DEPARTMENT OF THE NAVY
COMMANDER MILITARY SEALIFT COMMAND
914 CHARLES MORRIS CT SE
WASHINGTON NAVY YARD DC 20398-5540

REFER TO:

COMSCINST 5000.22
N00I
14 November 2002

COMSC INSTRUCTION 5000.22

Subj: COMMAND EVALUATION PROGRAM

Ref: (a) OPNAVINST 5000.52A
       (b) Department of the Navy Command Evaluation Manual
       (c) Standards for Internal Control in the Federal Government GAO/AIMD-00-21.3.1, (11/99) (NOTAL)
       (d) COMSCINST 5200.9
       (e) SECNAVINST 5200.35D (NOTAL)
       (f) COMSCINST 5040.2D

Encl: (1) Command Evaluation Program
       (2) Survey and Command Evaluation Review Flowchart

1. <u>Purpose.</u> To provide policy and guidance for the Command Evaluation (CE) Program at Military Sealift Command (MSC). The CE Program supports the Management Control Program (MCP), the Mission Capability Assessment (MCA), the Federal Managers' Financial Integrity Act (FMFIA) of 1982 and the Department of the Navy Inspection Program (DONIP). This instruction supplements references (a) through (f) and should be read in its entirety as it completely revises previous CE guidance.

2. <u>Cancellation</u>. COMSCINST 7510.1E.

3. <u>Scope</u>. All Area Commanders, Commanding Officers, Officers in Charge, Program Managers, Functional Directors and Special Assistants shall support the CE Program to better ensure compliance with the FMFIA and guard against fraud, waste, abuse and mismanagement. References (a) through (c) apply. CE is an independent assessment tool available to all DON commanders to evaluate effectiveness, efficiency and economy of operations and programs. Throughout MSC, CE shall also serve to support assertion of reasonable assurance that management controls are in place, operating as intended and appropriate to the degree of accepted risk. Therefore, all process, operational and functional activities within MSC are subject to CE review. CE reviews meet Program Manager, Functional Director, Special Assistant and Area Command process improvement objectives as well as support the Commander, Military Sealift Command (COMSC) oversight responsibility goals for MCA.

4. Background

    a. CE involves conducting reviews, studies, analyses or evaluations of command functions, processes and operations. Reference (a) establishes the CE Program in support of an independent local assessment capability for each commander and commanding officer. The Chief of Naval Operations (CNO) has published CE Program policy and guidance in references (a) and (b). Essentially, the CE Program, as promulgated by this instruction, establishes a non-audit approach for performing and documenting independent, disciplined and improvement oriented in-house reviews. See enclosure (1) for details. Reference (b) establishes the specifics for ensuring a successful CE review effort, which can survive the close scrutiny of DONIP or external audit. The CE Program is further utilized to provide additional support to the MCP per reference (d).

    b. The CE Program is designed to be a proactive evaluation and assessment tool within MSC. CE reviews should support efficiency, economy and effectiveness by ensuring that discrepant conditions noted during CE evaluations are identified to managers in a timely manner, and that corrective or improvement actions are undertaken as soon as practicable by command leaders. This approach permits COMSC a high degree of confidence that an independent evaluation can be performed to which managers can rapidly respond to. Individuals assigned CE responsibilities must be highly competent at gathering and analyzing data from a myriad of sources and aware of effective improvement activities employed within MSC. Further, CE related responsibilities may also include working issues associated with management studies, audit follow-up, inspections or hotline complaint investigations.

5. Policy

    a. General. COMSC policy is that the Inspector General, in conjunction with each Area Commander, shall establish an effective CE Program. This effort is a top-level responsibility requiring the attention of senior management. The CE effort, in order to be successful, must have full command support and visibility. CE personnel must be afforded full access to all MSC records related to assigned assessments, reviews, studies, investigations, audits or inspections, as required under references (a) and (b). CE is a useful means of receiving independent feedback on the health of various areas requiring periodic appraisals of accountability and integrity and thereby is an integral part of both the MCP and the MCA. A solid CE review effort can provide early warning signals of potentially troublesome situations. References (a) and (b) provide policy and guidelines for CE within the Office of the CNO and at subordinate commands and activities.

    b. Organization. To receive proper attention, the CE must be placed in a direct staff relationship to the Commander and Area Commander. Any other placement jeopardizes independence and objectivity. CE must be staffed with individuals who are permitted to move across organizational lines within a command without fear of retribution.

(1) CE Officers may also be tasked with coordinating the MCP under the guidelines of references (d) and (e), and the MCA per reference (f).

(2) Where staffing limitations exist, the CE Program can be augmented and supported by a CE Review Board. The Review Board provides an excellent mechanism for examining routine areas of a recurring nature. Through participation on a Review Board, overall command awareness is raised in areas involving accountability. It can also speed up the completion of certain reviews by distributing workload. The specifics concerning the use of a Review Board are provided in enclosure (2).

c. Relationship of the CE Program to the MCP. The MCP is an individual manager's self-assessment tool, whereas the CE Program provides the Commander a disciplined in-house method for performing assessments, reviews and evaluations of activity operations. A CE review is an important internal mechanism for detecting and correcting a condition that may adversely impact mission, command integrity or the economical use of resources. During reviews/evaluations, internal or management controls are routinely evaluated for adequacy, providing a check and balance system and a feedback loop for MCP. Therefore, the CE Program serves to complement the MCP and provides the manager and the command valuable data to ensure management controls are in place and working. Additionally, CE reviews performed on MSC functions can serve as an alternate evaluation to any manager planned or scheduled Assessable Unit (AU)/Work Process (WP) review.

d. Relationship of CE to the MCA. The CE Program dovetails directly with the MCA. Reference (f) provides the guidelines for performing an MCA. The CE reviews performed on the various MSC functions can be used as input data to aid both the Area Commander, cognizant directorate manager (Program Manager/Functional Director/Special Assistant) or the MCA team in evaluating an AU. Similarly, MCA results may indicate the need for a more in-depth examination of an AU or function; thus CE may be used to satisfy that need. This approach allows MSC to stay in a perpetual state of readiness for any inspection or review and at the same time make appropriate changes to maximize efficiency and effectiveness as warranted by the results of the review.

6. Responsibilities

a. The COMSC Inspector General (N00I) shall have overall responsibility for establishing an effective, comprehensive and responsive CE Program according to the policy prescribed herein. N00I shall ensure:

(1) Uncensored/unfiltered reports are submitted without fear of reprisal.

(2) That deficiencies noted in CE reports are tracked and promptly corrected.

(3) Reporting requirements identified in this instruction are met.

(4) An annual MSCHQ CE plan is developed and published.

(5) Subordinate command CE Programs are reviewed for compliance with policy.

(6) Promulgation of MSC-wide or specific CE requirements when necessary.

b. The COMSC Headquarters Command Evaluator (N00IC) is responsible for program administration of the CE Program within MSC and shall:

(1) Act as team leader in the development of CE policy and procedures.

(2) Promulgate program and technical guidance.

(3) Lead the CE review activities at Headquarters.

(4) Prepare an MSCHQ annual CE plan.

(5) Prepare and promulgate when approved, the annual COMSC directed MSC-wide CE review plan.

(6) Conduct Headquarters' CE reviews and MSC-wide management studies or evaluations and CE Program reviews.

c. MSC Area Commanders are responsible for ensuring that the CE Program receives full management support as outlined by the policies and guidelines contained in this instruction and in references (a) through (c). Some key responsibilities of Area Commanders are:

(1) Ensure that the CE function is appropriately and proactively utilized.

(2) Ensure that the organizational placement of the CE function does not impede conduct of reviews or result in "sanitation" of reports.

(3) Uncensored/unfiltered reports are submitted without fear of reprisal.

(4) Ensure that deficiencies noted in CE reports are tracked and promptly corrected.

d. The Area Command's Command Evaluator shall:

(1) Prepare an annual Area Command CE plan.

(2) Solicit input for CE plan from the command's Program Managers, Functional Directors and Special Assistants to identify known or potential problems in related functional areas. A CE Review Board may be used to meet this requirement and to assist in accomplishing reviews where CE staffing is limited.

(3) When developing the command's annual CE plan, ensure, to the extent possible, that reviews are developed around the AUs as delineated in reference (d).

(4) Review result of MCAs, and local studies for possible impact on the annual CE plan.

(5) Conduct reviews, self-assessments and studies as directed by the Area Commander.

(6) Identify annual training requirements of CE personnel, where applicable.

(7) Sign out CE reports.

(8) Ensure that CE reports to COMSC are addressed and submitted to N00I via the Area Commander.

(9) Ensure that locally requested CE reports are addressed to the requesting activity head and maintain a follow-up system on all recommendations.

(10) Ensure that all cases of fraud, waste, abuse and mismanagement discovered during a review are reported to the appropriate authority and provide appropriate follow-on assistance.

e. Program Managers, Functional Directors and Special Assistants shall ensure that:

(1) The CE Program receives full management support.

(2) Provide access to all files, records and documents associated with assessments, evaluations or reviews.

(3) Provide input to the applicable CE Officer when aware of an area or process that may be in need of review.

(4) Request reviews of areas within their purview that are known or suspected of having weaknesses.

(5) Uncensored/unfiltered reports are submitted without fear of reprisal.

(6) Ensure that deficiencies noted in CE reports are tracked and promptly corrected.

7. <u>Reviews</u>

a. The objectives and scope of CE reviews performed by MSC CE personnel will normally be defined by either the Commander or the requesting activity head. Enclosure (3) provides the process flowchart for CE reviews and can be used by non-CE personnel as a guide for informal internal directorate reviews.

b. All reviews by MSC CE office personnel will include an evaluation of the management controls in place and an assessment of their adequacy. Comparison will be made between the most recent MCP documentation and current conditions. Appropriate notation of MCP adequacy will be made in the final CE report.

c. During the fourth quarter of each year, the Headquarters Command Evaluator shall request inputs for CE reviews from the Headquarters' managers. Area Command CE Officers will do the same from their respective areas of responsibility.

d. Command Evaluators will submit copies of annual CE plans to the Headquarters' Command Evaluator (N00IC) NLT 1 October of each year.

e. COMSC directed reviews shall be forwarded to the COMSC Inspector General (N00I) for submission to the Commander.

8. <u>Action</u>

a. Addressees shall comply with the policy and guidelines in references (a) and (b) and this instruction to ensure effective conduct of CE reviews at their activities.

b. Reports and working papers shall be retained by the CE Officer conducting the review, evaluation, or investigation and will be subject to review by COMSC N00I, the MCA team or as warranted by outside auditors.

//S//
D. L. BREWER III

Distribution:
COMSCINST 5215.5
List I (Case A, B, C)
SNDL   41B   (MSC Area Commanders)
   41C   (NFAF East/West)
   41D   (MSC Offices)
   41E   (APMC)
CERO Atlantic/Pacific

COMMAND EVALUATION PROGRAM INFORMATION

1. <u>**Discussion**</u>. The CE Program is primarily a **non-audit approach** to reviewing processes or functional areas at an activity. References (a) through (f) apply. It is a tool designed to provide the Commander unfiltered feedback and to provide additional support to the MCP per reference (d). Generally, an activity's mission complexity and size will govern the total requirements for the CE function. Though preferred, smaller activities such as OUTCONUS Area Commands, may not warrant a full-time CE effort. Reference (b) discusses what is expected of the CE function. Provided herein are the essential elements for operating a successful CE Program within MSC.

2. <u>**Annual Review Plan**</u>. During the months of June/July, each CE office will solicit from activity heads in their respective areas of responsibility such information that may be useful in developing the command's annual CE review plan. The head of each CE office will develop and present for approval the command's annual CE review plan. In addition to areas susceptible to waste, fraud, abuse or mismanagement, the plan will focus on areas of special interest to the Commander, requests from senior managers or department heads, and follow-up actions supporting MCA. The plans shall use the MCP AUs/WPs as a strategic foundation, whenever possible. References (d) and (e) discuss MCP. The plan should be updated as changes occur. **Avoid conducting reviews on areas that have undergone credible management examinations for other purposes such as GAO Audits, Navy Audit Service Audits, etc.** Retain annual plans in-house with other Inspector General or CE office program documentation and present during MCA or outside audits.

3. <u>**Announcing the Review**</u>. Prior to commencing a review, appropriate command managers should be given adequate advance notice. This requirement does not apply to surprise cash counts. Generally, managers are given a brief explanation of review objectives. For locally requested reviews, the requesting activity head will clarify the objectives. Managers will provide the assigned Command Evaluator with appropriately qualified points of contact and all documentation and resource material required.

4. <u>**Performing the Review**</u>. A review should be planned to pursue a specific objective. Enclosure (2) reflects the required steps in an effective review. A survey is a powerful tool for determining the direction and approach in evaluating a specific review topic. It prevents wasted time by eliminating superfluous issues. The value added by performing a review must be determined. Value added will be stated in the formal report in terms of monetary benefit, compliance, process and quality of life, as described in the **Formal Report**, Appendix B. A review plan or guide should be developed for each review. This tool permits a quick look at the system of internal controls and helps to focus on areas with potential weaknesses. Consider the following prior to commencing a review:

    a. **Previous Audits and Reviews**. Check the status of recommended actions from previously performed audits or reviews.

b. **Fraud and Illegal Acts**. If evidence exists, notify the appropriate authority (i.e., Commander, Area Commander, Inspector General, COMSC Counsel, Naval Criminal Investigative Service [NCIS], FBI, etc.) immediately. This may cause the review to be ended. However, if possible, isolate the incident or activity and continue the review. Retain documentation of how the incident was reported and its ultimate disposition. In the case of the NCIS, they will assume jurisdiction upon notification and may request some support.

c. **Management Control Program**. When practical, reviews should be structured to encompass one or more AUs as outlined in reference (d). If the process has not been flowcharted, one should be developed and provided by the process owner. Test the internal controls identified by the most recent MCP evaluation. Consult reference (d) for types and techniques.

d. **Review Program/Guide**. Develop a guide or review plan with emphasis on evaluating compliance with applicable directives, and the effectiveness of in-place processes for the area under examination. Ensure that references are current and flowcharts, if appropriate, reflect the actual process in use. Adapt the guide to changing circumstances, as necessary.

e. **Interviewing**. Interviews will be conducted with responsible managers and points of contact to understand their perspective and any uniqueness or exceptions within the process. This technique often helps to determine the best approach for conducting the review. Document **all** interviews. Interview questions should be written beforehand to ensure the significant issues are fully developed and that the interview does not stray from its scope or focus.

f. **Finding(s)**. If deficiencies are discovered, consider their significance and whether it is necessary to formally recommend improvements. Document how they were discovered and any mitigating circumstances. When warranted, make positive comments regarding areas that exhibit noteworthy accomplishments that occur during the conduct of the review (e.g., significant action by the process owner that corrected the deficiency before the completion of the review).

5. Review Reports. Reference (b) applies. In the case of a requested review, the report would be provided directly to the requesting official, only, unless one or more of the findings **require** attention at a senior level or by an investigating authority (NCIS, DODIG, etc.). Reports must be timely and accurately address the conditions noted. When meeting a timeliness requirement, note any significant area not fully addressed by the review and the likely effect on the review findings. Oral reporting is not recommended. The recommended format is either a **Letter Report** or **Formal Report**. In drafting the report, consider the following:

a. **Letter Report**. Appendix B provides a sample format. This format is useful for reporting on minor or no discrepancies, particularly those items quickly fixed by management. This method is also recommended for issuing a survey or explaining why a review was terminated. Typically, a letter report contains the following elements:

(1) **Introduction**. Briefly describes what prompted the review, the subject and for what reason it is to be performed, i.e., directed by higher authority or requested by a senior manager.

(2) **Objective(s)**. States the goal(s) of the review.

(3) **Background**. Explains the genesis of the review. It may contain further insight into the reasons behind the review and historical information of the review area that may be pertinent.

(4) **Scope and Methodology**. Explains the parameters of the review. Includes the time period examined, or if applicable an imposed deadline. Information is also given regarding what was reviewed and how the examination was performed. Impediments to the review should be noted herein, e.g. "…unable to access electronic historical files due to loss of hard drive used for the period."

(5) **Conclusion**. Discusses the results of the review work. Describes agreed to management corrective actions. When appropriate, explains the basis for terminating the review.

(6) **Internal Controls**. Describes the effectiveness of the system of internal controls and how the findings compare to most recent Management Control activity (review, audit and alternate evaluation), system test or Operation Risk Assessments. A comment should be made on the absence of material deficiencies. References (c) through (e) apply.

b. **Formal Report**. Appendix B provides a sample format. This report is used to describe discrepancies that resulted in written recommendations to managers and where continuing work is required to satisfy matters. The formal report differs from the Letter format, described above, in that it presents detailed findings and recommendations as well as the methodology used in the review process. A Formal Report should contain the following elements:

(1) **Transmittal Memorandum to the Commander via Headquarters' Inspector General, if required, or Area Commander (Requesting Activity Head).** The memo serves as the delivery vehicle for presenting the report to the Inspector General and subsequent forwarding to the Commander when a review must be sent to headquarters. The final report is forwarded as an enclosure. The memo should provide a very brief description about the significant aspects of the report. This would include a comment on the status of recommendations.

(2) **Formal Report**. The Formal Report will always contain an Executive Summary immediately following the transmittal memorandum. The following are recommended sections for presenting findings and recommendations.

(a) **Subject**. Provide title for the report**.**

(b) **Objective(s)**. State the goal(s) of the review.

(c) **Background**. Provide relevant information that helps the reader understand the conditions and circumstances that affected the area under review. This may include a discussion of the events that triggered the review.

(d) **Scope**. Explain the nature and extent of the work performed. Provide a picture of when and under what circumstances a review was performed. Outlines the parameters of the subject area to be reviewed. The date(s) during which the field-work and the review period covered or a report deadline when imposed. Elaborate on any impairment or impediment and discuss the impact on the review. Present any mitigating circumstances.

(e) **Methodology**. Explain how the evidence was gathered. Discuss how the criteria (references) were applied in evaluating a particular area. Sampling techniques are explained. What specific methods were used to obtain data, test controls and verify information, e.g., statistical analysis, random samples, surveys/questionnaires, etc.

(f) **Conclusions**. Summarize the results of the examination. Discuss the impact of weaknesses noted in the command and need for corrective action. These comments should reflect the objectives.

(g) **Internal Controls**. Discuss the effectiveness of the system of internal controls as they relate to the objective(s). For the area under examination, evaluate compliance with the MCP. See reference (d).

(h) **Review Findings and Recommendations**. Provide the details of the review. Present findings and associated recommendations. The results must correlate to the objective(s). Normally, a finding will articulate the criteria, condition, effect and

cause noted. It explains how the criterion (such as an instruction) was used in examining the condition(s) noted. Repeat findings are identified, as well as the status of any corrective actions. Give credit to management for noteworthy accomplishments observed during the review. Prior to presenting the report to the receiving official, ask two questions, "*Is it written in terms a non-subject matter expert can understand?"* and *"Can a disinterested third party draw similar conclusions from the write-up?*" Reports need to fairly present the circumstances and not overstate a situation. Any actions taken by the process owner will be presented after each recommendation.

      (i) **Value Added Statement.** Provides a very brief overview of the value to the command, in terms of **monetary savings or recoupment, compliance with governing law and regulation, process improvement** and **improvement in quality of life,** if the negative findings are corrected.

      (j) **Management Response to Recommendation(s)**. Direct all recommendations to a manager who is capable of taking the necessary corrective action **(these are NOT forwarded as part of the report)**. The manager must respond in writing by stating either "Agree" or "Disagree" with the recommendation. A manager agreeing to take corrective action provides a **target completion date**. The CE Officer must comment on whether or not management responses express a satisfactory course of action. Every effort must be made to resolve any disagreements prior to presenting the report to the Inspector General or the Area Commander. On contested findings, COMSC or the Area Commander is the final authority, depending upon whom the report is addressed. Appendix A provides a form for obtaining official management responses.

    c. **Report Distribution**. Completed reports shall be serialized and appropriately annotated to identify the originating office, calendar year completed and consecutive order in the review series. Requested reviews are distributed to the requesting officer or manager **only** (except when findings require senior level attention, i.e., criminal activity, etc.). Managers to whom recommendations for corrective actions are addressed should also receive a copy of the final report. Unless prohibited by law or security classification, reports are also releasable under the Freedom of Information Act.

6. Organizing Review Working Papers. Reference (b), Chapter 4, provides a detailed discussion in developing working papers. The importance of adequate documentation cannot be overemphasized. It provides the link between review work and the report. As such, working papers must be indexed and cross-referenced. This protects the Reviewing Officer as well as the command in the event of possible disciplinary action regarding areas reviewed. Referencing of working papers by a disinterested third party is also helpful. This entails an individual comparing the finding(s) against the facts in the working papers. As a minimum, the working paper package should contain the following:
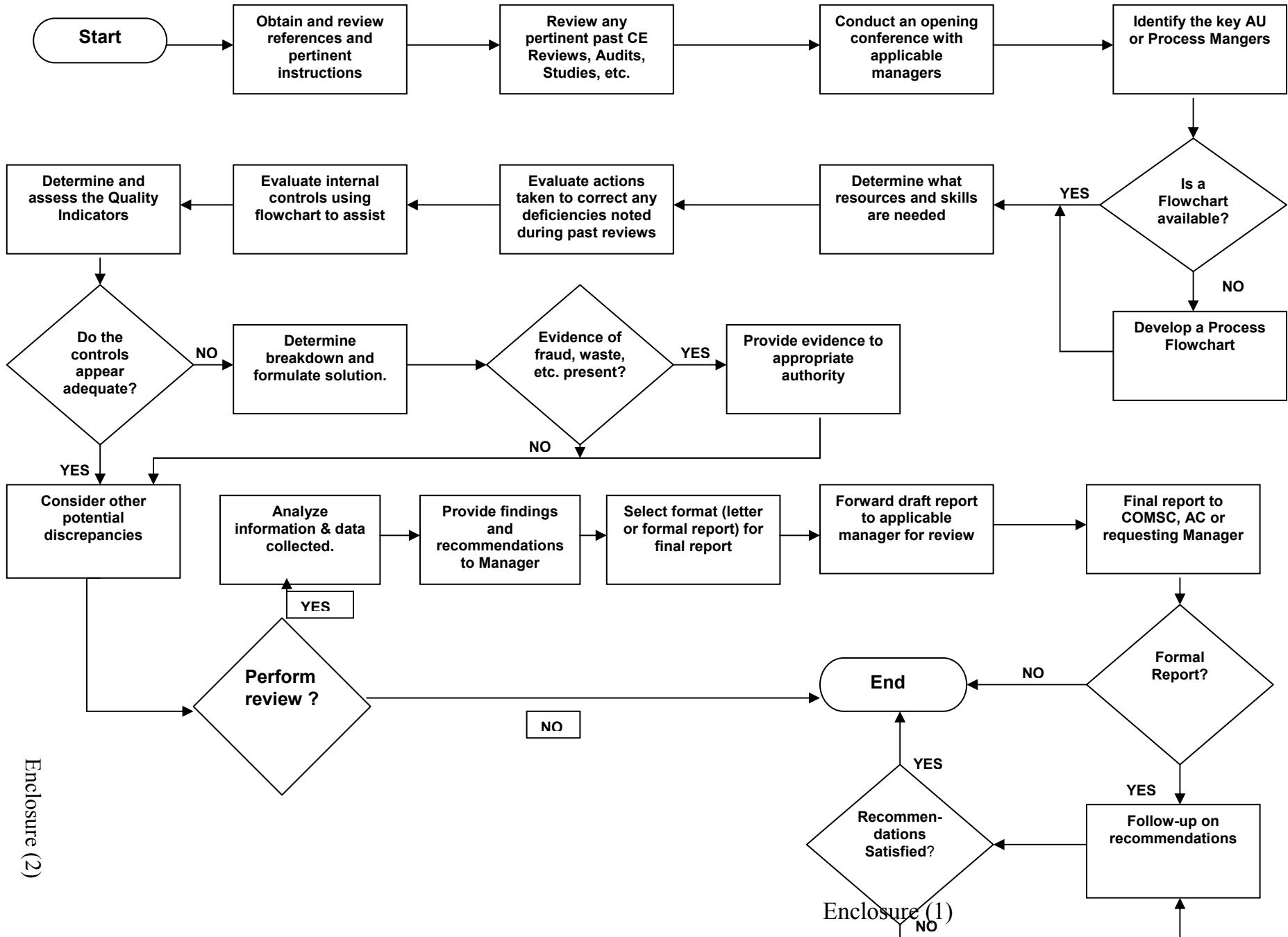
a. **The Report**. Needs to show evidence the Commander or requestor has seen it.

b. **Status of Open Recommendations**. Tracks corrective actions not completed.

c. **Cross-referenced Report**. Shows final report annotated to the working papers.

d. **The Full Review Write-up.** The full and complete write-up of Background, Discussion, Findings, Recommendations and Value Added Statement from which the report (paragraph a) is taken.

e. **Recommendations to Management**. Shows the recommendations provided to managers. If recommendations were revised during review due to actions taken by management, briefly explain.

f. **Management Responses to Recommendations**. Appendix A displays management comments to recommendations and establishes the intended corrective action and completion date.

g. **Review Plan or Guide**. Shows the original outline of the review. States the objectives and scope and identifies resources needed. Should be modified as the review evolves.

h. **References**. Show excerpts from important guidance.

i. **Additional Working Papers**. Refers to the various types of documentation that support the findings and recommendations. These documents may be exhibits, interviews, notes, schedules, analysis and other pertinent documents. Include only those items that reflect the pursuit of the objective(s). Each working paper should contain the following: reference numbers, date prepared or obtained, name of preparer and source of information.

7. **Review Follow-up**. The COMSC Inspector General (for MSCHQ, MSC-wide or COMSC directed reviews) and Area Commander/Program Manager/Functional Director/ Special Assistant (for reviews under their direction), should see all CE reports and recommendations within their areas of responsibility. COMSC, the MSCHQ Program Manager/Functional Director/Special Assistant or the Area Commander, depending upon the origin of the review, is ultimately accountable for ensuring that agreed corrective actions are completed and should be advised periodically concerning the status of open recommendations. Requesting managers shall be provided an opportunity to see the CE report prior to forwarding to the Inspector General or Area Commander, as appropriate. The CE Officer is responsible for maintaining a follow-up tracking system to monitor the status of each recommendation until all corrective actions are completed. For each open recommendation, the CE Officer should request from management a written status update

within 30 days of the completion date. Additional follow-ups, if required, should occur within 1 year following the completion of management actions. If corrective actions have not been performed as agreed to, the CE Officer needs to advise the chain of command, including the appropriate manager, and recommend a remedial solution. The aforementioned follow-up actions shall also apply to discrepant conditions noted during MCA and for which CE focus is deemed warranted to ensure corrective measures are fully implemented.

Survey/Command Evaluation (CE) Review Process

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Start
  → Obtain and review references and pertinent instructions
  → Review any pertinent past CE Reviews, Audits, Studies, etc.
  → Conduct an opening conference with applicable managers
  → Identify the key AU or Process Mangers
  → Is a Flowchart available?
      NO → Develop a Process Flowchart
      YES → Determine what resources and skills are needed
  → Evaluate actions taken to correct any deficiencies noted during past reviews
  → Evaluate internal controls using flowchart to assist
  → Determine and assess the Quality Indicators
  → Do the controls appear adequate?
      NO → Determine breakdown and formulate solution.
          → Evidence of fraud, waste, etc. present?
              YES → Provide evidence to appropriate authority
              NO → Consider other potential discrepancies
      YES → Consider other potential discrepancies
  → Perform review ?
      YES → Analyze information & data collected.
          → Provide findings and recommendations to Manager
          → Select format (letter or formal report) for final report
          → Forward draft report to applicable manager for review
          → Final report to COMSC, AC or requesting Manager
          → Formal Report?
              NO → End
              YES → Follow-up on recommendations
                  → Recommendations Satisfied?
                      YES → End
                      NO → Follow-up on recommendations
      NO → End
```

MANAGEMENT RESPONSES TO REVIEW RECOMMENDATIONS

Date: _____

1. **Finding & Recommendation**:

_____
_____
_____
_____
_____
_____

2. **Agree/Disagree with recommendation**.

3. **If agree, state**:

    a.   Action completed, planned or in progress: (For an incomplete action, describe the expected completion plan. Should further action be considered unnecessary, so state.)

_____
_____
_____
_____
_____
_____

    b.   Target date for completion: _____

4. **If disagree, state reasoning or justification**:

_____
_____
_____
_____
_____
_____

Approved:

_____   _____
        (Signature)   *(Date)*

_____
        (Title)

SAMPLE REVIEW FORMATS (LETTER & FORMAL)

Letter Format

Sample

5000
(Dated)

MEMORANDUM

From: Command Evaluation Officer, Command Evaluation & Review, Atlantic
To: Commander, Military Sealift Command Atlantic

Subj: REVIEW OF PARKING LOT UTILIZATION (CEP#A02-01)

Ref: (a) DOD Directive 1111.01
          (b) SECNAVINST 11111.11
          (c) COMNAVDISTWASH 11111.02
          (d) COMSCLANTINST 5000.22
          (e) COMSCNOTE 7310 of 01 AUG 2002

1. **Introduction**. In accordance with the COMSCLANT Command Evaluation Plan, reference (d), the Command Evaluation and Review Office, Atlantic has completed a review of effective utilization of command parking lots located at Camp Pendleton, VA.

2. **Objective**. The objective of the review was to determine the degree of utilization of the command parking lot and the need to improve or expand the same.

3. **Background**. The current command parking lot was built in 1998. At that time, the ratio of employees to automobiles was 1.33 to 1. Furthermore, there was no public transportation to Camp Pendleton at the time. Since August 2000, the city has implemented an extensive bus system that provides broad coverage interconnected with a light rail line that services all major communities. To further encourage use of high occupancy transportation, the command has instituted the transportation subsidy program that provides up to $75 per month reimbursement for such use. Included in the program are certified van pools and car pools.

4. **Scope and Methodology**. The audit included a review of applicable DOD and Department of the Navy instructions and directives. References (a) through (e) apply. The intent was to evaluate compliance with governing directives, determine the current utilization and evaluate future need projections. To accomplish the objective, daily

vehicle counts were performed between 01 April and 01 July 2002. Passengers per car were recorded. Surveys were prepared and distributed to all ashore employees at Camp Pendleton to determine current and future trends. Compared the current lot capacity to the average daily usage. Evaluated the subsidy trends and vehicular occupancy patterns.

5. **Conclusion**. It was found that the command was in compliance with all governing directives. Parking lot usage was declining in direct proportion with an increase of vehicle occupancy and applications for subsidy. The current parking lots at Camp Pendleton are adequate to the need and comply with requirements and standards. No future expansion is warranted.

6. **Management/Internal Controls**. During the conduct of this review, the Management Controls applicable to the Transportation Subsidy AU were evaluated. The controls in place were consistent with those required by governing instructions and appear adequate in all cases.

Signature

Formal Report Format

(Dated)

MEMORANDUM   *Sample*

From: Command Evaluation Officer, Command Evaluation & Review Atlantic
To: Commander, Military Sealift Command Atlantic

Subj: REVIEW OF PARKING LOT UTILIZATION (CEP#A02-01)

Ref: (a) COMSCINST 5000.22
         (b) COMSCNOTE 7310 of 01AUG2002

Encl: (1) Parking Lot Utilization Review #A02-01

1. Enclosure (1) provides the results of an examination of the Camp Pendleton parking lot utilization. The review work was performed according to the guidelines outlined in reference (a) and to fulfill the requirements contained in reference (b). As facilities manager, NFAFE agreed with the two recommendations developed during the review and is taking the appropriate actions to institute improvements. The most significant aspect of this review was the need to institute better management controls over the distribution of transportation subsidy tickets and funds.

2. Ms. Ima Serene acted as the principal reviewer for this project.

                                     Signature

COMSCINST 5000.22
14 November 2002
Subject: REVIEW OF THE CAMP PENDLETON PARKING LOT
**   UTILIZATION**

References: (a) DOD Instruction 1111.1
                 (b) SECNAVINST 1111.11
                 (c) COMNAVDISTWASH 1111.2
                 (d) COMSCINST 2222.22A
                 (e) COMSCNOTE 5000 of 01OCT2002

Objectives. The objective of the review was to determine the degree of utilization of the command parking lot and the need to improve or expand the same. Also, to determine the factors that impact lot usage.

Background: The current command parking lot was built in 1998. At that time, the ratio of employees to automobiles was 1.33 to 1. Furthermore, there was no public transportation servicing Camp Pendleton at the time. Since August 2000, the city of Virginia Beach has implemented an extensive bus system that provides broad coverage interconnected with a light rail line that services all major communities. Each light rail terminal has low cost "Park and Ride" parking lots. To further encourage use of high occupancy transportation, the command has instituted the transportation subsidy program that provides up to $75 per month reimbursement for such use. Included in the program are certified van pools and car pools.

Scope: The audit included a review of all applicable DOD and Department of the Navy instructions and directives. References (a) through (e) apply. The intent was to evaluate compliance with governing directives, determine the current utilization and evaluate future need projections. The review addressed only those personnel and facilities of MSC located at Camp Pendleton, VA.

Methodology: To accomplish the objective, daily vehicle counts were performed between 01 April and 01 July 2002. A ten percent sample of passengers per car were recorded. Surveys were prepared and distributed to all MSC shoreside employees at Camp Pendleton to determine current and future trends. Compared the current lot capacity to the average daily usage. Evaluated the subsidy application trends and vehicular occupancy patterns. Interviews were held with the Director of Naval Facilities Command, Norfolk and the Deputy, COMSCLANT.

Conclusions: It was found that the command was in compliance with all governing directives. Parking lot usage was declining in direct proportion with an increase of vehicle occupancy and applications for subsidy. The current parking lots at Camp

Pendleton are adequate to the need and comply with requirements and standards. No future expansion is indicated. There was a minor discrepancy concerning the method in which cash and personal checks were being handled, but these were corrected, immediately.

Management Controls: During the conduct of this review, the Management Controls applicable to the Transportation Subsidy AU were evaluated. The controls in place were not consistent with those required by governing instructions and appear to be inadequate in the case of cash and personal check collection and handling.

Findings and Recommendations

1. **Cash/personal check handling.** Reference (b) states that all cash and personal checks collected from employees will be recorded in accordance with general accepted accounting principles and deposited into the appropriate accounts no later than the end of the next business day. It was found that cash is being collected for subsidy tickets but not recorded as separate line entries. Additionally, those collections were not deposited for more than a week.

2. **Assessable Unit for Transportation Subsidy Program.** The Management Control Review (MCR) for the Transportation Subsidy Program does not adequately reflect the level of inherent risk involved in this process, nor does it accurately record the adequacy of the controls currently in place.

Recommendations:

1. The MSCLANT Transportation Subsidy Program Manager should institute handling and line entry procedures for cash and personal checks received in accordance with reference (b).

    ACTION TAKEN: During the conduct of this review, the program manager made the appropriate changes and is now in compliance.

2. The responsible AU manager should complete a new MCR/Test and put improved controls in place for this function.

    ACTION TAKEN: The AU manager has performed a new MCR/ORM and has set an acceptable date in which improved controls will be in place and validated.

Value Added Statement:

Monetary: The correction of cash handling procedures protects employee funds and reduces the risk of fraud and possible abuse. Combined with the new accounting methods, the command is better protected against fraud, waste, abuse and mismanagement. Furthermore, the review saves the command the expense of expanding the existing parking facilities and reinforces the value of the public transportation initiatives.

Compliance: Performing a more accurate MCR better fulfills the requirements of the MCP. Establishing proper cash accounting practice brings the command into compliance with governing directives.

Process: Encourages further development of the public transportation incentives. Proves the effectiveness of the incentive programs and demonstrate the effect of changes in asset allocation.

CE Officer Comments. The Public Transportation Incentive Program Coordinator is to be commended for an aggressive approach to implementing the program within MSCLANT. Its success is a direct reflection of her dedicated actions.