Property Accountability

III Corps
Results

We audited III Corps’ use of the Property Book Unit Supply Enhanced (PBUSE) system to account for property. We performed the audit at the request of the former Secretary of the Army, who asked that we review the use of the PBUSE system.

The PBUSE system is the Army’s standard property book accountability system. It is a Web-based, fully interactive, menu-driven, automated system that is designed to provide property accountability information for garrison and tactical units.

The 9 units we visited used the PBUSE system to account for 2,970 of the 3,008 items we inventoried. The units couldn’t locate 4 items and didn’t record 34 onhand items in the PBUSE system. The PBUSE system didn’t have the correct information—serial, registration, or national stock number—for 225 (8 percent) of the items we reviewed.

These errors occurred because unit personnel focused on validating onhand quantities and sometimes didn’t verify equipment registration numbers and national stock numbers during inventories. Accurate and complete management data to include serial and registration numbers improve the ability to use the PBUSE system to manage equipment at all Army levels.

Key Recommendations

We recommended the Commander, III Corps:

- Initiate Financial Liability Investigations of Property Loss for items not located during our inventory.
- Correct the specific PBUSE errors identified during the audit.
- Obtain a registration number from the U.S. Army Logistics Support Activity for the items without registration numbers discussed in the report, place the registration number on the items’ data plate, and enter the registration number in PBUSE.
- Instruct unit commanders to verify the accuracy of serial numbers, registration numbers, and national stock numbers during unit inventories.

The Chief of Staff, III Corps agreed with the recommendations.

The Office of the Deputy Chief of Staff, G-4 provided the Army’s official position and agreed with the report.
Commander, III Corps

This is our report on the audit of property accountability. This report addresses results of the work performed at III Corps, Fort Hood, Texas. The audit is part of a multi-location audit, and we will include the results in an overall report to higher levels of management.

We performed the audit in accordance with generally accepted government auditing standards.

We concluded that III Corps used the Property Book Unit Supply Enhanced system to properly account for equipment, but some of the management data in the system wasn’t accurate. This report contains five recommendations addressed to you.

The Army’s official position on the conclusion, recommendations, and command comments is in Annex C. For additional information about this report, contact the Logistics Systems Audits Division at 703-681-8349.

FOR THE AUDITOR GENERAL:

JOSEPH P. KLISIEWECZ
Program Director
Logistics Systems Audits
INTRODUCTION

BACKGROUND

Property accountability is an Army obligation to keep records of property such as identification data, gains, losses, due-ins, due-outs, and balances on hand or in use. As a steward of taxpayer resources, the Army is required to account for all property in its control, regardless of fund source or whether paid for or not.

The Property Book Unit Supply Enhanced (PBUSE) system is the Army’s standard property book accountability system. It is a Web-based, fully interactive, menu-driven, automated system that is designed to deliver total asset visibility in real time. It’s designed to:

• Standardize property accountability systems throughout the Army.
• Simplify and standardize the collection and use of property book accounting data.
• Increase asset visibility support.
• Provide management reports for commanders and higher authority.

The PBUSE system also provides the Army the capability to:

• Maintain supported unit information.
• Perform asset adjustments, lateral transfers, and update authorizations in the property book.
• Manage unit hand receipts.
• Request equipment items.
• Follow up and cancel supply transactions, and post supply status and receipt information to the activity register.
• Create and print hand-receipt, property book, and activity register reports; and manage basic and operational loads.

As of 2 March 2009, III Corps had 1,782,699 items valued at about $13.1 billion recorded in the PBUSE system.
PROPERTY ACCOUNTABILITY

OBJECTIVE

Did III Corps use the Property Book Unit Supply Enhanced system to properly account for equipment and maintain accurate data?

CONCLUSION

Yes. III Corps used the PBUSE system to account for its property. The 9 units we visited recorded in the PBUSE system 2,970 of 3,008 items we inventoried. The units couldn’t locate 4 items and didn’t record 34 onhand items in the system. Also, the units didn’t accurately record the serial number, registration number, or national stock number for 225 items (8 percent) of the items we reviewed. These errors occurred because unit personnel focused on validating onhand quantities and sometimes didn’t verify equipment serial numbers, registration numbers, and national stock numbers during inventories.

Accurate and complete management data to include serial and registration numbers improve the Army’s ability to use the PBUSE system to manage equipment at all Army levels. Therefore, it is important for unit commanders and property book officers to make sure that they record accurate data in the PBUSE system.

Our detailed discussion of these conditions begins on page 4. Our recommendations to correct them begin on page 7.

BACKGROUND

AR 735-5 (Policies and Procedures for Property Accountability) states that all Army property must be accounted for through formal records. It also requires, at the user level, that all onhand property carried on property book records and hand-receipt records be inventoried annually, or upon change of the primary hand-receipt holder, whichever occurs first. It also requires a hand-receipt holder to initiate a Financial Liability Investigation of Property Loss as soon as an item is determined to be missing or damaged.
AR 710-2 (Supply Policy Below the National Level) prescribes policy for assigning responsibility for nonexpendable, durable, and expendable property. It states that commanders are responsible for ensuring property accounting is complete and accurate, and requires property book officers (PBOs) to verify equipment serial numbers and registration numbers against the property book or hand receipt.

DISCUSSION

In this section, we discuss these two areas:

- Property accountability.
- Data accuracy.

**Property Accountability**

Overall, the III Corps units we visited properly accounted for their property in the PBUSE system. To determine if the units properly accounted for their equipment, we judgmentally selected and inventoried 3,008 serial-numbered items:

- 2,345 equipment items (including some sensitive items such as weapons and night vision devices) recorded in the PBUSE system to physically verify that the unit had the items on hand.

- 663 onhand equipment items to verify that the items were properly recorded in the PBUSE system.

**PBUSE to Onhand Inventories**

The 9 units we visited used the PBUSE system to properly account for 2,341 of the 2,345 serial-numbered items we sampled from the system. AR 710-2 requires commanders to ensure that property accounting is complete and accurate. To evaluate the accuracy of the property records in the system, we judgmentally selected a sample of 2,345 items from the PBUSE system and verified that the units had the items on hand. The 9 units had 32,243 items on hand valued at about $150 million. Our sample was valued at about $118 million. The sample consisted primarily of high-dollar value serial-numbered items (over $5,000), but also included some low-dollar value and sensitive items. At each unit we and members of the unit verified that the units had the sample
items on hand. As shown in the following table, the units had 2,341 of 2,345 items on hand.

<table>
<thead>
<tr>
<th>Unit</th>
<th>PBUSE Quantity</th>
<th>Verified Onhand Quantity</th>
<th>Approximate Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>223</td>
<td>222</td>
<td>$7,300,000</td>
</tr>
<tr>
<td>2</td>
<td>220</td>
<td>220</td>
<td>2,200,000</td>
</tr>
<tr>
<td>3</td>
<td>117</td>
<td>117</td>
<td>31,500,000</td>
</tr>
<tr>
<td>4</td>
<td>127</td>
<td>127</td>
<td>32,200,000</td>
</tr>
<tr>
<td>5</td>
<td>420</td>
<td>420</td>
<td>2,700,000</td>
</tr>
<tr>
<td>6</td>
<td>388</td>
<td>388</td>
<td>3,000,000</td>
</tr>
<tr>
<td>7</td>
<td>295</td>
<td>292</td>
<td>22,100,000</td>
</tr>
<tr>
<td>8</td>
<td>125</td>
<td>125</td>
<td>6,100,000</td>
</tr>
<tr>
<td>9</td>
<td>430</td>
<td>430</td>
<td>11,000,000</td>
</tr>
<tr>
<td>Total</td>
<td>2,345</td>
<td>2,341</td>
<td>$118,100,000</td>
</tr>
</tbody>
</table>

Three of the items that the units didn’t have on hand were semitrailers that were sent to Red River Army Depot for Reset. Reset is a series of actions to restore units to a desired level of combat capability commensurate with mission requirements and availability of resources. Reset includes the replacement, recapitalization, and repair of equipment. The remaining item was a computer that was part of a system that, according to unit personnel, was replaced by a different computer when the system was sent to maintenance.

These errors occurred because of two reasons. First, unit personnel didn’t process a transfer document when they sent the items to Reset. Second, when they conducted a change-of-command inventory and found the items still in the property book, they didn’t correct the discrepancies by including them on a Financial Liability Investigation of Property Loss. Accurate inventory information is important because it improves the data that the Army uses to manage equipment. For the missing items the units needed to initiate a Financial Liability Investigation of Property Loss as required by AR 735-5.

We address the action needed to initiate Financial Liability Investigations of Property Loss for the four missing items in Recommendation 1.

**Onhand to PBUSE Inventories**

The units we visited properly accounted for 629 of the 663 onhand items we traced to the PBUSE system property records. We judgmentally selected 663 serial-numbered onhand items and traced the items to the units’ property book in the system. We found that the units recorded 629 of the 663 items in the system. The units didn’t have a common reason for not recording the remaining 34 items. Unit personnel told us that
the items weren’t in their property books because of an oversight, and they didn’t process transfer documents when required. After we notified the unit of the discrepancies, unit personnel initiated corrective action to have the items recorded in the system.

We address the action needed to record the items in the PBUSE system in Recommendation 2.

**Data Accuracy**

The units we visited accurately recorded equipment data in the PBUSE system for about 92 percent of the items we reviewed. The remaining 8 percent had inaccurate serial numbers, registration numbers, and national stock numbers. AR 710-2 requires that PBOs verify the accuracy of serial numbers and registration numbers recorded in the system.

Each of the 2,970 items that were recorded in PBUSE had a serial number, registration number, and national stock number that should have been accurately recorded in the system. However, 225 items contained inaccurate information in 1 or more of the data elements. Twenty-five items contained two errors each. Here are examples of some of the errors:

- The serial number in the PBUSE system for a trailer was T1002316, but the serial number on the trailer was T10002316.

- The registration number in the PBUSE system for a M1082 flat bed trailer was PB04ZW, but the registration number on the trailer was PB04ZM.

- Thirty-one of the items didn’t have registration number in the PBUSE system or on the item data plate.

The following table shows a breakdown of the errors.

<table>
<thead>
<tr>
<th>Data Element</th>
<th>Number of Errors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Serial Numbers</td>
<td>181</td>
</tr>
<tr>
<td>Registration Numbers</td>
<td>54</td>
</tr>
<tr>
<td>National Stock Numbers</td>
<td>15</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>250</strong></td>
</tr>
</tbody>
</table>
These errors occurred because unit personnel focused on validating onhand quantities and sometimes didn’t verify equipment serial, registration, and national stock numbers during inventories. Accurate inventory information, to include the serial and registration numbers, improves the data the Army uses to monitor equipment usage. Therefore, it is important for commanders and PBOs to make sure that they record accurate data in the PBUSE system.

Army policies and directives clearly define the requirement to maintain accurate identifying data such as serial numbers, registration numbers, and national stock numbers. Therefore, we believe that additional regulatory guidance or standing operating procedures aren’t required. However, command should emphasize the need to ensure that units verify serial numbers, registration numbers, and national stock numbers during periodic inventories.

We address the action needed to correct the PBUSE system data in Recommendations 3 and 4. We address actions to verify the accuracy of data during periodic inventories in Recommendation 5.

**RECOMMENDATIONS AND COMMENTS**

This section contains specific recommendations and a summary of command comments for each recommendation. The official Army position and verbatim command comments are in Annex C.

**For the Commander, III Corps**

**Recommendation 1**

Initiate Financial Liability Investigations of Property Loss for the four missing items discussed in the report.

**Command Comments**

The Corps agreed and on 30 November 2009 said that it had directed affected units to conduct another inventory to try and locate missing items and to initiate a Financial Liability Investigation of Property Loss for those items not found. Unit PBOs will notify the Commander’s Maintenance Evaluation Team upon completion of inventories, and the team will verify the inventories. Projected completion date was 1 March 2010.
**Recommendation 2**

Direct the PBOs to record in PBUSE the 34 items found during the inventories and weren’t recorded in system.

**Command Comments**

The Corps agreed and on 30 November 2009 said that it had provided units a list of the items found during the inventory and directed them to verify ownership and initiate a Found on Installation document to bring items to accountability. It said that Unit PBOs would notify the Commander’s Maintenance Evaluation Team upon completion and the team would verify the actions taken. Projected completion date was 1 March 2010.

**Recommendation 3**

Correct the serial number, registration number, or national stock number errors in the PBUSE records for the 194 items discussed in the report.

**Command Comments**

The Corps agreed and on 30 November 2009 said that it directed units to ensure the accuracy of serial-numbered items. Units will take actions to correct serial numbers in the PBUSE system and notify the Commander’s Maintenance Evaluation Team upon completion. The evaluation team will verify actions taken. Projected completion date is 30 March 2010.

**Recommendation 4**

Obtain a registration number from the U.S. Army Logistics Support Activity for the 31 items without registration numbers discussed in the report, place the registration number on the items’ data plate, and enter the registration number in the PBUSE system.

**Command Comments**

The Corps agreed and on 30 November 2009 said that it had directed unit PBOs to use the tools in the Logistics Intelligence Warehouse to determine the appropriate serial number and registration number combination. In addition, units will coordinate through their local support elements to get data properly entered on their equipment data plates as applicable. Unit PBOs will notify the Commander’s Maintenance
Evaluation Team upon completion of corrections and the evaluation team will verify actions taken. Projected completion date is 30 March 2010.

**Recommendation 5**

Instruct unit commanders to verify the accuracy of serial numbers, registration numbers, and national stock numbers during unit inventories.

**Command Comments**

The Corps agreed and on 30 November 2009 said that it had sent an e-mail to the unit PBOs reminding them about the regulations and policy that govern responsibilities and accountability during change-of-command inventories. The Corps said that the Commander’s Maintenance Evaluation Team would ensure inventory procedures were adequately covered during the local Commander and First Sergeant course. Projected completion date was 16 December 2009.

**Official Army Position**

The Office of the Deputy Chief of Staff, G-4 stated on 3 March 2010 that it agreed with the report.
A — GENERAL AUDIT INFORMATION

SCOPE AND METHODOLOGY

We conducted the audit from March through August 2009 under project A-2009-ALR-0255.000.

We performed audit work at the III Corps G-4, Headquarters, Support Command and selected units in four brigades:

- 69th Air Defense Artillery Brigade.
- 89th Military Police Brigade.
- 15th Sustainment Brigade.
- 1st Medical Brigade.

We conducted this performance audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our finding and conclusion based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our finding and conclusion based on our audit objective.

We relied on computer-generated data contained in the PBUSE system for onhand inventory balances, serial numbers, registration numbers, and national stock numbers. We assessed the reliability of the PBUSE system data by performing physical observations of selected items and comparing our observations with data recorded in the system. We concluded the data was generally reliable but some errors existed with serial numbers, registration numbers, and national stock numbers recorded in the system.

The audit covered transactions representing operations current at the time of the audit. To determine if III Corps units used the PBUSE system to account for equipment and maintain accurate data, we:

- Reviewed applicable Army regulations and local policies and procedures to determine applicable guidance for property accountability.
- Interviewed key personnel at the III Corps to identify and evaluate rules and practices for managing inventory.
• Obtained a PBUSE download of units comprising the III Corps and the value of equipment in its property book as of 2 March 2009.

• Selected 3,008 serial-numbered items valued at about $123 million at 9 non-deployed units to inventory.

• Conducted physical and reverse inventories at nine units to determine if the equipment was accurately accounted for in the PBUSE system.

• Compared the serial, registration, and national stock numbers recorded in the PBUSE system for inventoried items to verify accuracy.

RESPONSIBILITIES AND RESOURCES

The Deputy Chief of Staff, G-4 is responsible to the Chief of Staff, Army for developing policy and providing guidance and direction for effective logistics management within the Army. The office is also the proponent for the guidance that governs property accountability.

U.S. Army Forces Command is the largest command in the Army and the Army’s Force Provider to joint combatant commanders worldwide. The command combines the contributions of more than 750,000 Army National Guard, Army Reserve, and Active Component Soldiers with those of more than 2,400 Army civilians to form a seamless, winning force that operates as a team across Services, components, and units. The Active Component of Forces Command has nearly 200,000 Soldiers stationed nationwide. This number includes three Army corps – I Corps at Fort Lewis, Washington; III Corps at Fort Hood, Texas; and XVIII Airborne Corps at Fort Bragg, North Carolina. Forces Command is responsible for making sure III Corps takes corrective action on the recommendations addressed to the III Corps in this report.

The III Corps reports directly to U.S. Army Forces Command. The Commander of III Corps is responsible for training, mobilizing, deploying, and sustaining ready forces; and on order, conducting decisive full-spectrum joint or combined operations.

ACKNOWLEDGMENTS

These personnel contributed to the report: Peter White (Audit Manager); Cleotis Emerson (Auditor-in-Charge); LaDonna Stewart (Lead Auditor); Charles ThunderEagle (Auditor); Dennis Torres (Auditor); and Faith Pruett (Editor).
DISTRIBUTION

We are sending copies of this report to:

The Assistant Secretary of the Army (Acquisition, Logistics and Technology)
Deputy Chief of Staff, G-4
Commander, U.S. Army Forces Command

We will also make copies available to others upon request.
## B — ABBREVIATIONS USED IN THIS REPORT

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>PBO</td>
<td>Property Book Officer</td>
</tr>
<tr>
<td>PBUSE</td>
<td>Property Book Unit Supply Enhanced</td>
</tr>
</tbody>
</table>
C — OFFICIAL ARMY POSITION AND VERBATIM COMMENTS BY COMMAND

MEMORANDUM THRU DEPUTY CHIEF OF STAFF, G-4, 500 ARMY PENTAGON WASHINGTON, D.C. 20310

FOR DIRECTOR, ARMY AUDIT AGENCY, ATTN: SAAG-PMO-L, 3101 PARK CENTER DRIVE, ARLINGTON, VA 22302


1. This is in response to USAAA’s memorandum dated 8 January 2010 (Enclosure), requesting the Office of the Deputy Chief of Staff, G-4 (ODCS, G-4a) official position on the conclusions, recommendations, and command comments of subject report.

2. The ODCS, G-4 concurs with the report as written.

3. Point of contact is CW5 Alexander L. Brown, (703) 692-9485, or e-mail: alexander.brown@hqda.army.mil.

Encl  w/o Encl

Michael W. Brown
Director of Supply
Mr. White, we have staffed the Draft Report and this headquarters has no substantive comments to add to those of Fort Hood regarding the findings and recommendations contained in the report.

Thomas C. Richardson, CDFM
HQ, U.S. Army Forces Command
Office of Internal Review
Senior IR Evaluator
404-464-6521  DSN  367
MEMORANDUM FOR U.S. Army Audit Agency, Office of the Deputy Auditor General Acquisition and Logistics Audits, 3101 Park Center Drive, Alexandria, Virginia 22302-1596


1. We appreciate the time your team took to review III Corps property accountability procedures and best practices. We continually strive to improve our processes and emphasize the importance of oversight. By conducting this audit, III CORPS has a better understanding of how well we are conducting property accountability for our assets.

2. The G-4 staff has reviewed the draft report on the referenced audit and provided comments. Comments are enclosed for your consideration.

3. The point of contact for this audit is Mr. Douglas Case, Fort Hood Internal Review, (254)287-0034.

FOR THE COMMANDER:

Encl

[Signature]

JOSEPH P. DISALVO
Brigadier General, USA
Chief of Staff
Commander, III Corps & Fort Hood
Official Command Response
USAAA Draft Report - Dated 30 September 2009
Audit Report: A 2009-ALR-0255.000

"Property Accountability"

Objective.
Did III Corps use the Property Book Unit Supply Enhanced system to properly account for equipment and maintain accurate data?

Conclusion.
Yes. III Corps used the PBUSE system to account for its property. The 9 units (which were elements of 69th ADA, 89th MP BDE, 15th Sus BDE, & 1st MED BDE) we visited recorded in the PBUSE system 2,970 of 3,008 items we inventoried. The units couldn't locate 4 items and didn't record 34 on hand items in the system. Also, the units didn't accurately record the serial number, registration number, or national stock number for 225 items (8 percent) of the items we reviewed. These errors occurred because unit personnel focused on validating on hand quantities and sometimes didn't verify equipment serial numbers, registration numbers, and national stock numbers during inventories.

Accurate and complete management data to include serial and registration numbers improve the Army's ability to use the PBUSE system to manage equipment at all Army levels. Therefore, it is important for unit commanders and property book officers to make sure that they record accurate data in PBUSE. Our recommendations to correct them begin below.

AAA Recommendations and III Corps Comments.

Recommendation A-1
Initiate Financial Liability Investigations of Property Loss for the four missing items discussed in the report and listed in Annex C.

Command Comments
Concur. Corp G4 directed affected units to conduct another inventory to try and locate missing items and to initiate a Financial Liability Investigation of Property Loss for those items not found. Unit PBOs will notify Corps G4 COMET upon completion of inventories. COMET will verify. Units will complete actions NLT 1 March 2010.

Recommendation A-2
Direct the PBOs to record in PBUSE the 34 items found during the inventories and that weren't recorded in system.
Command Comments

Concur. Corps G4 provided units with a listing of the items found during the inventory and directed them to verify ownership and initiate a Found on Installation (FOI) document in order to bring items to accountability. Unit PBOs will notify Corps G4 COMET upon completion and COMET will verify. Units will complete actions NLT 1 March 2010.

Recommendation A-3
Correct the serial number, registration number, or national stock number errors in the PBUSE records for the 194 items discussed in the report.

Command Comments
Concur. Corps G4 directed units to ensure the accuracy of serial numbered items. During a review of the AAA Audit findings we discovered that there were quite a few items that had alphabetic characters added to the serial numbers recorded in PBUSE. The reason for the differences is that sometimes manufacturers place the same serial number on multiple like items. Since PBUSE will not allow the input of duplicate serial numbers, the PBO is forced to improvise. As a general rule they add alphabetic characters in order to meet the serial number requirement for accounting. Unit will take actions to correct serial numbers on PBUSE and will notify Corps G4 COMET upon completion. Corps G4 COMET will verify. Target completion date is 30 March 2010.

Recommendation A-4
Obtain a registration number from LOGSA for the 31 items without registration numbers discussed in the report and listed in Annex C, place the registration number on the items' data plate and enter the registration number in PBUSE.

Command Comments
Concur. Per the guidance of LOGSA, Corps G4 directed unit PBOs to use the tools in the Logistics Intelligence Warehouse (LIW) to determine the appropriate serial number / registration number combination. In addition, units will coordinate through their local support elements to get data properly entered on their equipment data plates as applicable. Unit PBOs will notify Corps G4 COMET upon completion of corrections and Corps G4 COMET will verify. Target completion date is 30 March 2010.

Recommendation A-5
Instruct unit commanders to verify the accuracy of serial numbers, registration numbers, and national stock numbers during unit inventories

Command Comments
Concur. Corps G4 sent out an email to the unit PBOs reminding them about the regulations and policy that govern responsibilities and accountability during change of command inventories. The Corps G4 COMET will ensure inventory procedures are
adequately covered during the local Commander/1SG course. The G4 COMET will complete this action NLT 16 December 2009.
Our Mission

To serve America’s Army by providing objective and independent auditing services. These services help the Army make informed decisions, resolve issues, use resources effectively and efficiently, and satisfy statutory and fiduciary responsibilities.

To Suggest Audits or Request Audit Support

To suggest audits or request audit support, contact the Office of the Principal Deputy Auditor General at 703-681-9802 or send an e-mail to AAAAuditRequests@conus.army.mil.

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