



Audit



Report

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OFFICE OF THE INSPECTOR GENERAL

NAVY PILOT PROFICIENCY TRAINING
FOR THE C-130 AIRCRAFT

Report Number 93-026
November 24, 1992

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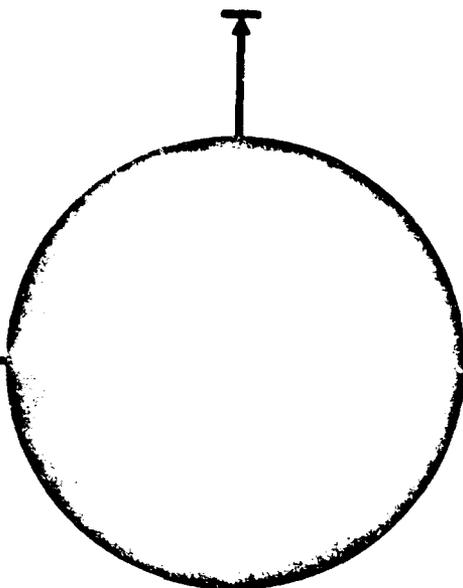
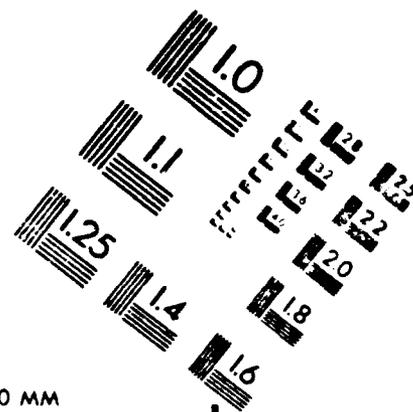
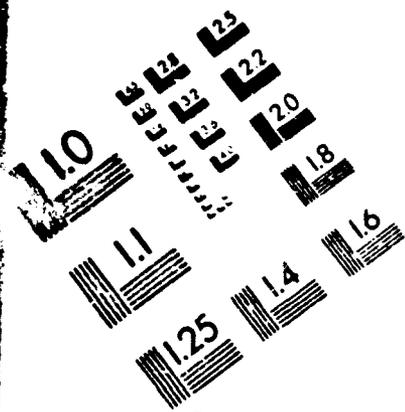
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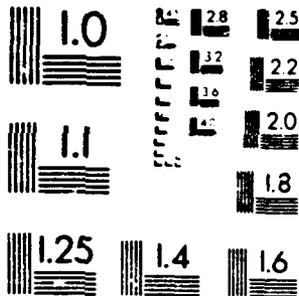
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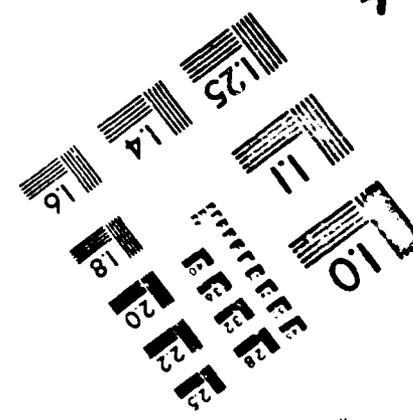
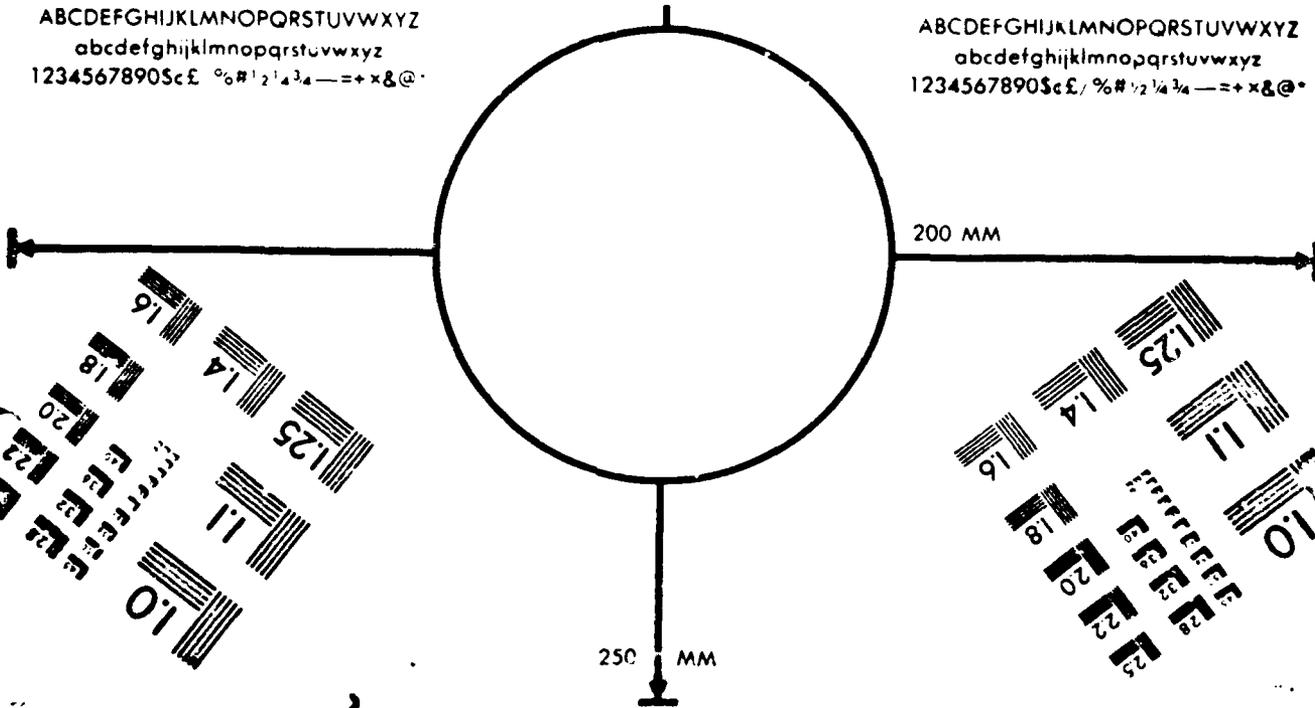
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INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
400 ARMY NAVY DRIVE
ARLINGTON, VIRGINIA 22202-2884



November 24, 1992

**MEMORANDUM FOR ASSISTANT SECRETARY OF THE NAVY (FINANCIAL
MANAGEMENT)**

**SUBJECT: Report on the Audit of the Navy Pilot Proficiency
Training for the C-130 Aircraft (Report No. 93-026)**

We are providing this final report for your information and use. It addresses a hotline allegation concerning the Naval Air Reserve's aircrew proficiency training on the C-130 aircraft.

Comments to a draft of this report were requested from the Assistant Secretary of the Navy (Financial Management) on August 24, 1992. As of November 18, 1992, we had not received any. DoD Directive 7650.3 requires that all audit recommendations be resolved promptly. Therefore, we request that the Assistant Secretary of the Navy (Financial Management) provide comments on the unresolved recommendation and monetary benefits by January 25, 1993. Recommendations and monetary benefits are subject to resolution in accordance with DoD Directive 7650.3 in the event of nonconcurrence or failure to comment.

The courtesies extended to the audit staff are appreciated. If you have any questions on this audit, please contact Mr. Dennis Payne at (703) 692-3414 (DSN 222-3414) or Mr. James Kornides at (703) 692-3420 (DSN 222-3420). The planned distribution of this report is listed in Appendix C.

Edward R. Jones
Deputy Assistant Inspector General
for Auditing

cc:
Secretary of the Navy
Assistant Secretary of Defense (Production and Logistics)

Office of the Inspector General, DoD

REPORT NO. 93-026
(Project No. 2LB-8008)

November 24, 1992

**NAVY PILOT PROFICIENCY TRAINING
FOR THE C-130 AIRCRAFT**

EXECUTIVE SUMMARY

Introduction. This audit was performed in response to a DoD Inspector General hotline allegation. It alleged that the Naval Air Reserve was planning to obtain proficiency training for aircrew members on the C-130 aircraft through contractors when existing C-130 aircrew in-house training facilities at the Marine Corps Air Station, Cherry Point, North Carolina, were being underutilized.

Objectives. Our objective was to evaluate whether it would be more economical to provide needed Naval Air Reserve aircrew training on the C-130 aircraft through existing DoD in-house training facilities or through the use of contractors. We also evaluated the effectiveness of applicable internal controls.

Audit Results and Potential Benefits. We determined that the hotline allegation had merit. The Naval Air Reserve planned to contract for C-130 aircraft aircrew training when lower cost training can be obtained from existing in-house DoD training facilities. By relying on DoD in-house training facilities instead of a contractor to provide needed C-130 aircraft aircrew training for Naval Air reservists, the Navy could reduce training costs by approximately \$3.6 million over the 6-year Future Years Defense Program (see Appendix A).

Internal Controls. Internal controls were not effective to ensure that Naval Air Reserve squadrons obtained the most cost-effective training for their aircrews. See finding for details on the weakness and Part I for details of our review of internal controls.

Summary of Recommendations. We recommended that the Naval Air Reserve obtain C-130 aircrew training from the C-130 aircraft training facility maintained at the Marine Corps Air Station, Cherry Point, North Carolina, and terminate plans to obtain the training from other sources.

Management Comments. Comments to a draft of this report were requested from the Assistant Secretary of the Navy (Financial Management) but none were received. Comments to the final report are requested from the Navy by January 25, 1993.

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This report was prepared by the Logistics Support Directorate, Office of the Assistant Inspector General for Auditing, DoD. Copies of the report can be obtained from the Secondary Reports Distribution Unit, Audit Planning and Technical Support Directorate, (703) 614-6303 (DSN 224-6303).

PART I - INTRODUCTION

Background

This audit was performed in response to a DoD Inspector General hotline allegation that the Naval Air Reserve was planning to obtain proficiency training for aircrew members on the C-130 aircraft through a contractor when existing C-130 aircrew in-house training facilities at the Marine Corps Air Station, Cherry Point, North Carolina, were being underutilized.

Objectives

Our objective was to evaluate whether it would be more economical to provide needed Naval Air Reserve aircrew training on the C-130 aircraft through existing DoD in-house training facilities or through the use of contractors. We also evaluated the effectiveness of applicable internal controls.

Scope

Review of activities and records. The audit was performed at the Chief of Naval Operations and the Naval Air Systems Command Headquarters. Other DoD field activities, including Air Force training activities, were visited or contacted to collect information and perform detailed audit steps. We evaluated records from June 1985 to July 1992 and analyzed the costs relating to the Navy's plans to use contractor resources to provide Naval Air Reserve aircrew training on the C-130 aircraft. We also evaluated records relating to availability and cost of providing needed Naval Air Reserve aircrew training on the C-130 aircraft at existing in-house DoD training facilities.

Auditing standards. This economy and efficiency audit was made from May through October 1992 in accordance with auditing standards issued by the Comptroller General of the United States as implemented by the Inspector General, DoD, and accordingly, included such tests of internal controls as were considered necessary. Activities visited or contacted during the audit are listed in Appendix C.

Internal Controls

Controls assessed. The audit included an evaluation of the adequacy of the Navy's internal controls relating to the planning procedures for obtaining Naval Air Reserve aircrew training on the C-130 aircraft.

Internal control weaknesses. The audit identified material internal control weaknesses as defined by Public Law 97-255, Office of Management and Budget Circular A-123, and DoD Directive 5010.38. The Navy did not adequately evaluate the availability and cost of DoD in-house training resources to obtain the most cost-effective training for their aircrews on the C-130 aircraft. The recommendation in this report, if implemented will assist in correcting this weakness. Estimated monetary benefits that can be realized by implementing the recommendation are \$3.6 million over the 6-year Future Year Defense Program. A copy of the report will be provided to the senior official responsible for internal controls within the Navy.

Prior Audits and Other Reviews

There has been no audit coverage of this specific topic in the last 5 years.

Other Matters of Interest

On July 21, 1992, the Deputy Assistant Inspector General for Auditing requested that the Assistant Secretary of the Navy (Financial Management) suspend action on awarding a contract to provide for C-130 aircraft aircrew proficiency training for the Naval Air Reserve. On August 7, 1992, the Director, Naval Reserve in the Office of the Chief of Naval Operations indicated that the Naval Training System Center, Orlando, Florida, was complying with the request. The Naval Training System Center indicated it would not award a contract until it received written instructions to proceed.

PART II - FINDING AND RECOMMENDATION

NAVAL RESERVISTS C-130 AIRCRAFT AIRCREW TRAINING

The Naval Air Reserve planned to contract for C-130 aircraft aircrew training when lower cost training can be obtained from existing in-house DoD training facilities. This condition existed because the Naval Air Reserve did not adequately evaluate the availability and cost of DoD in-house training resources. By relying on DoD in-house training facilities instead of a contractor to provide needed C-130 aircraft aircrew training for Naval Air reservists, the Navy could reduce training costs by approximately \$3.6 million over the 6-year Future Years Defense Program.

DISCUSSION OF DETAILS

Background

In June 1991, the Navy established its first C-130 aircraft squadron in the Naval Air Reserve Force. Its mission was to provide logistics support to the Navy fleet operating forces. A reserve C-130 aircraft squadron is to provide rapid transportation of personnel and cargo (for delivery by parachute or landing). Its mission is also to provide other capabilities, such as emergency evacuation of personnel and key equipment, advance party reconnaissance, and special warfare operation. At the time of our audit, the Navy planned to establish four C-130 Naval Air Reserve squadrons, each with four C-130 aircraft.

Naval Air Reserve Squadron VR-54 was the first of four C-130 squadrons to be established. It is located at the Naval Air Station, New Orleans, and is assigned to the Fleet Logistics Support Wing of the Naval Air Reserve Force, New Orleans, Louisiana. At the time of the audit, the squadron had received its full complement of four C-130 aircraft. The second squadron, Squadron VR-48/53, is also assigned to the Fleet Logistics Support Wing and is located at the Naval Air Station, Andrews Air Force Base, Maryland. The squadron had one C-130 aircraft at the time of the audit. Projected delivery dates for three additional C-130s for Squadron VR-48/53 are from November 1992 through January 1993. The Navy plans to procure eight other C-130 aircraft and establish two additional Naval Air Reserve squadrons from FY 1993 and FY 1994 appropriations.

Aircrew Training

Proficiency training requirements. The Chief of Naval Operations Instruction 3710.7N, "NATOPS General Flight and Operating Instructions," April 10, 1990, paragraph 1264, requires all personnel under duty flying crew orders to successfully complete fleet replacement squadron training before being qualified as naval aircrew. The Naval Air Reserve's annual requirement for C-130 aircraft proficiency training was estimated at 124 aircrew. Of the 124 aircrew, 86 need to attend a 1-week course and 38 need to attend a 3-week training course.

Plans for contractor training. On June 5, 1992, the Naval Air Reserve issued through the Naval Training System Center, a request for proposal for a 5-year indefinite-quantity requirements contract to provide for aircrew training for the C-130 reserve squadrons that are being formed and those that are planned. The Navy planned to award the contract in November 1992. The estimated cost of the 5-year contract for 86 1-week courses and 38 3-week courses per year is \$4.2 million (an estimated \$5.0 million over the 6-year Future Years Defense Program). On August 7, 1992, the Director, Naval Reserve in the Office of the Chief of Naval Operations indicated that the Naval Training System Center, Orlando, Florida, was complying with our request to delay awarding a contract for C-130 training until it received written instructions to proceed.

In-house training facilities. Both the Marine Corps and the Air Force maintain and operate in-house C-130 aircraft training facilities. However, the Air Force does not have sufficient facilities to handle its C-130 aircrew training requirements and those of the Naval Air Reserve. The Air Force is able to satisfy only 90 percent of its requirements for C-130 training annually, and although the Navy has eliminated one of its active duty C-130 squadrons, the space vacated by the Navy will be used by the Air Force to make up part of its shortfall.

Marine Training Squadron 253 maintains a comprehensive C-130 aircrew training facility at the Marine Corps Air Station, Cherry Point, North Carolina. This facility provides a comprehensive 50-week C-130 aircraft training program for Marine Corps pilots and other aircrew personnel. Personnel at the Office of the Chief of Naval Operations indicated to us that they contacted the Marine Corps in 1989 to determine if the North Carolina training facility would be able to offer the 1 to 3 weeks of C-130 aircraft proficiency training that the Naval Air Reserve would require. According to the Navy personnel, the Marine Corps reported that it was not in a position to accommodate Naval Air Reserve training requirements

at that time. Although nearly 3 years have passed, the Navy had not followed up on its inquiry to the Marine Corps to determine if the Marine Corps Training Squadron could provide the training.

We provided a copy of the request for proposal for the Naval Air Reserve's proposed C-130 aircrew training contract to Marine Training Squadron 253 officials to determine whether they have the capability to provide the needed training. On July 28, 1992, the Commanding General, Marine Corps Combat Development Command, responded that Marine Training Squadron 253 would be able to accommodate the Naval Air Reserve's C-130 aircraft aircrew proficiency training requirements. The response further stated that the training would cost approximately \$400,000 the first year and approximately \$200,000 annually thereafter (\$1.4 million over the 6-year Future Years Defense Program). The additional \$200,000 the first year represents the estimated cost to acquire a computer-based aircraft system trainer. The \$200,000 annual cost is the estimated costs for additional hardware and software maintenance and contract cost increments to provide additional simulator maintenance and instructor support. This \$1.4 million cost over the 6-year Future Years Defense Program is \$3.6 million (72 percent) less than the estimated \$5.0 million required to obtain similar training through a contractor.

RECOMMENDATION FOR CORRECTIVE ACTION

We recommend that the Commander, Naval Air Reserve Forces, obtain C-130 aircrew training from the C-130 aircraft training facility maintained at the Marine Corps Air Station, Cherry Point, North Carolina, and terminate plans to obtain the training from other sources.

MANAGEMENT COMMENTS

We provided a draft of this report to the Assistant Secretary of the Navy (Financial Management) on August 24, 1992. As of November 18, 1992, we had not received formal comments. Comments are required by DoD Directive 7650.3. Therefore, we request that the Assistant Secretary of the Navy (Financial Management) provide comments on this final report by January 25, 1993.

PART III - ADDITIONAL INFORMATION

APPENDIX A - Summary of Potential Benefits Resulting from Audit

APPENDIX B - Activities Visited or Contacted

APPENDIX C - Report Distribution

APPENDIX A: SUMMARY OF POTENTIAL BENEFITS RESULTING FROM AUDIT

<u>Recommendation Reference</u>	<u>Description of Benefit</u>	<u>Amount and Type of Benefit</u>
Recommendation	<u>Economy and Efficiency.</u> The Navy can reduce cost and maximize use of existing resources.	<u>Funds Put to Better Use.</u> The Navy can reduce training costs by \$3.6 million (operations and maintenance funds) over the 6-year Future Years Defense Program (FYs 1993 through 1998).

APPENDIX B: ACTIVITIES VISITED OR CONTACTED

Office of the Secretary of Defense

Assistant Secretary of Defense (Production and Logistics),
Washington, DC

Department of the Navy

Chief of Naval Operations, Washington, DC
Headquarters, Naval Air Systems Command, Arlington, VA
Marine Corps Combat Development Command, Quantico, VA
Marine Corps Air Station, Cherry Point, NC
Naval Training Systems Center, Orlando, FL
Naval Reserve Forces, New Orleans, LA

Department of the Air Force

Andrews Air Force Base, Washington, DC
Scott Air Force, Belleville, IL
Little Rock Air Force Base, Little Rock, AR

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APPENDIX C: REPORT DISTRIBUTION

Office of the Secretary of Defense

Assistant Secretary of Defense (Production and Logistics)
Assistant Secretary of Defense (Public Affairs)
Comptroller of the Department of Defense

Department of the Navy

Secretary of the Navy
Assistant Secretary of the Navy (Financial Management)
Auditor General, Naval Audit Service

Department of the Air Force
Air Force Audit Agency

Defense Agencies

Director, Defense Contract Audit Agency
Director, Defense Intelligence Agency
Director, Defense Logistics Agency
Director, Defense Logistics Studies Information Exchange
Director, National Security Agency

Non-DoD

Office of Management and Budget
U.S. General Accounting Office
National Security and International Affairs Division,
Technical Information Center
National Security and International Affairs Division,
Director for Logistics Issues

**Chairman and Ranking Minority Member of the following
Congressional Committees and Subcommittees:**

Senate Subcommittee on Defense, Committee on Appropriations
Senate Committee on Armed Services
Senate Committee on Governmental Affairs
House Committee on Appropriations
House Subcommittee on Defense, Committee on Appropriations
House Committee on Armed Services
House Committee on Government Operations
House Subcommittee on Legislation and National Security,
Committee on Government Operations

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James L. Kornides, Project Manager
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Jerome J. Subkow, Colonel, U.S. Army Reserves