

DOCUMENT RESUME

02143 - [A1452444]

[Potential for Cost Reduction in Providing Message Refile Services through DOD Telecommunications Centers]. LCD-76-128; B-145864. May 18, 1977. 5 pp.

Report to Harold Brown, Secretary, Department of Defense; by Fred J. Shafer, Director, Logistics and Communications Div.

Issue Area: Military Preparedness Plans: Military Communications and Information Processing Needs (803).

Contact: Logistics and Communications Div.

Budget Function: General Science, Space, and Technology: Telecommunications and Radio Frequency Spectrum Use (258).

Organization Concerned: General Services Administration.

Congressional Relevance: House Committee on Armed Services; Senate Committee on Armed Services.

The Department of Defense's (DCD) message refile activities were surveyed to ascertain the potential for cost reductions. Findings/Conclusions: The potential exists for savings through automation of refile centers, especially where refiles are made to subscribers of other networks who have a terminal and the delivery could be made electronically without human intervention. However, certain types of messages, such as the PMS-type, where the carrier and the Government personnel would perform the same manual delivery functions, should be considered for exclusion. Recommendations: DOD should determine the feasibilities and economies of (1) further consolidation of refile centers, (2) automating the operations performed in refiling messages, and (3) having public message service-type messages delivered by refile center personnel via telephone and mail versus refile and delivery by commercial carrier personnel; implement the above for maximum economies and efficiencies; and reemphasize to refile center personnel the importance of limiting access to DOD's communications systems to authorized users only. (Author/DJM)



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

02143

LOGISTICS AND COMMUNICATIONS
DIVISION

B-146864

MAY 18 1977

The Honorable
The Secretary of Defense

Dear Mr. Secretary:

The General Accounting Office (GAO) has completed its survey concerning the Department of Defense's (DOD) message refile activities (our assignment code 941079). During the survey, we found indications that certain aspects of message refile activities need improvement and warrant further review by DOD.

We found that there was potential for reduction of refile activity costs through consolidation or automation and direct delivery of certain types of messages. We also found that certain operating procedures were not complied with in one instance. Consequently, this report contains recommendations to you which are set forth on page 6.

As you know, Section 236 of the Legislative Reorganization Act of 1970 requires the head of a Federal agency to submit a written statement on actions taken on our recommendations to the House and Senate Committees on Government Operations not later than 60 days after the date of the report and to the House and Senate Committees on Appropriations with the agency's first request for appropriations made more than 60 days after the date of the report.

BACKGROUND

Messages originating on DOD's Automatic Digital Network (AUTODIN) are frequently sent to addressees who are not subscribers to AUTODIN service. Conversely, messages originating on other record networks, such as the commercial International Teleprinter Network (TELEX), the Teletypewriter Exchange Service (TWX), and the Public Message Service (PMS), are sent to addressees who are subscribers to AUTODIN. Arrangements have been made for transferring these messages between networks; this transfer process is referred to as refile.

Final delivery to the addressee is accomplished by various means. Addressees who are subscribers to TELEX, TWX, or other networks could

receive the message directly at their terminal. The message may be telephoned to the addressee, either with or without a copy of the message being mailed to him. Messages may be delivered via the PMS (telegram delivery) or by commercial Mailgram or Faxgram.

Procedures have been established for reimbursement to DOD by users who receive refile service. This is necessary because DOD is charged for the refile service by the commercial carriers who provide the service.

There were 32 military telecommunications centers--19 in the Contiguous United States (CONTUS) and 13 overseas (including the Pentagon center, which handles only overseas refile traffic)--providing message refile service as of August 1975. Based on data received from 26 of the 32 centers for either the last quarter of fiscal year 1975 or the first quarter of fiscal year 1976, we projected the following annual statistics:

<u>Cost Element</u>	<u>No. of Messages</u>	<u>Amount</u>
		<u>(000 omitted)</u>
Commercial delivery costs:		
TELEX	283	\$ 562
TWX	374	409
PMS	357	1,236
Other ^a	200	355
Subtotal	<u>1,214</u>	<u>2,562</u>
Equipment	-	149
Subtotal	<u>1,214</u>	<u>2,711</u>
Government Personnel	-	1,540
Total	<u>1,214</u>	<u>\$4,251</u>

^aIncludes costs of over-the-counter, mail, mailgram, radiogram, telephone, and other delivery methods.

These 26 centers had 151 people assigned to refile activities.

SCOPE

We reviewed regulations and records and interviewed officials at the Office of the Assistant Secretary of Defense (Communications, Command, Control and Intelligence), Washington, D.C.; Department of State, Washington, D.C.; General Services Administration, Region IX Headquarters, San Francisco, California; Naval Communications Station, Stockton, California; 5th Signal Command, Worms, Germany; 228th Signal Company, Frankfurt, Germany; 2130th Communications Group, Croughton, England; 1964th Communications Group, Kindsbach, Germany; American Embassy, London, England; and a commercial carrier's offices, San Francisco, California.

POTENTIAL FOR REDUCED REFILE ACTIVITY COSTS

Various changes in DOD's refile activities--further consolidation of refile centers, automation of refile operations, and direct delivery of certain types of messages--appear desirable because of the potential for reduced costs to the Government.

Consolidation of Refile Centers

In 1973, as a result of a study by the Military Communications-Electronics Board (MCEB), the then 44 refile centers were consolidated into 19 centers to achieve substantial savings. Although the MCEB study recognized that there was potential for even further consolidation, the rationale for the 19 center configuration was not explained.

In 1975, the refile activity at the Fort MacArthur, California, telecommunications center was consolidated with the refile activity at the Naval Communications Station, Stockton, California at an estimated annual savings of \$140,000. A significant portion (\$89,000) of these savings was attributed to savings in personnel costs.

At the present time, therefore, there are 18 DOD refile centers in the CONTUS. Because personnel costs are such a substantial part of refile costs and because substantial personnel cost savings have been achieved in previous consolidations, it may be feasible and economical to achieve additional savings through further consolidations.

In this connection, we noted that the commercial carrier has established 12 rate zones--geographically identical for either TWX or TELEX service--within CONTUS. A message refiled from a refile center to an addressee within a zone costs less than a message refiled from a center in one zone to an addressee in another zone. Thus, to avoid interzone charges, a maximum of 12 refile centers are required. Presently, seven rate zones have one DOD refile center each. The five remaining rate zones have 11 DOD refile centers and the potential for further consolidation exists. Consolidation into fewer than 12 centers may also be feasible and economical since the personnel cost savings might exceed interzone carrier charges.

Automation of Refile Centers

DOD's refile operations are performed manually. Messages currently received at the refile center which are to be refiled require a number of procedural checks and formatting which is performed manually by refile center personnel. In contrast, the General Services Administration's (GSA) Advanced Record System automatically interconnects with AUTODIN, TELEX, TWX, and other Government networks at its message switching centers.

We estimate that about 54 percent of DOD's refile traffic is refiled to addressees who are subscribers to TELEX or TWX service. If

the refile of such messages were automated, many of the personnel now performing such refiles would not be required. Because the technical feasibility of automating refile activities has been demonstrated by GSA and because of the large number of refiled messages and the costs of Government personnel involved (\$1,540,000), it appears that there is potential for saving through automation. This applies at least for refile to TELEX or TWX subscribers.

In this connection, the MCEB recently submitted a memorandum to the Joint Chiefs of Staff recommending that a determination be made as to the operational feasibility and cost effectiveness of an automated or semiautomated interface for refile between DOD and commercial carriers, either by contract or from within Government resources.

Direct Delivery of Certain Types of Messages

In any determination concerning automation of refile activities, consideration should be given to excluding certain types of messages and providing for delivery (via telephone and mail) of such messages by Government personnel. This would avoid commercial refile costs and having the commercial carrier perform the functions which could be performed at substantially lower costs by Government refile center personnel.

For example, PMS type messages are sent from a military refile center via TELEX to a nearby commercial carrier office. The carrier sends the message to its office nearest the addressee and generally delivers the message by telephoning the addressee and reading the message. A confirmation copy of the message is mailed to the addressee if requested by the originator or addressee. Records were not available to indicate the extent to which confirmation copies were mailed. Also, the carrier will hand deliver the message for an additional fee.

Conversely, we were advised that GSA (Region IX) delivers all PMS type messages by telephone with a follow-up confirmation via mail. If they are unable to reach the addressee, the message is refiled using a commercial carrier. Thus, in the month of October 1975, a GSA center in San Francisco delivered 736 messages by telephone and mail and only 51 by commercial refile.

As stated earlier, we estimated that at 26 of 32 refile centers DOD refiled about 357,000 PMS messages annually with commercial carriers at a cost of about \$1.2 million. Based on a limited sample of average PMS charges incurred at one refile center compared with computed costs of person-to-person telephone calls and mail charges (but excluding Government labor costs), we found the PMS charges to be from 1.2 to almost 3.4 times more expensive. We do not believe Government labor costs would eliminate the cost difference because (1) Government personnel could process many messages per hour of labor and (2) some functions of Government labor required for refile to commercial carriers, such as

formatting for refile, would not be required. Thus, it appears that there is potential for savings by having PMS type messages delivered directly via telephone and mail by Government personnel rather than by commercial refile.

NEED FOR COMPLIANCE WITH DOD PROCEDURES

DOD procedures provide for refile authorization and reimbursement of commercial charges for such service by non-DOD users. We found that at one location, DOD procedures were not being complied with.

Non-DOD organizations, such as the American National Red Cross, the North Atlantic Treaty Organization, and Government contractors, are authorized to use DOD's message refile services when they have been assigned accounting symbols or have documented their contract authority with the refile center. However, in a five-day period in November 1975, the Frankfurt, Germany, refile center refilled 153 messages. Of these, 65 were for non-DOD organizations without assigned accounting symbols or having documented contract authority filed at the refile center. Consequently, in accordance with DOD procedures, these messages should not have been refilled.

Although we observed this discrepancy only at the one location, we believe it is important because (1) the Government is not intended to be a competitor of commercial carriers and (2) non-DOD organizations should not be permitted to use Government facilities unless properly authorized.

CONCLUSIONS

In view of prior savings through consolidation of refile centers and the fact that two or more refile centers still exist in five commercial carrier rate zones, we believe that potential for further consolidations with substantial savings exists. Because automation is generally recognized as a technique to improve efficiency of manual operations, we believe that potential exists for savings through automation of refile centers, especially where refills are made to subscribers of other networks who have a terminal and the delivery could be made electrically without human intervention.

In any decision to automate, however, consideration should be given to excluding those types of messages, such as PMS type messages, where the carrier and Government personnel would perform the same manual delivery functions. It appears that performing delivery of such messages by refile center personnel would be less costly than refiling them and having the carrier make the delivery.

Although we observed unauthorized refills at only one location, we believe that this is an important matter and that DOD should reemphasize existing DOD procedures to refile center personnel to preclude unauthorized use of DOD refile services.

RECOMMENDATIONS

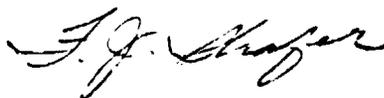
We recommend that you:

- determine the feasibilities and economies of (1) further consolidation of refile centers, (2) automating the operations performed in refile messages, and (3) having public message service type messages delivered by refile center personnel via telephone and mail versus refile and delivery by commercial carrier personnel;
- implement the above determinations to achieve maximum economies and efficiencies; and
- reemphasize to refile center personnel the importance of limiting access to DOD's communications systems to only authorized users.

If you have any questions regarding these matters, we would be happy to meet with you or your staff.

We are sending copies of this report to the House Committee on Appropriations and its Subcommittee on Defense; the House and Senate Committees on Operations; the Senate Committee on Armed Services and its Subcommittee on Preparedness Investigating; the Senate Committee on Commerce and its Subcommittee on Communications; the House Committee on Armed Services and its Subcommittee on Investigations; the Subcommittee on Defense of the Senate Committee on Appropriations; and the House Committee on Interstate and Foreign Commerce and its Subcommittee on Communications and on Oversight and Investigations. We are also sending copies to the Secretaries of the Army, Navy, and Air Force; the Director, Defense Communications Agency; and Administrator, General Services Administration.

Sincerely yours,



F. J. Shafer
Director