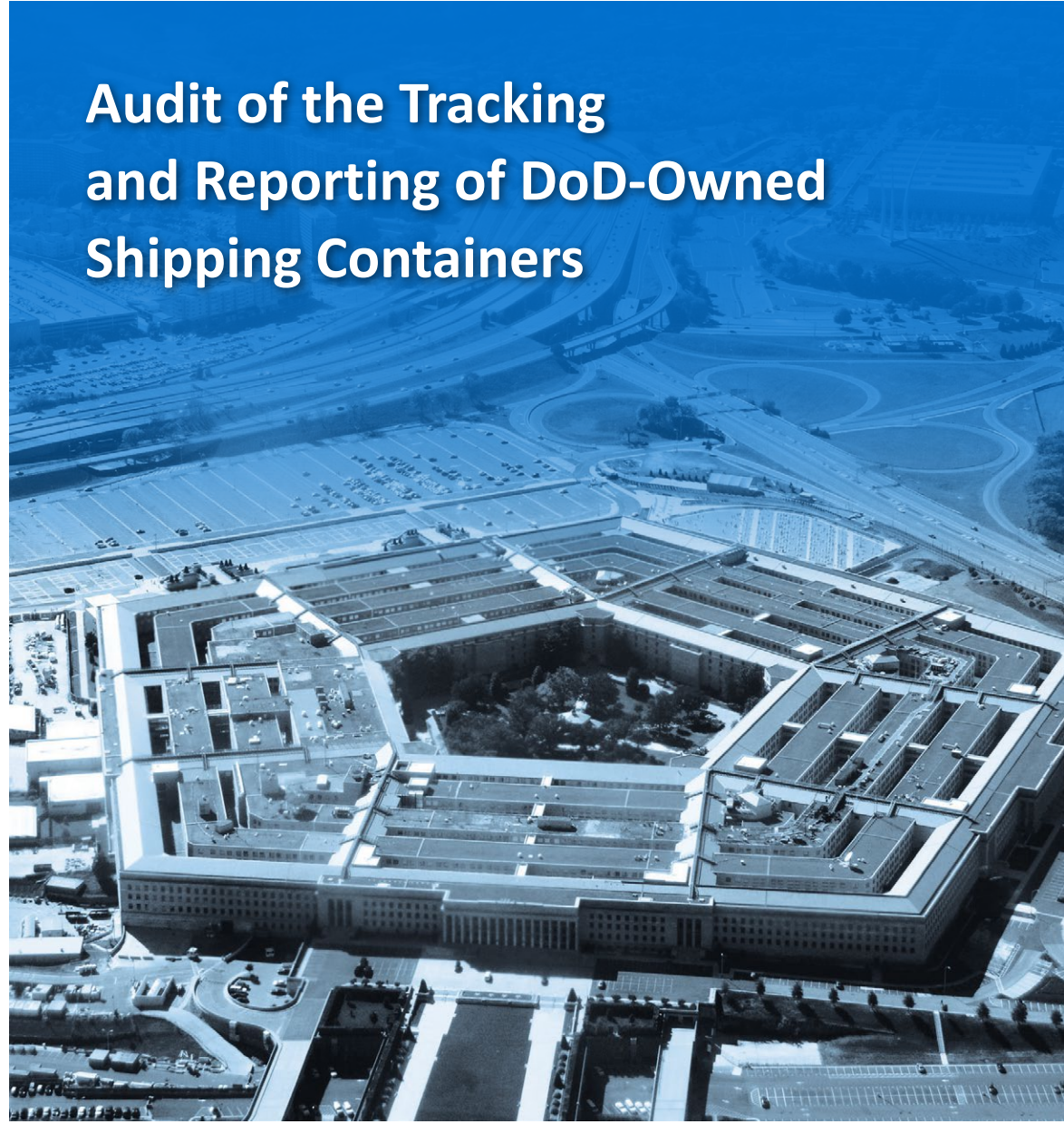




INSPECTOR GENERAL

U.S. Department of Defense

JUNE 8, 2023



Audit of the Tracking and Reporting of DoD-Owned Shipping Containers

INTEGRITY ★ INDEPENDENCE ★ EXCELLENCE





Results in Brief

Audit of the Tracking and Reporting of DoD-Owned Shipping Containers

June 8, 2023

Objective

The objective of this audit was to determine to what extent the Army, Navy, and Marine Corps complied with DoD and Service requirements to track and report information related to DoD owned shipping containers, and include those shipping containers in an accountable property system of record (APSR).

Background

The DoD owns shipping containers that it uses for the transportation, prepositioning, and storage of weapons and equipment. The DoD Components manage and register shipping containers using the Joint Container Management (JCM) system, which maintains a registry of shipping containers and provides the DoD with inventory, tracking, and visibility for DoD-owned shipping containers.

The Defense Transportation Regulation requires the U.S. Transportation Command, the Military Surface Deployment and Distribution Command (SDDC), and the Service Container Managers to provide oversight in conducting inventories to update the shipping container registry. Additionally, the DoD Components are required to account for shipping containers having an acquisition cost of \$5,000 or more in an APSR.

Findings

The six installations we visited did not accurately track or report location or condition information related to

Findings (cont'd)

32 of 190 (17 percent) DoD-owned shipping containers in the JCM system as required by DoD and Service policies because the installation personnel did not prioritize updates in a timely manner.

In addition, SDDC officials who owned shipping containers at two of the six installations we visited did not use an APSR to account for 19 of 62 (31 percent) DoD-owned shipping containers with an acquisition cost of \$5,000 or more as required by DoD Instruction 5000.64.

While the six installations we visited maintained visibility of the majority of shipping containers reviewed, the importance of accurate information is imperative to readiness. In addition, while reporting information related to shipping containers in the JCM system provides visibility for shipping containers, using an APSR in accordance with the DoD requirement ensures consistency in the identification, classification, and reporting of the shipping containers in the financial statements.

Recommendations

We recommend that the Commanders of the six installations develop procedures to ensure prioritization of compliance with the tracking and reporting of information related to DoD-owned shipping containers.

We recommend that the SDDC Commander provide the DoD OIG results of the 2022 biennial inventory and take actions to ensure that the SDDC reports shipping containers that have an acquisition cost of \$5,000 or more in an APSR.

Management Comments and Our Response

Army, Navy, and Marine Corps officials agreed with and described actions planned and taken to address the recommendations directed to the six installation commanders; therefore, four recommendations are resolved and open and two recommendations are closed.



Results in Brief

Audit of the Tracking and Reporting of DoD-Owned Shipping Containers

Comments (cont'd)

The SDDC Commanding General provided the results of the 2022 biennial inventory; however, the Commanding General's comments did not identify actions taken to ensure that the SDDC reports shipping containers with an acquisition cost of \$5,000 or more in an APSR. Therefore, three recommendations are unresolved. We request that the Commanding General provide additional comments on the report within 30 days.

Recommendations Table

Management	Recommendations Unresolved	Recommendations Resolved	Recommendations Closed
Commander, Military Surface Deployment and Distribution Command	B.1.a, B.1.b, B.1.c	None	A.2
Commander, 406th Army Field Support Battalion- Bragg, 406th Army Field Support Brigade, Fort Bragg	None	A.1.a	None
Commander, 407th Army Field Support Battalion- Hood, 407th Army Field Brigade Fort Hood	None	None	A.1.b
Commander, Navy Expeditionary Medical Support Command, Williamsburg	None	A.1.c	None
Commander, Naval Facilities Engineering and Expeditionary Warfare Center, Port Hueneme	None	A.1.d	None
Commander, Marine Corps Logistics Command, Albany Georgia	None	A.1.e	None

Please provide Management Comments by July 8, 2023.

Note: The following categories are used to describe agency management’s comments to individual recommendations.

- **Unresolved** – Management has not agreed to implement the recommendation or has not proposed actions that will address the recommendation.
- **Resolved** – Management agreed to implement the recommendation or has proposed actions that will address the underlying finding that generated the recommendation.
- **Closed** – DoD OIG verified that the agreed upon corrective actions were implemented.





**INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
4800 MARK CENTER DRIVE
ALEXANDRIA, VIRGINIA 22350-1500**

June 8, 2023

**MEMORANDUM FOR UNDER SECRETARY OF DEFENSE FOR ACQUISITION AND
SUSTAINMENT
COMMANDER, U.S. TRANSPORTATION COMMAND
AUDITOR GENERAL, DEPARTMENT OF THE ARMY
AUDITOR GENERAL, DEPARTMENT OF THE NAVY**

**SUBJECT: Audit of the Tracking and Reporting of DoD-Owned Shipping Containers
(Report No. DODIG-2023-081)**

The final report provides the results of the DoD Office of Inspector General's audit. We previously provided copies of the draft report and requested written comments on the recommendations. We considered management's comments on the draft report when preparing the final report. These comments are included in the report.

The Commanding General for the Army Sustainment Command, Commanding Officer of the Naval Medical Readiness Logistics Command, Commander of the Naval Facilities Engineering Systems Command, and Assistant Deputy Commandant for Marine Corps Installations and Logistics agreed to address Recommendations A.1.a, A.1.c, A.1.d, and A.1.e, respectively; therefore, we consider the recommendations resolved and open. As described in the Recommendations, Management Comments, and Our Response section of this report, we will close the recommendations when you provide us documentation showing that all agreed-upon actions to implement the recommendations are completed. Therefore, within 90 days please provide us your response concerning specific actions in process or completed on the recommendations. Send your response to either followup@dodig.mil if unclassified or rfunet@dodig.smil.mil if classified SECRET.

The Commanding General for the Army Sustainment Command and Commanding General for the Military Surface Deployment and Distribution Command's management comments and associated actions addressed Recommendations A.1.b and A.2, respectively; therefore, we consider these recommendations closed.

This report contains Recommendations B.1.a, B.1.b, and B.1.c for the Military Surface Deployment and Distribution Command that are considered unresolved because the Military Surface Deployment and Distribution Command did not identify corrective actions that address the intent of the recommendations. Therefore, as discussed in the Recommendations, Management Comments, and Our Response section of this report, the recommendations remain open. We will track these recommendations until an agreement is reached on the actions that you will take to address the recommendations and you have submitted adequate documentation showing that all agreed-upon actions are completed.

DoD Instruction 7650.03 requires that recommendations be resolved promptly. Therefore, please provide us within 30 days your response concerning specific actions in process or alternative corrective actions proposed on the recommendations. Send your response to either followup@dodig.mil if unclassified or rfunet@dodig.smil.mil if classified SECRET.

If you have any questions, please contact me at [REDACTED]
We appreciate the cooperation and assistance received during the audit.

FOR THE INSPECTOR GENERAL:



Richard B. Vasquez
Assistant Inspector General for Audit
Readiness and Global Operation

Contents

Introduction

Objective.....	1
Background.....	1
Installations Selected for Review.....	5
Review of Internal Controls.....	7

Finding A. Military Installations Did Not Consistently Track or Report Shipping Containers in Accordance with DoD and Service Requirements..... 8

Military Installations Did Not Comply with Requirements to Track and Report Shipping Containers.....	9
Inaccurately Tracked Shipping Containers Can Affect Present Overall Readiness to Support Forces.....	16
Recommendations, Management Comments, and Our Response.....	16

Finding B. SDDC Officials Did Not Comply with the Requirement to Account for Shipping Containers in an APSR..... 21

SDDC Officials Did Not Include Centrally Managed Shipping Containers in an APSR.....	21
Accounting for Shipping Containers Ensures Consistency in Existence, Acquisition Cost, and Availability.....	25
Recommendations, Management Comments, and Our Response.....	26

Appendix

Appendix A. Scope and Methodology.....	28
Internal Control Assessment and Compliance.....	32
Use of Computer-Processed Data.....	32
Use of Technical Assistance.....	33
Prior Coverage.....	33

Management Comments

Military Surface Deployment and Distribution Command.....	35
Army Sustainment Command.....	39

Contents

Naval Medical Readiness Logistics Command.....	44
Naval Facilities Engineering Systems Command.....	45
Marine Corps Installations and Logistics.....	47
Acronyms and Abbreviations	50
Glossary	51

Introduction

Objective

The objective of this audit was to determine to what extent the Army, Navy, and Marine Corps complied with DoD and Service requirements to track and report information related to DoD owned shipping containers, and include those shipping containers in an accountable property system of record (APSR). Specifically, at six installations we reviewed a nonstatistical sample of shipping containers for their existence and completeness, and for DoD officials' compliance with shipping container tracking and reporting requirements. We did not review the Air Force because the Air Force Audit Agency conducted two shipping container management audits in 2020. See the Appendix for the scope, methodology, and prior coverage related to our objective.

Background

The DoD owns shipping containers that it uses for a variety of purposes, including the transportation, repositioning, and storage of weapons and equipment.¹ For example, Navy officials at Williamsburg, Virginia, use shipping containers to deploy and store medical systems and supplies for contingency and humanitarian operations. According to DoD Instruction 4500.57, the DoD Components are required to use International Organization for Standardization shipping containers because they provide the DoD with a capability to deploy, sustain, and redeploy forces, equipment, and supplies cost effectively.² Figures 1 and 2 show various shipping container sizes we observed at Fort Bragg and Camp Lejeune, North Carolina.

¹ The DoD also leases shipping containers to fill local shortages of DoD-owned shipping containers in support of unit deployment and redeployment. However, this report refers to only DoD-owned shipping containers because the DoD Components are responsible for managing their movements and conditions.

² DoD Instruction 4500.57, "Transportation and Traffic Management," March 7, 2017, (Incorporating Change 3, September 23, 2019).



Figure 1. Fort Bragg Container Yard, 20-Foot Shipping Container
Source: The DoD OIG.



Figure 2. Camp Lejeune Shipping Container Yard, 5-Foot Shipping Container
Source: The DoD OIG.

As of January 2022, the DoD-owned shipping container fleet consisted of 303,962 shipping containers valued at \$4.7 billion. The DoD Components are required to manage and register shipping containers using the Joint Container Management (JCM) system. The JCM system maintains a single registry of shipping containers, which identifies the DoD owner, serial number, year built, shipping container size and type, shipping container condition, and physical location (installation and unit in physical possession of shipping container). The JCM system also designates shipping containers with a shipping container number that

signifies the Service that owns the shipping container and provides the DoD with inventory, tracking, and visibility for DoD-owned shipping containers. The JCM system does not integrate with any DoD financial systems.

Organizations and Personnel Responsible for Shipping Container Management

The U.S. Transportation Command (USTRANSCOM) is the combatant command that manages, monitors, and tracks shipping containers and provides shipping container management support to the Services. Within USTRANSCOM, the Military Surface Deployment and Distribution Command (SDDC), an Army Service Component Command, functions as both the DoD and Army shipping container manager. The SDDC's Global Container Management Branch provides shipping container management for all DoD owned shipping containers, while the SDDC's Army Intermodal and Distribution Platform Management Office (AIDPMO) serves as the Army manager and provides oversight and control of all Army shipping containers. In addition, the AIDPMO manages the JCM system for all DoD-owned shipping containers tracked and reported by the Services.

The Army and Marine Corps use a centralized process with one Container Manager for each Service. The Container Manager manages, tracks, and reports information related to shipping containers for the Service in the JCM system. The Navy uses a decentralized process, with Command Container Managers at each command or activity level who manage, track, and report information related to shipping containers. In addition, the Army, Navy, and Marine Corps have Container Control Officers (CCOs) appointed at the installation, command, or activity level by the Service or Command Container Managers. The CCOs are responsible for controlling, reporting, tracking, and maintaining shipping containers within their purview from the time received until the shipping containers leave the installation, command, or activity.

Policies for Tracking and Reporting Information Related to Shipping Containers

The Defense Transportation Regulation (DTR), DoD Instructions, and Service policies establish requirements for tracking and reporting information related to shipping containers. Specifically, the DTR states that activities that receive, ship, or load or unload shipping containers will report these actions in applicable systems

and databases in accordance with Service requirements.³ Reporting those actions form the basis for shipping container control administered by the Services and provide the current location and destination of shipping containers. For example, the DTR requires USTRANSCOM, the SDDC, and the Service Container Managers to provide oversight of inventories conducted by the Services and update the shipping container registry, based on the information tracked and reported in the JCM system on a biennial (every other year) basis and at additional times, as needed.

During the biennial inventories, the CCOs for the Services are required to verify the ownership and location of shipping containers at their installations in the JCM system regardless of ownership. This DTR inventory requirement helps ensure that the JCM system is current and accurate. Maintaining an up-to-date shipping container inventory helps the DoD know what shipping containers it has, who owns the shipping containers, and where the shipping containers are located.

DoD Instruction 4500.57 requires DoD Component heads to oversee the safe, effective, and efficient use of resources, such as shipping containers, in carrying out assigned missions.⁴ Generally, the DoD Components are responsible for managing the shipping containers they own. It is important that all shipping containers are processed, released, and returned to the owning Service in a timely manner so that the owners can use the shipping containers to carry out missions. Shipping container management includes prompt reporting of information on shipping containers and unloading of shipping containers once they reach their final destinations.

DoD Instruction 5000.64 requires the DoD Components to establish accountable property records in an APSR for all Government property having a unit acquisition cost of \$5,000 or more.⁵ The APSR functions as a supplemental ledger to the DoD Component accounting system for financial reporting purposes. The DoD Components must ensure the APSR integrates with financial and other systems and processes, particularly those systems for logistics and acquisition. Based on the shipping containers we reviewed, shipping containers can range in value from approximately \$1,600 for an empty, 5-foot shipping container to \$489,000 for a 20-foot shipping container with integrated medical scanners and laboratory equipment, functioning as a mobile medical unit.⁶

³ Defense Transportation Regulation, Part VI, "Management and Control of Intermodal Containers and System 463L Equipment," Chapter 605, "Intermodal Container Movement Reporting, Tracking, and Inventory Requirements," January 28, 2021.

While Defense Transportation Regulation, Part VI, Chapter 605 was updated in January 2023, we used the January 2021 version, as this version was in effect during the audit.

⁴ DoD Instruction 4500.57, "Transportation and Traffic Management," March 7, 2017, (Incorporating Change 3, September 23, 2019).

⁵ DoD Instruction 5000.64, "Accountability and Management of DoD Equipment and Other Accountable Property," April 27, 2017, (Incorporating Change 3, June 10, 2019).

⁶ The Navy Expeditionary Medical Support Command's mission includes using deployable medical systems, such as mobile medical lab equipment built to function inside of a shipping container.

The Army, Navy, and Marine Corps have their own policies for tracking and reporting information related to shipping containers, and each policy establishes roles, responsibilities, and shipping container accountability requirements for the respective Service. The primary shipping container management policies for the Army, Navy, and Marine Corps are Army Regulation 56-4, Office of the Chief of Naval Operations Instruction 4680.1B, and Marine Corps Order 4690.1A.⁷ Some examples of standard shipping container management requirements covered in the Army, Navy, and Marine Corps policies are:

- CCO appointments and duties;
- accountability reporting;
- shipping container inspection and maintenance;
- procurement authorities;
- disposal procedures; and
- biennial inventory compliance.

Installations Selected for Review

We selected a nonstatistical sample of DoD-owned shipping containers from the Army, Navy, and Marine Corps from the universe of shipping containers recorded in the JCM system. As of July 2021, the JCM system recorded 218,221 Army-owned, 18,324 Navy-owned, and 36,637 Marine Corps-owned shipping containers. We identified the two installations with the highest number of shipping containers from the Army, Navy, and Marine Corps in the continental United States based on the total number of shipping containers reported in the JCM system.

To confirm the existence of shipping containers at the six installations, we selected a nonstatistical sample of information related to 20 shipping containers from the JCM system to physically observe the shipping containers at each installation, totaling 120 shipping containers. During a site visit to Fort Bragg, we were unable to observe 10 of 20 sampled shipping containers because the Army unit that owned the 10 shipping containers was in the process of deploying to Afghanistan and was not available to support the site visit. Therefore, we tested the existence of only 10 shipping containers at Fort Bragg, totaling 110 shipping containers for the six installations. We verified the accuracy of the location and condition information related to the shipping containers in the JCM system.

⁷ Army Regulation 56-4, "Distribution of Materiel and Distribution Platform Management," September 17, 2014; Office of the Chief of Naval Operations Instruction 4680.1B, "Navy Intermodal Containerization Program," April 18, 2018; and Marine Corps Order 4690.1A, "Marine Corps Container Management Policy," June 26, 2018.

In November 2022, the Marine Corps issued Marine Corps Order 4690.1B, which cancels Marine Corps Order 4690.1A. During the audit, we used Marine Corps Order 4690.1A, as it was in effect while we performed the audit.

To confirm the completeness of the shipping containers for the six installations, we randomly selected a nonstatistical sample of shipping containers that we physically observed at each installation, totaling 80 shipping containers. We verified the accuracy of the location and condition information related to the shipping containers in the JCM system.

To test whether shipping containers with an acquisition cost of \$5,000 or more were included in an APSR, we used the 190 shipping containers from our nonstatistical samples for the existence and completeness testing. Specifically, we obtained data from the JCM system and from the installations' APSRs to determine which of the 190 shipping containers had an acquisition cost of \$5,000 or more and were recorded in an APSR.

Army Installations

We selected shipping containers at Fort Bragg, North Carolina, and Fort Hood, Texas, because these two installations had the highest number of shipping containers for the Army. Both installations staff and train Soldiers to rapidly deploy by air, sea, and land anywhere in the world. The Army and SDDC both owned shipping containers at these locations and used the JCM system to track and report information related to DoD owned shipping containers. However, the SDDC did not use an APSR to account for the shipping containers at those locations.

Navy Installations

We selected shipping containers at Williamsburg, Virginia, and Port Hueneme, California, because these two installations had the highest number of shipping containers for the Navy. Williamsburg provides storage, maintenance, and logistics of military equipment to Marines and Sailors, and to other Services. Port Hueneme serves the Pacific Fleet as a mobilization site for Marines and Sailors. The installation officials at Williamsburg and Port Hueneme used the JCM system to track and report information related to DoD-owned shipping containers selected. The installation officials at Williamsburg used the Defense Medical Logistics Support System as their APSR, and installation officials at Port Hueneme used the Navy Enterprise Resource Planning system as their APSR.

Marine Corps Installations

We selected shipping containers at Camp Lejeune, North Carolina, and Camp Pendleton, California, because these two installations had the highest number of shipping containers for the Marine Corps. Both Camp Lejeune and Camp Pendleton provide training opportunities, facilities, services, and support for Marines and

their families. The installation officials at Camp Lejeune and Camp Pendleton used the JCM system to track and report information related to DoD-owned shipping containers and the Global Combat Support System-Marine Corps as an APSR.

Table 1 shows the number of shipping containers and the number we sampled or tested at each of the six installations. The total number of shipping containers subject to sampling was 31,155, from which we selected 110 shipping containers for existence testing and 80 shipping containers for completeness testing.

Table 1. Summary of Installations and Sampled Shipping Containers Subject to JCM System Testing

Service	Installation	Total Shipping Containers	Sample Testing	
			Existence	Completeness
Army	Fort Bragg, North Carolina	6,980	10	9
Army	Fort Hood, Texas	6,793	20	14
Navy	Williamsburg, Virginia	4,093	20	19
Navy	Port Hueneme, California	2,645	20	12
Marine Corps	Camp Lejeune, North Carolina	5,561	20	15
Marine Corps	Camp Pendleton, California	5,083	20	11
Total		31,155	110	80

Source: The DoD OIG and SDDC.

Review of Internal Controls

DoD Instruction 5010.40 requires DoD organizations to implement a comprehensive system of internal controls that provides reasonable assurance that programs are operating as intended and to evaluate the effectiveness of the controls.⁸

We identified internal control weaknesses in the reporting of information for shipping containers with an acquisition cost of \$5,000 or more in an APSR.

We will provide a copy of the report to the senior officials responsible for internal controls in USTRANSCOM.

⁸ DoD Instruction 5010.40, "Managers' Internal Control Program Procedures," May 30, 2013, (Incorporating Change 1, June 30, 2020).

Finding A

Military Installations Did Not Consistently Track or Report Shipping Containers in Accordance with DoD and Service Requirements

The CCOs at the six installations we visited (Fort Bragg, Fort Hood, Williamsburg, Port Hueneme, Camp Lejeune, and Camp Pendleton) did not track or report information related to 32 DoD-owned shipping containers in the JCM system as required by DoD and Service policies. Specifically, for 110 shipping containers, CCOs at the six installations accurately tracked and reported correct location and condition information for 83 (75 percent) shipping containers in the JCM system.⁹ However, CCOs at the six installations did not accurately track or report in the JCM system correct location or condition information for the remaining 27 of 110 (25 percent) shipping containers. As a result of the audit, the CCOs identified the correct location or condition information for 25 of 27 (93 percent) shipping containers and updated the JCM system. However, the CCOs for the two (7 percent) remaining shipping containers did not update the shipping containers' location or condition information in the JCM system.

Additionally, we selected 80 shipping containers to review while onsite. CCOs at the six installations accurately tracked and reported location and condition information in the JCM system for 75 of 80 (94 percent) shipping containers. However, the CCOs at three installations did not accurately track or report location information in the JCM system for the remaining 5 of 80 (6 percent) shipping containers. As a result of the audit, the CCOs identified the correct location information for all five shipping containers and updated the JCM system. The CCOs at the six installations did not accurately track or report the correct location or condition information for 32 shipping containers because the installation CCOs did not prioritize updates in a timely manner to the JCM system. Although the CCOs did not consistently track or report shipping container information as required by DoD and Service policies, as a result of the audit, they corrected the information for 30 of 32 (94 percent) shipping containers. Of the two (6 percent) remaining shipping containers, the first CCO determined one was lost, and the second CCO was researching the other shipping container's location.

Effective shipping container management provides visibility over mission-essential shipping containers and enhances the DoD's ability to rapidly respond to worldwide contingencies. While the six installations we visited maintained visibility of the

⁹ The percentages provided in this finding relate only to the sampled shipping containers tested for existence and completeness at the six installations reviewed.

majority of shipping containers reviewed and had ample shipping containers available to support ongoing missions, the importance of accurate information is imperative to readiness in the event additional operations are initiated.

Military Installations Did Not Comply with Requirements to Track and Report Shipping Containers

The CCOs at the six installations reviewed did not comply with DoD or Service requirements to use the JCM system to accurately track and report information related to 32 DoD-owned shipping containers. Specifically, we tested 110 shipping containers for existence from the JCM system to the installations and found that the CCOs at the six installations accurately tracked and reported information for 83 shipping containers. However, the CCOs did not accurately track or report information for the remaining 27 of 110 shipping containers.

In addition, we tested 80 shipping containers for completeness from the installations to the JCM system, and the CCOs at the six installations accurately tracked and reported information for 75 shipping containers. However, the CCOs at three installations did not accurately track or report information for the remaining 5 of 80 shipping containers. Table 2 is a summary of the existence and completeness testing for the shipping containers we reviewed at each of the six installations and the JCM system status at the time of our review.

Table 2. Summary of Shipping Containers for Existence and Completeness Testing from the Installations to the JCM System

Service	Installation	Total Nonstatistical Sample	Total Correct Status	Shipping Containers Reviewed			
				Existence		Completeness	
				Nonstatistical Sample	Correct Status	Nonstatistical Sample	Correct Status
Army	Fort Bragg, North Carolina	19	18	10	9	9	9
Army	Fort Hood, Texas	34	29	20	16	14	13
Navy	Williamsburg, Virginia	39	38	20	19	19	19
Navy	Port Hueneme, California	32	21	20	12	12	9
Marine Corps	Camp Lejeune, North Carolina	35	30	20	16	15	14
Marine Corps	Camp Pendleton, California	31	22	20	11	11	11
Total		190	158	110	83	80	75

Source: The DoD OIG.

The DTR requires the Services' CCOs to verify their shipping container ownership and physical location during biennial inventories to ensure shipping container records are current, and the CCOs must report these actions in accordance with applicable Service regulations.¹⁰ The Army and Navy shipping container management policies require, at a minimum, biennial inventories; however, Marine Corps shipping container management policy requires an annual inventory of shipping containers in addition to the biennial inventory.¹¹ The Army policy states that the Army must report the receipt or shipment of shipping containers within 48 hours. Navy and Marine Corps policies also require reporting of the receipt or shipment of shipping containers; however, neither the DoD level policy nor the Navy and Marine Corps shipping container management policies require CCOs to report the information in the JCM system within a specific timeframe.

Discrepancies Identified When Testing the Shipping Containers for Existence at the Six Installations

To confirm the existence of the shipping containers at the six installations, we selected information for 110 shipping containers from the JCM system and physically observed the shipping containers to verify the accuracy of the location and condition information in the

JCM system. We determined that the CCOs accurately tracked and reported the location and condition information for 83 of 110 shipping containers. However, we found that the CCOs from the six installations did not accurately track or report location or condition information for the remaining 27 shipping containers. Specifically, CCOs did not

accurately track or report the location for 12 shipping containers or the condition for 15 shipping containers. Figure 3 shows the results of the shipping containers tested for existence and whether the six installations did and did not accurately track and report location and condition information in the JCM system.

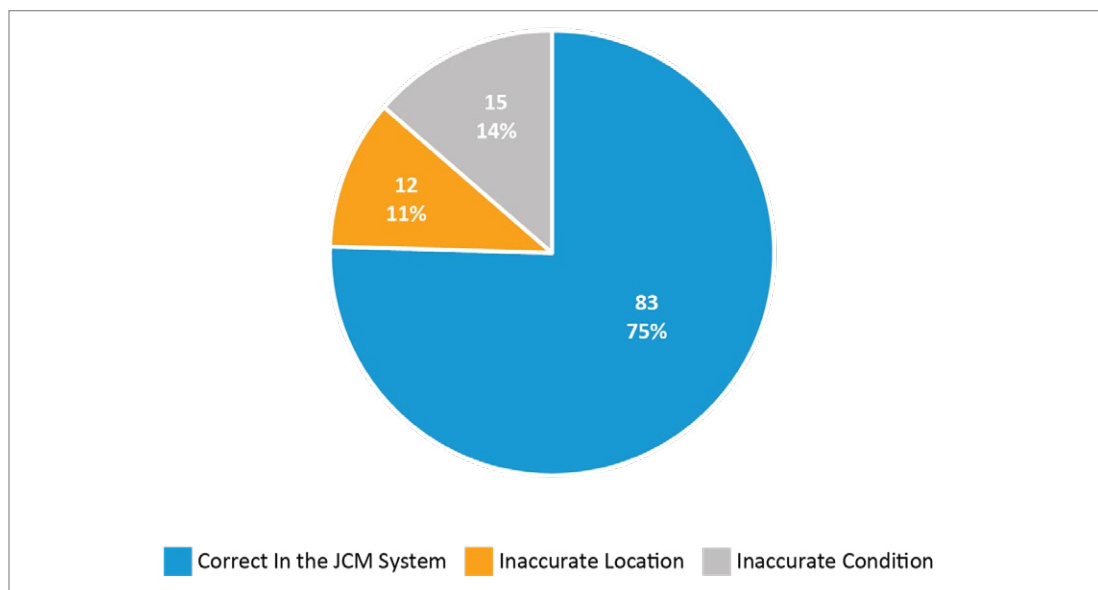
CCOs accurately tracked and reported the location and condition information for 83 of the 110 shipping containers. However, we found that the CCOs from the six installations did not accurately track or report location or condition information for the remaining 27 shipping containers.

¹⁰ Defense Transportation Regulation, Part VI, "Management and Control of Intermodal Containers and System 463L Equipment," Chapter 605, "Intermodal Container Movement Reporting, Tracking, and Inventory Requirements," January 28, 2021.

¹¹ Army Regulation 56-4, "Distribution of Materiel and Distribution Platform Management," September 17, 2014; Office of the Chief of Naval Operations Instruction 4680.1B, "Navy Intermodal Containerization Program," April 18, 2018; and Marine Corps Order 4690.1A, "Marine Corps Container Management Policy," June 26, 2018.

In November 2022, the Marine Corps issued Marine Corps Order 4690.1B, which cancels Marine Corps Order 4690.1A. During the audit, we used Marine Corps Order 4690.1A, as it was in effect while we performed the audit.

Figure 3. Results of Existence Testing for the 110 Shipping Containers



Note: The percentages provided in this figure relate only to the sampled shipping containers tested for existence at the six installations reviewed.

Source: The DoD OIG.

The following location information is related to the 12 shipping containers that the CCOs did not accurately track or report.

- According to the JCM system, a shipping container was located at Fort Bragg with the Logistics Readiness Center unit. The Fort Bragg CCO stated that the shipping container was on Fort Bragg, but assigned to a different unit. As a result of the audit, the Fort Bragg CCO updated the information in the JCM system.
- According to the JCM system, four shipping containers were located at Fort Hood with the Logistics Readiness Center unit. The Fort Hood CCO stated that three of the shipping containers were on Fort Hood, but assigned to different units. As a result of this audit, the CCO subsequently updated the location information in the JCM system for the three shipping containers located with different units on Fort Hood. The Fort Hood CCO could not locate the fourth shipping container; however, the CCO expected to locate the container during the next inventory. During the 2022 biennial inventory, the CCO verified that the shipping container was on Fort Hood and that the information in the JCM system was correct.
- According to the JCM system, four shipping containers were located at Port Hueneme with the Naval Facilities Engineering and Expeditionary Warfare Center unit. The Port Hueneme CCO stated that two shipping containers were on Port Hueneme, but assigned to different units and the third shipping container was located at Point Mugu, California. As a result

of this audit, the CCO subsequently updated the location information in the JCM system for the three shipping containers. The Port Hueneme CCO could not locate the fourth shipping container during the site visit or 2022 biennial inventory and did not update the JCM system to identify the location as unknown.

- For three shipping containers at Camp Lejeune, the Camp Lejeune CCO stated that the shipping containers were located at Camp Pendleton, California; Okinawa, Japan; and an installation in Oklahoma. As a result of this audit, the Camp Lejeune CCO subsequently updated location information for two of the three shipping containers in the JCM system; however, the location information for the final shipping container remained the same, as of September 21, 2022, in the JCM system as during our site visit.

The following condition information is related to the 15 shipping containers that the CCOs did not accurately track or report.

- For four shipping containers at Port Hueneme, the Port Hueneme CCO stated that the condition information of the shipping containers should show as disposed in the JCM system. The CCO subsequently requested and obtained approval for updating the condition information for the four shipping containers to “disposed” in the JCM system.
- For one shipping container from Williamsburg, the Williamsburg CCO stated that the condition information of the shipping container should show as disposed in the JCM system. The Williamsburg CCO subsequently requested and obtained approval for updating the condition information for the shipping container to “disposed” in the JCM system.
- For one shipping container at Camp Lejeune, the Camp Lejeune CCO stated that the condition information of the shipping container should show as disposed in the JCM system. Although the CCO initially stated that the shipping container was disposed of, during the 2022 biennial inventory, the CCO found the missing shipping container.
- For nine shipping containers at Camp Pendleton, the Camp Pendleton CCO stated that the condition information of the shipping containers should show as disposed in the JCM system. The CCO subsequently requested and received approval for updating the condition information for the nine shipping containers to “disposed” in the JCM system.

Table 3 summarizes the number of shipping containers by installation that had inaccurate location and condition information in the JCM system.

Table 3. Summary of Shipping Containers by Installation with Inaccurately Tracked and Reported Location and Condition Information in the JCM System as a Result of Existence Testing

Service	Installation	Inaccurately Tracked and Reported Location Information	Inaccurately Tracked and Reported Condition Information	Total Inaccurately Tracked and Reported Location and Condition Information	Updated Correctly in the JCM System	Not Updated in the JCM System
Army	Fort Bragg	1		1	1	
	Fort Hood	4		4	4	
Navy	Port Hueneme	4	4	8	7	1
	Williamsburg		1	1	1	
Marine Corps	Camp Lejeune	3	1	4	3	1
	Camp Pendleton		9	9	9	
Total		12	15	27	25	2

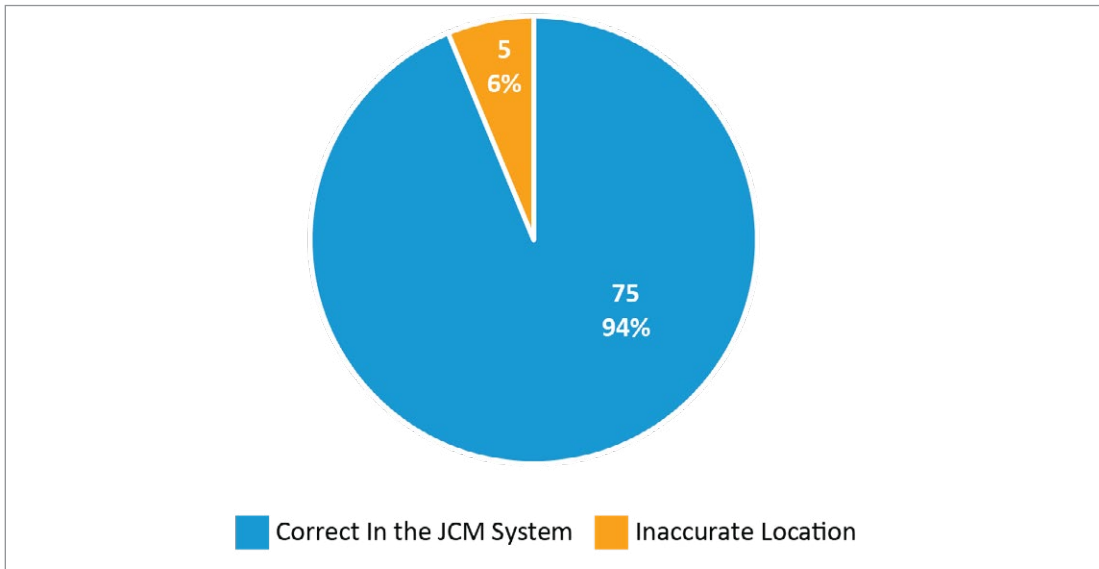
Source: The DoD OIG and SDDC.

As a result of the audit, the CCOs and AIDPMO at all six installations updated the location and condition information related to 25 of 27 shipping containers; however the CCOs did not update the JCM system for 2 of 27 shipping containers. Of the two shipping containers that were not corrected in the JCM system, the CCO at Port Hueneme stated that one shipping container was lost and that they were researching what happened. For the remaining shipping container, the CCO at Camp Lejeune stated that as of September 16, 2022, the location information is unknown and the CCO was researching the shipping container's location.

Discrepancies Identified When Testing the Shipping Containers for Completeness at the Six Installations

To confirm the completeness of the shipping containers at the six installations, we randomly selected 80 shipping containers that we physically observed at the six installations and verified the accuracy of the location and condition information in the JCM system. We determined that the CCOs tracked and reported the correct location and condition information in the JCM system for 75 of 80 shipping containers. However, we found that the CCOs at Fort Hood, Port Hueneme, and Camp Lejeune did not accurately track or report in the JCM system the correct location information related to the remaining 5 shipping containers. Figure 4 shows the results of the shipping containers tested for completeness and whether the six installations did and did not accurately track and report location information in the JCM system.

Figure 4. Results of Completeness Testing for the 80 Shipping Containers



Note: The percentages provided in this figure relate only to the sampled shipping containers tested for existence at the six installations reviewed.

Source: The DoD OIG.

- For one shipping container at Fort Hood, the Fort Hood CCO stated that the shipping container was transported from San Antonio, Texas, to Fort Hood. As a result of the audit, the Fort Hood CCO corrected the location information in the JCM system for the shipping container.
- For three shipping containers at Port Hueneme, the Port Hueneme CCO stated that one shipping container was located in Herlong, California; one shipping container was located in McAlester, Oklahoma; and one shipping container was physically located at Port Hueneme but with a unit different from the unit identified in the JCM system. As a result of the audit, the Port Hueneme CCO corrected the location information in the JCM system for the three shipping containers.
- For one shipping container at Camp Lejeune, the Camp Lejeune CCO stated that the shipping container was transported from Camp Arifjan to Camp Lejeune. As a result of the audit, the Camp Lejeune CCO corrected the location information for the shipping container.

CCOs Did Not Prioritize Updating the JCM System

The CCOs at the six installations did not accurately track or report the correct location or condition information in the JCM system for 32 shipping containers because the installation CCOs did not prioritize updates in a timely manner to the JCM system. According to the CCOs at five of the six installations, a major

challenge with the CCO position is that shipping container management is not their primary role. For example, the CCO at Fort Hood supervises rail crew and railcar staging for the Rail Operation Center in addition to CCO responsibilities. Another CCO at Fort Bragg supported trucking, heavy equipment, and material handling

The CCOs at the six installations did not accurately track or report the correct location or condition information in the JCM system for 32 shipping containers.

operations and the transporting of equipment to the maintenance repair facility in addition to CCO responsibilities. In addition, a CCO at Camp Lejeune explained that high turnover and training challenges, such as limited knowledge of the CCO role and the functions of the JCM system, contributed to personnel facing challenges in learning the JCM system, roles, and responsibilities. Therefore we recommend that the Commanders of the 406th Army Field Support Battalion-Bragg, 406th Army Field Support Brigade, Fort Bragg, North Carolina; 407th Army Field Support Battalion-Hood, 407th Army Field Support Brigade, Fort Hood, Texas; Navy Expeditionary Medical Support Command, Williamsburg, Virginia; Naval Facilities Engineering and Expeditionary Warfare Center, Port Hueneme, California; and Marine Corps Logistics Command, develop procedures to ensure the prioritization of compliance with the tracking and reporting of information related to DoD-owned shipping containers.

While the CCOs did not prioritize updates in a timely manner to the JCM system, we found that during our audit, in 2022, the CCOs across the Services conducted their biennial inventory, as required by the DTR. The SDDC completed the 2022 biennial inventory, and USTRANSCOM approved the results in March 2023. During the 2022 biennial inventory, the CCOs across the Services were tasked by USTRANSCOM to:

- account for all containers located on their installations;
- verify the next inspection date for on-hand containers;
- verify the ownership of containers displayed as registered to their Service per the DoD Registry;
- verify the year of manufacture in order to track container life cycle; and
- verify the inspection grades of containers.

USTRANSCOM confirmed that the CCOs completed all of the above tasks to comply with the 2022 biennial inventory. As a result of the actions taken by the CCOs to comply with the 2022 biennial inventory, we are not recommending additional inventories across the Services at this time.

Inaccurately Tracked Shipping Containers Can Affect Present Overall Readiness to Support Forces

Although the CCOs at the six installations we visited did not consistently track or report information in the JCM system related to DoD-owned shipping containers as required by DoD and Service policies, as a result of the audit, the CCOs corrected location or condition information in the JCM system related to 30 of 32 shipping containers we reviewed. In addition, for the two remaining shipping containers that were not corrected, as of September 16, 2022, the first CCO was researching the container's location and the second CCO, as of October 6, 2022, confirmed that the shipping container was still lost. Effective shipping container management provides visibility over mission-essential shipping containers and enhances the DoD's ability to rapidly respond to worldwide contingencies. While the six installations maintained visibility over the majority of shipping containers reviewed and had ample shipping containers available to support ongoing missions, the importance of accurate information is imperative to readiness in the event additional operations are initiated.

Recommendations, Management Comments, and Our Response

Recommendation A.1

We recommend that the Commanders of the following organizations develop procedures to ensure the prioritization of compliance with the tracking and reporting of information related to DoD-owned shipping containers:

- a. 406th Army Field Support Battalion-Bragg, 406th Army Field Support Brigade, Fort Bragg, North Carolina;**

Army Sustainment Command Comments

Responding for the 406th Army Field Support Battalion-Bragg, 406th Field Support Brigade, the Commanding General of the Army Sustainment Command agreed with the recommendation, stating that the 406th Army Field Support Battalion-Bragg will implement the corrective action of adding language to the Container Management Standard Operating Procedure to require CCOs to sign a "Statement of Understanding," with the specified timeline to acknowledge receipt within the JCM system. The Executive Deputy to the Commanding General, U.S. Army Material Command, endorsed comments from the Army Sustainment Command.

Our Response

The Commanding General's comments addressed the recommendation; therefore, the recommendation is resolved but will remain open. We will close the recommendation once we verify that the Container Management Standard Operating Procedure incorporates the "Statement of Understanding" requirement with the specified timeline to acknowledge receipt in the JCM system.

b. 407th Army Field Support Battalion-Hood, 407th Army Field Support Brigade, Fort Hood, Texas;

Army Sustainment Command Comments

Responding for the 407th Army Field Support Battalion-Hood, 407th Field Support Brigade, the Commanding General of the Army Sustainment Command agreed with the recommendation, stating that the 407th Army Field Support Battalion-Hood took immediate action and updated Container Control Office Annex J to reflect the updating of the JCM system within 48 hours of receiving and shipping containers. The Commanding General also stated that the Army Field Support Battalion-Hood hired two additional container managers. The Executive Deputy to the Commanding General, U.S. Army Material Command endorsed comments from the Army Sustainment Command.

Our Response

The Commanding General's comments addressed the recommendation. The Commanding General provided us with the updated Container Control Office Annex J and the Army Field Support Battalion-Hood appointment letter for the two additional container managers. Therefore, the recommendation is resolved and closed.

c. Navy Expeditionary Medical Support Command, Williamsburg, Virginia;

Naval Medical Readiness Logistics Command Comments

Responding for the Navy Expeditionary Medical Support Command, the Commanding Officer of the Naval Medical Readiness Logistics Command agreed with the recommendation, stating that the Naval Medical Readiness Logistics Command implemented changes to its container disposal process by adding requirements to:

- reduce the batch size of containers set for disposal to no more than six at a time;
- immediately upload signed property turn in documentation in the JCM system upon delivery of shipping containers to Defense Logistics Agency Disposition Services; and

- request immediate container removal through the Navy's JCM representative the same day property turn-in documentation is uploaded in the JCM system.

Our Response

The Commanding Officer's comments addressed the recommendation; therefore, the recommendation is resolved but will remain open. We will close the recommendation once we verify that the Naval Medical Readiness Logistics Command implemented procedures to ensure the prioritization of compliance with the tracking and reporting of information related to DoD-owned shipping containers.

d. Naval Facilities Engineering and Expeditionary Warfare Center, Port Hueneme, California; and

Naval Facilities Engineering Systems Command Comments

Responding for the Naval Facilities Engineering and Expeditionary Warfare Center, the Commander of the Naval Facilities Engineering Systems Command agreed with the recommendation, stating that the Naval Facilities Engineering and Expeditionary Warfare Center would establish and implement standard operating procedures to support Navy Container Management Instruction by October 31, 2023.

Our Response

The Commander's comments addressed the recommendation; therefore, the recommendation is resolved but will remain open. We will close the recommendation once we verify that Naval Facilities Engineering and Expeditionary Warfare Center developed procedures to ensure the prioritization of compliance with the tracking and reporting of information related to DoD-owned shipping containers.

e. Marine Corps Logistics Command, Albany, Georgia.

Marine Corps Installations and Logistics Comments

Responding for the Marine Corps Logistics Command, the Assistant Deputy Commandant for Installations and Logistics agreed with the recommendation, stating that the Marine Corps would:

- hold monthly meetings with CCOs starting by April 30, 2023, and continue monthly;
- validate CCO lists and submit updates to the Marine Corps Container Control Office by April 30, 2023, and continuing monthly;

- direct major commands and supporting establishments to provide quarterly reports by June 30, 2023, and continuing quarterly;
- conduct informal inspections during site visits by October 31, 2023;
- leverage radio frequency technology to improve the accuracy and timeliness of future inventory actions by June 30, 2023, and continuing thereafter;
- continue to review and standardize internal control procedures by April 30, 2023, and continuing monthly;
- leverage other DoD entities to access educational opportunities for CCOs by September 30, 2023; and
- seek re-establishment of the container control checklist at the Field Supply Maintenance and Analysis Office by October 31, 2023.

Our Response

The Assistant Deputy Commandant's comments addressed the recommendation; therefore, the recommendation is resolved but will remain open. We will close the recommendation once we verify that the Marine Corps implemented the proposed procedures, such as: (1) providing quarterly reports, (2) conducting informal inspections, (3) leveraging radio frequency technology, (4) leveraging other DoD entities, and (5) seeking re-establishment of the container control checklist at the Field Supply Maintenance and Analysis Office. We have reviewed documentation that Marine Corps officials provided to determine whether the Marine Corps completed the following tasks as of April 30, 2023: (1) held the initial monthly meeting with the CCOs, (2) directed stakeholders to resubmit the CCOs validation lists to validate the CCOs list and submit updates to the Marine Corps Container Control Officer, and (3) continued to review and standardize internal control procedures.

Recommendation A.2

We recommend that the Commander of the Military Surface Deployment and Distribution Command provide the DoD Office of Inspector General the results of the 2022 biennial inventory when approved by the U.S. Transportation Command.

Military Surface Deployment and Distribution Command Comments

The SDDC Commanding General agreed with the recommendation, stating that the inventory results have been provided to the DoD Office of Inspector General.

Our Response

The Commanding General's comments addressed the recommendation. Therefore, the recommendation is resolved and closed. The Commanding General provided us with the 2022 biennial inventory with the response to the recommendation.

Finding B

SDDC Officials Did Not Comply with the Requirement to Account for Shipping Containers in an APSR

SDDC officials who owned shipping containers at two of the six installations we visited did not require use of an APSR to account for DoD-owned shipping containers with an acquisition cost of \$5,000 or more as required by DoD Instruction 5000.64. Of the 190 shipping containers reviewed at six installations, 62 (33 percent) shipping containers had an acquisition cost of \$5,000 or more.¹² Navy officials owned 43 of 62 (69 percent) shipping containers, which had a total acquisition cost of \$3.07 million, and recorded all 43 shipping containers in an APSR. The SDDC owned 19 of 62 (31 percent) shipping containers, which had a total acquisition cost of \$136,501, and the SDDC did not use an APSR to account for the shipping containers. SDDC officials at the two installations used the JCM system to account for the 19 shipping containers; however, the JCM system did not meet the requirements of an approved APSR because the JCM system did not interface with the DoD's financial systems. While reporting information related to shipping containers in the JCM system provides visibility for shipping containers, using an APSR in accordance with the DoD requirement ensures consistency in the identification, classification, and reporting of the shipping containers in the financial statements.

SDDC Officials Did Not Include Centrally Managed Shipping Containers in an APSR

SDDC officials who owned shipping containers at Fort Bragg and Fort Hood did not require use of an APSR to account for 19 DoD-owned shipping containers valued at \$5,000 or more in accordance with DoD Instruction 5000.64. DoD Instruction 5000.64 requires DoD Components to report all Government property (equipment, weapon systems, and other accountable property) with a unit acquisition cost of \$5,000 or more in an APSR. According to the DoD Instruction, the minimum information required to be maintained in an APSR includes:

- name, part number, description;
- owner;
- status;

SDDC officials who owned shipping containers at Fort Bragg and Fort Hood did not require use of an APSR to account for 19 DoD-owned shipping containers valued at \$5,000 or more in accordance with DoD Instruction 5000.64.

¹² The percentages provided in this finding relate only to the sampled shipping containers tested for reporting information in an APSR at the six installations reviewed.

- quantity;
- general ledger classification;
- value at full cost and depreciation information or original acquisition cost;
- estimated useful life;
- unique item identifier;
- date placed in service;
- location;
- current condition; and
- transaction date and type.

SDDC officials referred to the Army policy, which states that shipping containers are required to be on a unit-owned property book or the Army Container Accountability Management system, now the JCM system.¹³ According to the Director of Equipment from the Office of the Assistant Secretary of Defense for Logistics, who manages DoD Instruction 5000.64, shipping containers are required to be recorded in an APSR, and the JCM system does not contain all of the required data elements of an APSR. The Director further stated that the JCM system, therefore, lacked the financial accountability required for the system to be considered an APSR in accordance with DoD Instruction 5000.64. SDDC officials confirmed that the JCM system does not include all of the required data elements of an APSR. Specifically, SDDC officials stated that the JCM system does not include the value at full cost and depreciation information or original acquisition cost, estimated useful life, and the care of supplies in storage as needed.

For each of the 190 shipping containers we sampled, we determined whether each shipping container had an acquisition cost of \$5,000 or more. If the shipping container had an acquisition cost of \$5,000 or more, we determined whether it was accounted for in an APSR in accordance with the DoD Instruction 5000.64.

We determined that 62 of 190 (33 percent) shipping containers reviewed had an acquisition cost of \$5,000 or more, with a total acquisition value of \$3.21 million. The 62 shipping containers valued at \$5,000 or more belonged to Fort Bragg, Fort Hood, Williamsburg, and Port Hueneme, while Camp Lejeune and Camp Pendleton did not have any shipping containers with an acquisition cost of \$5,000 or more.¹⁴

Table 4 outlines the breakdown of the installations where the 62 shipping containers valued at \$5,000 or more were located.

¹³ Army Regulation 56-4, "Distribution of Materiel and Distribution Platform Management," September 17, 2014.

¹⁴ During the audit, we obtained and reviewed APSR data showing that the Marine Corps did not include any shipping containers with an acquisition cost of \$5,000 or more.

Table 4. Summary of Shipping Containers Reviewed with an Acquisition Cost of \$5,000 or More

Service	Installation	Total Shipping Containers Reviewed	
		Reviewed	Acquisition Cost at \$5,000 or More
Army	Fort Bragg, North Carolina	19	6
Army	Fort Hood, Texas	34	13
Navy	Williamsburg, Virginia	39	30
Navy	Port Hueneme, California	32	13
Marine Corps	Camp Lejeune, North Carolina	35	0
Marine Corps	Camp Pendleton, California	31	0
Total		190	62

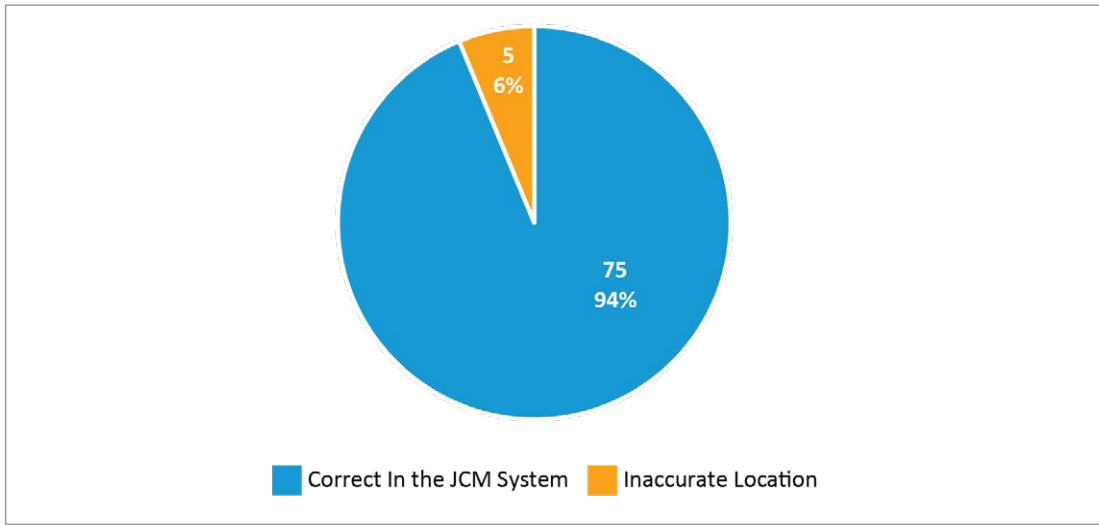
Source: The DoD OIG.

The installation officials at Williamsburg and Port Hueneme used an APSR to account for 43 of 62 shipping containers valued at \$5,000 or more, totaling \$3.07 million. The installation officials at Williamsburg and Port Hueneme included all the required information on the 43 shipping containers in two APSRs—the Defense Medical Logistics Support System and the Navy Enterprise Resource Planning System.

The remaining 19 of 62 shipping containers, valued at \$5,000 or more, totaling \$136,501, were located at Fort Bragg and Fort Hood, but were centrally owned by the SDDC. The SDDC officials did not use an APSR to account for the shipping containers valued at \$5,000 or more as required by DoD Instruction 5000.64. Instead, SDDC officials used the JCM system, which does not meet the DoD Instruction 5000.64 requirements for an APSR, to account for the 19 shipping containers. Figure 5 shows the number of shipping containers with an acquisition cost of \$5,000 or more owned by the Army and Navy installations.

Table 5 shows the summary of shipping containers reviewed, shipping containers that had an acquisition cost of \$5,000 or more, and shipping containers recorded and not recorded in an APSR.

Figure 5. Number of Army and Navy Installations with Shipping Containers Over Acquisition \$5,000



Note: The percentages provided in this figure relate only to the sampled shipping containers with an acquisition cost of \$5,000 or more at the Army and Navy installations reviewed.

Source: The DoD OIG.

Table 5. Summary of Shipping Containers Reviewed with an Acquisition Cost of \$5,000 or More Recorded and Not Recorded in an APSR

Service	Installation	Total Shipping Containers Reviewed					
		Reviewed	Acquisition Cost at \$5,000 or More	Recorded in an APSR as Required	Total Acquisition Cost of Shipping Containers Recorded in an APSR	Not Recorded in an APSR as Required	Total Acquisition Cost of Shipping Containers Not Recorded in an APSR
Army	Fort Bragg, North Carolina	19	6	0	N/A	6	\$41,395
Army	Fort Hood, Texas	34	13	0	N/A	13	95,106
Navy	Williamsburg, Virginia	39	30	30	\$2,835,758	0	N/A
Navy	Port Hueneme, California	32	13	13	236,628	0	N/A
Marine Corps	Camp Lejeune, North Carolina	35	0	0	N/A	0	N/A
Marine Corps	Camp Pendleton, California	31	0	0	N/A	0	N/A
Total		190	62	43	\$3,072,386	19	\$136,501

Source: The DoD OIG.

SDDC Officials Considered the JCM System Sufficient to Account for Shipping Containers

According to the SDDC officials, the SDDC owned the 19 shipping containers, was not required to record the shipping containers in an APSR, and complied with the Army policy. SDDC officials stated that because the SDDC-owned shipping containers are centrally managed shipping containers, the SDDC frequently deploys the shipping containers across other Army activities and the Services. In addition, SDDC officials stated that the shipping containers have a relatively low value, usually under \$5,000, and accounting for the shipping containers in an APSR would create obstacles and inefficiencies that could hinder missions. Despite the challenges the SDDC cited to account for centrally managed shipping containers in an APSR, DoD Instruction 5000.64 requires DoD Components to report all Government property having a unit acquisition cost of \$5,000 or more in an APSR. In addition, the APSR functions as a supplemental ledger to the DoD Component accounting system for financial reporting purposes.

While the JCM system provides visibility of the SDDC's centrally managed shipping containers, the JCM system is not an APSR because the system does not interface with DoD financial systems as required by DoD Instruction 5000.64. Therefore, we recommend that the SDDC Commander, in accordance with DoD Instruction 5000.64: (1) review the current list of the SDDC's shipping containers that have an acquisition cost of \$5,000 or more and report information related to the SDDC's shipping containers in an APSR; (2) develop and implement procedures to ensure that SDDC officials use an APSR to report information related to the SDDC's shipping containers that have a unit acquisition cost of \$5,000 or more; and (3) develop procedures to conduct periodic reviews of the SDDC's shipping containers that have an acquisition cost of \$5,000 or more to ensure SDDC officials report information related to the SDDC's shipping containers in an APSR.

Accounting for Shipping Containers Ensures Consistency in Existence, Acquisition Cost, and Availability

While reporting information related to shipping containers in the JCM system provides visibility for shipping containers, using an APSR in accordance with the DoD requirement ensures consistency in the identification, classification, and reporting of the shipping containers in the financial statements. In addition, using an APSR aids Government property officials in maintaining accurate records, control, and the acquisition cost of the shipping containers.

Recommendations, Management Comments, and Our Response

Recommendation B.1

We recommend that the Commander of the Military Surface Deployment and Distribution Command, in accordance with DoD Instruction 5000.64, “Accountability and Management of DoD Equipment and Other Accountable Property,” April 27, 2017, (Incorporating Change 3, June 10, 2019):

- a. Review the current list of the Surface Deployment and Distribution Command’s shipping containers that have an acquisition cost of \$5,000 or more and report information related to the Surface Deployment and Distribution Command’s shipping containers in an accountable property system of record.
- b. Develop and implement procedures to ensure that Surface Deployment and Distribution Command officials use an accountable property system of record to report information related to the Surface Deployment and Distribution Command’s shipping containers that have a unit acquisition cost of \$5,000 or more.
- c. Develop procedures to conduct periodic reviews of the Surface Deployment and Distribution Command’s shipping containers that have an acquisition cost of \$5,000 or more to ensure Surface Deployment and Distribution Command officials report information related to the Surface Deployment and Distribution Command’s shipping containers in an accountable property system of record.

Military Surface Deployment and Distribution Command Comments

The SDDC Commanding General disagreed with the recommendation, stating that policy does not facilitate the SDDC inputting containers in to an APSR, and the SDDC was not funded for this task. The Commanding General stated that satisfying the requirement would require that data feed from the JCM system to all Services’ APSR and necessitate support from Headquarters, Department of the Army and other DoD Components. The Commanding General stated that maintenance of data would require support of users across the DoD and was unachievable through the SDDC alone. The Commanding General recommended that a DoD team be formed to review policies applicable to freight containers and identify optimal policies and the DoD position regarding requirements and practices that will ensure maximum accountability in peacetime and wartime. The Commanding General suggested that the DoD team be formed and led by the Office of the Deputy Assistant Secretary of Defense for Logistics and Joint Staff, J4, with a target date of completion of August 2024.

Our Response

The Commanding General's suggestion to form a DoD team to review policies applicable to freight containers and identify optimal policies does not address the recommendation to report shipping containers with an acquisition cost of \$5,000 or more in an APSR. Therefore, the recommendation is unresolved.

The Commanding General's response identified actions needed to satisfy the DoD Instruction 5000.64 APSR reporting requirement, such as the establishment of a data feed between the JCM system and APSRs and the coordination across DoD users to maintain the data; however, the Command General did not identify any actions that the SDDC would take to establish a data feed with the Army's APSR, coordinate with DoD users, or work toward the SDDC's compliance with DoD Instruction 5000.64. In addition, the establishment of the data feed from the JCM system to the APSR would reduce the reliance on manual data entry and potentially address in full the concern regarding funding. As for policy not facilitating the input of containers into an APSR, DoD Instruction 5000.64 applies to the SDDC, and therefore, so does the requirement that accountable property be recorded in an APSR.

While the suggestion to form a DoD team to conduct a policy review potentially adds value to container management operations, it does not ensure the SDDC's compliance with DoD Instruction 5000.64, which requires all Government property (including shipping containers) with an acquisition cost of \$5,000 more to be recorded in an APSR. By not complying with DoD Instruction 5000.64, the SDDC will continue to prevent the consistent identification, classification, and reporting of the shipping containers in the financial statements as well as the maintenance of accurate records, control, and the acquisition cost of the shipping containers. We request that, within 30 days, the Commanding General provide us with actions the SDDC will take to comply with DoD Instruction 5000.64 by reporting information related to shipping containers that have an acquisition cost of \$5,000 or more in an APSR.

Appendix A

Scope and Methodology

We conducted this performance audit from May 2021 through February 2023 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient and appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Work Performed

We identified and reviewed the following DoD and Service criteria for shipping container management, including tracking and reporting information related to DoD-owned shipping containers.

- Defense Transportation Regulation, Part VI, “Management and Control of Intermodal Containers and System 463L Equipment,” Chapter 605, “Intermodal Container Movement Reporting, Tracking, and Inventory Requirements,” January 28, 2021
- DoD Instruction 5000.64, “Accountability and Management of DoD Equipment and Other Accountable Property,” April 27, 2017, (Incorporating Change 3, June 10, 2019)
- DoD Instruction 4500.57, “Transportation and Traffic Management,” March 7, 2017, (Incorporating Change 3, September 23, 2019)
- DoD Regulation 7000.14-R, “DoD Financial Management Regulation,” Volume 4, Chapter 25, “General Equipment”
- Army Regulation 56-4, “Distribution of Materiel and Distribution Platform Management,” September 17, 2014
- Office of the Chief of Naval Operations Instruction 4680.1B, “Navy Intermodal Containerization Program,” April 18, 2018
Marine Corps Order 4690.1A, “Marine Corps Container Management Policy,” June 26, 2018¹⁵

Audit Universe and Sample

We obtained data from the JCM system to identify the universe of DoD-owned shipping containers. Specifically, we obtained the JCM system data and identified the universe, as of July 22, 2021, of 273,182 Army, Navy, and Marine Corps shipping containers recorded in the JCM system—218,221 Army, valued at

¹⁵ In November 2022, the Marine Corps issued Marine Corps Order 4690.1B, which cancels Marine Corps Order 4690.1A. During the audit, we used Marine Corps Order 4690.1A, as it was in effect while we performed the audit.

\$1.9 billion; 18,324 Navy, valued at \$182.8 million; and 36,637 Marine Corps, valued at \$219.4 million; totaling \$2.3 billion. From this universe, we identified the two installations with the highest number of shipping containers in the continental United States for each Service, based on the total number of shipping containers reported for that location in the JCM system.

We then selected a nonstatistical sample of 20 shipping containers from the JCM system to observe at each of the six installations visited. During a site visit to Fort Bragg, we were unable to observe 10 of 20 nonstatistically sampled shipping containers because the Army unit that owned the 10 shipping containers was in the process of deploying to Afghanistan and was not available to support the site visit. Therefore, we tested the existence of only 10 shipping containers at Fort Bragg, reducing our nonstatistical testing sample to 110 shipping containers.

We also selected a nonstatistical sample randomly, but consistent with the number of shipping containers observed onsite at each installation. We selected a total of 80 onsite shipping containers to verify that the six installations had the correct physical location for shipping containers listed in the JCM system. For example, at Camp Lejeune we physically observed 15 of 20 sampled shipping containers; therefore, we selected 15 onsite shipping containers.

To verify that the six installations accounted for the shipping containers in the JCM system, as well as had the correct physical location and condition for the shipping containers listed in the JCM system, we:

- confirmed existence (physical observation) of the shipping containers at each installation in our nonstatistical sample and recorded each shipping container's barcode, inspection date, physical location, and condition; and
- confirmed completeness of the records for the shipping containers selected onsite to the JCM system and recorded each shipping container's barcode, inspection date, physical location, and condition.

In addition, we tested the accountability of shipping containers with an acquisition cost of \$5,000 or more included in an APSR. We obtained data from the JCM system and from the APSR to test which shipping containers the nonstatistical sample of shipping containers and the shipping containers selected onsite at each of the six installations. Table 6 shows the summary of the installation shipping containers and values.

Table 6. Summary of Installation Shipping Containers and Values

Service	Installation	Total Number of Shipping Containers	Total Value of Shipping Containers
Army	Fort Bragg, North Carolina	6,980	\$51,419,669
Army	Fort Hood, Texas	6,793	61,881,918
Navy	Williamsburg, Virginia	4,093	41,712,496
Navy	Port Hueneme, California	2,645	36,132,353
Marine Corps	Camp Lejeune, North Carolina	5,561	21,004,607
Marine Corps	Camp Pendleton, California	5,083	18,323,506
Total		31,155	\$230,474,549

Source: The DoD OIG.

Table 7 shows the summary of installations and the total sampled shipping containers reviewed and tested.

Table 7. Summary of Installations and Sampled Shipping Containers Subject for Testing

Service	Installation	Nonstatistical Sample	Sampled Selected Onsite*	Total Subject to Testing	Total Value Subject to Testing
Army	Fort Bragg, North Carolina	10	9	19	\$66,823
Army	Fort Hood, Texas	20	14	34	141,753
Navy	Williamsburg, Virginia	20	19	39	2,866,049
Navy	Port Hueneme, California	20	12	32	271,998
Marine Corps	Camp Lejeune, North Carolina	20	15	35	87,028
Marine Corps	Camp Pendleton, California	20	11	31	53,158
Total		110	80	190	\$3,486,809

* For the existence testing, we were not able to physically observe all of the shipping containers based on the nonstatistical sample because some shipping containers were unavailable onsite at the time of the review. For consistency between the existence and completeness samples, we selected the same number of shipping containers onsite based on the shipping containers observed.

Source: The DoD OIG and SDDC.

Because we used a nonstatistical sample for the shipping containers tested for existence, completeness, and accountability in the APSR, we could not project the results of our review to the universe of all the shipping containers for the Army, Navy, and Marine Corps.

Organizations Interviewed and Sites Visited

We conducted interviews with USTRANSCOM, SDDC, Service, and installation officials from six installations (two Army, two Navy, and two Marine Corps) to discuss the DTR, DoD and Service policies, as well as the tracking and reporting of information and processes for DoD-owned shipping containers. We coordinated and interviewed SDDC and AIDPMO personnel to obtain access and data from the JCM system. Table 8 shows the summary of organizations interviewed and sites visited.

Table 8. Summary of Organizations Interviewed and Installations Visited to Answer the Audit Objective

DoD Component	Organization	Location
Deputy Assistant Secretary of Defense	Logistics, Transportation Directorate	Alexandria, Virginia
Combatant Command	U.S. Transportation Command	Scott Air Force Base, Illinois
Combatant Command	U.S. Central Command	MacDill Air Force Base, Florida
Army	Military Surface Deployment and Distribution Command	Scott Air Force Base, Illinois
Army	Army Intermodal and Distribution Platform Management Office	Scott Air Force Base, Illinois
Army	U.S. Army 406th Army Field Support Battalion-Bragg, U.S. Army 406th Army Field Support Brigade	Fort Bragg, North Carolina
Army	U.S. Army XVIII Airborne Corps	Fort Bragg, North Carolina
Army	U.S. Army 407th Army Field Support Battalion, U.S. Army 407th Army Field Support Brigade	Fort Hood, Texas
Navy	Navy Expeditionary Medical Support Command	Williamsburg, Virginia
Navy	Naval Facilities Engineering and Expeditionary Warfare Center, Expeditionary Basing Program Support Branch	Port Hueneme, California
Marine Corps	Marine Corps Logistics Command	Albany, Georgia
Marine Corps	II Marine Expeditionary Force	Camp Lejeune, North Carolina
Marine Corps	Marine Forces Special Operations Command	Camp Lejeune, North Carolina
Marine Corps	I Marine Expeditionary Force	Camp Pendleton, California

Table 8. Summary of Organizations Interviewed and Installations Visited to Answer the Audit Objective (cont'd)

DoD Component	Organization	Location
Deputy Assistant Secretary of Defense	Logistics, Transportation Directorate	Alexandria, Virginia
Marine Corps	1st Battalion, 11th Marines	Camp Pendleton, California
Air Force	U.S. Air Forces Central Command	Shaw Air Force Base, South Carolina

Source: The DoD OIG.

Internal Control Assessment and Compliance

We assessed internal controls and compliance with laws and regulations necessary to satisfy the audit objective. In particular, we assessed the control components and underlying principles related to the tracking and reporting of information related to shipping containers. Specifically, we assessed the control activities, including the actions established by management through policies and procedures to achieve objectives and respond to risks. In addition, we assessed the information and communication that management and personnel used to determine the quality of information of the JCM system and APSRs. During the audit, we found that Army, Navy, and Marine Corps officials generally complied with DoD and Service requirements to track and report information in the JCM system related to shipping container movements and conditions for the shipping containers reviewed. In addition, we found that SDDC officials did not comply with the requirement to account for shipping containers with an acquisition cost of at \$5,000 or more in an APSR. We determined that this internal control process was significant to the audit objectives. However, because our review was limited to these internal control components and underlying principles, it may not have disclosed all internal control deficiencies that may have existed at the time of this audit.

Use of Computer-Processed Data

We used computer-processed data from the JCM system to obtain a universe of shipping container records and select a nonstatistical sample of shipping containers to review. To test the reliability of the data, we physically observed each of the sampled shipping containers to determine whether the location in the JCM system was correct. In addition, we interviewed installation officials from the six installations concerning differences in the physical observations of the JCM system data, and requested supporting documentation. We used the differences as the basis for our findings, conclusions, and recommendations. We determined that the data were sufficiently reliable.

In addition, we used computer-processed data from the JCM system for the six installations and the APSR for five of six installations (two Navy and two Marine Corps installations, and one Army installation) to identify sampled shipping containers with an acquisition cost of \$5,000 or more that were required to be in an APSR. To test the reliability of the data, we interviewed installation officials from the six installations and requested supporting documentation. We used the data as the basis for our findings, conclusions, and recommendations. We determined that the data were sufficiently reliable for the use of this audit.

Use of Technical Assistance

In an initial consultation with the Quantitative Methods Division, we used a nonstatistical sample of 20 shipping containers that covered multiple units within the Camp Lejeune and Fort Bragg installations. However, after the Fort Bragg visit, due to possible resource constraints at the remaining installations, we used a nonstatistical sample of 20 shipping containers based on the unit within the installation with the highest number of shipping containers recorded in the JCM system.

Prior Coverage

During the last 5 years, the Air Force Audit Agency issued two reports discussing, in part, the tracking and reporting of information related to DoD-owned shipping containers. Unrestricted Air Force Audit Agency reports can be accessed from <https://www.afaaf.mil/> by clicking on Freedom of Information Act Reading Room and then selecting audit reports.

Air Force

Report No. F2020-0003-L40000, "Container Management," January 29, 2020

The Air Force Audit Agency found that logistics personnel did not properly account for, manage requirements for, or maintain shipping containers. Effective shipping container management provides visibility over mission-essential shipping containers, protects against unauthorized use, prevents unnecessary procurements, and enhances the Air Force's rapid response to worldwide contingencies. The Air Force Audit Agency made two recommendations to the Deputy Chief of Staff for Logistics, Engineering, and Force Protection: complying with DoD guidance and defining roles and responsibilities for the shipping container program office within Air Force guidance. The Deputy Chief of Staff for Logistics, Engineering, and Force Protection concurred with the recommendations and provided corrective actions.

Report No. F2020-0001-L40000, "Air Forces Central Command Container Management Program," November 14, 2019

The Air Force Audit Agency found that installation-level Air Force CCOs at the Air Forces Central Command did not accurately account for 16 percent of Air Force managed shipping containers inventoried and that Air Force and contractor personnel did not maintain and inspect shipping containers in accordance with guidance. The Air Force Audit Agency made four recommendations to the Commander of the Air Forces Central Command. The recommendations were to direct a wall-to-wall inventory of all shipping containers in the Air Forces Central Command area of responsibility; emphasize the importance of promptly updating shipping container shipment and receipt; establish policies requiring Transportation Officers to provide oversight to ensure that CCOs promptly update shipping container shipment and receipt, conduct the required inventories, and correct identified errors; and establish a formal plan to bring all shipping container inspections into compliance. The Commander agreed with the recommendations and provided corrective actions.

Management Comments

Military Surface Deployment and Distribution Command



DEPARTMENT OF THE ARMY
MILITARY SURFACE DEPLOYMENT AND DISTRIBUTION COMMAND
1 SOLDIER WAY
SCOTT AFB, IL 62225-5006

AMSD-IA (36-2b2)

22 March 2023

MEMORANDUM FOR DEPARTMENT OF DEFENSE INSPECTOR GENERAL,
4800 MARK CENTER DRIVE ALEXANDRIA, VA 22350-1500

SUBJECT: Audit of the Tracking and Reporting of Department of Defense-Owned
Shipping Containers (Project No. D2021-D000RK-0118.000)

1. The Military Surface Deployment and Distribution Command has reviewed the subject report and provides the enclosed response to the report's recommendations.
2. The point of contact in this matter is [REDACTED]

Encl

LAWRENCE, GAVIN [REDACTED]
ANTONIO [REDACTED]
[REDACTED]
GAVIN A. LAWRENCE
Major General, USA
Commanding

Military Surface Deployment and Distribution Command (cont'd)

DOD IG Draft Report (Project No. D2021-D000RK-0118.000)

“Audit of the Tracking and Reporting of Department of Defense-Owned Shipping Containers”

Dated 23 February 2023

1. Recommendation A1: (U) We recommend that the Commanders of the 406th Army Field Support Battalion-Bragg, 406th Army Field Support Brigade, Fort Bragg, North Carolina; 407th Army Field Support Battalion-Hood, 407th Army Field Support Brigade, Fort Hood, Texas; Navy Expeditionary Medical Support Command, Williamsburg, Virginia; Naval Facilities Engineering and Expeditionary Warfare Center, Port Hueneme, California; and Marine Corps Logistics Command, develop procedures to ensure the prioritization of compliance with the tracking and reporting of information related to DoD-owned shipping containers.

SDDC Position: (U) Concur.

Estimated Completion Date (ECD): This recommendation requires action by organizations outside of USTRANSCOM and SDDC. ECD TBD.

2. Recommendation A2: (U) We recommend that the Commander of the Military Surface Deployment and Distribution Command provide the DoD Office of Inspector General the results of the 2022 biennial inventory when approved by the U.S. Transportation Command.

SDDC Position: (U) Concur. The inventory results have been provided to DODIG.

Estimated Completion Date (ECD): Complete

3. Recommendation B1: We recommend that the Commander of the Military Surface Deployment and Distribution Command, in accordance with DoD Instruction 5000.64, “Accountability and Management of DoD Equipment and Other Accountable Property,” April 27, 2017, (Incorporating Change 3, June 10, 2019):

a. Review current list of the Surface Deployment and Distribution Command's shipping containers that have an acquisition cost of \$5,000 or more and report information related to the Surface Deployment and Distribution Command's shipping containers in an accountable property system of record.

Military Surface Deployment and Distribution Command (cont'd)

SDDC Position: (U) Non-concur with comment. Policy does not facilitate SDDC inputting containers into an accountable property system of record, and SDDC is not funded for this task. Satisfying this requirement would require data feed from the Joint Container Management system to all Services' accountable property systems of record and necessitate support from Headquarters, Department of the Army and other DoD Components. Maintenance of data would require support of users across DoD and is unachievable through SDDC alone. Recommend a DoD team be formed to review policies applicable to freight containers and identify optimal policies and DoD position regarding requirements and practices that will ensure maximum accountability in peacetime and wartime. This team should be formed and be led by Office of the Deputy Assistant Secretary of Defense for Logistics and Joint Staff, J4, with a target date of completion of August 2024.

Estimated Completion Date (ECD): August 2024

b. **Develop and implement procedures to ensure that Surface Deployment and Distribution Command officials use an accountable property system of record to report information related to the Surface Deployment and Distribution Command's shipping containers that have a unit acquisition cost of \$5,000 or more.**

SDDC Position: (U) Non-concur with comment. Policy does not facilitate SDDC inputting containers into an accountable property system of record, and SDDC is not funded for this task. Satisfying this requirement would require data feed from the Joint Container Management system to all Services' accountable property systems of record and necessitate support from Headquarters, Department of the Army and other DoD Components. Maintenance of data would require support of users across DoD and is unachievable through SDDC alone. Recommend a DoD team be formed to review policies applicable to freight containers and identify optimal policies and DoD position regarding requirements and practices that will ensure maximum accountability in peacetime and wartime. This team should be formed and be led by Office of the Deputy Assistant Secretary of Defense for Logistics and Joint Staff, J4, with a target date of completion of August 2024.

Estimated Completion Date (ECD): August 2024

c. **Develop procedures to conduct periodic reviews of the Surface Deployment and Distribution Command's shipping containers that have an acquisition cost of \$5,000 or more to ensure Surface Deployment and Distribution**

Military Surface Deployment and Distribution Command (cont'd)

Command officials report information related to the Surface Deployment and Distribution Command's shipping containers in an accountable property system of record.

SDDC Position: (U) Non-concur with comment. Policy does not facilitate SDDC inputting containers into an accountable property system of record, and SDDC is not funded for this task. Satisfying this requirement would require data feed from the Joint Container Management system to all Service's accountable property systems of record and necessitate support from Headquarters, Department of the Army and other DoD Components. Maintenance of data would require support of users across DoD and is unachievable through SDDC alone. Recommend a DoD team be formed to review policies applicable to freight containers and identify optimal policies and DoD position regarding requirements and practices that will ensure maximum accountability in peacetime and wartime. This team should be formed and be led by Office of the Deputy Assistant Secretary of Defense for Logistics and Joint Staff, J4, with a target date of completion of August 2024.

Estimated Completion Date (ECD): August 2024

Army Sustainment Command



REPLY TO
ATTENTION OF

DEPARTMENT OF THE ARMY
OFFICE OF THE DEPUTY CHIEF OF STAFF, G-4
500 ARMY PENTAGON
WASHINGTON, DC 20310-0500

DALO-OP

21 Apr 23

Inspector General, U.S. Department of Defense, 4800 Mark Center Drive, Alexandria, Virginia
22350-1500

SUBJECT: Official Army Position, Department of Defense Inspector General (DoDIG) Audit of
the Tracking and Reporting of Department of Defense-Owned Shipping Containers, Project No.
D2021-D000RK-0118.000

1. This memorandum establishes an official Army position on the draft report for the subject audit.
2. The ODSCS, G-4 concurs with DoDIG audit recommendation A.1 to the Commander, 406th Army Field Support Battalion-Bragg, 406th Army Field Support Brigade, Fort Bragg, North Carolina; and Commander, 407th Army Field Support Battalion-Hood, 407th Army Field Support Brigade, Fort Hood, Texas.
3. Under recommendation A.1, the DoDIG recommends that the Commanders of the 406th Army Field Support Battalion-Bragg, 406th Army Field Support Brigade, Fort Bragg, North Carolina; 407th Army Field Support Battalion-Hood, 407th Army Field Support Brigade, Fort Hood, Texas; develop procedures to ensure the prioritization of compliance with the tracking and reporting of information related to DoD-owned shipping containers.
4. The ODSCS, G-4 acknowledges and concurs with the enclosed U.S. Army Materiel Command review and endorsement of the U.S. Army Sustainment Command's response and actions taken to address DoDIG audit recommendation A.1, with estimated completion of 01 October 2023.
5. The ODSCS, G-4 point of contact for this action is [REDACTED]

HOYLE.HEIDI.J [REDACTED]

HEIDI J. HOYLE
MG, USA
Director of Operations
HQDA ODSCS G-4/3/5/7

Encl

Army Sustainment Command (cont'd)



DEPARTMENT OF THE ARMY
HEADQUARTERS, U.S. ARMY MATERIEL COMMAND
4400 MARTIN ROAD
REDSTONE ARSENAL, AL 35898-5000

AMIR

18 APR 2023

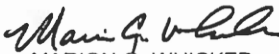
MEMORANDUM FOR Department of Defense Inspector General (DoDIG/Ms. Chiquita D. Johnson), Program Director for Readiness and Global Operations, 4800 Mark Center Drive, Alexandria, VA 22350-1500

SUBJECT: Command Comments to Department of Defense Inspector General Draft Report: Audit of the Tracking and Reporting of Department of Defense Owned Shipping Containers, Project: D2021-D000RK-0118.000

1. The U.S. Army Materiel Command has reviewed and endorses the subject draft report and responses from the U.S. Army Sustainment Command. Specific comments are included at the enclosure.

2. The U.S. Army Materiel Command point of contact is [REDACTED]

Encl


MARION G. WHICKER
Executive Deputy to the
Commanding General

Army Sustainment Command (cont'd)



DEPARTMENT OF THE ARMY
HEADQUARTERS US ARMY SUSTAINMENT COMMAND
1 ROCK ISLAND ARSENAL
ROCK ISLAND IL 61299-6500

APR 04 2023

AMAS-CG

MEMORANDUM FOR U.S. Army Materiel Command (AMCIR), 4400 Martin Road,
Redstone Arsenal, AL 35898-5000

SUBJECT: Response to DoDIG Draft Report: Audit of the Tracking and Reporting of
Department of Defense-Owned Shipping Containers Project No. D2021-D000RK-0118.000

1. Thank you for the opportunity to review and comment on the draft report. Our comments are enclosed.
2. DoDIG Draft Report: Audit of the Tracking and Reporting of Department of Defense-Owned Shipping Containers Project No. D2021-D000RK-0118.000 issued two recommendations to Army Sustainment Command (ASC).
3. We acknowledge the report's findings and concur with the recommendation (Encls).
4. The POC is [REDACTED]

2 Encls
ASC Command Comments
407th Annex J Container Control

A handwritten signature in black ink that reads "David Wilson".

DAVID WILSON
Major General, USA
Commanding

Army Sustainment Command (cont'd)

DoDIG Draft Report: Audit of the Tracking and Reporting of Department of Defense-Owned Shipping Containers Project No. D2021-D000RK-0118.000

General Comments:

The 406th and 407th Army Field Support Brigades acknowledge the DoDIG finding and concur with the recommendations. We have provided specific responses to the recommendation below.

Recommendation A.1:

We recommend that the Commanders of the 406th Army Field Support Battalion-Bragg, 406th Army Field Support Brigade, Fort Bragg, North Carolina; 407th Army Field Support Battalion-Hood, 407th Army Field Support Brigade, Fort Hood, Texas; develop procedures to ensure the prioritization of compliance with the tracking and reporting of information related to DoD-owned shipping containers.

406th Command Comments: the 406th Concur.

The 406th Army Field Support Brigade acknowledges the DoDIG finding and concurs with the recommendation.

Action taken:

The Army Field Support Battalion Bragg (AFSBn-Bragg) will implement the corrective action of adding the following language to the Container Management, Standing Operating Procedures (SOPs), to preclude recurrence. The Container Control Officer (CCO) will sign a "Statement of Understanding", with the specified timeline to acknowledge receipt within JCM. This will be applicable to all customers who use the Fort Bragg Installation Container Yard.

Estimated Completion Date for Actions: It will be distributed NLT 01 October 2023.

407th Command Comments: the 407th Concur.

The 407th Army Field Support Brigade acknowledges the DoDIG finding and concurs with the recommendation.

Action taken:

The Army Field Support Battalion-Hood (AFSBn-Hood) Container Control Office Annex J has been updated to reflect updating the JCM system within 48 hours of receiving and

Army Sustainment Command (cont'd)

shipping containers (see attached). AFSBn-Hood routinely communicates 407th AFSB Supply and Services section, III Armored Corps G4, 1st Cavalry Division G4, brigade S4s, and SDDC when units do not comply with receiving their containers within the 48 hours. In addition, AFSBn-Hood has hired two additional container managers.

Estimated Completion Date for Actions: we took immediate action and are implementing the corrective action.

Naval Medical Readiness Logistics Command



DEPARTMENT OF THE NAVY
NAVAL MEDICAL READINESS LOGISTICS COMMAND
564 SANDA AVENUE
WILLIAMSBURG, VIRGINIA 23185-5830

7500
Ser 00/050
13 Apr 23

From: Commanding Officer, Naval Medical Readiness Logistics Command
To: Inspector General, Department of Defense, Readiness and Global Operations

Subj: AUDIT OF THE TRACKING AND REPORTING OF DEPARTMENT OF DEFENSE-OWNED SHIPPING CONTAINERS (PROJECT NO. D2021-D000RK-0118.000)

1. Department of Defense Office of Inspector General (DoD IG) performed an audit on Naval Medical Readiness Logistics Command (NAVMEDREADLOGCOM) Tracking and Reporting of shipping containers on 20 January 2022 which resulted in the recommendation to develop procedures to ensure the prioritization of compliance with the tracking and reporting of information related to DoD-owned shipping containers.
2. NAVMEDREADLOGCOM implemented the recommended changes to its container disposal process reducing gaps in tracking containers however, the process requires actions by the Navy representative at the Joint Container Management (JCM) Office. As such, some gaps between notification to JCM Office and removal remain. NAVMEDREADLOGCOM process improvements include:
 - a. Reduce the batch size of containers set for disposal to Defense Logistics Agency Disposition Services (DLADS) to no more than six at a time.
 - b. Immediately upload signed 1348-1 in JCM system upon DLADS delivery.
 - c. On the same day the signed 1348-1 is uploaded in the JCM system request immediate container removal through the Navy Representative at JCM Office.
3. My point of contact for this matter is [REDACTED] who can be reached at [REDACTED] or e-mail: [REDACTED]


M. P. MARCINKIEWICZ

Naval Facilities Engineering Systems Command



DEPARTMENT OF THE NAVY
NAVAL FACILITIES ENGINEERING SYSTEMS COMMAND
1322 PATTERSON AVENUE, SE SUITE 1000
WASHINGTON NAVY YARD DC 20374-5085

7500
Ser 09IG/011
20 Mar 23

From: Commander, Naval Facilities Engineering Systems Command
To: Department of Defense Office of the Inspector General, Program Director Readiness and Global Operations

Subj: MANAGEMENT RESPONSE TO DODIG DRAFT REPORT PROJECT NO. D2021 D000RK 0118.000, AUDIT OF THE TRACKING AND REPORTING OF DEPARTMENT OF DEFENSE-OWNED SHIPPING CONTAINERS

Ref: (a) DoDI 7650.03

Encl: (1) Management Response to Project No. D2021-D000RK-0118.000

1. Per reference (a), enclosure (1) is provided for review. Naval Facilities Engineering Systems Command (NAVFAC) is extending the estimated completion date for recommendation A.1 to 31 October 2023.

2. Please refer questions to [REDACTED]
[REDACTED] or email [REDACTED]


S. J. FICHTER
By direction

Copy to:
NAVFAC EXWC

Naval Facilities Engineering Systems Command (cont'd)

**NAVAL FACILITIES ENGINEERING SYSTEMS COMMAND
MANAGEMENT RESPONSE TO DRAFT REPORT PROJECT NO.
D2021-D000RK-0118.000, AUDIT OF THE TRACKING AND REPORTING OF
DEPARTMENT OF DEFENSE-OWNED SHIPPING CONTAINERS
DATED: 23 FEB 23**

RECOMMENDATION A.1: We recommend that the Commanders of the 406th Army Field Support Battalion-Bragg, 406th Army Field Support Brigade, Fort Bragg, North Carolina; 407th Army Field Support Battalion-Hood, 407th Army Field Support Brigade, Fort Hood, Texas; Navy Expeditionary Medical Support Command, Williamsburg, Virginia; Naval Facilities Engineering and Expeditionary Warfare Center (NAVFAC EXWC), Port Hueneme, California; and Marine Corps Logistics Command develop procedures to ensure the prioritization of compliance with the tracking and reporting of information related to Department of Defense- owned shipping containers.

CURRENT STATUS: Concur, NAVFAC EXWC will establish and implement a standard operating procedure to support Navy Container Management Instruction.

DATE COMPLETED/ESTIMATED COMPLETION DATE: 31 October 2023

Enclosure (1)

Marine Corps Installations and Logistics



DEPARTMENT OF THE NAVY
HEADQUARTERS UNITED STATES MARINE CORPS
3000 MARINE CORPS PENTAGON
WASHINGTON DC 20350-3000

IN REPLY REFER TO:
4400
LPD
MAR 30 2023

From: Assistant Deputy Commandant, Installations and Logistics (LP)
To: Department of Defense Office of the Inspector General (DODIG)

Subj: COMMENTS REQUESTED, DODIG DRAFT REPORT, PROJECT NO. D2021-D000RK
0118.000, AUDIT OF THE TRACKING AND REPORTING OF DEPARTMENT OF
DEFENSE-OWNED SHIPPING CONTAINERS

Encl: (1) DoD Draft Report D2021-D000RK-0118.000
(2) LPD USMC Response to the DODIG Draft Report,
Project No. D2021 D000RK-0118.000
(3) Request for Security Marking - Audit of the Tracking and Reporting of
DoD-Owned Shipping Containers

1. In 2022, the Marine Corps was the subject of the Department of Defense Inspector General (DODIG) Audit enclosure (1). The Audit identified one finding and made one recommendation for the Marine Corps. In response to enclosure (1) the Marine Corps concurs with the recommendation and provides enclosure (2). Enclosure (3) provides verification the contents of the report are unclassified.

2. Marine Corps Logistics Command, Enterprise Distribution Division (MCLC, EDD) functions as the Marine Corps Container Manager and Container Control Office serving as primary point of contact for all ISO related matters. In this capacity, MCLC is required to utilize the DoD ISO Registry to conduct an annual inventory of all Marine Corps-owned ISO containers. The Marine Corps ISO inventory consists of over 34K ISO assets valued at over \$350M. At the conclusion of the 2022 Biennial ISO Container Inventory, the Marine Corps achieved an overall inventory completion rate of 96%.

3. The Biennial Inventory results provided an opportunity to refine many of our current container management business processes. Among the planned improvements are increased meetings with command CCOs, quarterly validation of command ISO container inventories, "no-notice" spot inspections by MCLC (EDD) subject matter experts, partnering with other DoD entities to seek additional educational opportunities, and leveraging active radio frequency identification technology to improve the accuracy of future inventories.

4. The Marine Corps requires a ready fleet of intermodal containers to project and sustain combat power, a capability ensured through sound accountability practices. The results of the 2022 DoD Biennial ISO Inventory validated the Marine Corps continued progress towards our goal of providing reliable ISO container support to our warfighters.

Marine Corps Installations and Logistics (cont'd)

Subj: COMMENTS REQUESTED, DODIG DRAFT REPORT, PROJECT NO. D2021-D000RK
0118.000, AUDIT OF THE TRACKING AND REPORTING OF DEPARTMENT OF
DEFENSE-OWNED SHIPPING CONTAINERS

5. Point of contact for questions concerning this correspondence is [REDACTED]



FORREST C. FOOLE, III

Copy to:
DC, I&L
Head, HQMC LPD (LPD-1)

Marine Corps Installations and Logistics (cont'd)

**DODIG DRAFT REPORT DATED FEBRUARY 23, 2023
PROJECT NO. D2021-D000RK-0118.000**

**“AUDIT OF THE TRACKING AND REPORTING OF DEPARTMENT OF DEFENSE-OWNED
SHIPPING CONTAINERS”**

UNITED STATES MARINE CORPS COMMENTS TO THE DODIG RECOMMENDATION

RECOMMENDATION A.1: DODIG recommends that the Commanders of the 406th Army Field Support Battalion-Bragg, 406th Army Field Support Brigade, Fort Bragg, North Carolina; 407th Army Field Support Battalion-Hood, 407th Army Field Support Brigade, Fort Hood, Texas; Navy Expeditionary Medical Support Command, Williamsburg, Virginia; Naval Facilities Engineering and Expeditionary Warfare Center, Port Hueneme, California; and Marine Corps Logistics Command, develop procedures to ensure the prioritization of compliance with the tracking and reporting of information related to DoD-owned shipping containers.

USMC RESPONSE: Concur. The Marine Corps reviewed and acknowledges the DODIG Report and deems the one finding a “Control Deficiency”. The recent DoD Biennial ISO Container Inventory provided the Marine Corps an excellent opportunity to reconcile asset status while updating existing business processes. The Marine Corps intends to implement the following corrective action plan to enhance container management readiness throughout sustainment and contingency operations:

- Continue monthly virtual meetings with stakeholder Container Control Officers (CCO’s).
Estimated Completion Date: 30 April 2023 and then Monthly/Ongoing.
- Direct major commands and supporting establishments to validate their CCO lists and submit updated copies to the Marine Corps Container Control Office.
Estimated Completion Date: 30 April 2023 and then Monthly/Ongoing.
- Direct major commands and supporting establishments to provide quarterly reports.
Estimated Completion Date: 30 June 2023 and then Quarterly/Ongoing.
- Direct representatives from the Marine Corps Logistics Command Container Management Office to conduct informal inspections during site visits.
Estimated Completion Date: Beginning in FY24; 31 October 2023.
- Leverage Active Radio Frequency Identification Technology to improve the accuracy and timeliness of future inventory actions.
Estimated Completion Date: 30 June 2023, then Ongoing.
- Continue to review and standardize internal control procedures.
Estimated Completion Date: 30 April 2023 and then Monthly/Ongoing.
- Leverage other DoD entities to access educational opportunities for CCO’s.
Estimated Completion Date: 4th quarter FY23; 30 September 2023.
- Seek re-establishment of the container control checklist at the Field Supply Maintenance and Analysis Office (FSMAO).
Estimated Completion Date: Beginning in FY24; 31 October 2023.

Acronyms and Abbreviations

AIDPMO	Army Intermodal and Distribution Platform Management Office
APSR	Accountable Property System of Record
CCO	Container Control Officer
DTR	Defense Transportation Regulation
JCM	Joint Container Management
SDDC	Military Surface Deployment and Distribution Command
USTRANSCOM	U.S. Transportation Command

Glossary

Accountable Property System of Record. Contains the official records that form the basis for accountability, audit, and fiduciary reporting of accountable property.

Centrally managed shipping containers. Shipping containers owned and controlled at the Service level instead of at the command level.

International Organization for Standardization. An international organization that prescribes the coding, identification, and marking standards relating to shipping containers.



Whistleblower Protection

U.S. DEPARTMENT OF DEFENSE

Whistleblower Protection safeguards DoD employees against retaliation for protected disclosures that expose possible fraud, waste, and abuse in Government programs. For more information, please visit the Whistleblower webpage at <http://www.dodig.mil/Components/Administrative-Investigations/Whistleblower-Reprisal-Investigations/Whistleblower-Reprisal/> or contact the Whistleblower Protection Coordinator at Whistleblowerprotectioncoordinator@dodig.mil

For more information about DoD OIG reports or activities, please contact us:

Congressional Liaison

703.604.8324

Media Contact

public.affairs@dodig.mil; 703.604.8324

DoD OIG Mailing Lists

www.dodig.mil/Mailing-Lists/

Twitter

www.twitter.com/DoD_IG

DoD Hotline

www.dodig.mil/hotline



DEPARTMENT OF DEFENSE | OFFICE OF INSPECTOR GENERAL

4800 Mark Center Drive
Alexandria, Virginia 22350-1500
www.dodig.mil
DoD Hotline 1.800.424.9098

