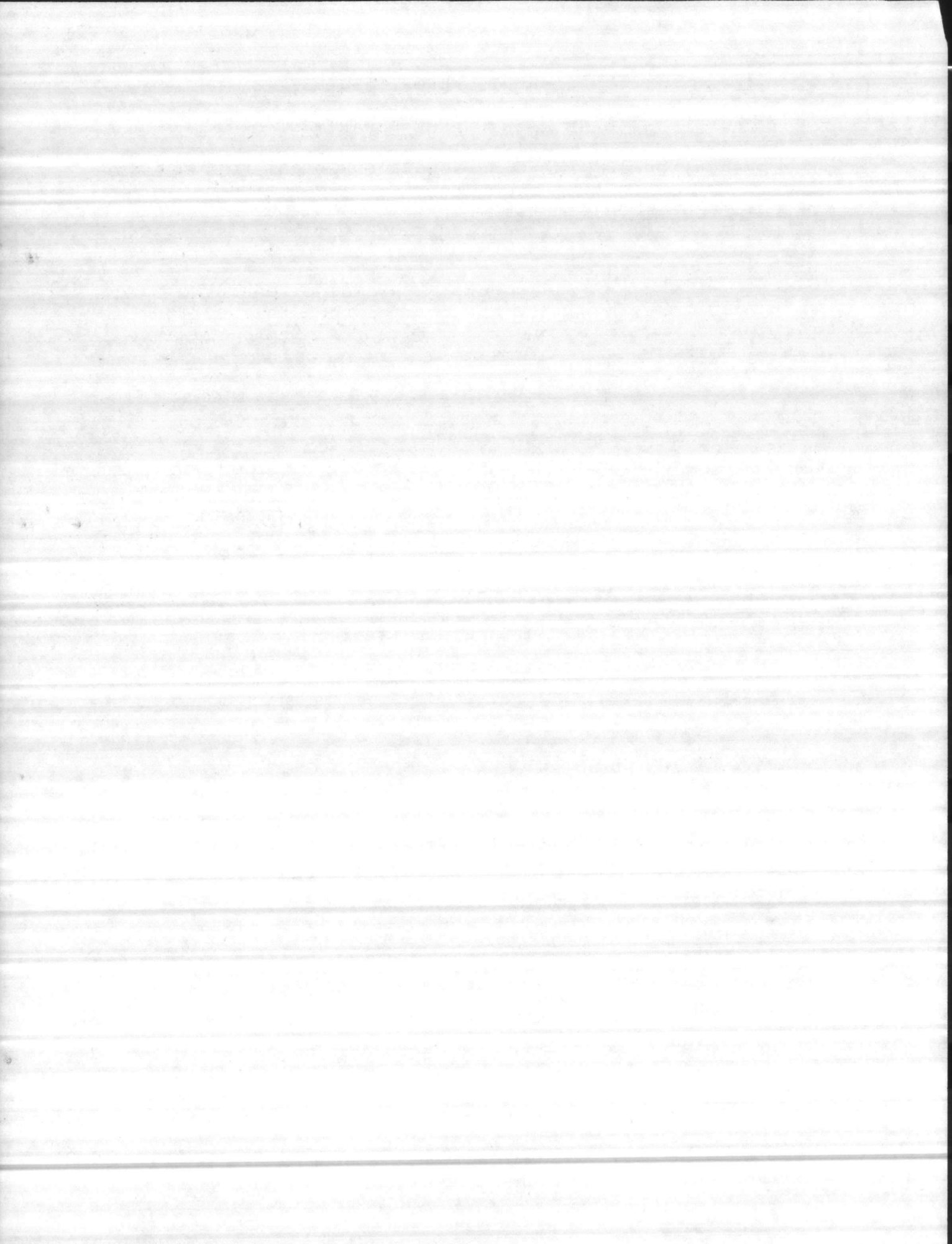


AUDIT REPORT #C42837

BASE MAINTENANCE DEPARTMENT

Recommendation 18: MARCORB report equipment to CMC for a determination as to whether repairs will be made to a piece of equipment when one-time repair costs exceed limits outlined in MCO 11240.75, par. 6d and MCO 11260.3B, enclosure (3), par 6.

Management Response: Concur. Approval cited in response to Recommendation No. 17 has accomplished this action.



AUDIT REPORT #C42837

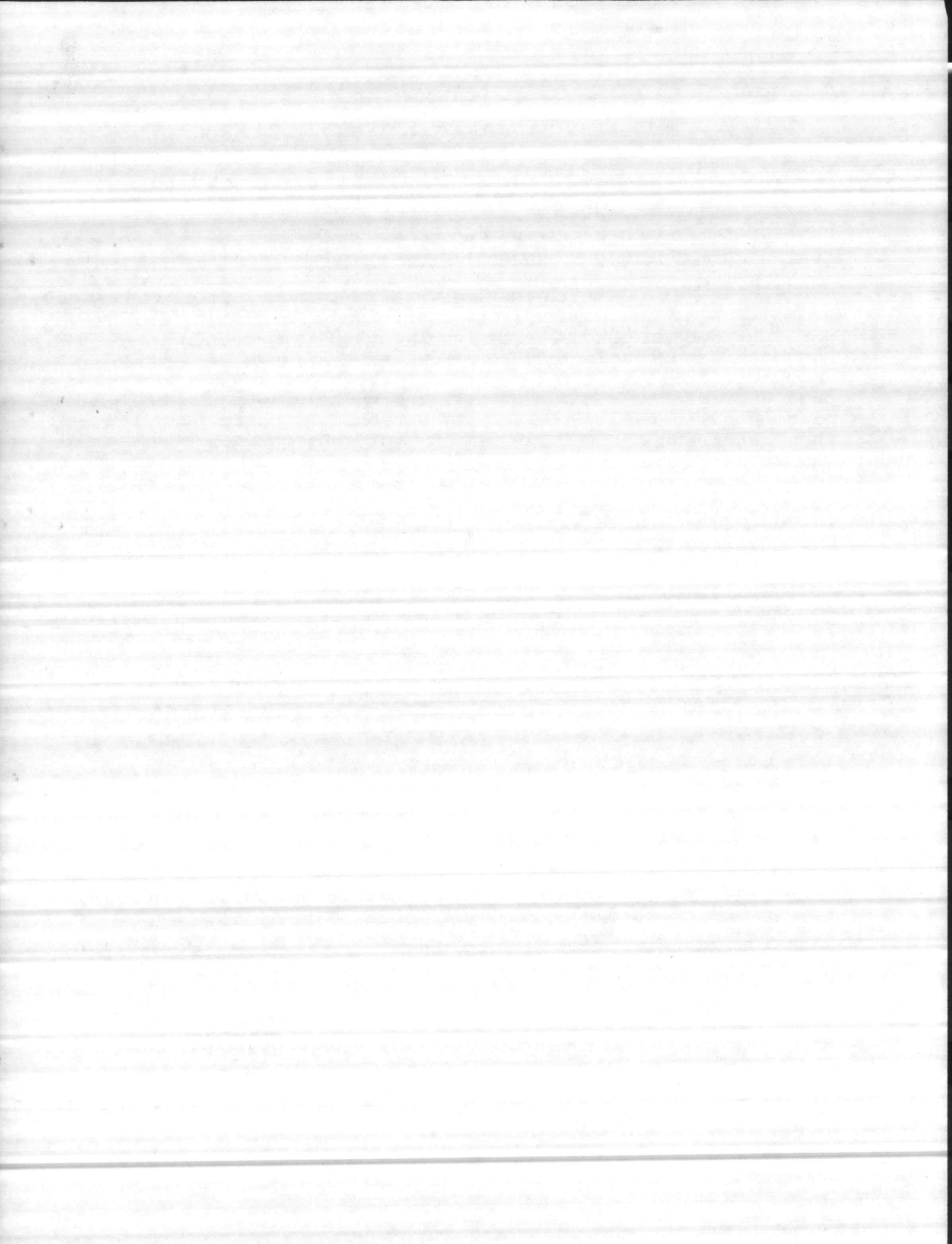
BASE MAINTENANCE DEPARTMENT

Recommendation 19: MARCORB charge JON's applicable to work being performed and include all labor and material charges.

Management Response: Concur. Previous charges have been reapplied and are now being charged to appropriate JON's.

The vehicle in question was originally turned in to the Defense Property Disposal Office with condition code X assigned, but was upgraded to condition R-3. The Base Maintenance Department requested and received the equipment on 22 November 1977. Immediate action was necessary to obtain the vehicle because once upgraded to condition R-3, the vehicle would have been placed on the nationwide Excess Personal Property List (EPPL), thus requiring MARCORB to compete for the vehicle. The vehicle was repaired and modified to dispense dust palliative on gravel roadways and parking areas. Previously, this was accomplished by vehicles dispensing used motor and fuel oils, a method not in conformance with Environmental Protection Agency standards. The acquired vehicle has the capability to dispense water-base material as well as recover contaminated fuel spills.

The costs incurred in restoring the vehicle are not considered excessive as the purchase cost of a similar vehicle is estimated in excess of \$10,000. Additionally, the delivery time to obtain a new vehicle was estimated at two years.



AUDIT REPORT #C42837

BASE MAINTENANCE DEPARTMENT

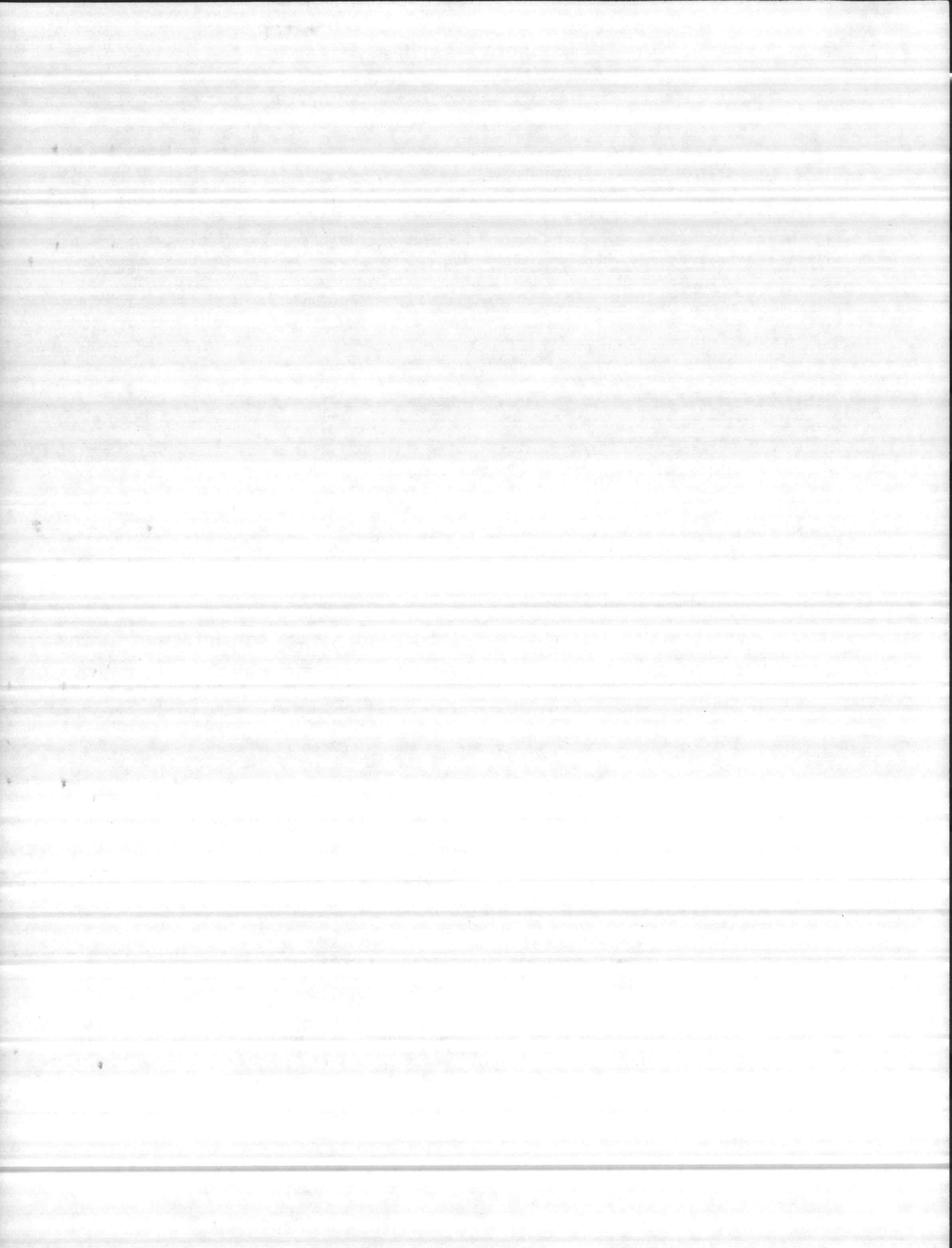
BASE

Recommendation 20: MARCORB take action to correct information on Maintenance Management Report No. 3, Completed Specific Job Order Report.

Management Response: Concur. Due to systems problems in the Class-I Program, some prior year cost was brought forward in error. This occurred during the change-over of year end records to the new fiscal year. Continuing emphasis will be directed toward ensuring accuracy in this report.

was upgraded to condition requested and maintained. Immediate action was necessary once upgraded to condition placed on the nationwide basis thus requiring MARCORB to be repaired and modified roadways and parking areas by vehicles dispensing use in conformance with EPA. The acquired vehicle has material as well as recover

The costs incurred in repair excessive as the purchase in excess of \$10,000. Add a new vehicle was estimated

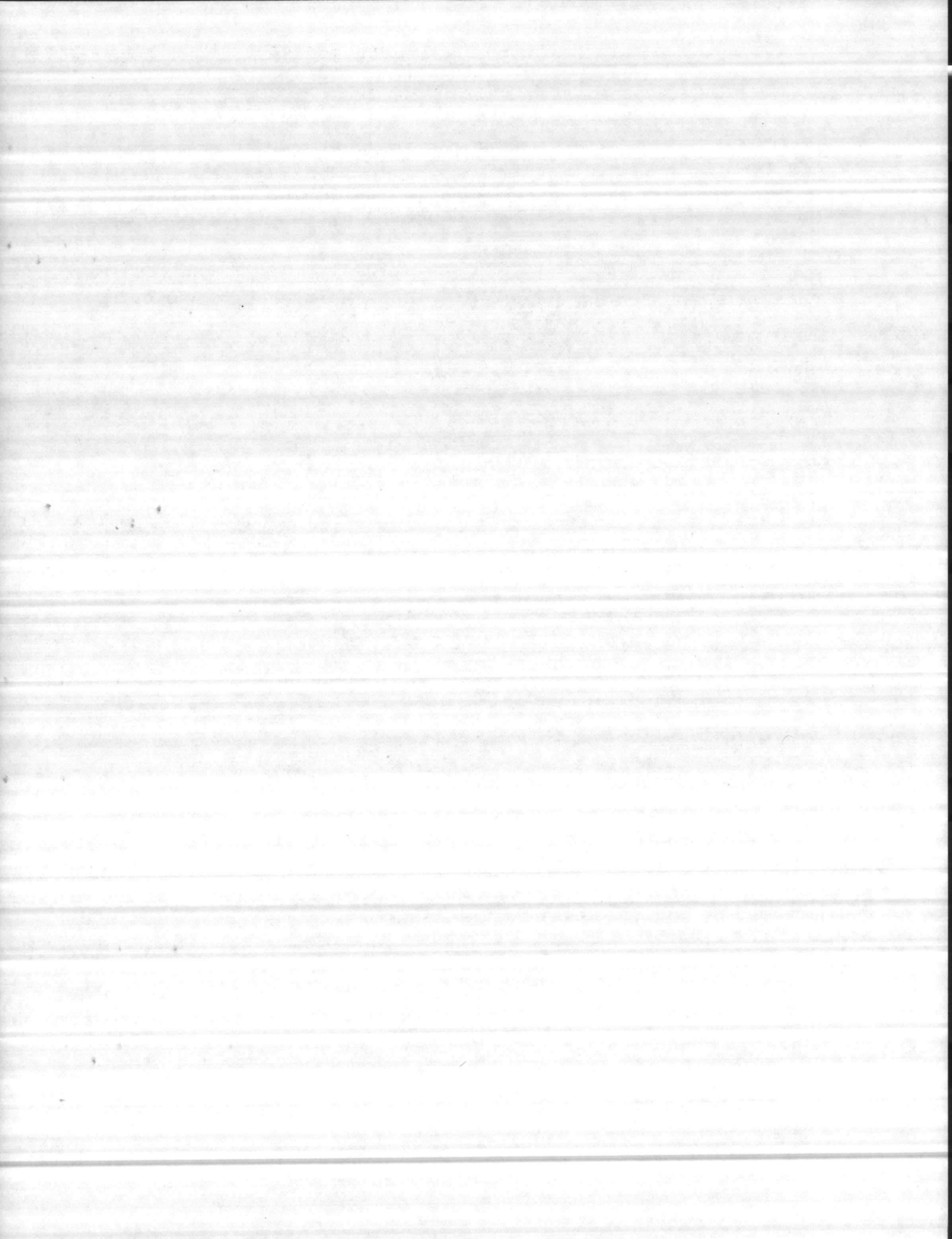


AUDIT REPORT #C42837

BASE MAINTENANCE DEPARTMENT

Recommendation 21: MARCORB review variances on Maintenance Management Report No. 3, as required by MCO P11000.7A, Para. 5030.

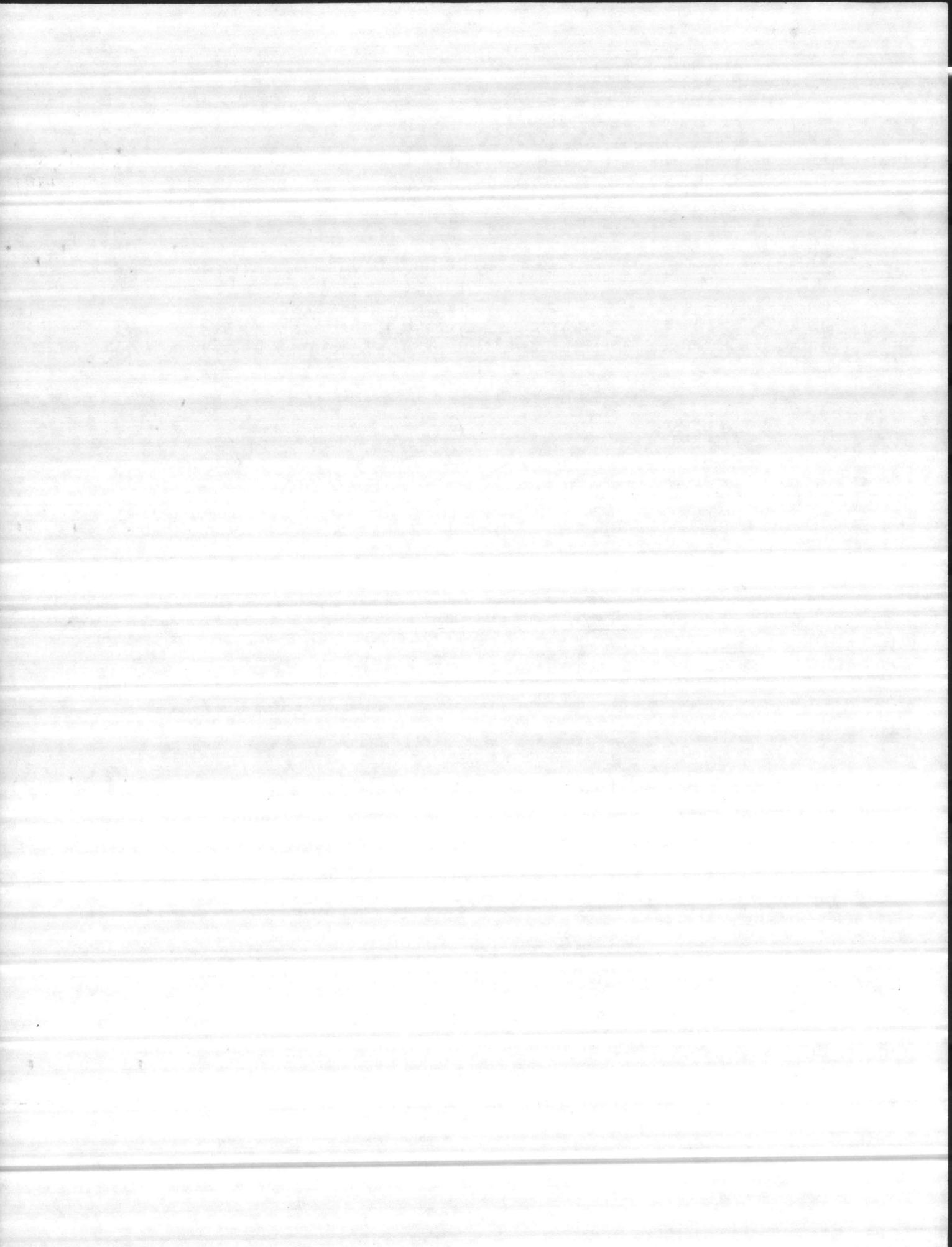
Management Response: Concur. Action to accomplish variance review was directed by Base Maintenance Officer Memo of 17 March 1978.



BASE MAINTENANCE DEPARTMENT

Recommendation 22: CMC consider making necessary changes to Maintenance Management Report No. 3 to include only job orders over \$600 which exceed one or more of the prescribed variances.

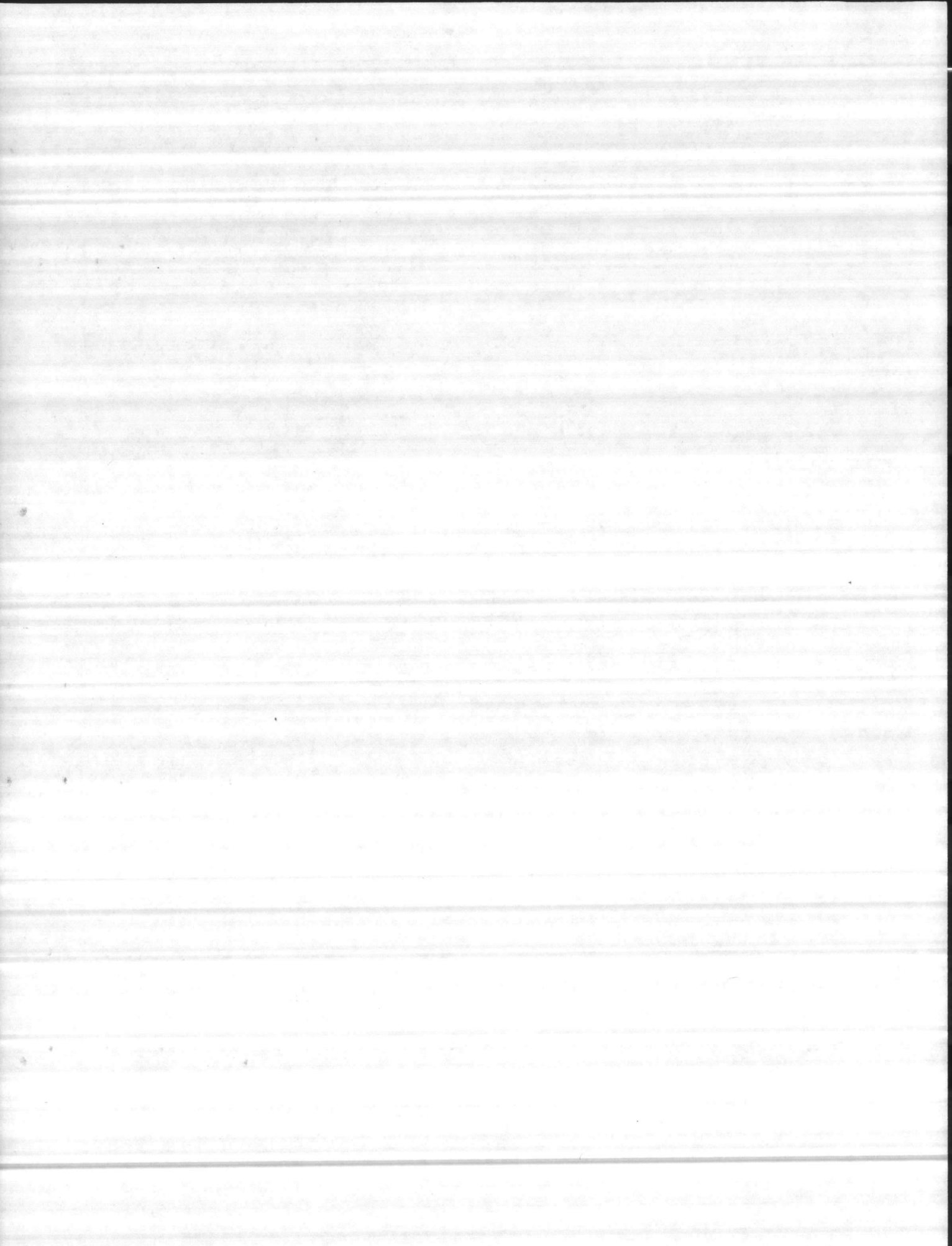
MARCORB Comment: Data on jobs under \$600 should be subject to periodic overall review. Additionally, cumulative data on all specific jobs is needed for budgeting, programming and estimating purposes. A change to report #3 to "flag" jobs under \$600 which have out of tolerance variances would be helpful.



AUDIT REPORT #C42837

BASE MAINTENANCE DEPARTMENT

Recommendation 23: CMC change the print routine for Maintenance Management Report No. 3 to print more than one job order per page.

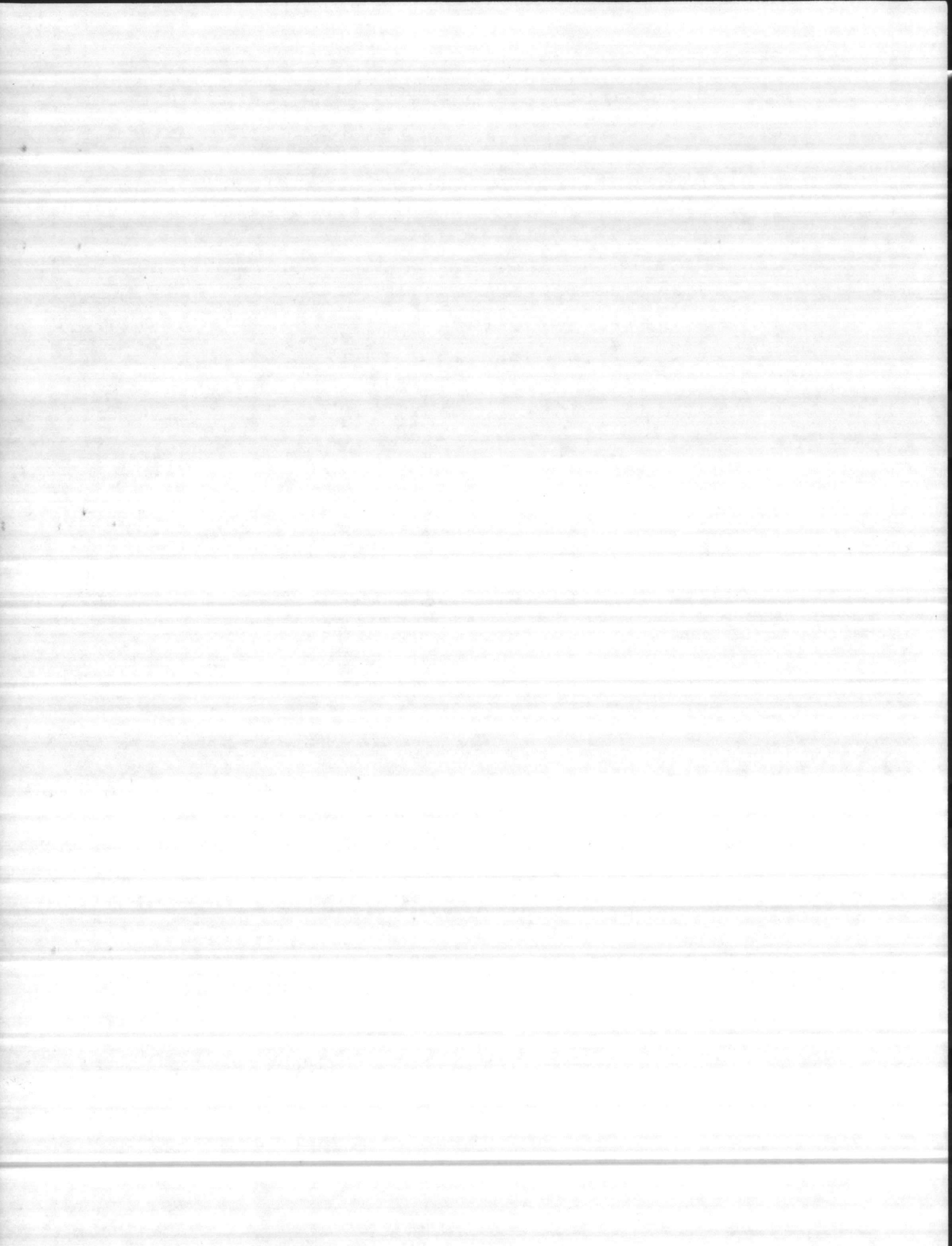


AUDIT REPORT #C42837

BASE MAINTENANCE DEPARTMENT

Recommendation 24: MARCORB determine the cause of variances between the estimated and actual costs and take corrective action.

Management Response: Concur. Action to accomplish was directed by BMO memo of 17 March 1978.

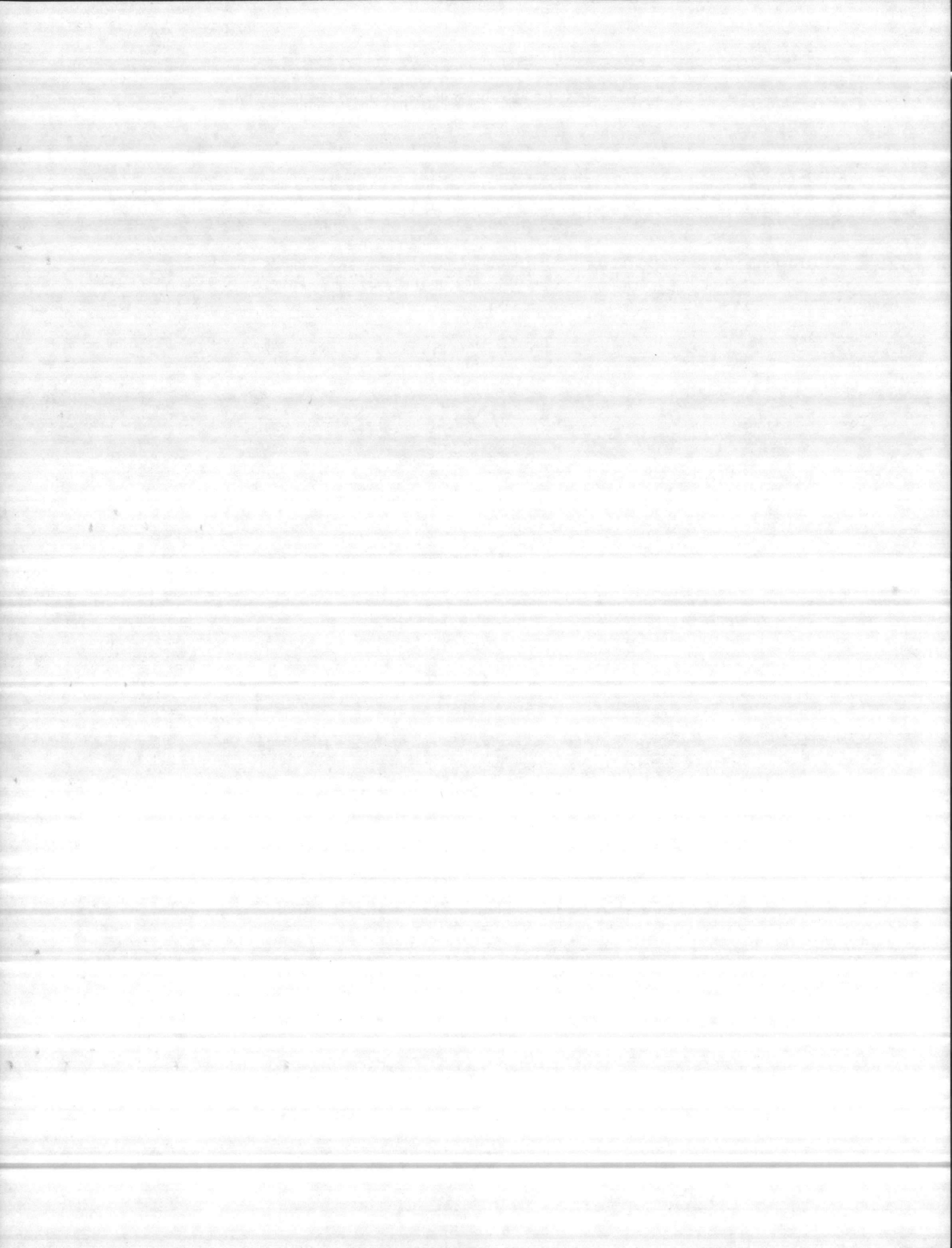


AUDIT REPORT #C42837

BASE MAINTENANCE DEPARTMENT

Recommendation 25: MARCORB issue amendments in accordance with MCO P11000.7A, Volume III, par. 4045 and not to adjust poor estimates or time differences.

Management Response: Concur. Action to implement the recommendation directed by BMO memo of 17 March 1978.

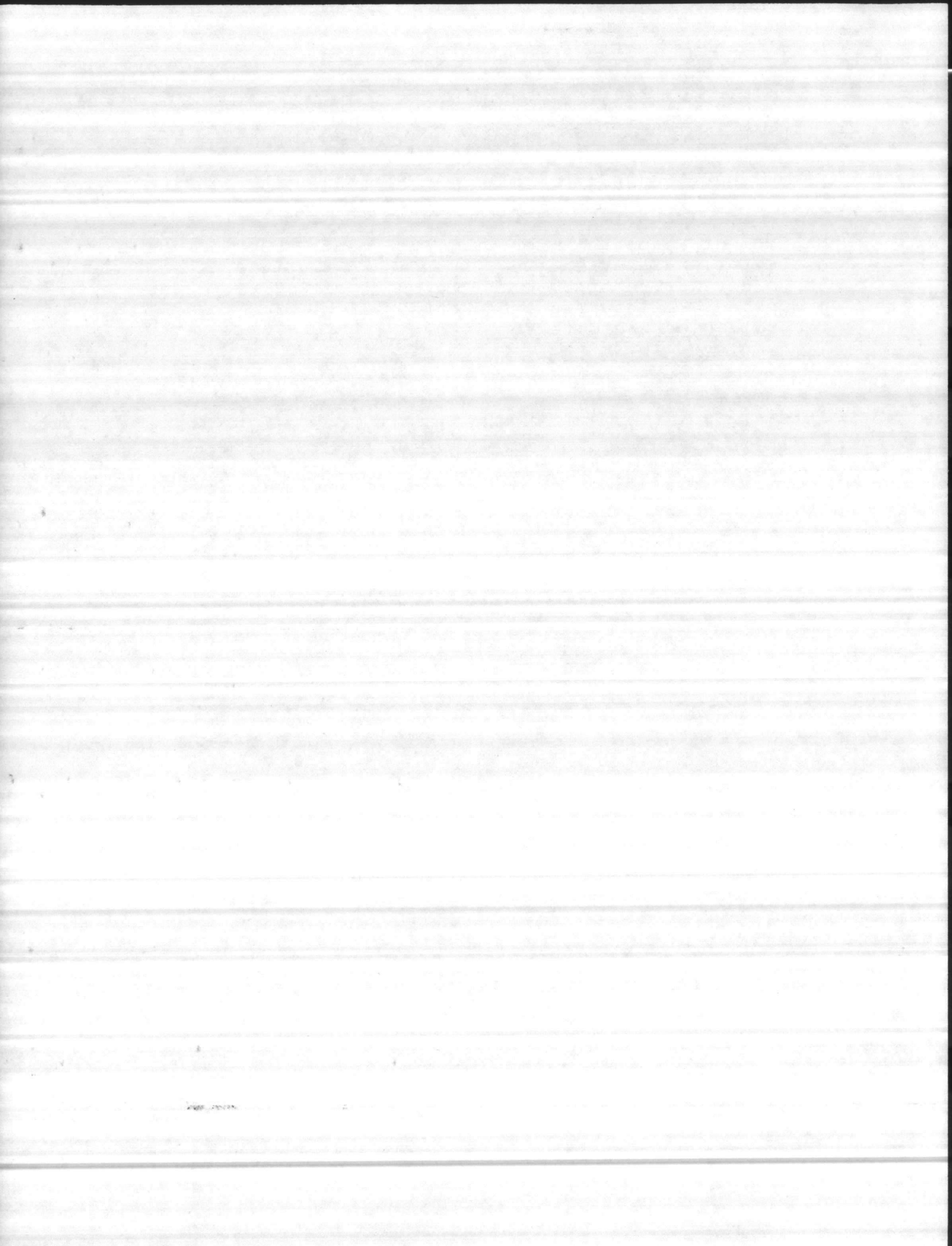


AUDIT REPORT #C42837

BASE MAINTENANCE DEPARTMENT

Recommendation 26: MARCORB process all data affecting cost records.

Management Response: Concur. Amendments to prior year estimates, and current year amendments received after the job order was reported complete on report #3, were not processed. All future amendments will be processed regardless of the date received.



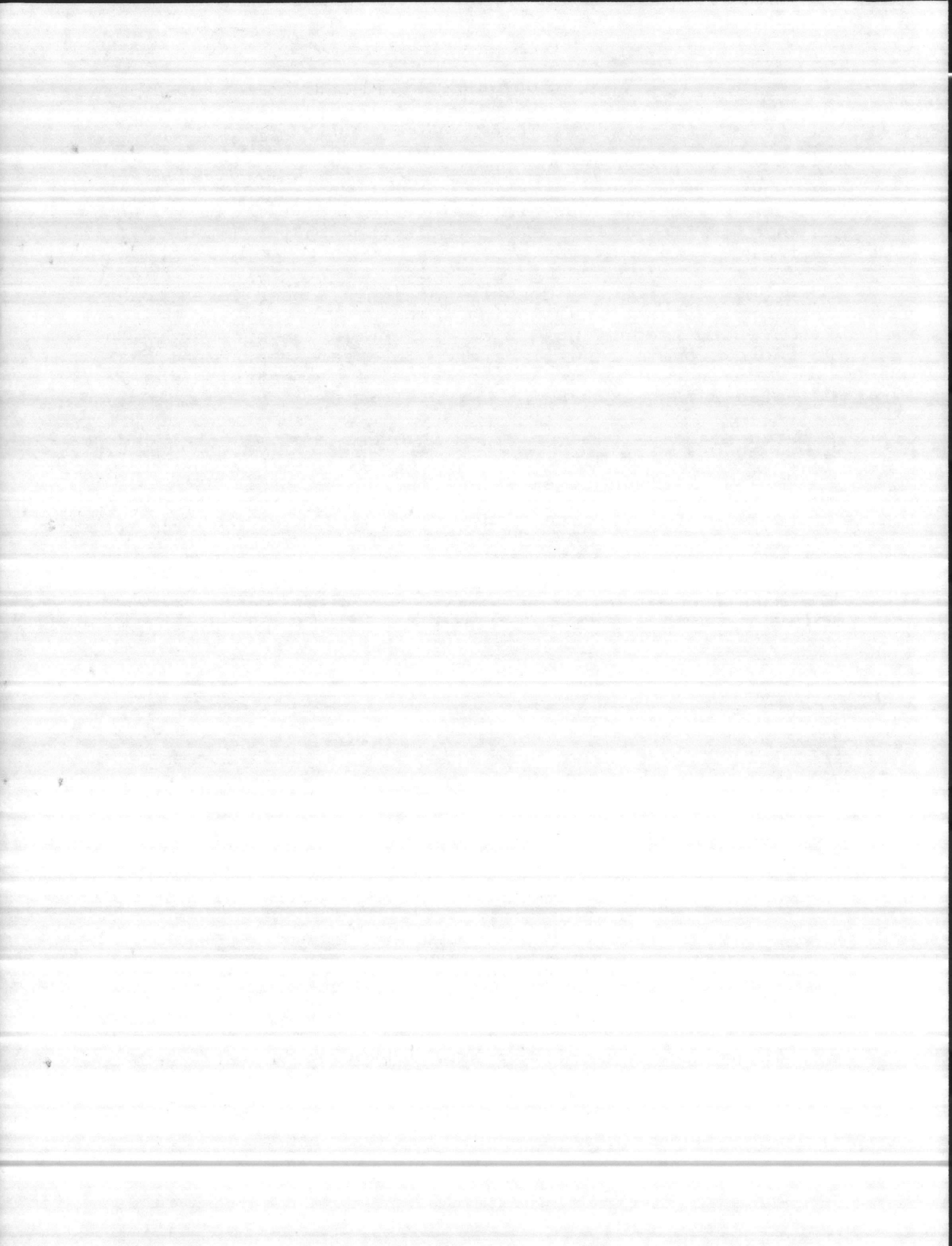
AUDIT REPORT #C42837

BASE MAINTENANCE DEPARTMENT

Recommendation 27: MARCORB forwarded the base fiscal card listing (error list) directly to Base Maintenance Department for review and appropriate corrections, certification and return to MARCORB Fiscal Accounting Branch for input into the PRIME-accounting system.

Management Response: Concur. Action has been taken to have one copy of the error listing forwarded to the Base Maintenance Finance and Accounting Office for correction and certification. An increased effort will be made to ensure that final charges are made to appropriate job orders. Implementation was effected 24 April 1978.

A further analysis is provided in order that material charges on the error list may be placed in perspective. Base Maintenance purchased in excess of \$3.1 million of material during FY 77. The total material charges on the error listings was \$20,228. The total material charges appearing on the error listing equates to 0.6% of the total material purchases. According to the audit, 39% of the errors appear to receive less than a judicious review which equates to 0.2% of total material purchases. The magnitude of erroneous data entering the cost records via this source is minute in comparison to total purchases, however action cited above will ensure greater accuracy.



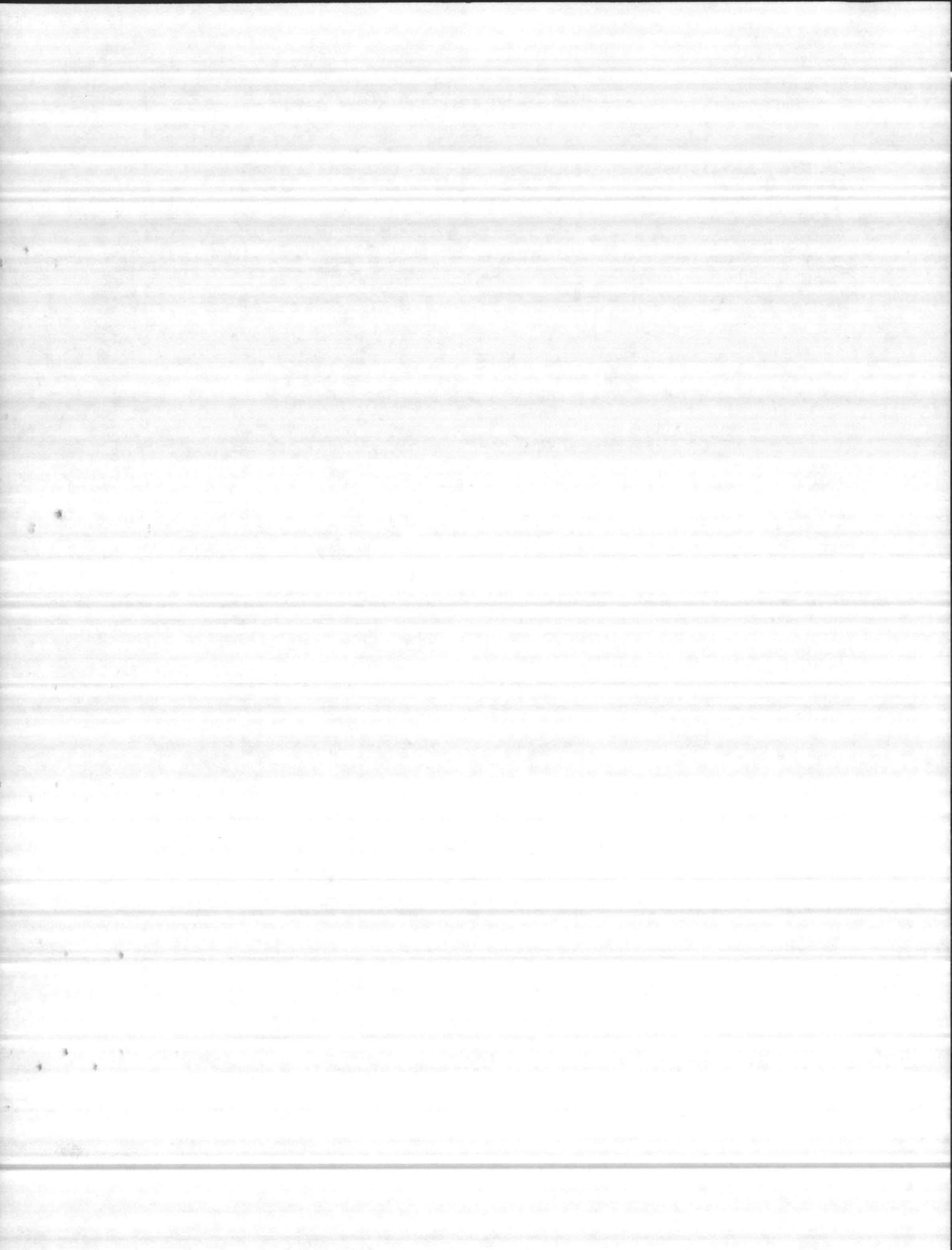
BASE MAINTENANCE DEPARTMENT

Recommendation 28: MARCORB authorize self-help work as provided by BO P11014.1F, Par. 405.2i.

Management Response: Concur. The self-help program was expanded in accordance with MCO P11000.7A, par. 1021.2 and 1021.5. BO P11014.1F is currently being rewritten to include the expanded program. (To be complete by 1 Sept 78)

Finance and Accounting... An increased effort will be made to ensure... are made to appropriate... effected in April 1978

A further analysis is required in order that on the error list may be placed in perspective purchased in excess of... million of dollars. The total material... in the error list... The total material... equates to 1.1% of the total material... the audit, 80% of the... appear to need judicious review which equates to 0.08% of... The magnitude of erroneous data entering... this source is minute... action cited above will... greater...

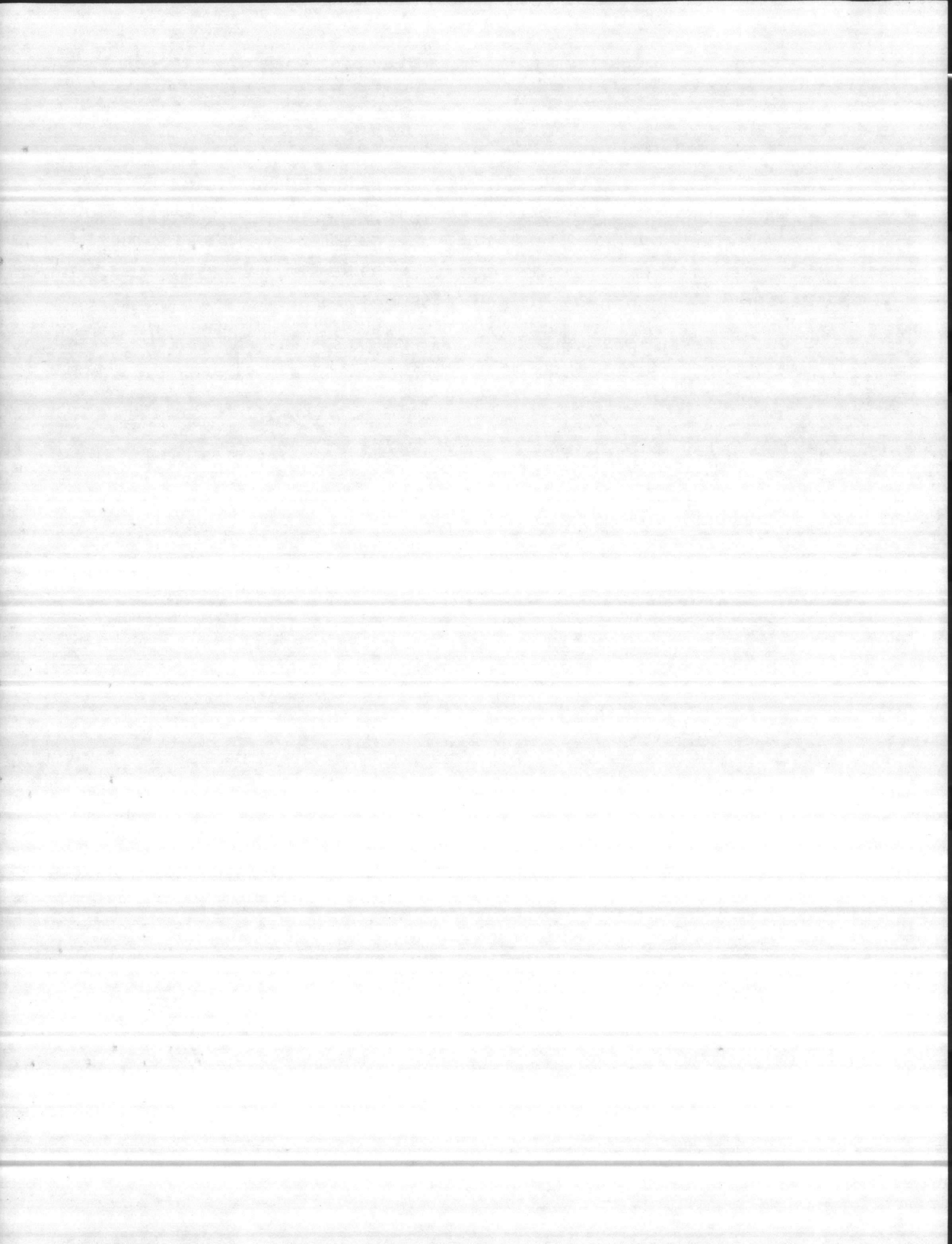


AUDIT REPORT #C42837

BASE MAINTENANCE DEPARTMENT

Recommendation 29: MARCORB issue specific JON's for self-help work requiring more than 16 man-hours and/or \$100 as provided by MCO P11000.7A, par. 1021.3 and BO P11014.1F, par. 405.2.

Management Response: Concur. Specific JON's will be issued for self-help work requiring more than 16 man-hours and/or \$100. Additional guidance will be reflected in the revised Base Maintenance Order (BO 11014.1F). (To be complete by 1 Sept 78)



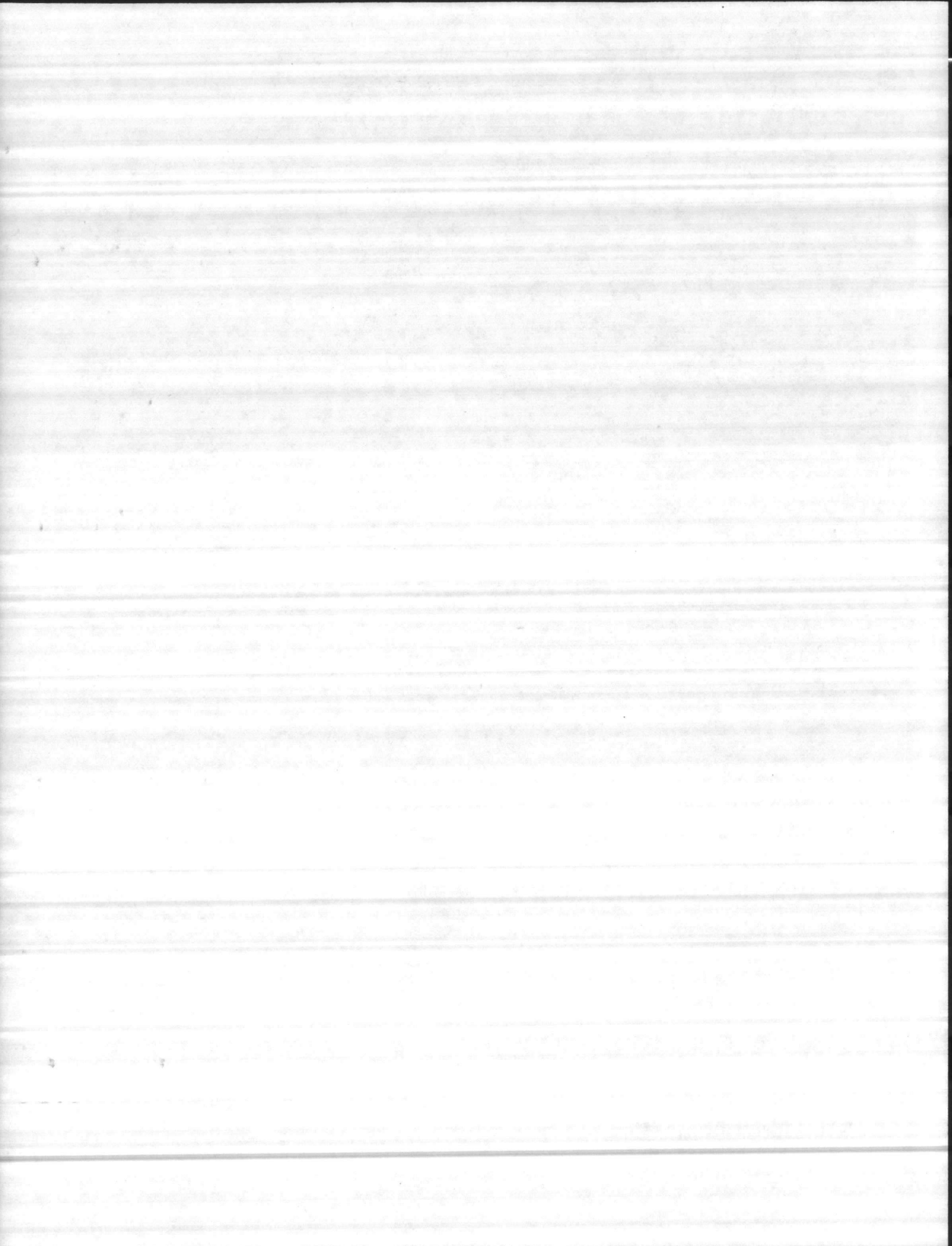
AUDIT REPORT #C42837

BASE MAINTENANCE DEPARTMENT

Recommendation 30: Deleted.

Recommendation 30: Deleted.
This recommendation was deleted because it was not applicable to the current audit scope.

Management Response: Deleted.
Management's response to this recommendation was not included in the report as it was not applicable.

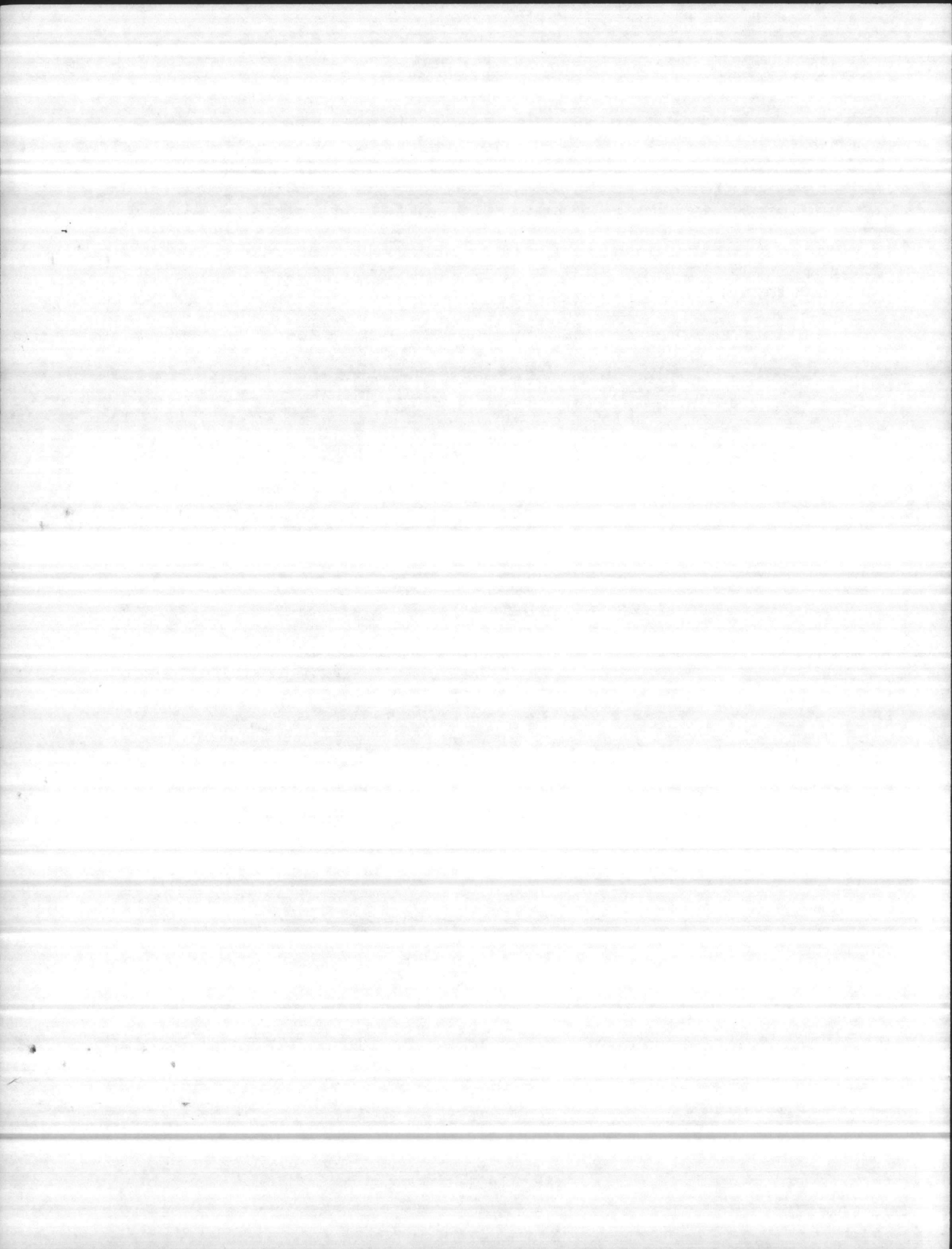


AUDIT REPORT #C42837

BASE MAINTENANCE DEPARTMENT

Recommendation 31: MARCORB revise BO P11014.1F to require Base Maintenance Department to inspect completed self-help work and promptly close completed specific self-help JON's.

Management Response: Concur. Base Maintenance personnel routinely inspect self-help projects in process and upon completion. BO 11014.1F (para 405.5) currently requires periodic inspection while work is in progress and final inspection upon request by the project officer. The Base Order will be rewritten to state that "completed self-help projects will be inspected by BM personnel irregardless of a request by the project officer", which is the current practice.

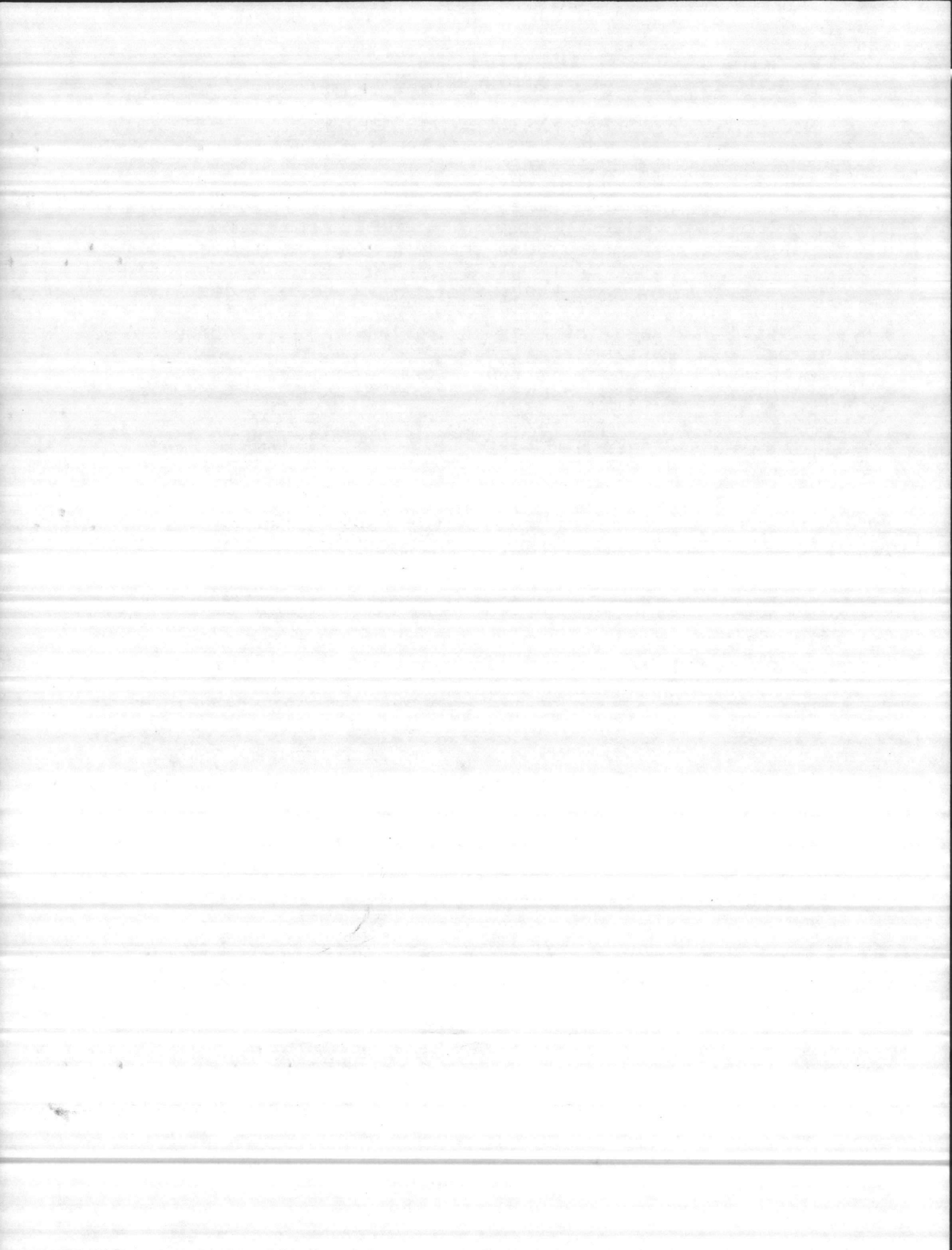


AUDIT REPORT #C42837

BASE MAINTENANCE DEPARTMENT

Recommendation 32: MARCORB accumulate and specifically identify self-help costs from other costs in order to facilitate budget preparation and execution.

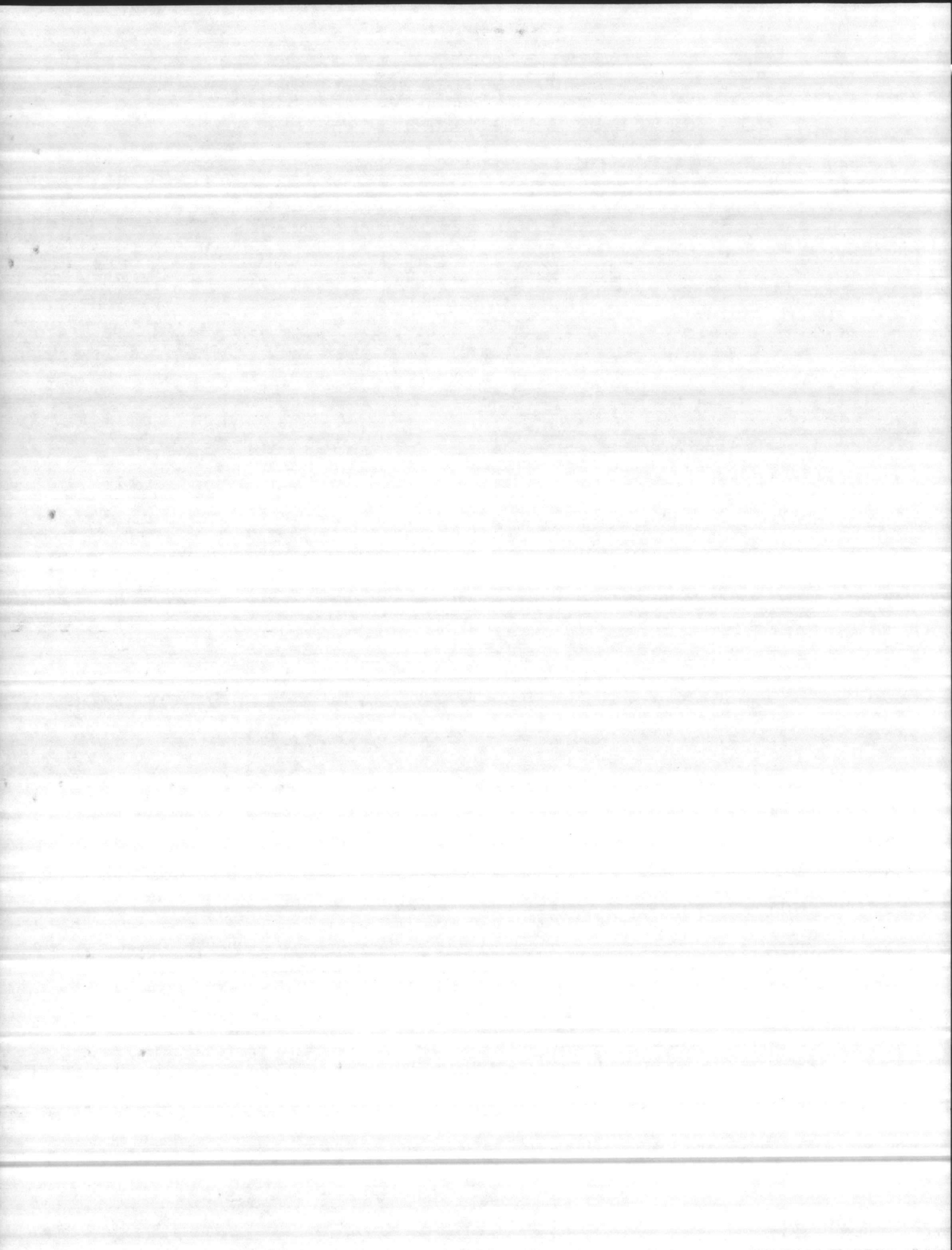
Management Response: Non-concur. MCB accumulates self-help maintenance costs utilizing procedures established in MCO P11000.7A, par. 5000. The procedure is a desk top ledger to accumulate labor and material charges which will provide adequate information for budget preparation and execution. A desk top ledger is considered the most economical for the limited information necessary to be retained. This procedure has been in effect since 1 Jan 1978.



AUDIT REPORT #C42837

BASE MAINTENANCE DEPARTMENT

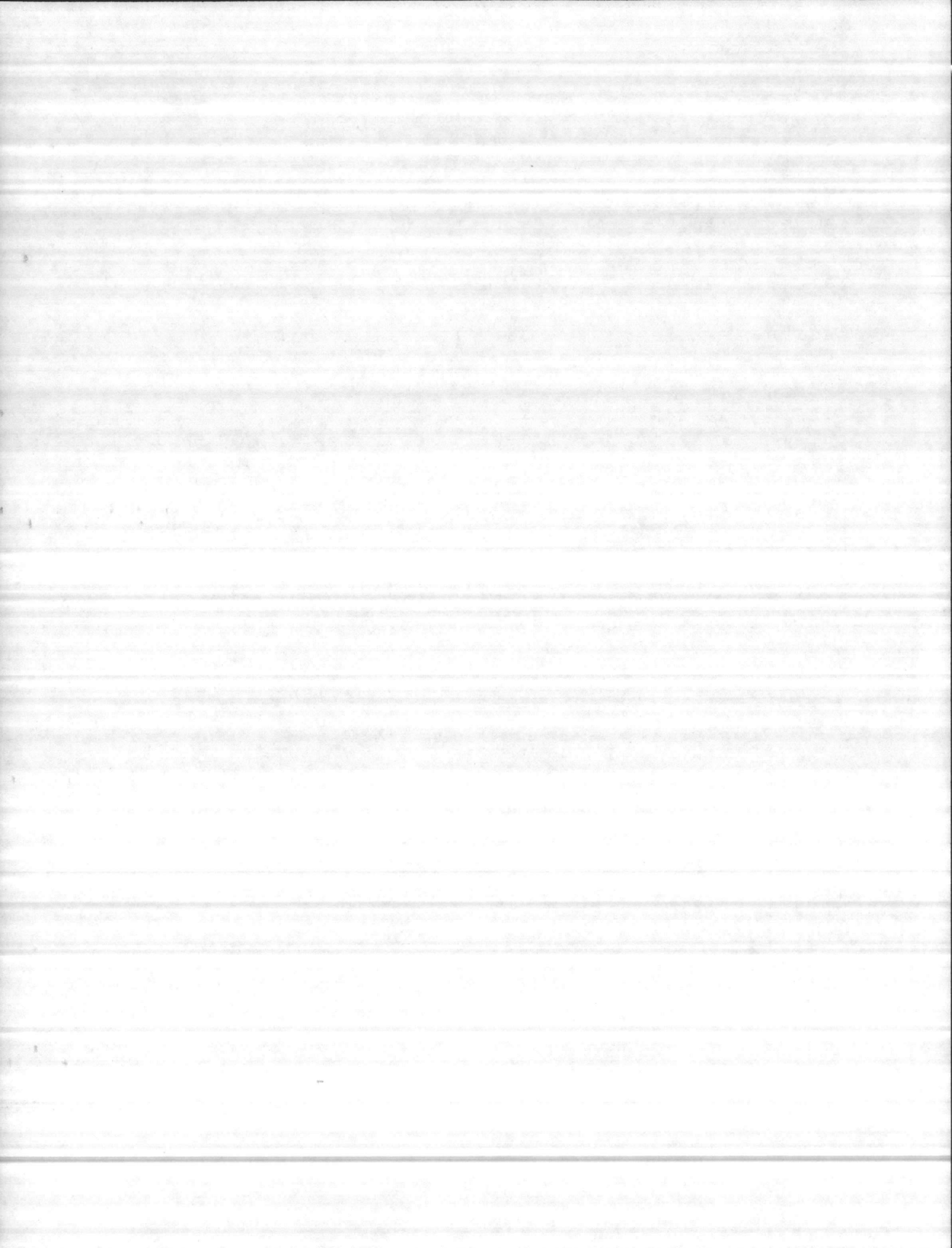
Recommendation 33: Deleted by Navy Audit Service.



AUDIT REPORT #C42837

BASE MAINTENANCE DEPARTMENT

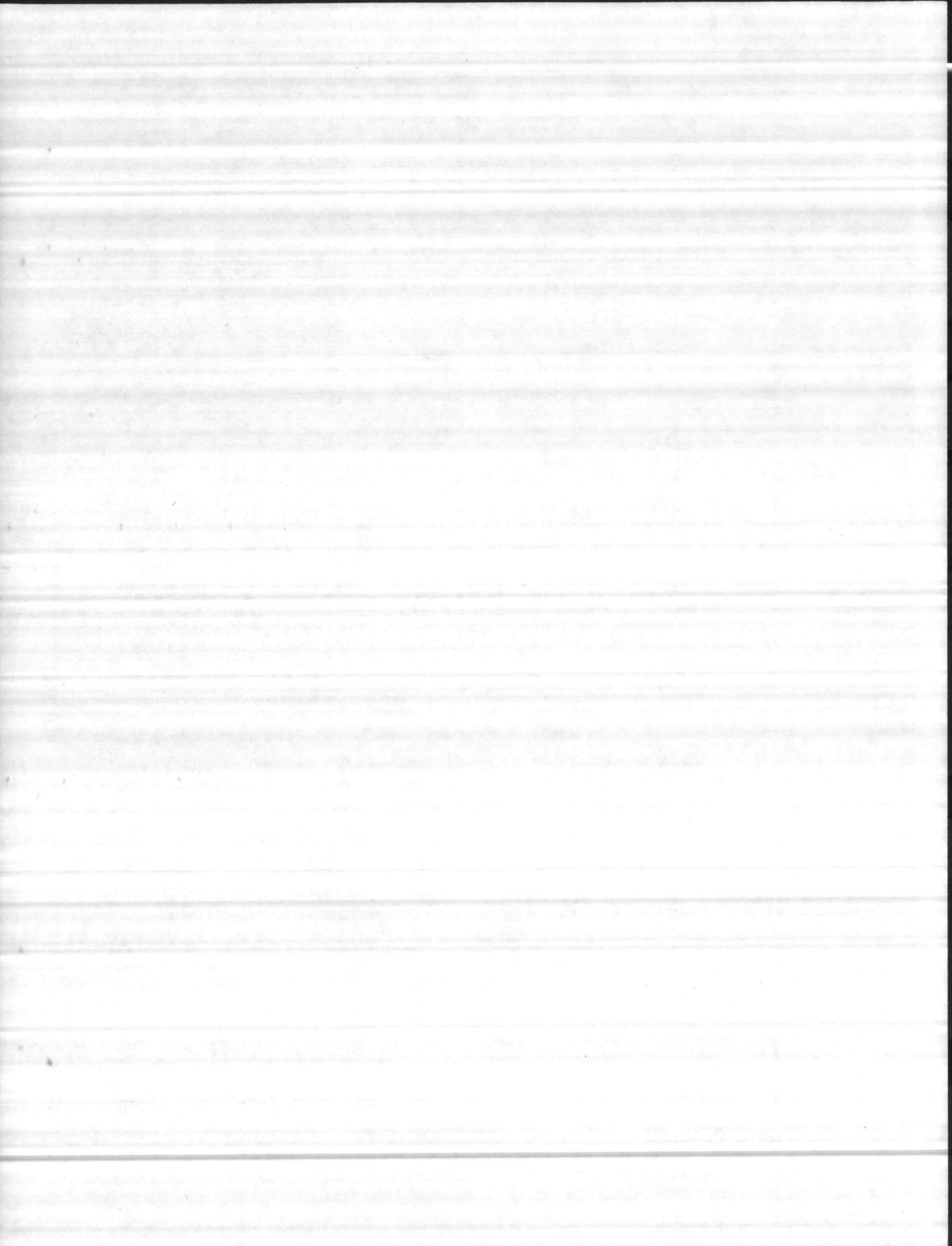
Recommendation 34: Deleted by Navy Audit Service.



AUDIT REPORT #C42837

BASE MAINTENANCE DEPARTMENT

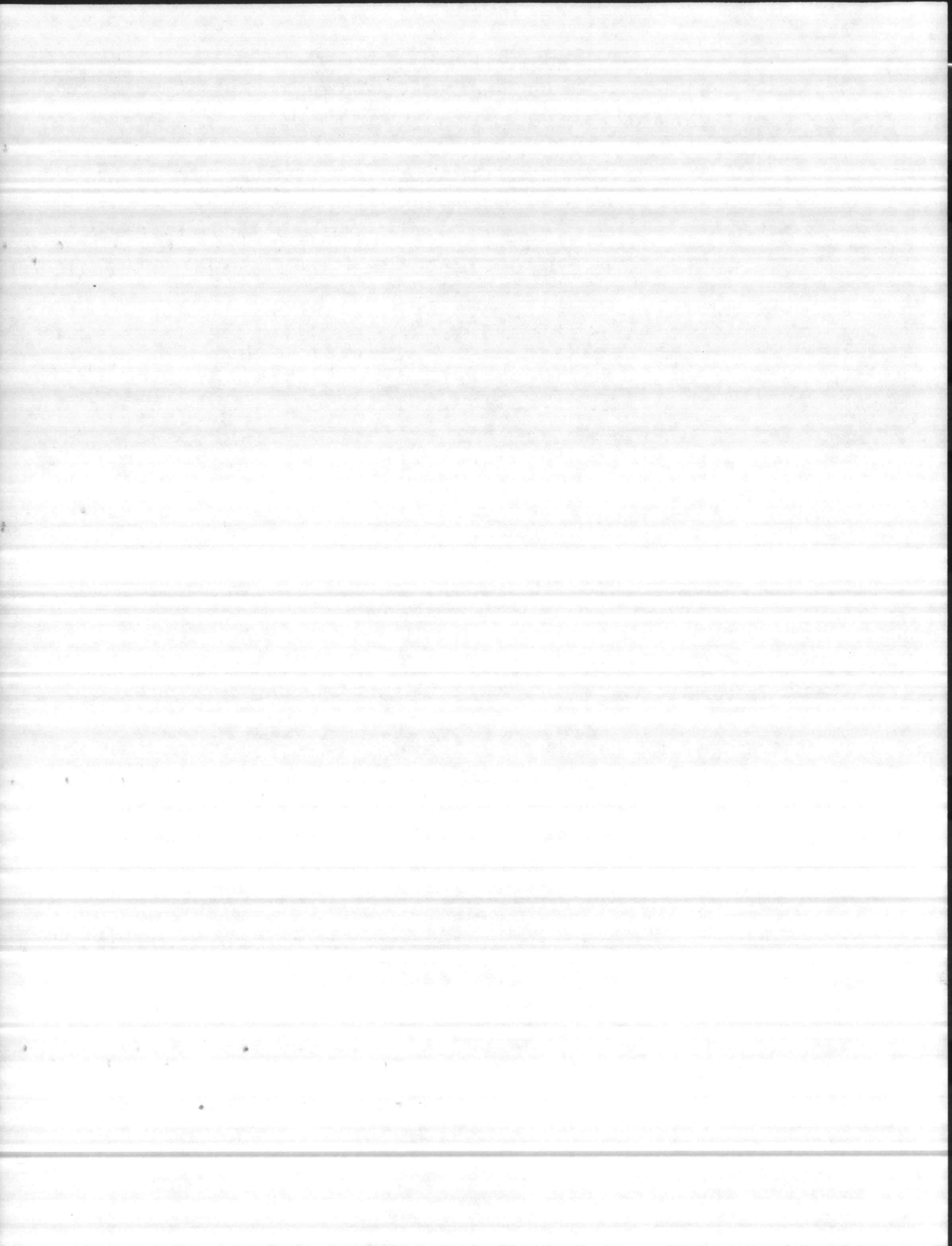
Recommendation 35: Deleted by Navy Audit Service.



AUDIT REPORT #C42837

BASE MAINTENANCE DEPARTMENT

Recommendation 36: Deleted by Navy Audit Service.

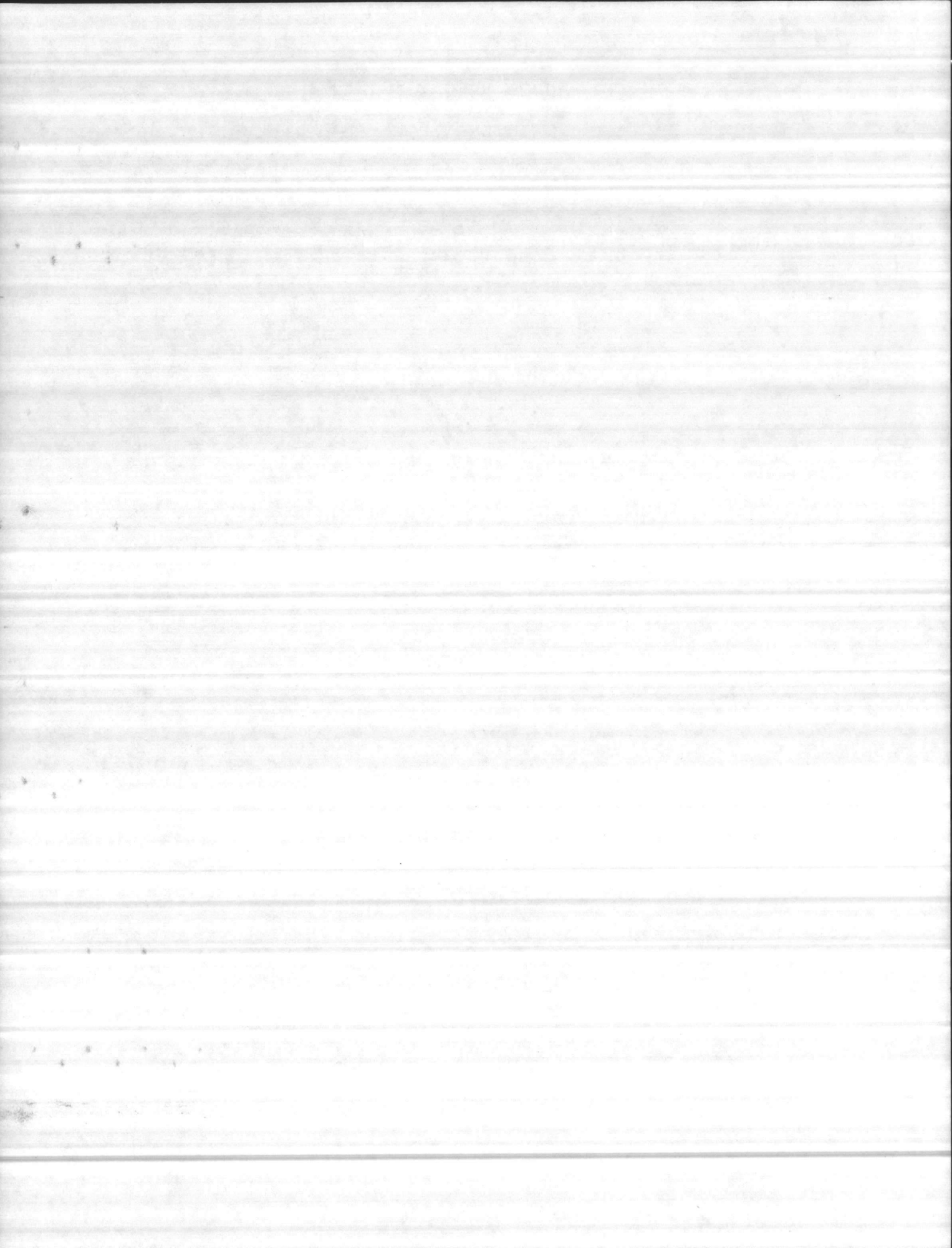


AUDIT REPORT #C42837

BASE MAINTENANCE DEPARTMENT...

Recommendation 37: MARCORB conduct an economic analysis of bench work, as required by MCO P11000.7A, par. 4080.4.

Management Response: Concur. The Management Engineer Office has been requested to conduct subject analysis. Estimated completion date - 30 September 1978.

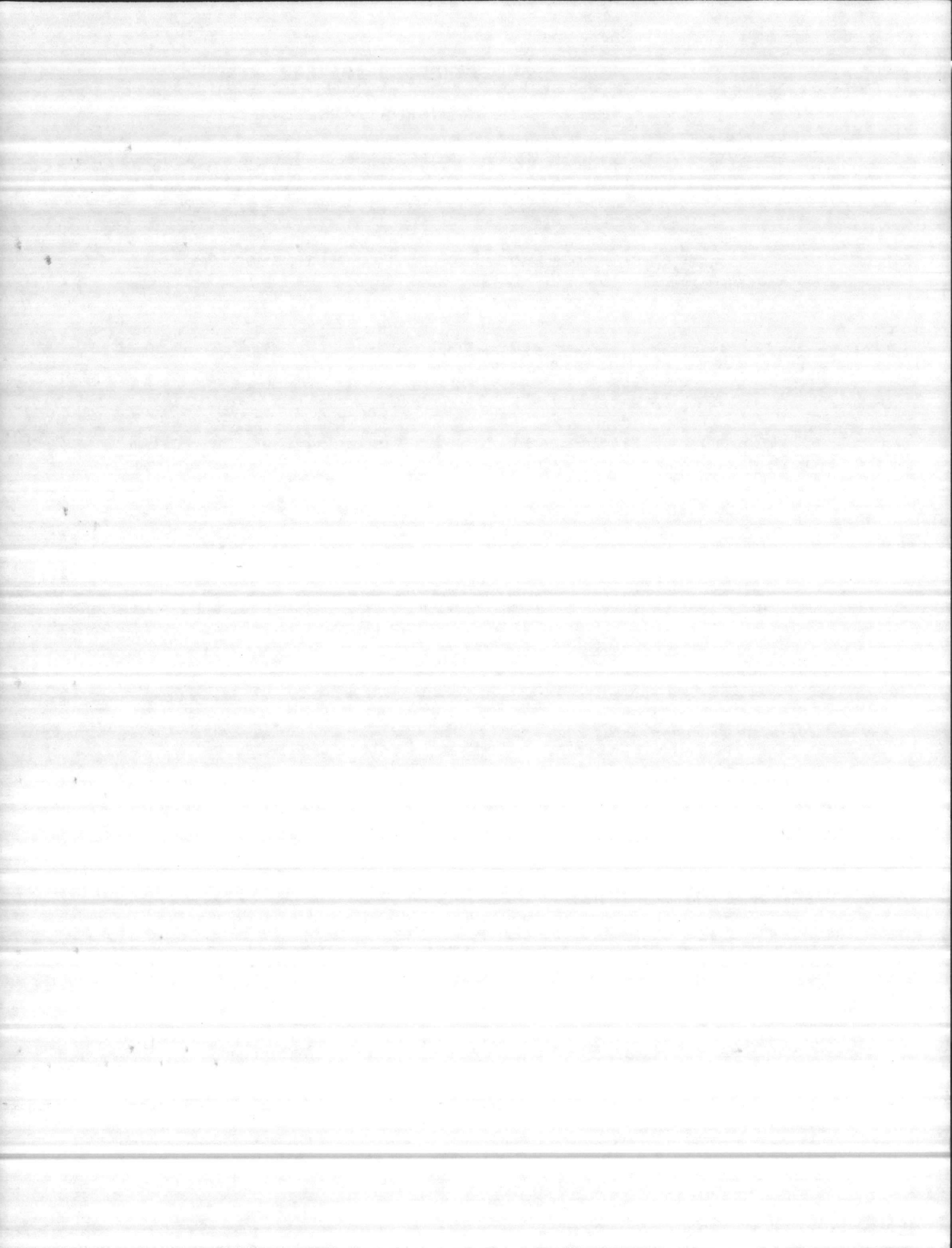


AUDIT REPORT #C42837

BASE MAINTENANCE DEPARTMENT

Recommendation 38: MARCORB determine sources of supply, cost and estimated lead time for motors required by MARCORB for comparison in the economic analysis.

Management Response: Concur. Appropriate guidance and criteria will be provided the MEO to aid in conducting the analysis.



AUDIT REPORT #C42837

BASE MAINTENANCE DEPARTMENT

Recommendation 39: MARCORB explore the economic feasibility of entering into a service contract for the repair and rehabilitation of electric motors.

Management Response: Concur.

