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POTENTIAL SAVINGS THROUGH IMPROVED MANAGEMENT OF AMMUNITION, DEPARTMENT OF DEFENSE

The Army Ammunition Procurement and Supply Agency, Joliet, Illinois, authorized the procurement of .22-caliber and 90-millimeter ammunition without inquiring whether other military departments had excess ammunition that could be made available to meet Army needs. At the times during fiscal year 1965 when procurement was authorized by the Army, the Marine Corps had substantial quantities of these types of ammunition on hand that were excess to its current needs. After we brought this matter to the attention of agency officials, ammunition valued at \$713,000 was transferred from the Marine Corps to the Army. As a result, approved plans for the procurement by the Army of additional .22-caliber ammunition valued at \$431,000 were canceled and requirements for future procurement of 90-millimeter ammunition were reduced.

The Army failed to query the Marine Corps on the availability of stock that was excess to its current needs because responsible personnel were not aware of Army policy or procedures concerning this matter. The need for procedures to ensure that one service will not authorize procurement of equipment or supplies until it has ascertained whether its requirements can be met from excess stocks of other services has been recognized by the Department of Defense and the military services for many years.

The Deputy Assistant Secretary of Defense (Materiel Requirements), commenting on a draft of this report, acknowledged that the Army had erroneously authorized the procurement of the ammunition without first determining whether the Marine Corps had excesses that could be made available to meet the Army's needs. He advised us that additional management controls had since been instituted to provide assurance that Army commodity managers would follow prescribed procedures in future situations of this type. In addition, he advised us that subsequent to our review an interdepartmental task group had been formed to review the supply management of weapons and related ammunition, including interservice utilization.

We met with members of the task group and were advised that, as a result of their efforts, over \$9 million worth of ammunition had been earmarked for interservice utilization and over \$150 million worth of ammunition had been made available for transfer to eligible countries under the military assistance program. This group also told us of their plans for a more effective program for interchanging information on ammunition needs and excesses among the services. Under this new program, authorized in October 1965 and to be implemented in fiscal year 1967, it is planned that automatic data processing equipment will be used to match the needs of one service with releasable stocks of the other services and thereby improve the possibility that optimum use will be made of stocks in long supply.

If the new Department of Defense program for interchanging ammunition among the services is to attain optimum effectiveness, carefully devised management controls and checkpoints will be essential. Accordingly, we recommended to the Secretary of Defense that the personnel responsible for developing this new program be instructed to give particular attention to the need for such controls.