

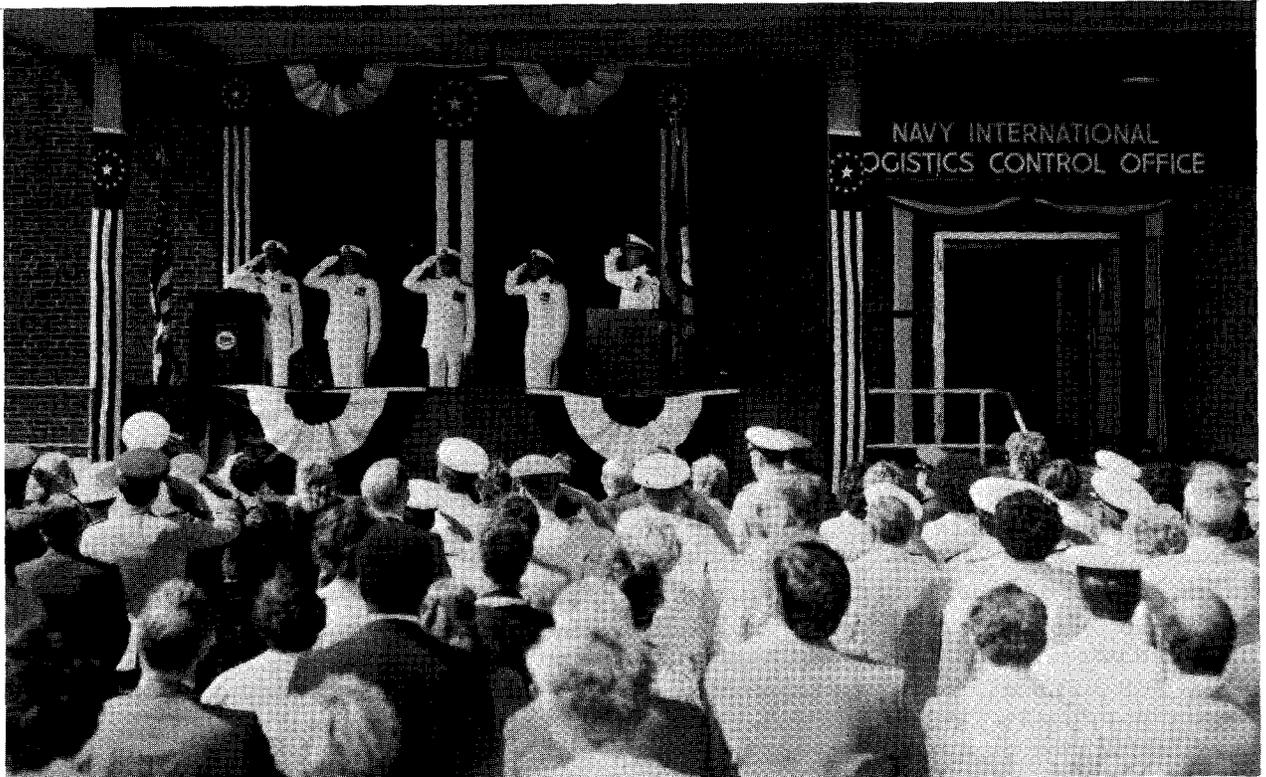
# U.S. NAVY INTERNATIONAL LOGISTICS CONTROL OFFICE: A COMMUNITY OF CITIZEN AMBASSADORS

By

Jayne Greenberg

## BACKGROUND

In a world of diminishing resources and growing threat, free nations exhibit an increasing--and imperative--interdependence. External encroachments contest the territorial integrity of many nations. Neighboring countries' expansionism frequently threaten a country's national survival. Long standing border disputes often are kept peaceful only by equality of military strength. Modern defense systems are both costly and complex. It is in this volatile international atmosphere that security assistance has become a crucial instrument of our country's foreign policy goals of world peace and security.



The NAVILCO building served as the site of a recent change of command ceremony.

## MISSION ESSENTIAL

The U.S. Navy International Logistics Control Office, or NAVILCO, occupies a pivotal position in the Navy's Security Assistance Program. Reporting directly to the Commander, Naval Supply Systems Command, and located in Philadelphia on the 134 acre compound of the U.S. Navy Aviation Supply Office, NAVILCO is unique in the Department of the Navy. Captain Ramon E. Mendez, SC, USN, NAVILCO's 11th Commanding Officer, leads a staff of eleven military officers and almost 400 civilians who are, collectively, the organization's most valuable resource. The functions of the various departments and offices at NAVILCO are interrelated; together they form an agency which is structured to perform a twofold mission: monitor Foreign Military Sales (FMS) supply operations and maintain FMS financial records in support of over 70 countries.

## AT THE HUB

The Operations Department (Code 20) manages the material requisitioning and physical distribution aspects of the FMS and Grant Aid (GA) programs. The department serves as the sole Navy control point between customer countries and the supply system for the transmission of requisitions and requisition status. It monitors all supply actions and coordinates with supply and service organizations. The department is also responsible for tracking and resolving Reports of Discrepancy. (RODs).

The Country Program Manager, or CPM, within the Operations Department is the central point of contact between the customer country and the U.S. supply system. There are twelve CPMs at NAVILCO, with some responsible for as many as eight countries. The CPM and his or her staff spend the greater portion of their time on supply or service requisitions, receiving status reports throughout the life cycle of an FMS case. They actively monitor requisitions from input to the supply system to delivery of the material or services.

In tracking requisitions on their course through the supply system, the CPM is in close contact with customer country representatives and supply and service personnel, both in the U.S. and overseas.

While requisition monitoring is an all important part of a CPMs' functions, they are involved in all aspects of case implementation and management. After a case is accepted and when the appropriate deposit has been made at SAAC and the Comptroller of the Navy grants authority to obligate funds, the CPM begins to implement a case. Implementing directives from the Case Administering Offices (CAO), and an official copy of the Letter of Offer and Acceptance (DD Form 1513), provide vital information for executing a case. Out of the funds NAVILCO holds for cases, the CPM distributes obligational authority as directed by the CAO. The CPM then establishes customer orders on an open requisition file, monitors material movement, and provides status to the customer. The CPM closely watches the status of funds, ensuring they are distributed as directed, and that commitments do not exceed obligational authority held at NAVILCO.

Accurate and timely shipment of material is of prime concern to the Operations Department, which expedites and provides valuable technical advice on material movement. The department coordinates with commercial freight forwarders, commercial carriers, and foreign government representatives on transportation concerns.

Despite the USN's best intentions and extensive procedures installed to ensure everything is done correctly, there are inevitably problems. Resolution of discrepancies is critical to customer satisfaction. This process is carried out through the filing of a Report of Discrepancy (ROD) by the customer. Operations personnel offer guidance to customers on the interpretation of policy

regarding RODs and they conduct the research and analysis necessary to resolve all RODs to the satisfaction of all parties involved.



A typical work center at NAVILCO.

## FINANCIAL WATCHDOG

Managing the financial aspects of an FMS case is equally important to managing the material and services aspect. This function is expertly carried out by the Comptroller Department (Code 10) which exercises control of all funds allocated to and by NAVILCO. Managing obligation authority, expenditure authority, and public voucher payments, and processing interdepartmental billings are all methods by which the department controls customer countries' funds.

The Comptroller Department serves as the primary interface with the Security Assistance Accounting Center (SAAC). Located in Denver, Colorado, SAAC is the central financial activity for FMS programs for all the armed services and does the actual billing to the FMS customer. Performing continuing reconciliations of Navy and SAAC financial records is a crucial function of the Comptroller Department. Through detailed accounting and expenditure processing, Comptroller personnel keep customer countries informed as to the status of funds, and provide financial information which enables SAAC to bill customer countries accurately and on schedule.

Working closely with their counterparts in the Operations Department (the CPMs), Financial Program Managers (FPMs) monitor the funds available in each case. Five FPM branches track commitments, obligations, and expenditures to keep them within the obligation

authority available. The FPM and his or her staff make certain that all financial transactions are recorded against the appropriate requisition, case and country. After the material is delivered or services provided, and final accounting and reporting are achieved, the FPM coordinates with SAAC on case closure until a final closure certification is recorded.

Through its careful scrutiny, the Comptroller Department achieves its twofold objective: ensuring that all purchases made by the Navy for FMS customers are paid for, and protecting the interests of these customers by providing accurate and timely financial information.

## **CONTROL BY DESIGN**

Monitoring the thousands of cases and billions of dollars in FMS programs demands a reliable data support system. The Navy system, Management Information System for International Logistics (MISIL) fills that role. At the heart of it is the Systems and Plans Department (Code 50) whose personnel constantly monitor MISIL's performance. MISIL is an integrated supply and financial system which provides NAVILCO an automated means of storing, monitoring, and controlling requisition and financial data. A large-volume, transaction-driven system, MISIL performs four interrelated functions: supply control, financial control, reporting, and file maintenance.

The Code 50 team of Supply Systems Analysts performs continuing analysis of the supply and financial systems which support the Navy's Foreign Military Sales and Grant Aid programs. Their assessments of International Logistics Program (ILP) requirements result in recommended changes in operating procedures.

State-of-the-art systems hardware, and accompanying program redesigns, are propelling NAVILCO into the 21st century of information management. The MISIL Automatic Data Processing Replacement Project (MARP) will provide a sophisticated IBM computer system and 4th generation software capabilities. Designed to improve data integrity, the new system will expand options to system users for monitoring program performance. MARP will enable NAVILCO to keep pace with the rapid changes and growth which mark the security assistance business.

## **CUSTOMER CASE REVIEWS**

Customer service is carried out in other ways also. Every two to three years NAVILCO hosts either an Implementation Review (IR) or a Case Management Review (CMR) with officials from the customer countries. These reviews are similar except that an IR covers all of a country's FMS cases while a CMR is a more detailed review of a few selected cases. Reconciliation of records and problem resolution result from these face-to-face sessions with our customers.

## **ORIENTATION OVERSEAS**

The Field Liaison Office (Code 04) personnel conduct customer service visits to most Foreign Military Sales customer countries every two to three years. By travelling to U.S. security assistance organizations and in-country supply administrative centers, the FLO personnel provide security assistance training, and resolve problems of concern to customers.

Conducting up to fifteen field trips a year, the office tailors each visit to the specific needs of the FMS program. Review teams of two or three people may include the Country Program Manager, the Department Director or Deputy, the Executive Officer, or the Commanding Officer. Staying in-country for up to five days, these teams offer Navy security assistance indoctrination and formal presentations on special agenda topics. Besides reviewing policy, liaison groups discuss the structure of the U.S. Navy FMS support system, and NAVILCO's role in the

International Logistics Program. Based on the requirements of the customer country, the teams may discuss Reports of Discrepancy, repairable item repair, case closure, freight forwarder concerns, and receipt processing. In addition to reviewing procedures for placing orders through the Navy supply system, liaison groups discuss various automated reports with customers. Some problems experienced by customers are resolved on-site; others are identified as system deficiencies requiring further review. Returning with action items, the teams coordinate with other Navy components including the Navy Office of Technology Transfer and Security Assistance (NAVOTSA), Systems Commands, and Inventory Control Points.

By visiting customer countries on both a cyclical and as-required basis, the Field Liaison Office provides an indispensable customer relations service. Besides solving many problems, others are precluded. Field visits help take the mystery out of FMS while fostering good customer relations.

### INTERNATIONAL ATMOSPHERE

Security Assistance Foreign Representatives, or SAFRs, give NAVILCO a truly international flavor. Stationed at NAVILCO for up to three years, officers from fourteen countries provide active liaison between their countries and NAVILCO.

Working closely with various NAVILCO departments, SAFRs coordinate FMS country programs. SAFRs, NAVILCO managers, and embassy guests have bimonthly round-table discussions to review changes in FMS policy or procedures and to identify problems. Besides offering a forum for airing concerns, SAFR meetings build good communications between foreign officers and their host community.



Security Assistance Foreign Officers stationed at NAVILCO.

At NAVILCO there are representatives from Australia, Greece, Indonesia, Israel, Italy, Japan, Korea, the Netherlands, Peru, Saudi Arabia, Spain, Taiwan, Turkey and the United Kingdom. Office posters of lush countrysides and historical sites, and officers speaking their native languages, offer a sampling of these faraway lands.

## LESSONS AND LORE

NAVILCO actively participates in foreign military training, which is a part of the Security Assistance Program. The Department of Defense Informational Program, or IP, is an educational opportunity for Foreign Military Trainees (FMTs) to acquire knowledge of our society and its governance and institutions. In support of the IP, NAVILCO hosts students of the Foreign Officer Supply Course which is conducted at the U.S. Navy Supply Corps School in Athens, Georgia.

NAVILCO's Field Liaison Office holds educational sessions to indoctrinate FMTs on security assistance--its legislative basis, the organizational structure which supports it, and the unique role performed by NAVILCO in its operation. The students visit their Country Program Managers who furnish valuable information concerning the management of their country's FMS cases. The Foreign Training Officer in the Command Support Department (Code 30) escorts the international students on tours of local military, federal, and industrial organizations, as well as visits to historical and cultural sites in the Philadelphia area.



**A recent group of Foreign Military Trainees at NAVILCO from Dominica, Germany, Korea, St. Christopher-Nevis, Sudan, and Taiwan.**

The Informational Program experience can have long-lasting importance for U.S. relationships with friendly countries. Many of the Foreign Military Trainees advance in their military and political hierarchies to become part of their national decision-making structure. Their understanding of our country's ideals can further the goals of international peace and security.

### **A QUALITY FUTURE**

Security assistance helps allied and friendly nations acquire, use, and maintain the capability to defend themselves. Yet, security assistance programs do more than meet these specific needs--they promote our country's regional and global foreign policy objectives. Dedicated to providing the finest collective security assistance possible, NAVILCO works directly with customer countries to provide the support they need to make and keep their security forces effective. Contributing to our nation's goal of building stronger international alliances and cooperative relationships, NAVILCO professionals serve as additional ambassadors for our country.

### **ABOUT THE AUTHOR**

Mrs. Jayne Greenberg is a Management Analyst in the Command Support Department of NAVILCO. She holds a Bachelor of Arts Degree in Political Science, Russian Studies, and Humanities from Muhlenberg College, Allentown, Pennsylvania.