U.S. Department
of Transportation
United States
Coast Guard

Audits and Evaluations of Coast Guard Units and Activities

COMDTINST M7520.2A

U.S. Department of Transportation
United States Coast Guard

Commandant
U. S. Coast Guard

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COMDTINST M7520.2A

COMMANDANT INSTRUCTION M7520.2A

SUBJ: AUDITS AND EVALUATIONS OF COAST GUARD UNITS AND ACTIVITIES

1. **PURPOSE**. To provide Coast Guard policy, procedures and responsibilities relative to audits and evaluations conducted by external agencies, the Department of Transportation Inspector General and elements within the Office of the Secretary of Transportation.

2. **ACTION**. Area and district commanders, commanders of maintenance and logistics commands, commanding officers of headquarters units, Commander, Coast Guard Activities Europe, Commander, and chiefs of offices, and special staff divisions in Headquarters shall ensure compliance with the provisions of this instruction.

3. **DIRECTIVE AFFECTED**. COMDTINST 7520.2 is cancelled.

4. **MAJOR CHANGES**. This edition of the ***Audits and Evaluations of Coast Guard Units and Activities*** reflects a renewed emphasis on the importance of external audits and evaluations conducted on Coast Guard programs, activities and operations. Further this instruction outlines the responsibility for audits and the subsequent follow-up and corrective actions.

J. F. McGOWAN
Acting Chief of Staff

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CHAPTER 1. General

A. Defintion of Audits/Evaluation.

1. For the purposes of this instruction, audits and evaluations consist of any survey, review, investigation or other information gathering process designed to gather information on Coast Guard programs, activities and operations, to determine and report on whether:

   a. programs, activities and operations are properly conducted;

   b. applicable laws and regulations have been complied with;

   c. resources are managed and used in an economical and efficient manner; and

   d. desired results and objectives are being achieved in an effective and efficient manner.

B. Requirement for Audits/Evaluations.

1. Audits and evaluations provide Coast Guard management valuable independent assessment of Coast Guard programs, activities and operations. Though some findings and recommendations may appear critical in nature the Coast Guard must view audit reports as constructive and issued in the best interest of the Coast Guard and the Department of Transportation.

   a. Use of Audits and Evaluations.

      (1) An objective evaluation and analysis of the information (findings and recommendations) provided in an audit or evaluation report can serve as the foundation for increasing the effectiveness and efficiency of Coast Guard programs, activities and operations.

      (2) Findings and recommendations can also serve to identify weaknesses which may contribute to waste, fraud, abuse or mismanagement of Coast Guard resources as defined in the Federal Managers' Financial Integrity Act (FMFIA) and OMB Circular A-123 (Internal Control (Management) Systems).

C. Policy.

1. The Commandant has the ultimate responsibility to ensure that Coast Guard resources have adequate protection from waste, fraud, abuse and mismanagement and to further ensure the proper use of these resources in support of Coast Guard missions.

2. Area and district commanders, commanders of maintenance and logistics commands, office chiefs, the Superintendent of the Coast Guard Academy, commanding officers of Headquarters units, the Commanding Officer, Coast Guard Activities Europe serve as the principal assistants to the Commandant in ensuring the adequate protection of Coast Guard assets from waste, fraud, abuse and mismanagement.

3. All personnel involved in Coast Guard activities, programs and operations shall cooperate with the representative(s) of all internal/external agencies in the performance of their evaluation or review to the extent described in this instruction or as prescribed by applicable laws or regulations.

4. Unannounced audits (with the exception of surprise financial audits, hotline complaints and criminal investigations) may be delayed if the audit will interfere with previously scheduled operations, conferences or other priority commitments.

D. Action and Responsibilities.

1. Within the Coast Guard the Chief of Staff (G-CCS) has the responsibility for providing overall audit and evaluation policy and guidance.

2. The Chief, Management Effectiveness Staff (G-CCS-2) will:

   a. Manage the Coast Guard Audit Program.

   b. Serve as the Coast Guard audit liaison and principal point of contact for internal and external auditing agencies.

   c. Serve as the Headquarters follow-up and releasing official.

   d. Provide timely notification of audits to the proper Office, command or activity audit liaison. Timely notification is considered seventy-two (72) hours for an audit published in the DOTIG Annual Audit Plan and five working days prior to the start of any unplanned audit.

e. Coordinate and attend all Headquarters entrance and exit conferences requested or conducted by the auditing agency.

f. Provide guidance and assistance to officials developing the Coast Guard response or position to an audit or evaluation, as required.

g. Review all Coast Guard responses, prior to Chief of Staff review and signature, to audits or evaluations to ensure complete, accurate and objective responses to findings and recommendations.

h. Develop and administer an aggressive Coast Guard-wide follow-up system to open recommendations. See enclosure (1) for definitions of audit related terms.

i. Maintain an up to date file of all audits, recommendations and current status.

j. Evaluate all audits for trends revealed in their recommendations and conclusions. Compile and promulgate an annual summary of "lessons learned" from audits.

k. Provide the appropriate training to Coast Guard management officials, as required.

3. Area and district commanders, commanders of maintenance and logistics commands, office chiefs, the Superintendent of the Coast Guard Academy, commanding officers of Headquarters units, the Commanding Officer, Coast Guard Activities Europe shall:

a. Appoint, in writing (with a copy to Commandant (G-CCS-2)), an office audit coordinator who will serve as the single point of contact for audits and evaluations involving that particular Office. The duties of the office audit coordinator are more fully described in Enclosure (2) to this instruction.

b. Cooperate with the representative(s) of all internal and external auditing or evaluation agencies in the performance of their audit or review activity. This includes timely access to required information and providing adequate work space, as required.

c. Review discussion draft reports, draft audit reports, final audit reports, protective audit reports and management advisory reports and develop the Coast Guard response/position within the time frame specified by the Coast Guard Audit Liaison (G-CCS-2). The response should address each finding and recommendation with the proposed corrective action,

milestones and projected completion dates. The response is more fully described in Enclosures (3) and (4) to this instruction.

d. Provide the Coast Guard Audit Liaison (G-CCS-2) updated status on open audit recommendations, as required. GAO Form 66 and DOTIG Form 300 Follow-up Actions are discussed in Enclosures (5) and (6) to this instruction.

e. Administer in coordination with Commandant (G-CCS-2) a corrective action follow-up system.

f. Provide to the Coast Guard OMB Circular A-123 (Waste, Fraud, Abuse and Mismanagement) Coordinator those findings described as meeting the criteria for "material weakness" as discussed in COMDTINST 5700.8 (series) or as instructed by the DOTIG in the audit report.

CHAPTER 2. General Missions and Functions of Auditing Agencies

A. Department of Transportation Inspector General.

1. Mission

a. The Inspector General, in accordance with the Inspector General Act of 1978, as amended directs an independent and objective organization whose purpose is: (1) to ascertain the need for, formulate and recommend Departmental policy, place and program for audits and investigations; (2) to conduct and supervise audits and investigations relating to activities, programs and operations of the Department; (3) provide leadership and coordination and recommend policies for activities designed to (a) promote economy, efficiency and effectiveness in the administration of and (b) to prevent and detect waste, fraud, abuse and mismanagement in such programs, activities and operations; and (4) to provide a means for keeping the Secretary and the Congress fully and currently informed about problems and deficiencies relating to the administration of such programs, operations and activities and the necessity for and progress of corrective actions.

b. In carrying out these responsibilities, the Inspector General exercises direction over the immediate staff and the following officials:

Deputy Inspector General
Inspector General's Immediate Staff
Assistant Inspector General for Auditing
Assistant Inspector General for Investigations
Assistant Inspector General for Inspections and Evaluations
Director of Administration

2. Functions

a. Under the general supervision of the Secretary of Transportation, the Inspector General and the Deputy Inspector General:

(1) Provides policy direction for and conducts, supervises and coordinates audits and investigations relating to programs, activities and operations within the Department.

(2) Reviews existing and proposed legislation and regulations relating to programs, activities and

operations of the Department and makes recommendations in the semiannual reports required by Section 5(a) of the Inspector General Act concerning the impact of such legislation or regulations on the economy and in efficiency in the administration of programs, activities and operations administered by the Department, or the prevention of waste, fraud, abuse and mismanagement in such programs, activities and operations.

(3) Recommends policies for, and conducts, supervises, or coordinates other activities carried out by the Department for the purpose of promoting economy and efficiency in the administration of, or preventing and detecting waste, fraud, abuse and mismanagement in its programs, activities and operations.

(4) Recommends policies for, and conducts, supervises or coordinates relationships between the Department and other Federal agencies, State and local governmental agencies, and non-governmental agencies with respect to all matters relating to the promotion of economy and efficiency in the administration of, or the prevention and detection of waste, fraud, abuse and mismanagement in programs, activities and operations administered or financed by the Department, or in the identification and prosecution of the participants in such waste, fraud, abuse and mismanagement.

(5) Keeps the Secretary and Congress fully and currently informed, concerning fraud and other serious problems, abuses and deficiencies relating to the administration of programs, activities and operations administered or financed by the Department, recommends corrective actions concerning such problems, abuses, and deficiencies and reports on the progress made in implementing such corrective actions.

(6) Complies with the standards established by the Comptroller General of the United States and avoids duplication of efforts and ensures effective coordination and cooperation.

(7) Reports expeditiously to the Attorney General whenever the Inspector General has reasonable grounds to believe there has been a violation of Federal criminal law.

(8) Reports immediately to the Secretary whenever the Inspector General becomes aware of particularly serious or flagrant problems, abuses or deficiencies relating to the administration of programs, activities and operations of the Department.

3. Statutory Authority

a. The Inspector General Act of 1978, as amended, provides the Inspector General with the following statutory authority:

(1) To have access to all records, reports, audits, reviews, documents, papers, recommendations or other material available to the Department which relate to programs, activities and operations with respect to which the Inspector General has responsibility.

(2) To make such investigations and reports relating to the administration of the programs, activities and operations of the Department as are, in the judgement of the Inspector General, necessary or desirable.

(3) To request such information or assistance as may be necessary for carrying out the assigned duties and responsibilities from Federal, State or local government.

(4) To require by subpoena the production of all information, documents, reports, answers, records, accounts, papers, and other data and documentary evidence necessary in the performance of the assigned functions.

(5) To have direct and prompt access to the Secretary when necessary for any purpose pertaining to the performance of functions and responsibilities.

(6) To receive and investigate complaints or information from an employee of the Department concerning the possible existence of an activity constituting a violation of law, rules, or regulations, or mismanagement, gross waste of funds, abuse of authority, or a substantial and specific danger to the public health and safety. The Inspector General shall not, after receipt of a complaint or information from an employee, disclose the identity of the employee without the consent of the employee, unless the

Inspector General determines such disclosure is unavoidable during the course of the investigation.

3. Liaison with the DOTIG

a. Within the Coast Guard the Chief, Management Effectiveness Staff (Commandant G-CCS-2) has the responsibility for maintaining central control and liaison with the OST Office of Management Planning and the DOTIG on reviews, surveys, audits and information requests.

B. General Accounting Office (GAO).

1. Mission

a. The Comptroller General of the United States, who heads the GAO and serves as an agent of the Congress, is authorized and directed by law to make audits of Federal Government agencies. GAO audits are independent examinations for the Congress to determine how effectively the agency under audit has discharged its financial responsibilities. In this connection, the financial responsibilities of an agency are to be construed as including the administration of funds and the utilization of property and personnel in the furtherance only of authorized programs, activities and operations in an effective, efficient and economical manner.

b. As a result of its audit activities, the GAO provides reports to:

(1) The Congress

(2) Congressional Committees and individual members of Congress.

(3) The Secretary and other officials of OST.

(4) Senior management officials of the operating administrations.

2. Statutory Authority

a. The Budget and Accounting Act of 1921 gives the Comptroller General of the United States the authority to investigate, at the seat of the government or elsewhere, all matters relating to the receipt, disbursement and application of public funds.

b. The Accounting and Auditing Act of 1950 provides that, except as otherwise specifically provided by

law, financial transcations of each executive, legislative and judicial agency shall be audited by the GAO in accordance with such principles and procedures and under such rules and regulations as may be prescribed by the Comptroller General of the United States.

c. The Legislative Reorganization Act of 1970 requires that agencies notify the Congressional Committees on Government Operations, Governmental Affairs and Appropriation of actions on GAO recommendations addressed to agency heads.

d. Office of Management and Budget (OMB) Circular A-50 provides the policies and instructions for use by executive agencies when considering audit and investigation reports issued by the GAO.

3. Liaison with the General Accounting Office

a. The DOT Assistant Secretary for Administration (M-1) has responsibility for maintaining the central control and liaison point for coordinating all Departmental relationships with the GAO on reviews, surveys and audit matters and administering a follow-up system to ensure Departmental commitments to the GAO are implemented promptly and effectively within the Department. The OST Director of Management Planning (M-20) has been delegated the authority to carry out the GAO liaison duties.

b. Within the Coast Guard, the Chief, Management Effectiveness Staff (Commandant G-CCS-2) has the responsibility for maintaining liaison with the OST Office of Management Planning and the General Accounting Office on reviews, surveys, audits and information requests.

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CHAPTER 3. The Audit Process

A. The Audit Plan.

1. The Inspector General (see Enclosure (7) Audit Process).

   a. The Department of Transportation Inspector General (DOTIG) issues a proposed FY XX Audit Plan to all operating administrations late in the 3rd quarter FY or early 4th quarter for review and comment. G-CCS-2 forwards the proposed plan to each office chief, area, district and MLC commander, and each Chief of Staff staff section for review and comment. The addressees are encouraged to submit other topics which they believe require an outside examination. DOTIG and GAO audits may be used as an alternate Management (Internal) Control Review as discussed in COMDTINST M5700.8.

   b. The DOTIG will review Coast Guard comments, adjust the plan as appropriate and provide feedback regarding the Coast Guard comments. G-CCS-2 will provide the feedback to the suggestions provided during the review of the draft audit plan and the approved FY XX Audit Plan upon receipt.

   c. During the course of the year the regional DOTIGs prepare briefing papers on various Coast Guard issues. The briefing paper is a basic research effort in developing areas for possible audits. **All** requests for information (excluding information required to conduct an active/ongoing audit) should be referred to G-CCS-2 for proper management staffing. G-CCS-2 acting as a central clearing house for information can help avoid duplication of requests and ensure the questions get to the proper Coast Guard management officials for action.

2. The General Accounting Office (see enclosure (8)).

   a. The General Accounting Office (GAO), unlike the DOTIG, does not develop or issue an annual audit plan or briefing papers. The GAO receives their direction and taskings from the Congress and their various committees and subcommittees.

   b. **All** requests for information (excluding information required to conduct an open audit) should be referred to G-CCS-2 who will then inform Office of Management Planning (OST M-20) and forward the request to the proper program office.

B. Audit Notification.

1. For Inspector General Audits:

a. The DOTIG sends a memo to either the Chief of Staff or the Commandant announcing the start of an audit. In this memo the DOTIG will briefly outline the objectives of the audit and projected start period.

b. G-CCS-2 will identify the proper offices and send a copy of the audit notification to the office audit coordinator and to each of the Chief of Staff staff elements.

2. For General Accounting Office Audits:

a. The GAO coordinates their entrance to DoT operating administrations through the M-20. M-20 then will formally notify the Commandant or Chief of Staff and audit liaison (G-CCS-2).

b. G-CCS-2 will identify the proper offices and send a copy of the audit notification to the office audit coordinator and to each of the Chief of Staff staff elements.

C. Entrance Conference.

1. For Inspector General Audits:

a. The DOTIG regional office responsible for the conduct of the audit will contact G-CCS-2 to request a date be arranged for the entrance conference. G-CCS-2 will set up the conference with the responsible program officials and inform all the Chief of Staff staff elements. M-20 and G-CCS reserve the right to attend the entrance conference.

b. When an audit involves more than one modal administration the Secretary's Office of Management Planning will set the time for the entrance conference and inform G-CCS-2 who in turn will notify the proper office coordinator.

2. For General Accounting Office Audits:

a. After coordinating with the Secretary's Office of Management Planning GAO will call G-CCS-2 to arrange for a entrance conference. G-CCS-2 will set up the conference with the office having the program responsibility and inform all the Chief of Staff staff elements. The Secretary's Office of Management Planning and the Chief of Staff reserve the right to attend the entrance conference.

b. When an audit involves more than one operating administration the Secretary's Office of Management Planning will schedule the entrance conference and inform G-CCS-2 who in turn will notify the proper office coordinator.

3. Purpose of the Entrance Conference.

a. The entrance conference is designed to be a **short** briefing conducted by the audit team. The purpose is to better define the objectives and scope of the audit, ensure all key Coast Guard personnel have been identified and set a general time table for the audit.

b. Many times an audit team will forward to the G-CCS-2 a list of questions they would like to have answered or publications they want to review prior to or at the entrance conference. Both the request and answer should be in writing and state official Coast Guard policy or positions. It is in the best interest of the Coast Guard to **defer** answering questions posed during the entrance conference requiring comprehensive or detailed answers until the answer can be properly researched and documented.

D. Conduct of the Audit

1. Both the DOTIG and GAO auditors conduct their audits using the accepted auditing and accounting standards.

a. Access to Coast Guard Records. Generally, the DOTIG and GAO have the right to access all Coast Guard documents, files and other records. DoT Order 2690.1A provides that the Assistant Secretary for Administration (M-1) normally will make the decision to deny a request for information. Accordingly, when the head of a Coast Guard command or activity believes the information should not be furnished, the request and a proposed reply citing the reasons for the denial will be forwarded, within three working days, through G-CCS-2, for review by M-1. See the chart in enclosure (9). The following are examples:

(1) Any information the disclosure of which is prohibited by statute or executive order.

(2) All budget estimates and supporting material submitted to the Office of the Secretary Transportation (OST) and the Office of Management and Budget (OMB) prior to being forwarded to Congress.

(3) All preliminary budgetary data which became obsolete or inconsistent with the Budget Estimates submitted to Congress.

(4) Internal working documents or discussion papers and memos.

(5) Documents which the Coast Guard does not have propriety ownership. In this case refer the representative to the issuing authority or agency.

b. The Coast Guard will cooperate fully with the representatives from the DOTIG and GAO in providing records (except as noted above) that are required for the performance of their statutory functions. The following administrative procedures have been established to provide the proper administrative control of certain sensitive documents:

(1) Minutes of high level staff meetings will be released after the approval of the Chief of Staff (or equivalent level at field activities).

(2) Appraisal, evaluation or study reports will be released by the Chief of Staff once the report is finalized.

(3) Draft reports or position papers prepared for use by top management will be released with Chief of Staff approval.

(4) Request for classified information should be handled in accordance with U.S. Coast Guard security procedures.

c. Security Clearances. Passing of security clearances should be handled in accordance with U.S. Coast Guard security procedures. Hand carried clearances are not acceptable.

d. Field Visits. Although the start of most audits and entrance conferences begin at headquarters the audit team often will need to visit field activities. Once the particular sites are identified Chief, Management Effectiveness Staff (G-CCS-2) will notify and coordinate with the respective activity/command audit coordinator and the program office with their respective program counterpart.

E. Completion of Audit

1. For Inspector General Audits.

   a. Prior to the Exit Conference the DOTIG will issue a "Discussion Draft" of the audit. The discussion draft will contain a discussion of the audit, findings and recommendations to the Commandant or the command subject to the audit. G-CCS-2 will provide copies to the appropriate program office and Chief of Staff staff elements.

   b. The discussion draft should be reviewed for factual accuracy and tone (wording). Inaccurate information should be noted and suggested correct information prepared and documented. Should the Coast Guard disagree with the tone of the report, proposed wording should also be prepared prior to the exit conference.

2. The General Accounting Office.

   a. Prior to the Exit Conference the GAO will issue a "Discussion Draft" of the audit to the Office of Management Planning who will in turn issue the draft to the Commandant (G-CCS-2). The discussion draft will contain a discussion of the audit, findings and recommendations to the Secretary of Transportation. Commandant (G-CCS-2) will provide copies to the appropriate program office and Chief of Staff staff elements.

   b. The discussion draft should be reviewed for factual accuracy and tone (wording). Inaccurate information should be noted and suggested correct information prepared and documented. Should the Coast Guard disagree with the tone of the report proposed, wording should also be prepared prior to the exit conference.

F. <u>The Exit Conference</u>

1. The Exit Conference procedures for both the OIG and the GAO are essentially the same. The Exit Conference is held prior to the formal issuance of the audit report to the Coast Guard (for OIG reports) or the Department of Transportation (for GAO reports). At this meeting, the audit team discusses its findings and recommendations with Coast Guard officials and provides an opportunity to address issues which may concern Coast Guard management officials about the report. The Secretary's Office of Management Planning reserves the right to attend the exit conference.

2. Prior to the Exit Conference the cognizant office should review the report for factual accuracy and tone

(wording). Should the report contain factual errors bring supporting documentation to the meeting. Should the report contain wording that does not convey the proper spirit or would lead the reader to an incorrect conclusion the cognizant office should prepare proposed wording changes in writing prior to the meeting.

3. For GAO reports this will be the only opportunity for Coast Guard officials to affect changes prior to the issuance of the final report to the Secretary of Transportation.

4. The Exit Conference is not the time to revisit the conduct or methodology of the audit.

5. For GAO exit meetings for which the report focuses on more than one modal administration the Office of Management Planning (M-20) will arrange for and conduct the exit meeting.

G. Response to the Audit Report

1. For Inspector General Audits.

a. The Draft Report

(1) Subsequent to the exit conference the OIG will issue a "draft report" to the Chief of Staff for Coast Guard response. Commandant (G-CCS-2) will task the program office responsible for the audit to prepare the Coast Guard management response for Commandant signature. A copy will also of be provided to each Chief of Staff element for information.

(2) The OIG requires the Coast Guard to review the report and address each recommendation. When responding to the recommendations the following instructions apply (also see Enclosure (3):

(a) state the recommendation(s);

(b) state whether the Coast Guard **CONCURS**, **CONCURS-IN-PART** or **NON-CONCURS** with the recommendation(s) as presented;

(c) if the Coast Guard **NON-CONCURS** with the recommendation(s) as stated explain the rationale for disagreeing with the recommendation(s), and, if applicable, identify alternative actions;

(d) if the Coast Guard **CONCURS** with the recommendation(s) explain the intended actions to implement the recommendation and

identify milestones for anticipated completion dates.

(e) if the Coast Guard **CONCURS-IN-PART** explain the intended actions, identify the areas of agreement or disagreement and milestone dates for the areas of agreement.

(3) In preparing the response consult the staff offices (G-CBU, G-CPA, etc.) of the Chief of Staff, as appropriate.

(4) Generally, the program office will have 40 to 45 days to prepare the response.

b. The Final Report

(1) Following the receipt and review of the Coast Guard response the OIG will issue the final report to the Chief of Staff. The final report will have as an enclosure a copy of the Coast Guard response to the draft report previously presented.

(2) If following a review of the Coast Guard response to the draft report the OIG may require further response or clarification. It is important to remember the audit is not closed at this point. The audit is closed when the OIG (not Coast Guard) considers the corrective actions identified completed.

(3) If following the review of the Coast Guard response to the draft report the OIG requires further information or clarification we will be required to provide the information as described in paragraph G1(a) above.

2. For General Accounting Office Audits.

a. The General Accounting Office does not issue a draft report for Coast Guard review and comment as the OIG does. The report is issued to the Secretary of Transportation in its final form, and the Coast Guard is then tasked by the Secretary to prepare the Department's response to the audit.

(1) Upon receiving the report from the Office of Management Planning the G-CCS-2 will task the program office responsible for the audit to prepare the Department of Transportation response for Commandant signature. A copy will

also be provided to each Chief of Staff staff element for information.

(2) The Secretary requires the Coast Guard review the report and address the finding(s) and recommendation(s). When responding the recommendation(s) the following instructions apply (also see Enclosure (4)):

(a) provide 1 or 2 paragraphs summarizing the report's findings;

(b) list the recommendation(s);

(c) state whether the Department of Transportation **CONCURS**, **NON-CONCURS** or **CONCURS-IN-PART** with the recommendation(s) as presented;

(d) if the Department of Transportation **NON-CONCURS** with the recommendation(s) as stated explain the rationale for disagreeing with the recommendation(s), and if applicable, identify alternative actions;

(e) if the Department of Transportation **CONCURS** with the recommendation(s) explain the intended actions to implement the recommendation(s) and identify milestones and anticipated completion dates.

(f) if the Department of Transportation **CONCURS-IN-PART** explain the intended actions, identify the areas of agreement or disagreement and milestone dates for the areas of agreement.

(3) In preparing the response consult the staff offices (G-CBU, G-CPA, etc.) of the Chief of Staff, as appropriate.

(4) Generally, the program office will have 40 to 45 days to prepare the response.

H. Corrective Action and Follow-up

1. For Inspector General Audits.

a. The primary purpose of audit follow-up is to certify to the Inspector General that the corrective action(s) agreed to by the Coast Guard and the Inspector General have in fact been completed.

b. The Inspector General issues DOTIG Form 300 Audit Follow-up approximately every three months to G-CCS-2 for action. G-CCS-2 will forward the Form 300 to the office or command responsible for the audit response. (see Enclosure (10))

c. The responsible office should review the findings and recommendations of the audit and provide the status of the corrective action. If the Coast Guard has completed the agreed to corrective actions we must supply the OIG with sufficient documentation to reasonably assure the OIG the action has in fact been completed. The OIG will review the provided documentation and determine if the recommendation can be "closed." (Only the OIG can determine a recommendation be "closed.")

d. Should anticipated completion dates change provide the new date and what action has been completed, the action(s) which remain to be completed and a brief explanation for the date changes.

e. When completed return the Form 300 and supporting documentation to G-CCS-2, who will review the answer for completeness and forward to the OIG or originator as appropriate.

2. For General Accounting Office Audit.

a. The primary purpose of the GAO audit follow-up is to assure to the Secretary of Transportation and the Congress that the corrective action(s) proposed by the Secretary and accepted by the GAO have in fact been completed.

b. The GAO issues "GAO Form 66 Audit Follow-up" semi-annually to the Secretary of Transportation (Office of Management Planning). They are reviewed and forwarded to G-CCS-2 for staffing. G-CCS-2 will forward the Form 66 to the office or command responsible for preparing the audit response. (see Enclosure (11))

c. The responsible office should review the findings and recommendations of the audit and provide the status of the corrective action. If the Coast Guard has completed the agreed to corrective actions we must supply the Secretary of Transportation and the GAO with sufficient documentation so as to reasonably assure the corrective action has in fact been completed. The Office of Management Planning (M-20) will review the provided documentation and forward it to the GAO for review so as to determine if the

recommendation can be "closed." (Only the GAO can determine if a recommendation can be "closed.")

d. Should anticipated completion dates change provide the new date and what action has been completed, the action(s) which remain to be completed and a brief explanation for the date changes.

e. Return the completed Form 66 and supporting documentation to G-CCS-2, who will review the answer for completeness and forward to the Secretary of Transportation or originator as appropriate.

DEFINITIONS

Audit/Evaluation. Any survey, review, investigation or information gathering process. The following examples illustrate the varying levels of audit or evaluation activity:

(a) Preliminary Survey -- Collection of background information

(b) Survey -- Inquiry in sufficient depth to identify problem areas.

(c) Review -- In-depth examination of a program, activity or operation.

(d) Investigation -- Examination of a specific situation or incident as a result of a Congressional or other request or a complaint from some source.

Audit Coordinator. That person designated by the office chief, area and district Commanders, commanders of the maintenance and logistics commands, the Superintendent of the Coast Guard Academy, commanding officers of headquarters units, Commanding Officer, Coast Guard Activities Europe and Commanding Officer, Coast Guard Activities Far East for communication between the Coast Guard Audit Liaison and the command.

Audit Findings. Audit reports generally contain the following types of findings:

(a) Cost Questioned -- These relate to costs which the audit or evaluation agency considers potentially non-allowable because of (1) an alleged violation of a provision of a law, regulation, contract, grant, cooperative agreement, other agreement or document governing the expenditure of funds; or (2) a finding that the expenditure of funds for the intended purpose is unnecessary or unreasonable.

(b) Other Dollar Benefits -- This represents cost avoidance type of findings which include reductions or eliminations of payments, costs or expenses that would have been made or incurred by the Coast Guard. This category also includes such items as reprogramming or recapturing of funds from audits of unliquidated obligations.

(c) Procedural or Internal Control (Management) Findings -- These findings indicate a weakness or breakdown in procedures or internal (management) controls. The auditors use these findings to make Coast Guard programs, activities or operations more effective and efficient or to prevent future waste, fraud, abuse or mismanagement. Audit reports will indicate which of these findings meet the criteria for material (mission critical) weakness in connection with reporting requirements under the provisions of the Federal Managers' Financial Integrity Act (FMFIA).

(d) Unsupported Costs -- An incurred cost that is questioned because it was not supported by adequate documentation at the time of the audit. Examples include unaudited third-party contracts.

Audit Follow-up. A process to monitor and report on management action taken pursuant to audit findings and recommendations.

Audit Liaison. Those persons designated to serve as the primary point of contact between the Coast Guard and the audit agency. For the Coast Guard this authority resides in G-CCS-2.

Audit Report. A report issued as a result of an audit. The Department of Transportation Inspector General (DOTIG) will issue a "draft report" which contains draft findings and recommendations which may be changed or omitted after final review or submission of additional information in the Coast Guard response to the draft DOTIG report. The DOTIG "final report" will contain the final findings, recommendations and the actions taken or planned by the Coast Guard. The General Accounting Office (GAO) procedures differ slightly in that a "discussion draft" is issued shortly prior to the exit conference and proposed changes are discussed at that time. The is no "draft report" issued for formal Coast Guard response. The "final report" will not contain the official Coast Guard response.

Audit Resolution (Resolved Finding). Agreement between Coast Guard management officials and the audit agency on the actions needed concerning findings and recommendations, including costs questioned and dollar benefits estimated by the auditing agency.

Closed Findings. Result when the Coast Guard management officials satisfactorily accomplish the corrective actions agreed upon in the resolution of the finding, including the recovery of the disallowed portion of the questioned costs and management action to achieve estimated dollar benefit savings. The auditing agency is the only party who can close a recommendation.

Corrective Action (Commitment). Management initiatives taken to implement resolved findings and recommendations.

Disallowed Cost. A questioned cost that management, in a management decision, has sustained or agreed should not be charged to the government.

Entrance Conference. The entrance conference is a short briefing conducted by the audit team. During these meetings, the audit team addresses the purpose, scope and nature of the audit, identifies key Coast Guard personnel and establishes points of contact. This conference is not designed to solicit detailed information on Coast Guard programs, activities or operations and such questions by the audit agency should be deferred until the survey work begins.

Exit Conference. Following the completion of the audit the audit team will informally present their findings and recommendations to the Coast Guard. GAO and DOTIG procedure differs slightly. DOTIG informally discuss their proposed "draft report" (discussion draft) with Coast Guard officials. The discussion draft provides Coast Guard officials the opportunity to informally comment on the draft report and to help ensure a accurate and balanced presentation . Following this conference the DOTIG will formally issue the draft report for a formal Coast Guard response. GAO also issues a "discussion draft," however, the exit conference serves as the only opportunity to present corrections to the report. Errors or inaccuracies must be clearly identified and substantiated. Following this conference the GAO will issue their final report for the formal Coast Guard response.

External Agency. Those agencies which organizationally are not part of the Department of Transportation (DOT), e.g., General Accounting Office (GAO), Office of Management and Budget (OMB) and General Services Administration (GSA).

Final Action. The completion of all actions management has determined, in its management decision, are necessary with respect to the report findings and recommendations. In the event that management and the audit agency agree no corrective action is necessary, final action occurs when a management decision has been made.

Finding. Conclusion reached by the auditors as a result of an audit or evaluation/inspection. A finding is the basis for recommending corrective action.

Follow-up Official. The follow-up official serves as the single point of contact designated by the respective office chief, area and district commanders, commanders of the maintenance and logistics commands, the Superintendent of the Coast Guard Academy, Commanding Officers of Headquarter units, Commanding Officer, Coast Guard Activities Europe and Commanding Officer, Coast Guard Activities Far East. This official will have appropriate authority and responsibility to establish an aggressive follow-up system, assure timely resolution and implementation of follow-up action.

Funds Put to Better Use. A recommendation by the audit agency that funds could be used more efficiently if recommended management actions are implemented.

Management Advisory Memorandum. These audits are usually conducted in response to a special request by management or when audit work discloses conditions which warrant immediate reporting to management.

Management Decision. A position taken by management which identifies proposed actions to be taken to implement audit recommendations.

Management Official. A "management official" is the Coast Guard official with the primary responsibility for the program, operation or activity addressed in the audit report. The management officials primary responsibility centers on ensuring the implementation of corrective action and follow-up.

Protective Audit. An internal audit which assesses a program, activity, operation or administrative management practices and the relative strength of the related internal (management) controls designed to protect the Coast Guard interest.

Recommendation. Action(s) the auditor believes are needed to correct problem areas and to improve activities, operations or programs.

Resolution. (For OIG Audits) The point at which the OIG and Coast Guard management officials agree on the action to be taken on the reported finding(s) and recommendation(s); or in the event of disagreement, the point at which the Department Follow-up Official (DFO) determines the matter to be resolved.
(For GAO Audits) The point at which the Department of Transportation responds to the final report.

FUNCTIONS OF THE COAST GUARD AUDIT LIAISON AND OFFICE/COMMAND/ACTIVITY AUDIT COORDINATORS

Within the Coast Guard the Chief, Management Effectiveness Staff (G-CCS-2) serves as the primary liaison with the Department of Transportation Inspector General (DOTIG), the General Accounting Office (GAO), the Secretary's Office of Management Planning (OST M-20) and other external agencies for the purposes of audit, evaluation or investigation liaison. Facilitating action includes but is not limited to the following:

(1) Ensuring security clearances are passed in accordance with applicable security instructions and available when required;

(2) Developing and maintaining regular contact with program office, command and activity audit coordinators so as to quickly pass pertinent information to Coast Guard activities and commands and identify key Coast Guard personnel required for the conduct of a successful audit or evaluation;

(3) Coordinating, scheduling and attending entrance and exit conferences and other required meetings between Coast Guard officials, auditors, evaluators or investigators from external auditing agencies;

(4) Providing and maintaining Coast Guard provided work space at Coast Guard Headquarters for audit agency officials;

(5) Providing audit reports (draft and final) to the appropriate program office and all Chief of Staff staff element and task the appropriate program office to develop the Coast Guard management response;

(6) Providing assistance, as required, to program offices, activities or commands in the development of the Coast Guard management response to an audit or evaluation;

(7) Reviewing proposed audit and evaluation response for accuracy, completeness and objectivity prior to review and signature by the Chief of Staff and Commandant;

(8) Monitoring follow-up actions required and reporting to the Secretary's Office of Management Planning (OST M-20);

(9) Ensuring findings which meet the criteria for "Material (Mission Critical) Weakness" are reported as directed to the OMB Circular A-123 (Waste, Fraud, Abuse and Mismanagement) Program Coordinator;

(10) Serving to resolve problems and unusual requirements, as needed.

The office, command or activity audit coordinator serves as the interface between G-CCS-2 and the respective office, command or activity. The audit coordinator should be a more senior Coast Guard employee (at least O-3/GS-11 or higher) familiar with the entire spectrum of programs inside the command or activity. The audit coordinator's duties include, but not limited to:

(1) Serving as the office, command or activity central point of contact for all related audits, evaluations or investigations;

(2) Developing and maintaining liaison with G-CCS-2;

(3) Coordinating, scheduling and attending entrance and exit conferences and other required meetings between Coast Guard command officials and auditors, evaluators of investigators from external auditing agencies. Identify essential/key Coast Guard personnel who will probably be involved in the subject audit;

(4) Providing a suitable work area for audit agency officials, upon request;

(5) Ensuring auditors have access to the required records as discussed in Chapters 2 and 3 see Enclosure (9);

(6) Ensuring timely submission of required responses to DOTIG/GAO reports (with a copy to (G-CCS-2));

(7) Monitoring follow-up action and provide progress on corrective actions, upon request of Commandant (G-CCS-2);

(8) Refering to G-CCS-2 request for information from the DOTIG, GAO or other audit agency (other than during the conduct of an open audit). This is further described in Chapter (3).

DOTIG DRAFT AUDIT REPORT ON THE POLAR ICEBREAKER PROGRAM USCG 7500

Commandant, U.S. Coast Guard as appropriate

Assistant Inspector General for Auditing

Ref: (a) DOTIG Project No. 4S3003S000 dtd 13 Oct 94

1. Enclosed you will find the Coast Guard response to the recommendations presented in reference (a). Other comments as appropriate.

Encl: (1) Coast Guard response to DOTIG recommendations

SAMPLE RESPONSE

*DUE TO G-CCS-2
NLT COB 10 JAN 95
WITH ALL REQUIRED
CLEARANCES COMPLETED

REPORT FORMAT

STATEMENT ON DOTIG REPORT

I. **TITLE:** Include title of DOTIG report, number and date.

II. **FINDING:** Briefly state each finding discussed in the report. State whether the Coast Guard **CONCURS**, **NON-CONCURS** or **CONCURS-IN-PART** with the finding as stated. If the Coast Guard does not concur with the finding as stated, present documentation or records which supports the non-concur position.

III. **RECOMMENDATION(S):** List each recommendation associated with the finding stating whether the Coast Guard **CONCURS**, **NON-CONCURS** or **CONCURS-IN-PART** with the recommendation. If the Coast Guard concurs with the recommendation as written provide what corrective actions are planned and the projected completion date (if corrective measures are underway use this to put a positive spin on finding). If the Coast Guard does not concur with the recommendation as stated, explain the rationale for disagreeing with the recommendation and provide documentation or records which support the non-concur position.

ENCL: (3) to COMDTINST M7520.2A

U.S. Department of Transportation

United States Coast Guard

Memorandum

Subject: DOTIG DRAFT REPORT ON THE POLAR ICEBREAKER PROGRAM

Date: 30 JAN 1995
7500

Reply to: G-AIB
Attn. of: CDR LANCASTER
7-6455

From: Commandant, U.S. Coast Guard

To: Assistant Inspector General for Auditing

1. Enclosed you will find the Coast Guard response to the recommendations presented in DOTIG Project No. 4S3003S000 of October 13, 1994.

KENT H. WILLIAMS
Vice Admiral, U. S. Coast Guard
Chief of Staff

Encl: (1) Coast Guard response to DOTIG recommendations

STATEMENT OF DOTIG DRAFT REPORT

TITLE: DOTIG Draft Report on the POLAR ICEBREAKER PROGRAM, Project No. 4S3003S000 dtd 13 Oct 94

FINDING: **Staffing Requirements Documentation and Validation**

Staffing requirements for the new polar icebreaker lack supporting documentation and require revalidation of crewing levels. USCG officials provided the contractor for the manpower study with untimely and incomplete personnel information, outdated maintenance factors, and outdated and generic equipment lists for use in developing the personnel staffing levels. Also, USCG lacks written guidance for conducting and documenting manpower studies used for requirements determination. Consequently, USCG is not assured that the number and type of personnel needed to accomplish polar icebreaker activities has been adequately determined which could hinder the vessel's ability to meet its mission and operational needs.

CONCUR-IN-PART. The crewing study for the new polar icebreaker, CGC HEALY, was performed by a contractor using methods and techniques that have proven successful for the U.S. Navy. This procedure involves using a model of the systems and equipments to be installed on the cutter. This model was developed in accordance with OPNAVINST 1000.16G, has been validated by the Navy, and has been used in the development of major ship classes for 15 years. Our study was initiated in the preliminary stages of design, before a contract was awarded for the detail design and construction of the cutter, in order to develop the design interfaces (berthing, messing, laundry, ventilation, etc) of the cutter. The Coast Guard provided the contractor with the most accurate information available at that time. As the details of the design emerge, the crewing study will be updated to reflect the actual shipboard equipments and systems selected by the shipbuilder. We are confident in the validity of the model, and feel that we have made an accurate preliminary estimate of the crew requirements for the safe and efficient operation of HEALY.

The Discussion section of the draft report refers to a number of crewing assumptions which were made while developing the personnel staffing levels. We would like to address those issues and explain any perceived inconsistencies.

Enlisted Crew Members (pp. 6-8). The last paragraph of page 6 contains a crew number derived by adding up partial billet numbers in lieu of the correct rounded numbers. The model indicated a need for 2.0 BMs, 0.8 GMs, 3.3 SNs, 2.2 MSTs, 1.3 QMs, and 0.9 RMs. When "added" these numbers equate to 10.4 bodies. However, since each rating has to be considered independently the correct numbers are 2 BMs, 1 GM, 4 SNs, 3 MSTs, 2 QMs and 1 RM for a total of 13 billets. Rounding up to

whole billets is consistent with proven personnel staffing methodologies and is an integral part of the modeling process. The contractor applied this logic across all departments, in addition to using other proven and consistent modeling techniques including cross utilization and activity task analysis, to arrive at the number of 52. This number does not include the 12-person Aviation Detachment.

Flight Quarters Crewing and Reductions (pp. 4, 8-9). The last paragraph of page 4 states, "the number of personnel needed to support flight quarters operations was not reduced". This theme is continued on page 8 in the "Flight Quarters Reduction" section. The authority to reduce flight quarters staffing under certain well-defined situations, if the Commanding Officer decides to exercise it, gives the cutter the flexibility to continue other operations without interruptions. These procedures were taken into account by the model.

COMDTINST M3710.2A is not a staffing standards manual, it is an operating or "how to" manual. The Table used as Exhibit A in the report informs the cutter of the minimum number of people required to crew each station or detail during a particular flight evolution, such as Vertical Replenishment. However, these numbers were not meant to be additive. For instance, it is highly unlikely that the ship would ever conduct vertical replenishment and launch or land helicopters at the same time. Also, these numbers are crew duties or assignments, not a list of additional billets to be added to the crew. In a typical flight quarters scenario, the crew assignments for a Polar Class cutter are as follows:

HCO	1	
LSO	1	
Phone Talkers	2	
Tiedown Crew	4	
On Scene Leader	1	
Primary Hose Teams	6	
Secondary Hose Team	4	
Rescue/Access Crew	2	
Rescue Boat Crew	4	(including swimmer)
Medical Detail	1	
Total	26	

However, the number of personnel required for flight operations has little effect on the total crew size. The crew size is largely driven by the watchstanding and cutter maintenance requirements. The typical annual flight history, adjusted for the newly promulgated flexibilities, added approximately 4 billets (235 work hours per week) to HEALY. Another way of looking at this problem is, if we were to delete the flight operations requirement we would save only 4 billets, not 26.

Total Crewing Level (pg. 9). The crew level of 72 represents the minimum level required to safely operate HEALY based on

known parameters to date. During the early stages of ship design development, a management decision was made to build a small margin into the ship to accommodate three additional crew members (berths and all supporting services). Because of that decision, 75 represents the maximum number of crew members that can be carried in the ship without reducing the number of scientists carried. The final crew size (75 or fewer) will be determined by a future iteration of the crewing study when more refined data becomes available. This final determination will take into account the most cost effective way to accomplish maintenance (onboard crew versus deferred to shore based support) as well as the minimum number of crew members required for safe operation.

RECOMMENDATIONS:

1. Revalidate the staffing requirements for the new polar icebreaker to ensure number and type of personnel are sufficient to fulfill the mission and operational needs of the vessel.

CONCUR. An iteration is planned as actual equipments and systems are selected for the polar icebreaker by the shipbuilder and make, model and maintenance information becomes available. We expect this iteration to be completed in 1996.

2. Establish procedures which ensure the requirements determinations process for all future major acquisitions adequately and accurately reflects the appropriate personnel.

CONCUR. The Coast Guard agrees there should be procedures in place for the major acquisition process to adequately and accurately reflect appropriate personnel. The Coast Guard further believes that such procedures are already in place under the A-109 process to ensure that appropriate staffing requirements are addressed throughout the project's life to accurately reflect personnel staffing needs. The requirements and procedures to address staffing needs are formally established by the DOT Major Acquisition Policies and Procedures (MAPP) and implemented in the Coast Guard by the Systems Acquisition Manual (SAM). Both the MAPP and the SAM require the project to conduct integrated logistics planning and to develop an Integrated Logistics Support Plan (ILSP). Three of the ten major logistics planning elements covered in an ILSP are commonly known as "MPT" -- Manpower, Personnel, and Training. Under MPT, all personnel concerns (crewing, support, training, etc.) are addressed. In response to this requirement, Project Managers are tasked to develop staffing standards appropriate for the asset being acquired. Appropriate sources, including staffing standards contractors who use proven and validated methodologies, are utilized to meet this requirement. In accordance with the MAPP and SAM, the ILSP, including the MPT sections, is first developed and approved at Key Decision Point (KDP) 2 and is updated at KDP 3 and KDP 4 to verify and expand the information in the plan. It is in response to MPT

requirements that the Polar Icebreaker Project properly conducted its manpower study. As noted in recommendation #1 above, and in accordance with the SAM, the Polar Icebreaker Project will revalidate the staffing requirements as additional information is available. Revalidation will likely be completed in 1996.

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Subj: GAO REPORT: PROGRAM TO INSPECT INTERMODAL CONTAINERS

7500

From: Commandant, U.S. Coast Guard

as appropriate

To: Director of Management Planning

Ref: (a) GAO Report RCED-94-139

1. Enclosed you will find the Coast Guard response to the recommendations presented in reference (a). The Coast Guard appreciates the profesional manner in which this audit was conducted and fully intends to address the issues brought out in the report over the course of the coming year.

Encl: (1) Coast Guard response to GAO recommendations

SAMPLE RESPONSE

RESPONSE DUE TO G-CCS-2 WITH ALL APPROPRIATE CLEARANCES COMPLETED NLT 1 JUNE

DEPARTMENT OF TRANSPORTATION
STATEMENT ON GENERAL ACCOUNTING OFFICE (GAO) REPORT

TITLE: *"Report Title," GAO Report Number, Report Date.*

DEPARTMENT OF TRANSPORTATION POSITION:

This section serves to present the Department's position or to refute GAO report findings. The Department's position can be most effectively conveyed by positive statements regarding policies and programs rather than negatively rebutting the report's points. Readability is enhanced if major points are highlighted by descriptive captions.

RECOMMENDATIONS AND RESPONSES

List each of the final reports recommendations.

The response to each recommendation indicates either concur, concur-in-part, or nonconcur and includes an explanantion as described below:

1. ***Concur*** *- explains intended actions to implement the recommendation and identifies a milestone for anticipated completion.*

2. ***Concur-in-part*** *- explains intended actions, identifies areas of agreement or disagreement and provides a milestone for anticipated completion.*

3. ***Non-concur*** *- explains the rationale for disagreeeing with the recomendation, and if applicable, identifies alternative actions.*

ENCL: (4) to COMDTINST M7520.2A

U.S. Department of Transportation

United States Coast Guard

Memorandum

Subject: GAO AUDIT: "ACTIONS NEEDED NOW TO ENSURE BETTER MANAGEMENT OF PARTS AND SUPPLIES"

Date: 23 FEB 1995
7500

From: Commandant, U.S. Coast Guard

Reply to: G-ELM-1
Attn. of: Turner/70667

To: Director of Management Planning

Ref: (a) GAO Report GAO/RCED-95-62, January 1995

1. Our response to recommendations addressed in reference (a) is forwarded as enclosure (1) for your review and submission to the General Accounting Office.

2. If you have any questions, please contact Ms. Sylvia Turner, Ext. 7-0667.

KENT H. WILLIAMS
Vice Admiral, U. S. Coast Guard
Chief of Staff

Encl: (1) Coast Guard response to GAO Audit RCED-95-62

TITLE: "Coast Guard Cutters: Actions Needed Now to Ensure Better Management of Parts and Supplies".
(RCED-95-62, January 1995.)

DEPARTMENT OF TRANSPORTATION POSITION

The GAO report provided a reasonable synopsis of the problems the Coast Guard faces with inventory management, particularly in vessel logistics. Numerous interim and long term initiatives, starting as early as 1988, are underway to address these concerns. These initiatives are providing the Coast Guard a framework for the development of new business practices and information management systems needed to support engineering logistics.

RECOMMENDATIONS AND RESPONSES

Recommendation: **Make the use of the current automated inventory control program mandatory on all cutters that have sufficient computer hardware and have not implemented CMPlus, consolidate and analyze inventory data for each class, and redistribute excess parts from additional cutter classes as warranted.**

Response: Concur. We are in the process of designating the Shipboard Computer Aided Maintenance Program (SCAMP) as the automated system to manage unit level inventory and making it mandatory for units having sufficient computer capability. This will lay the foundation for better inventory management as we implement our configuration based inventory system CMPlus which we anticipate will be fully deployed to the fleet by 1999. Additionally, there have been several recent successes with a prototype Total Asset Visibility system, "Mini TAV", utilizing SCAMP data from the 378' WHEC and 270' WMEC cutters to locate needed parts onboard other cutters and identifying excess parts.

Recommendation: **Where economically feasible, consolidate at regional support centers those cutter inventories that are located at individual onshore storage facilities, particularly where several cutters from the same class are clustered or where the cutters' individual onshore storage facilities are housed within a single building.**

Response: Concur. The Coast Guard's current support center organizational structure does not have the resources nor information systems to support the consolidated storage and management of shore-side inventories for vessels moored at their facilities. However, the concept of "regional" support centers with centralized oversight of shore-side inventory is currently under evaluation by our Streamlining Study Team, whose final recommendations will be known Spring 1995. The information system will be provided by our Fleet Logistics System project which will be completed by fiscal year 2000.

Recommendation: Move up the implementation date for the Coast Guard's initiative to establish a single source of accountability for all fleet logistics. This action will allow the Coast Guard to better coordinate interim actions to improve management of its cutter inventories while the fleetwide logistics system is being developed.

Response: Concur. The Fleet Logistics System project is critical to achieving the desired oversight and accountability. Meanwhile, we continue to move towards this objective from an organizational perspective. The Engineering Logistics Center (ELC), which will merge Supply Centers Baltimore and Curtis Bay with selected Coast Guard Headquarters elements into one unit and integrate the vessel maintenance guidance and supply functions, was originally scheduled to be operational by the end of fiscal year 1998. As reported in the fiscal year 1996 budget submission, we now intend to establish the ELC by the end of fiscal year 1996.

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F300MP

RECOMMENDATIONS FOR MODAL CA

DATE PREPARED 07/26/94 FORM 300

REPORT NUMBER: R3C94002 COST-TYPE: E SUB-TYPE A3
PROJECT NUMBER: 3340033001.01 STATUS:3 STATUS DATE 94/02/01
DATE ISSUED : 94/02/01 CONTRACT #
TITLE : UTILIZATION OF BACHELOR QUARTERS
SUPPORT CENTER NEW YORK
Governors Island, NY

REC NUM	FNDG TYPE	ICF TYPE	DISP CODE	OPER ADMIN	FIND AMNT	MANGMNT COMMIT AMT	FORM 200 WRITTEN OFF	COMMIT DATE	PLAN ACT DATE	REV ACTION DATE	ACTUAL ACTION DATE	ACTUAL RECOVERY BETTER USE	WRITTEN OFF	REC STAT CODE	ACTION OFFICIAL SYMBOL	REC REF DATE
102	T	I	D	CA				12/10/93	12/93							
103	O	I		CA	$570,000	$570,000		12/10/93	06/94							
301	O	I		CA	$303,000	$303,000		12/10/93	12/93							
302	T	I	D	CA				12/10/93	12/93							
401	Q	I		CA	$11,225	$11,225		12/10/93	12/93							

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ENCL: (5) to COMDTINST 7520.2A

WHY AND HOW TO ANSWER OIG FORM 300

Annually the General Accounting Office (GAO) and the Department of Transportation Inspector General (DOTIG) initiate over 125 audits regarding activities, programs and operations within the U.S. Coast Guard. The purpose of these audits is to provide reasonable assurance to the Congress and Secretary of Transportation, respectively that the Coast Guard is operating its activities, programs and operations effectively and efficiently within guidance promulgated through Commandant Instructions based on existing regulations, laws and statues.

The DOTIG provides the Commandant (G-CCS-2) OIG Form 300 on all resolved yet open recommendations from completed audits. An audit recommendation is considered **resolved** when Coast Guard management officials and the OIG agree on the corrective action(s) to be taken on findings and recommendations presented in an audit. An audit recommendation is considered **closed** when the corrective action(s) agreed to during the resolution process is considered completed by the OIG.

The OIG Form 300 is the vehicle by which the Coast Guard provides feedback to the OIG on the status of corrective action. Responses to the OIG must be complete, accurate and documented so as to give the OIG reasonable assurance that corrective action has been completed or is underway. For example, suppose the recommendation reads, "Recommend the Commanding Officer, XXX reduce it's Imprest Fund from $7,500 to $3,000" with a agreed completion date of 4/30/94. The proper response to the Form 300 is a copy of the letter from the CO, XXX to the CO, USCG Finance Center requesting the reduction in Imprest Funding and the Finance Center response/<u>Request for Change or Establishment of Imprest Fund</u> Form. This information gives the OIG enough information to objectively judge the status of the corrective action(s). The same would go for updating instructions, recovering funds, conducting inventories, etc. -- the OIG needs supporting documentation -- copies of updated instructions, inventories or amplifying instructions provided by Coast Guard management officials, etc. In short, documentation (complete documentation) is the key to closing a recommendation. <u>Only the OIG can close a recommendation, not the Coast Guard</u>.

It is not necessary to use the actual Form 300. In many cases you may find it easier to answer the requirement in memo format and attach it to the Form 300. The choice is yours -- whatever makes it easier for you to convey the required information is acceptable.

EXPLANATION OF DATA ELEMENTS

(1) FORM 300: OIG form number.

(2) REPORT NUMBER: Self explanatory

(3) COST TYPE: Used for OIG MIS reporting purposes.

(4) SUB-TYPE: Same as (3) above.

(5) PROJECT NUMBER: Same as (3) above.

(6) STATUS & STATUS DATE: Same as (3) above.

(7) DATE ISSUED: Self explanatory.

(8) CONTRACT #: Number used to help contract officials identify the contract or procurement action.

(9) TITLE: Title of audit report.

(10) REC NUM: Denotes recommendation number within the audit report. Alphanumeric characters identifies the finding and recommendations within the audit report.

(11) FNDG TYPE: Denotes funding type. Findings will be of the following types; **T** - Procedural, **O** - Funds to be put to better use, **Q** - Questioned Costs, **S** - Unsupported Costs, **R** - Unsupported Costs associated with a proposal audit, **U** - Unaudited Costs (DCAA contract audits, or grantee single audits) and **L** - Recommendation to request, propose or support a legislative change.

(12) ICF TYPE: Denotes whether an internal control a weakness is associated with the recommendation and the level at which the weakness was reported. The following codes will be used;
I - Weakness reported to Coast Guard A-123 Coordinator;
M - Weakness reported to Departmental A-123 Coordinator;
P - Weakness reported to the President or OMB, and
G - Weakness reported in a single audit report or a contractor audit report.

(13) DISP CODE: Used for disposition of recommendation T (Procedural) and L (Legislative) only. The following four codes will be used; **C** - Recommendation is unresolved (no Coast Guard management commitment to take action on the recommendation); **D** - Recommendation is resolved; **F** - The OIG has determined the recommendation should be closed without implementation by Coast Guard management; and, **H** - Coast Guard management reported the completion of all required actions at the time the recommendation was resolved (no further follow-up required).

(14) OPER ADMIN: Self explanatory.

(15) FIND AMT: Designates the dollar amount of costs questioned, unsupported, unaudited or funds to be put to better use cited in the final audit report that the OIG expects will be realized by implementing the recommendation.

(16) DISALLOWED BETTER USE: Designates the dollar amount of costs, questioned, unsupported, unaudited or funds to be put to better use that Coast Guard management has agreed can be realized by implementing the recommendation. This amount may be more than, equal to or less than the finding amount.

(17) NOT DISALL NOT AGREED: Will denote the difference between what the OIG expects can be realized and what Coast Guard management feels can be realized by implementing the recommendation(s).

(18) COMMIT DATE: Denotes the commitment date (month, day, year) that Coast Guard management made a decision on the recommendation and properly advised the OIG. This date will reflect when one of the following decisions were made; (a) Coast Guard management agreed to implement the recommendation and properly advised the OIG or alternative actions proposed by Coast Guard management were accepted by the OIG, (b) the date the OIG agreed to drop the recommendation, or (c) the date the Department Follow-up Official made the final decision on a recommendation. This may be a decision to agree or disagree with the OIG. The commitment date should not be earlier than the first day of the current OIG semiannual reporting period.

(19) PLAN ACT DATE: Denotes the planned action date (month, day, year) that Coast Guard management expects to implement or complete action on the recommendation.

(20) REV ACTION DATE: Will be used to denote either a revised future action date, or the actual completion date for the recommendation when that date was in a prior OIG semiannual reporting period.

(21) ACTUAL COMPLETION DATE: Denotes the actual date (month, day, year) that final action on the recommendation, or the date when the OIG was properly notified to close the recommendation.

(22) ACTUAL RECOVERY BETTER USE: Denotes the actual amount of funds recovered or put to better use as a result of the implementing the audit recommendation. This amount may exceed or equal (16) above, but if it is less than (16) above, the balance should be reflected in (23) below.

(23) WRITTEN OFF: Denotes the amount of funds that were determined by Coast Guard management to be below the amount they agreed with in (16) and the actual amount in (22) above, if any. To be completed by Coast Guard management officials.

(24) REC STAT CODE: Denotes the recommendation status code determined by JP-10 (OST Office of Policy and Procedures), based on the information submitted by Coast Guard officials. The codes used are as follows

0 or Blank - Open recommendation no response from Coast Guard.

1 - Response from Coast Guard received and under review by the OIG.

2 - Response from Coast Guard not accepted by the OIG.

3 - Response from Coast Guard accepted by the OIG and recommendation is closed.

4 - Not used

5 - Contract audit recommendation associated with an unsuccessful bidder or a cancelled procurement or contract modification.

6 - Resolved recommendation referred to the Department Follow-up Official for resolution.

A - Collection or contract audit results under dispute, referred to Contract Appeals Board, Investigations, DOJ or other outside agency for determination.

E - All the dollars in the recommendation written off during the audit resolution (OIG Form 200) process (nothing to follow-up).

F - Procedural or Legislative recommendation closed for other reasons (not to be implemented) during OIG Form 200 process (nothing to follow-up).

X - Dollar recommendation under and new secondary process, under $100,000 response from Coast Guard accepted by the OIG. Recommendation closed.

Y - Dollar recommendation under old and new secondary follow-up process, over $100,000 and response from Coast Guard accepted by the OIG. Recommendation closed.

(25) ACTION OFFICIAL SYMBOL: Denotes Coast Guard office symbol that has taken the final action.

(26) REC REF DATE: OIG use only.

(27) COMMENTS: Explain action(s) completed, reasons for revised dates or other pertinent comments.

(28) DATE PREPARED: Self explanatory.

(29) SIGNATURE: Name and title of Coast Guard management official responsible for the action. Must be at least a Division Chief.

FORM 66: OPEN RECOMMENDATIONS TO DOT IN GAO REPORTS (1/94)

Report: RCED-93-103, 3/31/93: Coast Guard: Additional Actions Needed to Improve Cruise Ship Safety.

GAO Recommendation: Develop a cruise ship safety program management component as part of the inspector module of the Marine Safety Network project, to allow the USCG to consistently document and analyze the results of cruise ship safety examinations. The system should also allow the USCG to monitor the effectiveness of flag nations' and classification societies' enforcement of cruise ship safety standards.

PREVIOUS FOLLOWUP INFORMATION REPORTED TO GAO

Action Taken: A new Port State Control Marine Safety Information System (MSIS) product set is being developed which will include deficiencies found on all foreign vessels entering the U.S. This new, user friendly system will identify any outstanding deficiencies as well as deficiencies uncovered during an examination which were corrected prior to completing the examination. This new system will be able to monitor the effectiveness of flag state and classification society enforcement by allowing the deficiencies found during control verification examinations to be easily sorted and analyzed by flag state and classification society categories.

Status: _____Action Not Initiated. __X__Action In Process.
_____Action Complete. _____No Action Planned.

Expected Completion Date: 1/94

UPDATED INFORMATION TO GAO

Action Taken/Planned:

Provide OST/GAO actions taken since the last update.

Status: _____Action Not Initiated. __X__Action In Process.
_____Action Complete. _____No Action Planned.

Revised Completion Date: 6/94

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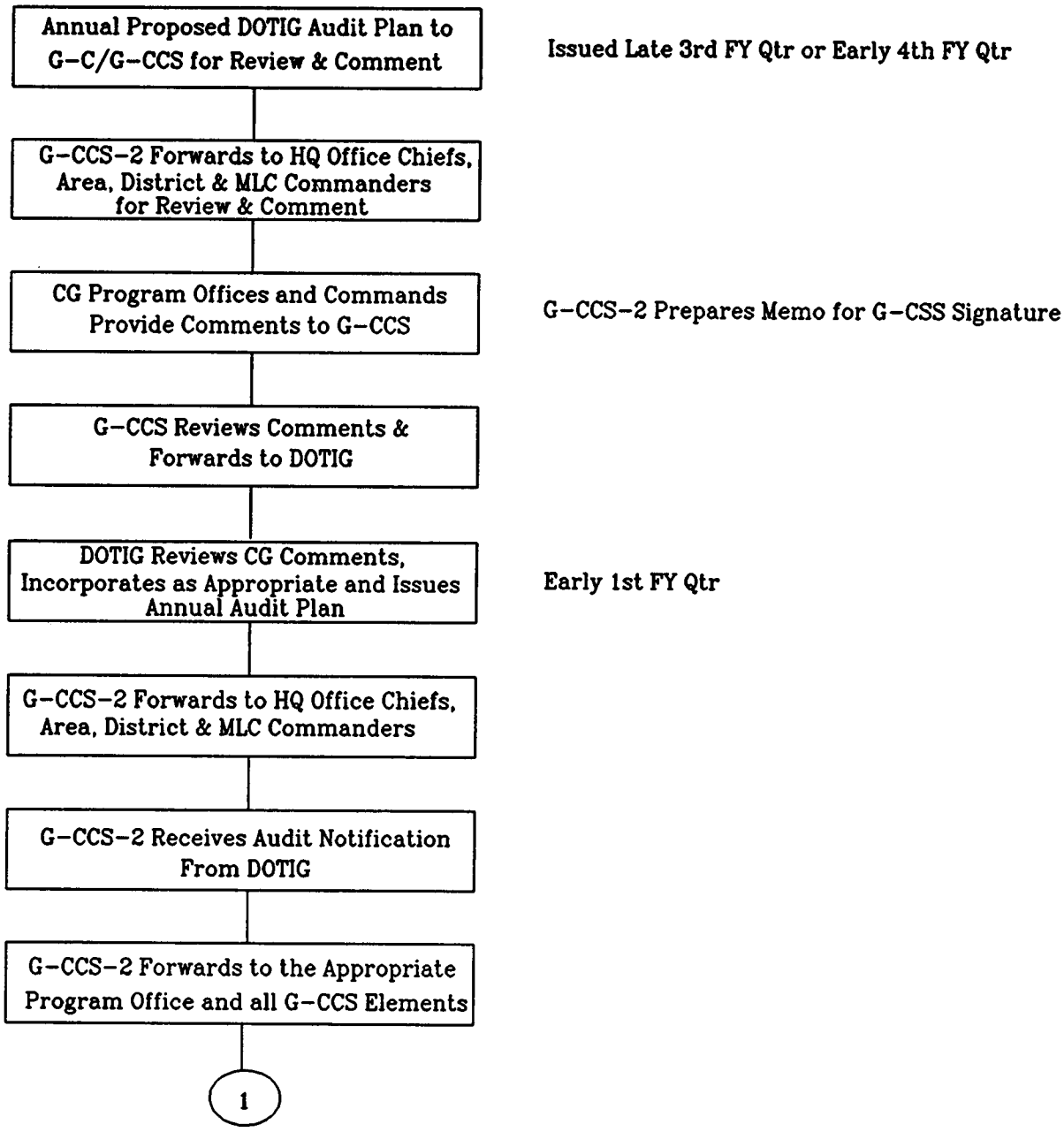
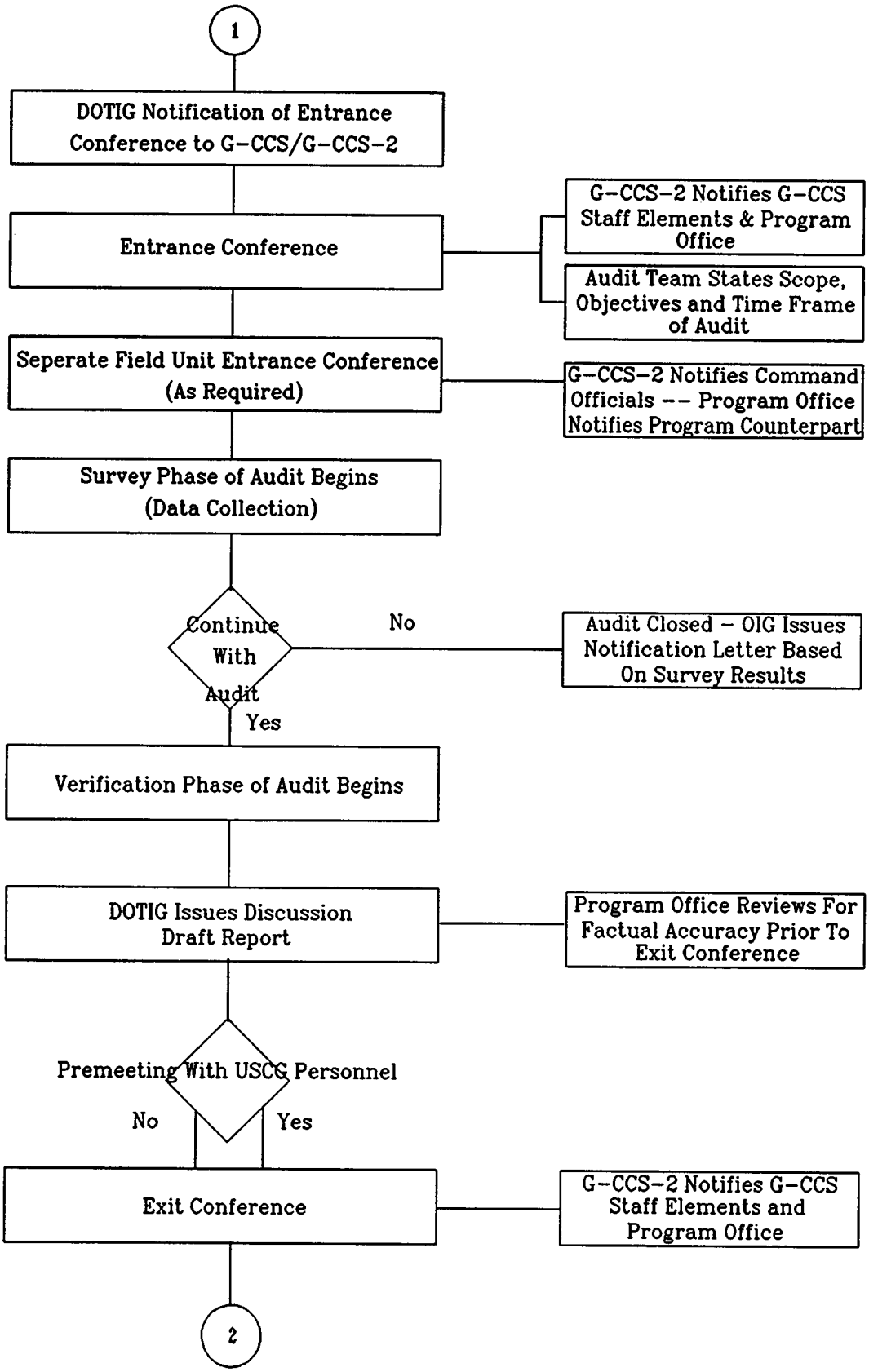
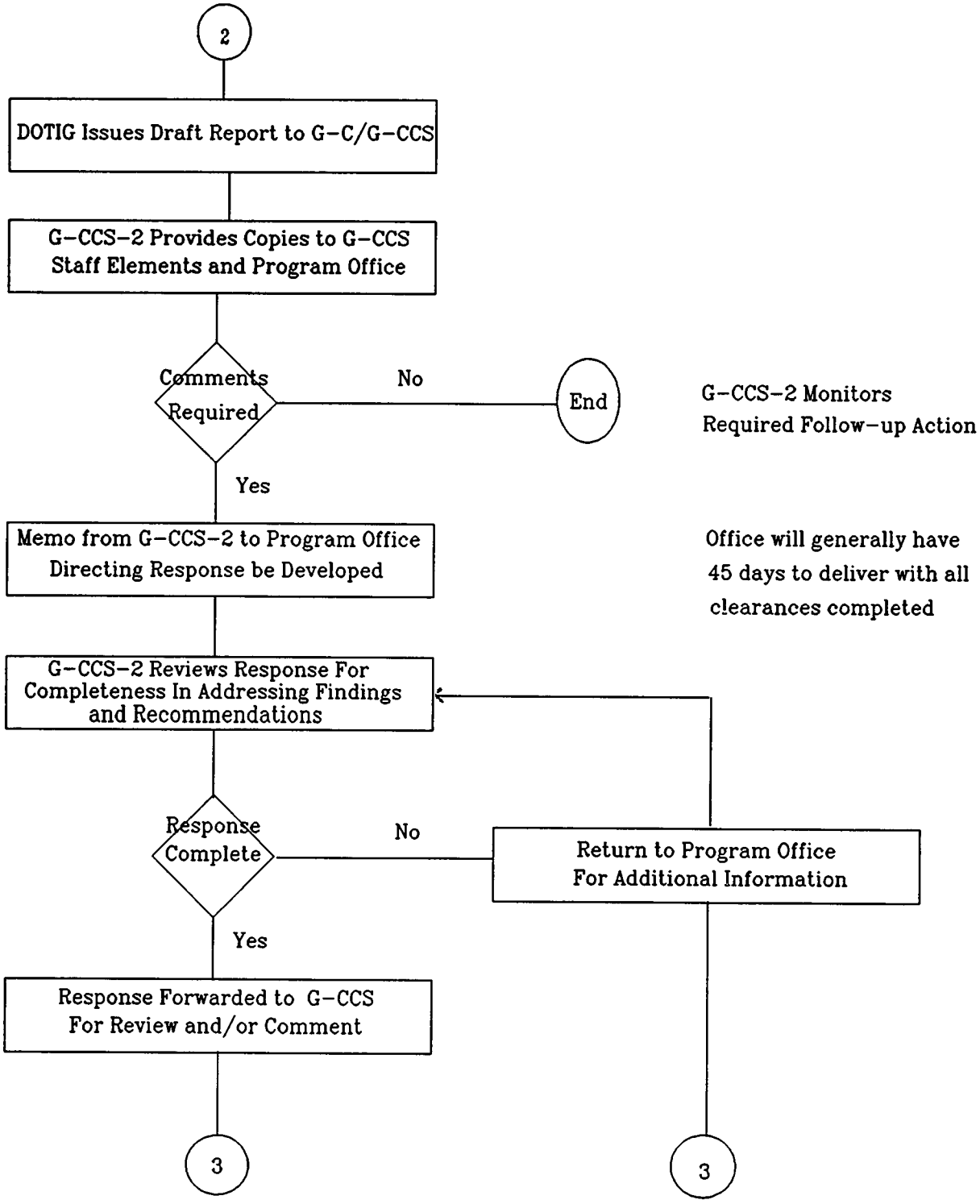
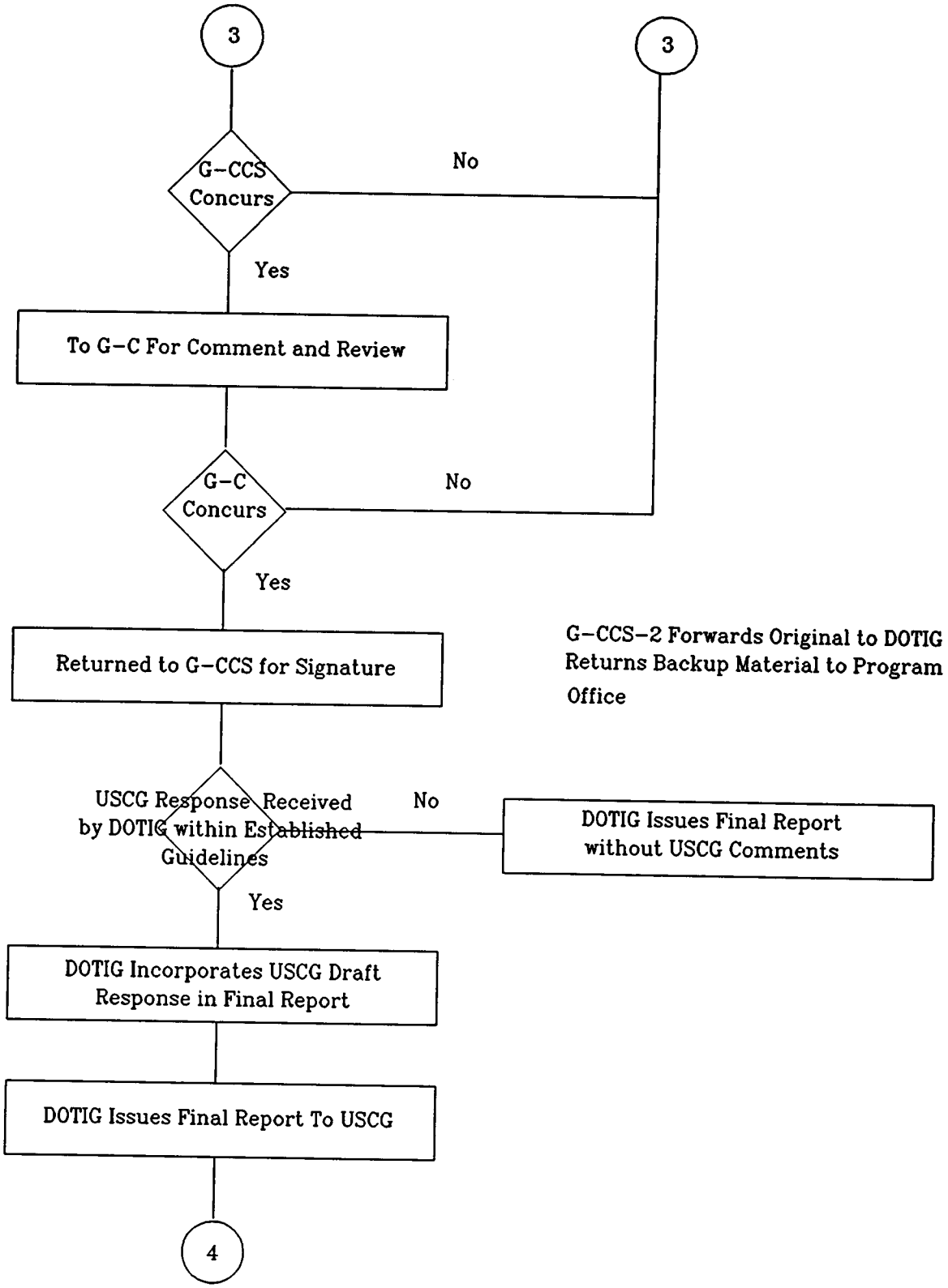
FLOWCHART FOR AUDIT PROCESS

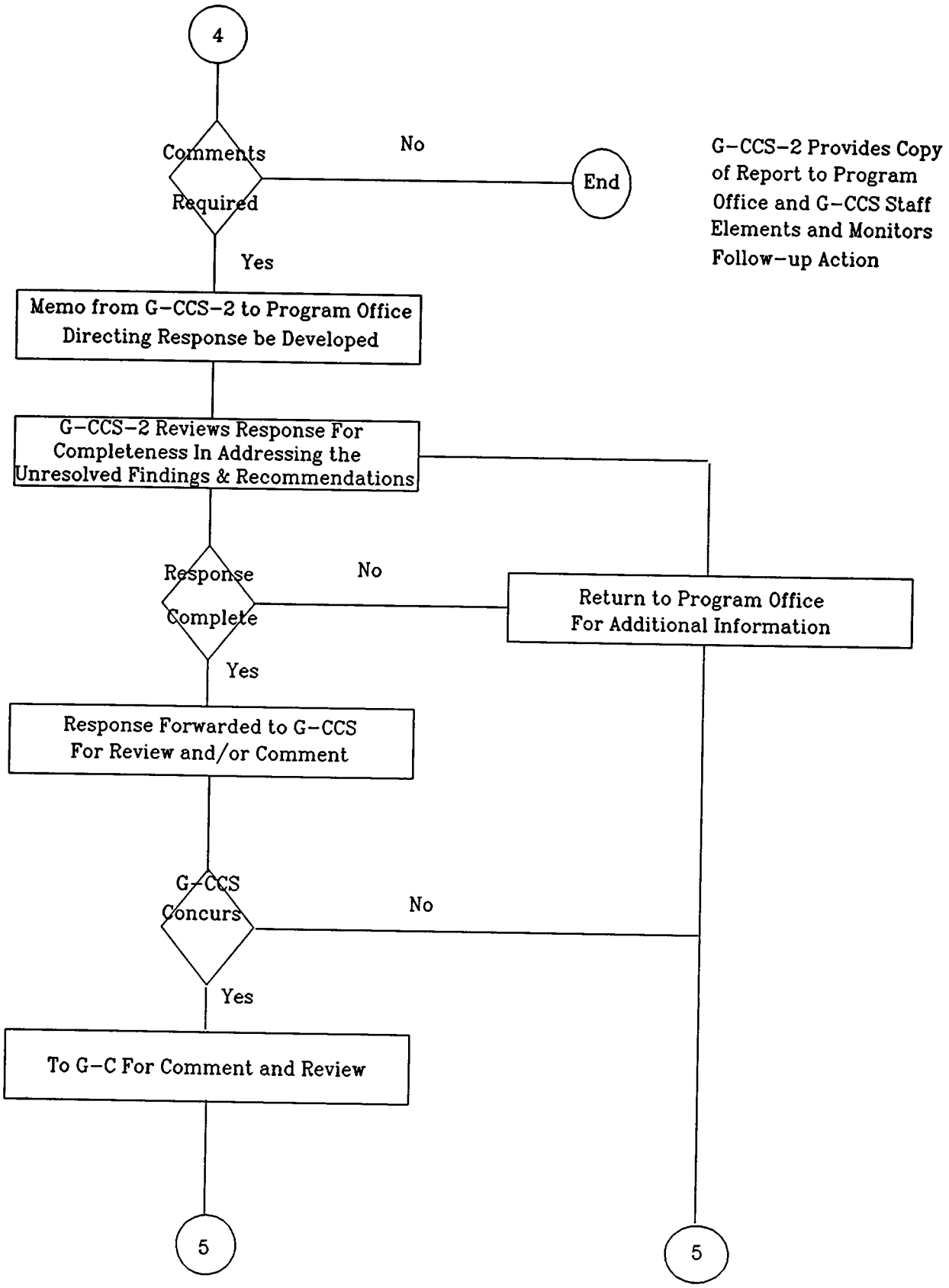
Office of Inspector General (DOTIG)

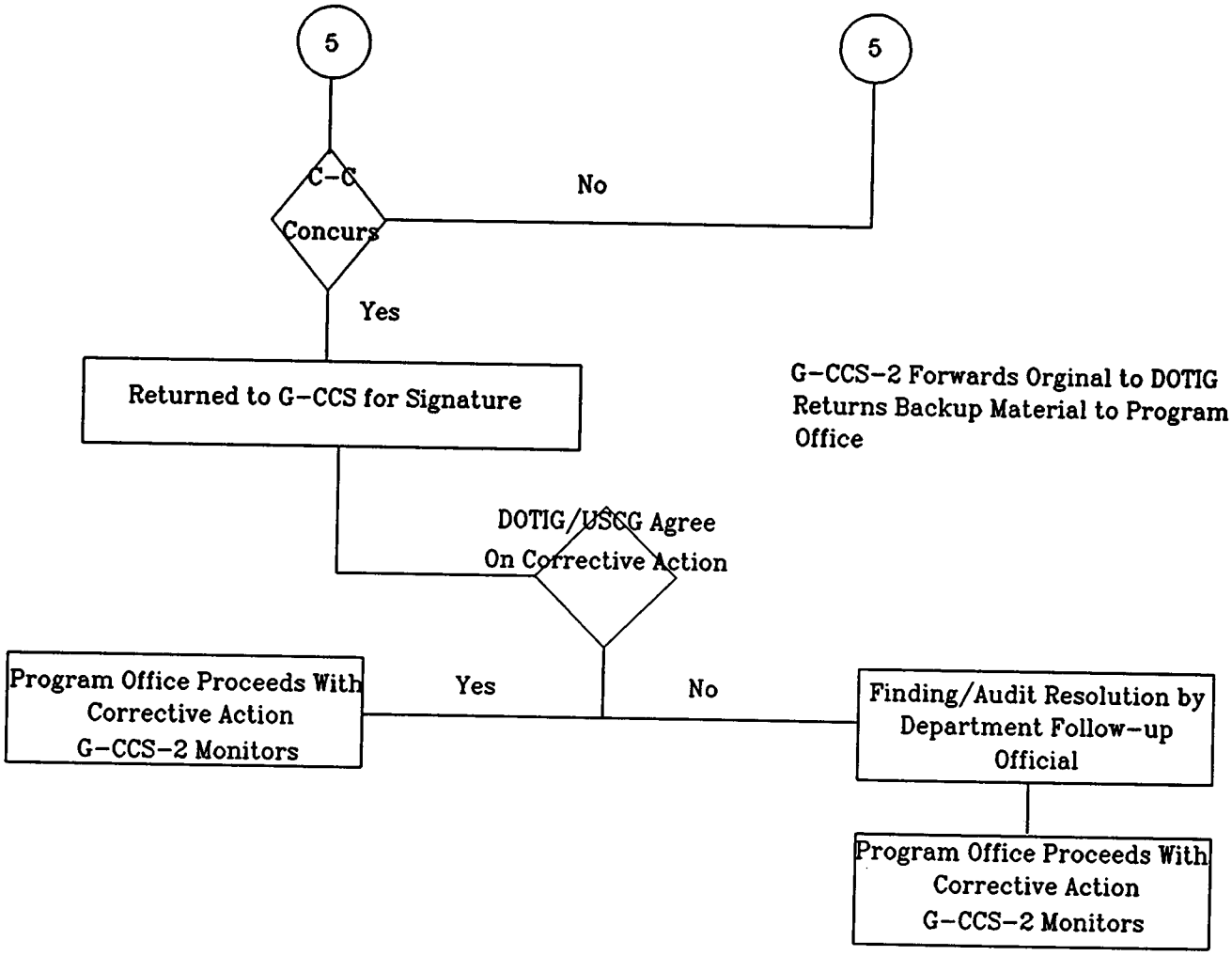



1
DOTIG Notification of Entrance Conference to G-CCS/G-CCS-2
Entrance Conference
G-CCS-2 Notifies G-CCS Staff Elements & Program Office
Audit Team States Scope, Objectives and Time Frame of Audit
Seperate Field Unit Entrance Conference (As Required)
G-CCS-2 Notifies Command Officials -- Program Office Notifies Program Counterpart
Survey Phase of Audit Begins (Data Collection)
Continue With Audit
No
Audit Closed - OIG Issues Notification Letter Based On Survey Results
Yes
Verification Phase of Audit Begins
DOTIG Issues Discussion Draft Report
Program Office Reviews For Factual Accuracy Prior To Exit Conference
Premeeting With USCG Personnel
No
Yes
Exit Conference
G-CCS-2 Notifies G-CCS Staff Elements and Program Office
2


2
DOTIG Issues Draft Report to G-C/G-CCS
G-CCS-2 Provides Copies to G-CCS Staff Elements and Program Office
Comments Required
No
End
G-CCS-2 Monitors Required Follow-up Action
Yes
Memo from G-CCS-2 to Program Office Directing Response be Developed
Office will generally have 45 days to deliver with all clearances completed
G-CCS-2 Reviews Response For Completeness In Addressing Findings and Recommendations
Response Complete
No
Return to Program Office For Additional Information
Yes
Response Forwarded to G-CCS For Review and/or Comment
3
3

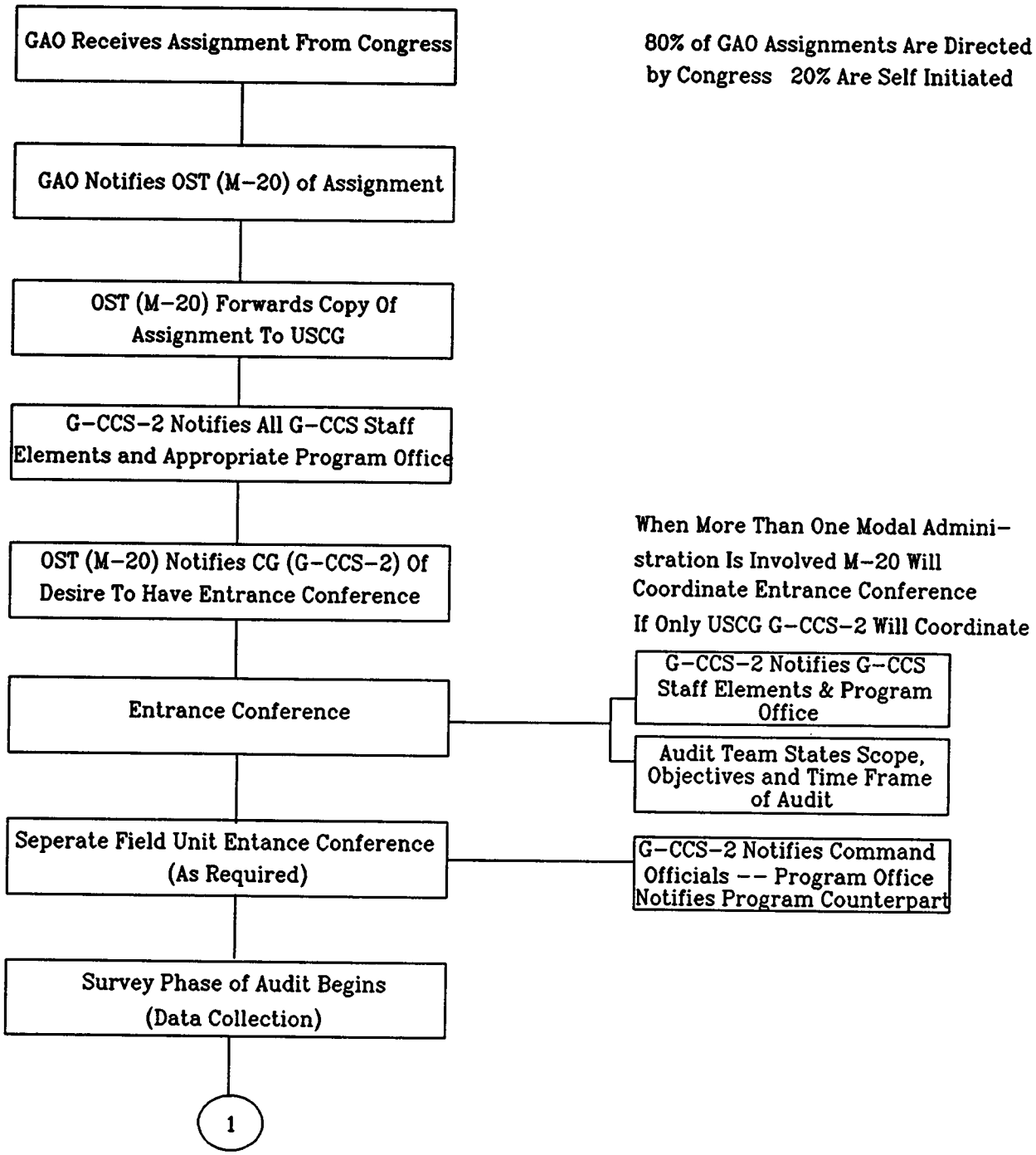

3
3
G-CCS Concurs
No
Yes
To G-C For Comment and Review
G-C Concurs
No
Yes
Returned to G-CCS for Signature
G-CCS-2 Forwards Original to DOTIG Returns Backup Material to Program Office
USCG Response Received by DOTIG within Established Guidelines
No
DOTIG Issues Final Report without USCG Comments
Yes
DOTIG Incorporates USCG Draft Response in Final Report
DOTIG Issues Final Report To USCG
4

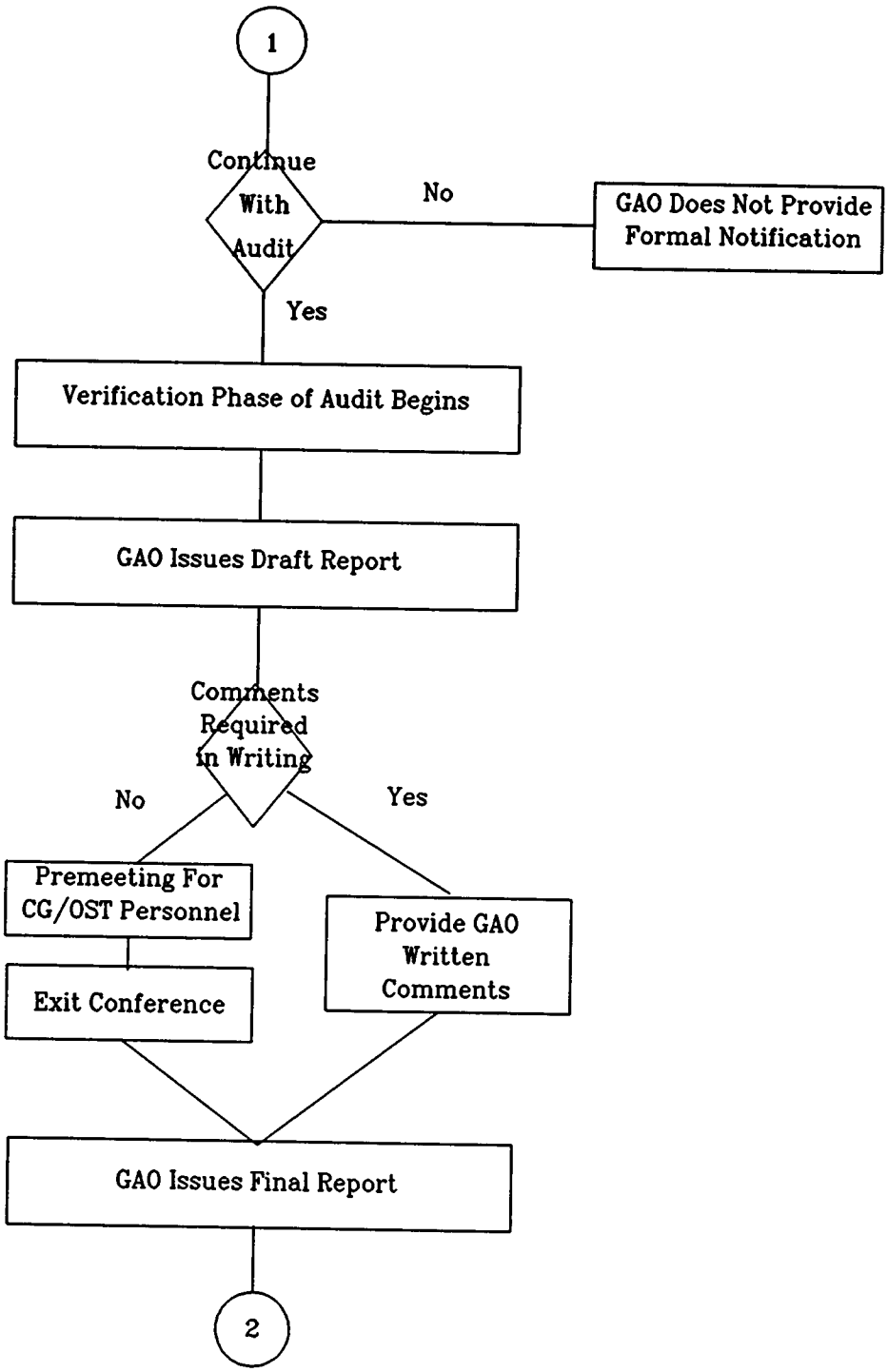

4
Comments Required
No
End
G-CCS-2 Provides Copy of Report to Program Office and G-CCS Staff Elements and Monitors Follow-up Action
Yes
Memo from G-CCS-2 to Program Office Directing Response be Developed
G-CCS-2 Reviews Response For Completeness In Addressing the Unresolved Findings & Recommendations
Response Complete
No
Return to Program Office For Additional Information
Yes
Response Forwarded to G-CCS For Review and/or Comment
G-CCS Concurs
No
Yes
To G-C For Comment and Review
5
5

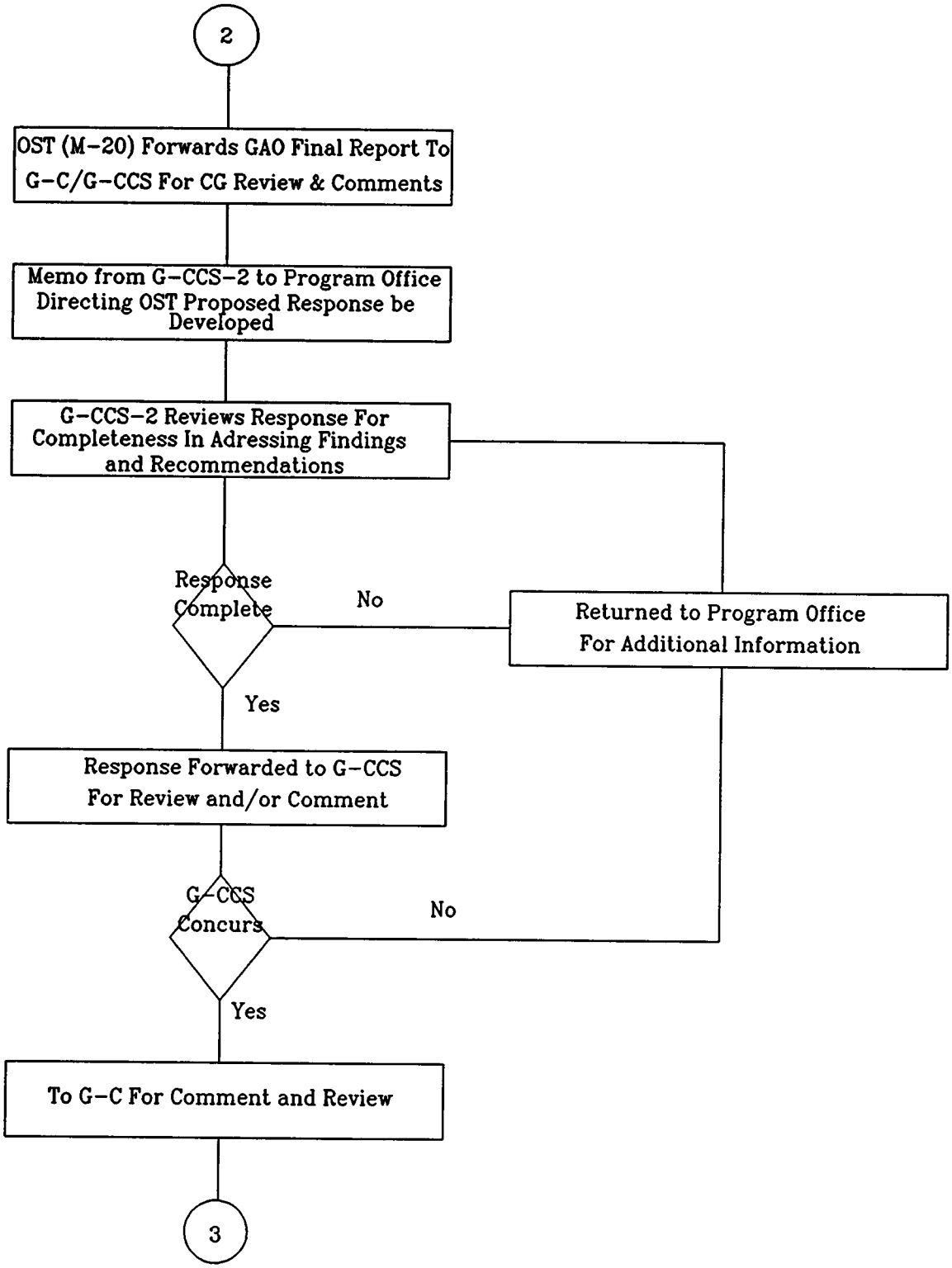

5
5
C-C
Concurs
No
Yes
Returned to G-CCS for Signature
G-CCS-2 Forwards Orginal to DOTIG
Returns Backup Material to Program
Office
DOTIG/USCG Agree
On Corrective Action
Program Office Proceeds With
Corrective Action
G-CCS-2 Monitors
Yes
No
Finding/Audit Resolution by
Department Follow-up
Official
Program Office Proceeds With
Corrective Action
G-CCS-2 Monitors

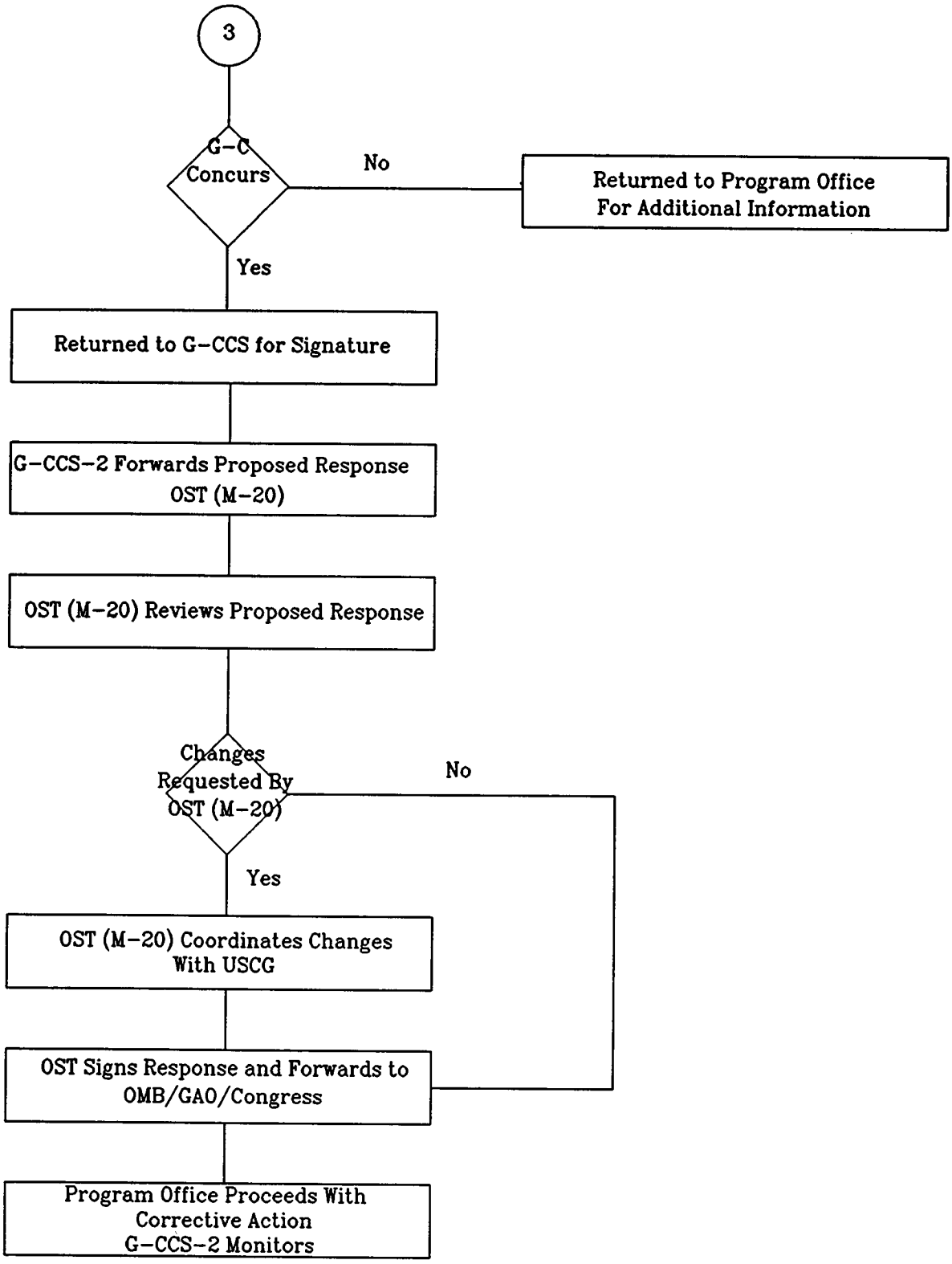
FLOWCHART FOR AUDIT PROCESS

General Accounting Office (GAO)




1
Continue With Audit
No
GAO Does Not Provide Formal Notification
Yes
Verification Phase of Audit Begins
GAO Issues Draft Report
Comments Required in Writing
No
Yes
Premeeting For CG/OST Personnel
Exit Conference
Provide GAO Written Comments
GAO Issues Final Report
2


2
OST (M-20) Forwards GAO Final Report To G-C/G-CCS For CG Review & Comments
Memo from G-CCS-2 to Program Office Directing OST Proposed Response be Developed
G-CCS-2 Reviews Response For Completeness In Adressing Findings and Recommendations
Response Complete
No
Returned to Program Office For Additional Information
Yes
Response Forwarded to G-CCS For Review and/or Comment
G-CCS Concurs
No
Yes
To G-C For Comment and Review
3


3
G-C Concurs
No
Returned to Program Office For Additional Information
Yes
Returned to G-CCS for Signature
G-CCS-2 Forwards Proposed Response OST (M-20)
OST (M-20) Reviews Proposed Response
Changes Requested By OST (M-20)
No
Yes
OST (M-20) Coordinates Changes With USCG
OST Signs Response and Forwards to OMB/GAO/Congress
Program Office Proceeds With Corrective Action G-CCS-2 Monitors

ACCESS TO RECORDS AND RELEASE OF RECORDS/REPORTS TO AUDITING AGENCIES

TYPE RECORD OR REPORT	CONDITION	RELEASE TO AUDITORS	DO NOT RELEASE	OTHER ACTION
REPORT OF OTHER AGENCIES	Available		X	Refer Auditing Agency to Agency Orginating Report
	Not Available		X	
MANAGEMENT-TYPE STUDIES, SURVEYS AND REPORTS MADE BY DOT	Consent of Authority who directed preparation of report - no reservations	X		To the extent possible, provide statement summarizing DOT position on report Recommendations
	Reservations by authority who directed preparation of report (1)		X	Forward request, through proper channels, with recommended action to the Assistant Secretary for Administration
AUDIT REPORTS OF USCG	Final Audit Report	X		
BUDGET INFORMATION	Submitted to Congress	X		
	Not Submitted to Congress		X	Refer request through the proper channels to Assistant Secretary for Administration
OTHER INFORMATION DATA REQUESTED BY AUTHORIZED REPRESENTATIVES OF AGENCY CONDUCTING AUDIT	Head of activity concerned considers information should be furnished	X		
	Head of activity concerned considers information should NOT be furnished		X	Promptly forward, through proper channels, to the Assistant Secretary for Administration, the request with proposed reply

(1) Believes release would inhibit frank or candid expression, would unduly interfere with decision-making process, or otherwise would not be in the public interest.

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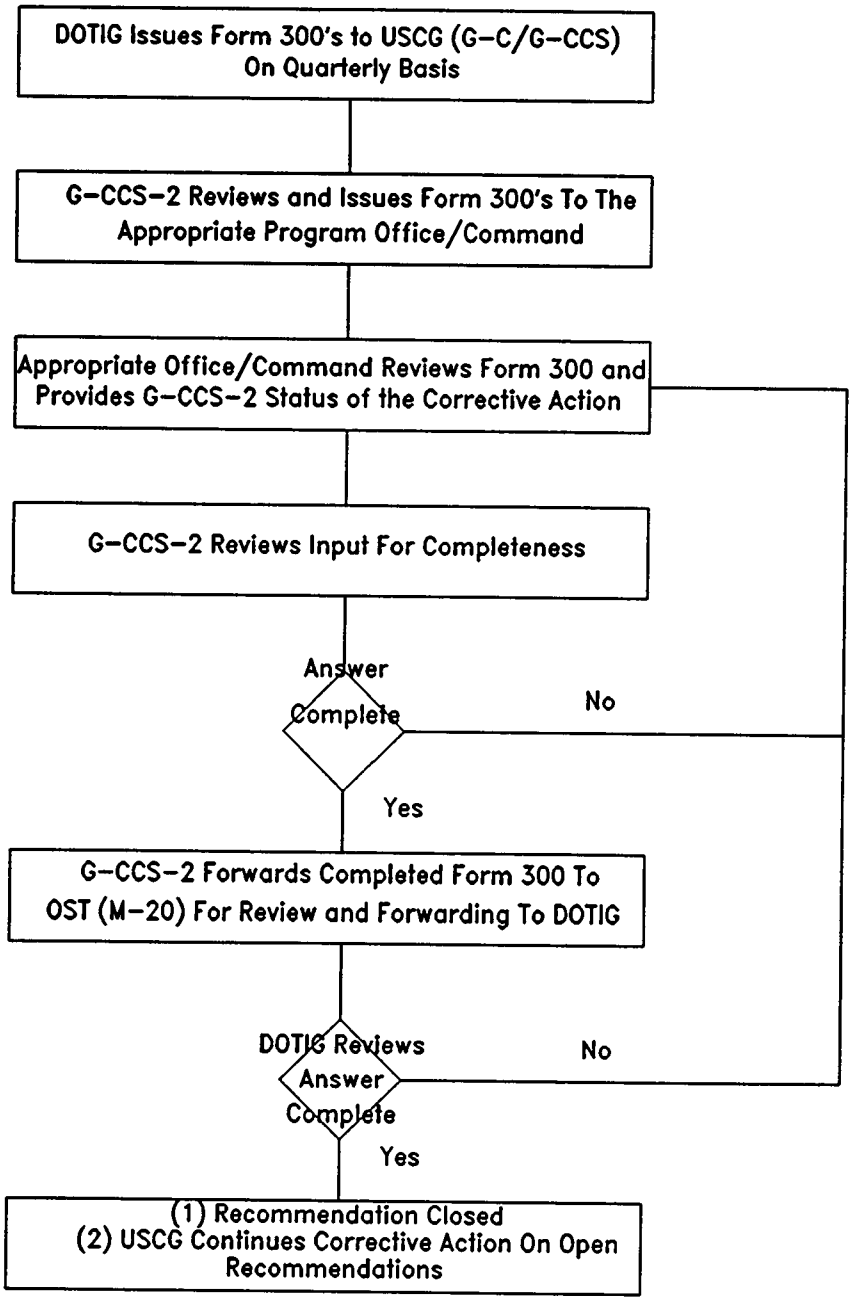
FLOWCHART FOR AUDIT FOLLOWUP PROCESS

Office Of Inspector General (DOTIG)



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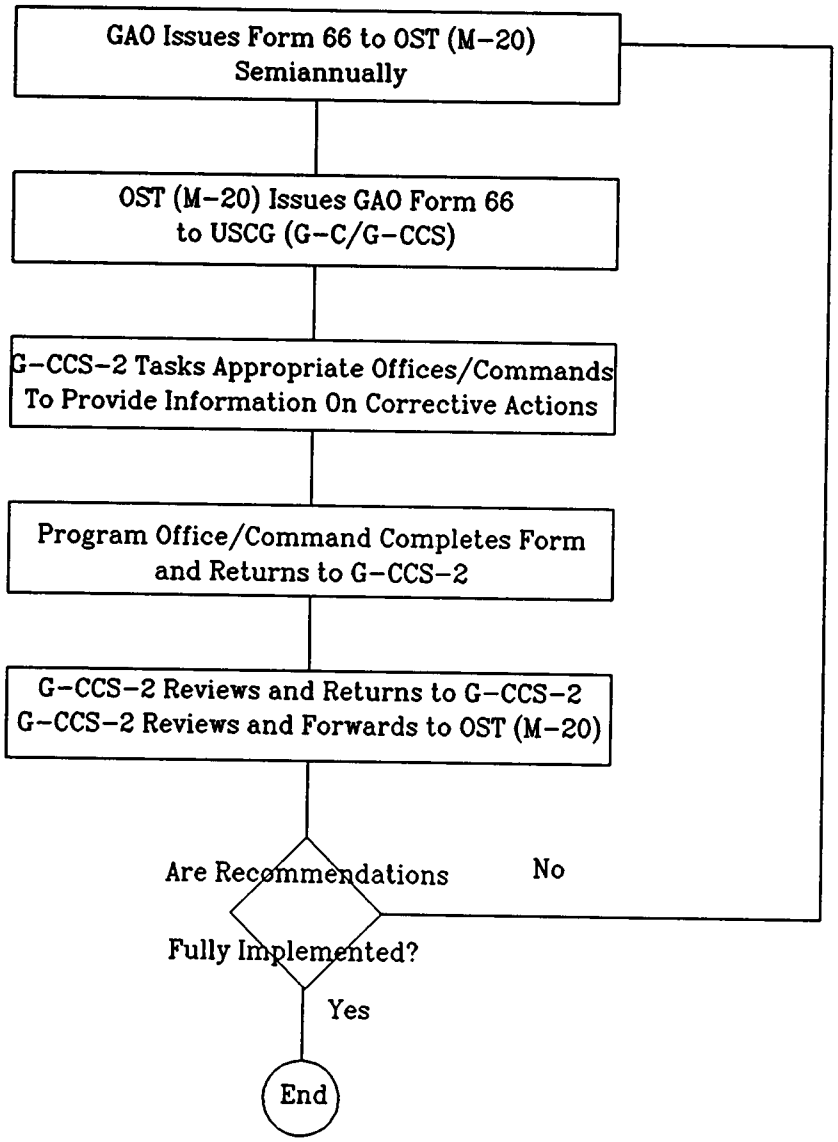
General Accounting Office