



FEDERAL PERSONNEL AND
COMPENSATION DIVISION

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UNITED STATES GENERAL ACCOUNTING OFFICE

WASHINGTON, D.C. 20548

DEC 3 1973



B-159451

The Honorable
The Secretary of Defense

Attention: Assistant Secretary of Defense
(Comptroller)

Dear Mr. Secretary:

We completed a review in fiscal year 1973 of the Ration Supplement Program for the Armed Forces of the Republic of Vietnam to determine whether it was (1) achieving the purposes for which it was established, and (2) being managed and carried out efficiently and economically.

We reviewed program records and discussed pertinent aspects of program management with American officials at the Military Assistance Command, Vietnam (MACV), Vietnamese program managers and Vietnamese servicemen eligible for food under the program. We met also with representatives and reviewed program records of the Assistant Secretary of Defense (Installations and Logistics), the Defense Personnel Support Center, and the Army Pacific Logistics Control Office.

The objectives of the Ration Supplement Program, estimated to cost the United States (U.S.) about \$87 million, were to provide an adequate diet for Vietnamese servicemen and consequently, improve their welfare and morale. Under the agreement the Vietnamese were to supplement the United States' ration support by contributing nothing the first year, 30 percent the second year and 70 percent the third year.

We found that food provided by the United States in the first year of the program contributed significantly to the program objectives of providing an adequate diet for Vietnamese servicemen, and

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appears to have improved their welfare and morale. However, the prospect for the program to meet its objectives in the second and third years was impaired by the inability of the Government of the Republic of Vietnam (GRV) to make its contemplated contribution of food to the program. We also found that implementation of the Ration Supplement Program suffered from lack of adequate and realistic planning and from ineffective management.

An adequate study of the nutritional needs of Vietnamese servicemen was not made prior to the start of the Ration Supplement Program and MACV did not have a sound basis for determining the amount and types of supplement food needed to provide an adequate diet. When combined with the regular ration, the amount of food to be provided under the program appeared to be greater than needed to satisfy the nutritional--protein and calorie--requirements of the Vietnamese serviceman.

MACV agreed with us that a nutritional review should be made and requested the Department of the Army conduct the review. In August 1972 a team from the United States Army Medical Research and Nutrition Laboratory concluded that completely unqualified answers regarding the nutritional needs of Vietnamese servicemen could not be made on the basis of the limited nutritional survey it performed. No other nutritional study was made by the Department of Defense.

The Department of Defense did not make a realistic assessment as to whether the GRV could support the supplement program in meeting its objectives. During the first year, supplemental rations valued at about \$46.5 million were distributed to Vietnamese servicemen. This represented about 91 percent of the food to which all servicemen were entitled during the period. At the beginning of the second year the Vietnamese advised MACV that they would be unable to provide their share of food and requested the U.S. continue full funding of the program.

In August 1973, in anticipation of a request from the Defense Attache Office, Saigon, for about \$3.5 million to procure additional ration supplement food, the Department of the Army cited the intense Congressional and General Accounting Office interest in the program as the reason it could not support continued requisitioning for the program.

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Our review of program operations showed that:

- Controls over the receipt, storage, and issue of food supplement items at supply facilities appeared to be adequate.
- Use of coupons to ensure that Vietnamese servicemen received their "fair share" generally was adequately controlled, but redeemed or expired coupons were not destroyed to prevent unauthorized use.
- Vietnamese servicemen who were issued combat operational rations, also received an unauthorized ration supplement.
- MACV used inaccurate Vietnamese accounting records to monitor the program and had not developed an adequate system for monitoring the transfer of ration supplement food to the Vietnamese.
- Despite efforts to prevent it, some supplement food reached the black market.

We estimate savings of about \$13 million resulted from the implementation by MACV of recommendations we made regarding the management and operation of the food supplement program. As a result of our suggestions, MACV:

- Avoided food procurements of about \$6,974,000 by reversing a decision under which the original food supplement would have been revised upward;
- Used unissued food as offsets against third-year procurements resulting in savings of about \$5 million;
- Based third-year procurements on estimated rations to be claimed rather than authorized troop strength resulting in savings of about \$840,000;

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--Substituted chopped meat for pork sausage for final second-year procurements resulting in savings of about \$165,000.

On September 10, 1973, Assistant Secretary of Defense (Installations and Logistics) officials informally commented on our findings and generally agreed that the conditions described had existed.

These officials also advised us that no action was taken and none is planned concerning controls over program operations. They consider the program to be terminated since all ration supplement food procurements agreed to under the program have been made and program operations will terminate March 31, 1974, in accordance with the original program agreement with the GRV.

We were further advised that, if the program is reinstated, every effort will be made to insure that the Vietnamese establish adequate controls over program operations. Further, every consideration will be given to savings opportunities of the type outlined in our report.

In view of the Department of Defense plan to terminate the Ration Supplement Program, we are not making any recommendations and do not plan further reporting.

This matter is being brought to your attention in the event the Department of Defense should continue to provide ration assistance to the Vietnamese armed forces beyond March 1974.

We appreciate the cooperation and courtesy shown to us by Department of Defense officials during our review.

Sincerely yours,

David P. Sorando
for Forrest R. Browne
Director

David P. Sorando