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UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

TRANSPORTATION DIVISION
IN REPLY PLEASE QUOTE

APR 26 1971

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The Honorable
The Secretary of Defense



Attention: Assistant Secretary of Defense (Comptroller)

Dear Mr. Secretary:

The General Accounting Office reviewed the recent reorganization of the household goods shipping administration in Hawaii. Our review included an examination into the manner in which the Joint Personal Property Shipping Office, Hawaii, was established and the effects that it would have on subsequent staffing and operations. The review was made in January 1971 after the establishment of the Joint Office, but prior to its activation.

In December 1967, GAO recommended that the Commander in Chief, Pacific (CINCPAC), review the feasibility of consolidating the five separate military household goods shipping offices on Okinawa into a single office and reevaluate an earlier, inconclusive study that had been made concerning a similar consolidation in Hawaii. The recommendation was based on the opinion that such consolidations should result in more economical use of administrative personnel and in improvement of carrier operations through the increased volume of consolidated shipments.

CINCPAC made the review we recommended and found the consolidations to be feasible at both locations. He directed that plans for the joint offices be formulated. The plan for the Joint Personal Property Shipping Office, Hawaii, was approved by the Department of Defense in May 1970, and an activation date of February 1, 1971, was set. The office was to be under Navy control because the Navy was the principal shipper of personal property in Hawaii.

A similar plan for consolidation under unified command control on Okinawa, however, was disapproved by the Joint Chiefs of Staff in November 1970. The reasons given for the disapproval were that (1) such administrative functions were not appropriate to unified command control and (2) the consolidation plan did not indicate any cost saving to be derived from the reorganization.

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At the time of our review, CINCPAC had not decided whether to further pursue plans for a reorganization on Okinawa. The question was on the agenda for discussion at the next meeting of the Joint Transportation Board. Our review, therefore, was limited to an examination of the reorganization that was effected in Hawaii.

NEED TO CONSIDER FURTHER CONSOLIDATION
OF PERSONAL PROPERTY MOVEMENT ACTIVITIES

We found that the establishment of the Joint Personal Property Shipping Office in Hawaii did not result in a complete consolidation. Rather, the Joint Office was superimposed on the existing service offices. Consequently, the reorganization will result in administrative costs that are substantially higher than before to accomplish essentially the same functions. In addition, the new organization may also add administrative complications to the existing operation, in that it splits certain responsibilities between the Joint Office and the service offices which have been handled solely by the service offices.

X The Joint Personal Property Shipping Office, Hawaii, will be operated under the Naval Supply Center, Pearl Harbor, as a jointly staffed office and will be responsible for the booking, monitoring, and inspecting of the household goods and personal effects shipments of all the military services in Hawaii. Each service, however, will retain responsibility for processing the applications and damage claims for those shipments and for completely processing automobile and parcel post shipments. Each service will continue to operate a separate shipping office to carry out those functions which it retains.

The staffing for the Joint Office was provided by the transfer from the service offices of those personnel positions related to the functions being taken over by the Joint Office. Personnel positions related to the other functions, however, were retained by the service offices.

Our analysis showed that, before the establishment of the Joint Office, there were 105 employees in Hawaii working directly in the administration of household goods shipments with related

B-172376

personnel costs estimated at \$930,000 a year. After the establishment of the Joint Office, the number of personnel increased to 108; and the annual personnel cost will increase by about \$76,000 to a total of slightly over \$1 million. This increase was caused basically because each of the existing service offices retained its supervisory positions, making it necessary to establish new positions for the Joint Office. In addition, there was a net upgrading of the positions transferred, and no overall reduction in the total personnel staffing.

Before the establishment of the Joint Office, each service office handled all aspects of personal property movements. After its establishment, responsibilities were split between the Joint Office and the four service offices. As stated above, the service offices will continue to completely process automobile and parcel post shipments and to receive applications and process claims for other personal property shipments. The Joint Office will book, monitor, and inspect personal property shipments other than automobiles and parcel post.

Household goods shipping applications will thus be received at the service offices and forwarded to the Joint Office for actual booking. Two courier positions were created for the purpose of delivering the paper work between the offices. The result is that an additional office is required to perform the same functions that had previously been performed by the service offices alone.

Whereas the service member previously had all his personal property booked by the service office, he will now have to deal with that office to ship his automobile and he will have to apply to the Joint Office for information on the actual booking of other property shipments. This arrangement, in our opinion, creates unnecessary complications for both the administrators and the individual members.

We recognize that the establishment of the Joint Office will undoubtedly result in a standardization of traffic and inspection practices, and also in other benefits to the Government. All inspections of shipments and carriers will be under a single authority, as well as the booking of shipments with those carriers. All shipping records will be maintained in a central location using

an automatic filing system. Communications will be improved by the installation of a central switchboard, a direct teletype link with CONUS, and a radio network for the use of the household goods inspectors. The Joint Office will also institute a management information system to compile total shipping data that has been unavailable in the past for all the military services in Hawaii.

In spite of these improvements, however, we do not believe that the new organization, as now planned, will provide the optimum management over military household goods shipments in Hawaii. Each of the services will continue to operate its separate office administering some aspects of personal property shipments, each in a somewhat different manner and with considerable duplication of effort.

We noted, for example, that the Navy household goods office, although transferring about two thirds of its personnel and a large part of its responsibility to the Joint Office, retained both of its officer positions in order to administer the remaining functions. Likewise, each of the other service offices transferred a large part of its staff and responsibilities to the Joint Office but in each case retained its key supervisory positions.

We were unable during our review to find any compelling reasons why the Joint Office could not perform all the administrative functions concerned with personal property shipments in Hawaii. We continue to believe that such a consolidation would result in the reduction of administrative costs and in better overall management of the shipments.

Moreover, we believe that there is a need to ensure that the shipping functions transferred to the Joint Office will be consolidated and standardized in the most economical manner. In this regard, we observed that the current staffing of the Joint Office was accomplished primarily by combining the widely disparate military and civilian personnel positions of the existing service offices rather than by the use of any definitive staffing criteria. We believe that the lack of such criteria was caused, in large part, by the general dearth of management data on household goods shipments in Hawaii and that this deficiency should be corrected in the future by the Joint Office's management information system.

B-172376

LOCAL AGENCY COMMENTS

We discussed our findings with officials of the Naval Supply Center, Pearl Harbor, the Joint Office, and with CINCPAC transportation officials.

In general, they agreed that it probably would be more economical and efficient to have all personal property shipping administration under a central office and indicated that the idea warranted further consideration in view of our findings.

RECOMMENDATIONS

We recommend that you reexamine the tasks now being performed by the separate military shipping offices in Hawaii to determine if they could be performed more economically and with greater efficiency by the Joint Office. We also recommend that you reexamine the very similar situation on Okinawa to determine if a joint shipping office there would be beneficial to the Government.

Your attention is invited to section 236 of the Legislative Reorganization Act of 1970 which requires that you submit written statements of the action taken with respect to these recommendations. The statements are to be sent to the House and Senate Committees on Government Operations not later than 60 days after the date of this report and to the House and Senate Committees on Appropriations in connection with the first request for appropriations submitted by your agency more than 60 days after the date of this report. Sub
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We shall appreciate receiving copies of the statements that you furnish to the above committees.

Sincerely yours,



Director, Transportation Division