

survey was performed with close cooperation from the Office of the Secretary of Defense. The Department's active participation contributed materially toward the completion of the survey in a compressed period of time, has served to expedite consideration of our observations, and at the same time has assured that our presence did not hamper military operations.

We have provided the Secretary of Defense with a summary of our overall observations which, in our opinion, warrant high level and long-range consideration and management attention. Our major observations are as follows:

1. At the present time there is no one organization within the Army with the overall responsibility for inventory management and design of supply systems. As a result, there is a loss of control over material, supply practices, and procedures are not standardized, maximum use is not made of skilled personnel, and supply support is not as responsive to the demands of combat units as it should be.

2. The standard DOD requisitioning system, as presently implemented by the Army, is not permitting the processing of large volumes of transactions in a timely manner during periods of rapid force changes. We believe that a large part of the problem with the system is attributable to an unnecessarily large number of Federal catalog changes and the lack of adequate training on the part of supply personnel at the requisitioning level.

3. The stock fund method of financing the acquisition of supplies by using units is not sufficiently responsive to the needs during periods of rapidly increasing demands. Accordingly, we believe that certain modifications to the stock fund system are necessary with respect to their application to combat support units.

4. Practices involving the incremental funding of procurement requirements need improvement in order to preclude delays and increased costs in the purchasing of critically needed material.

5. There is a need to provide better service to requisitioning activities by improving transportation management and the reliability of the communication system.

6. The utilization of the productive capacity of contractors in the the aircraft industry requires, in our opinion, further study for the purpose of determining methods for increasing that capacity available to the military departments.

7. Information regarding increased force levels and flying hour programs needs to be provided to responsible inventory management officials more promptly in order to effect timely requirement determinations and procurement actions.

8. Increased attention needs to be given to the distribution and training of logistics personnel and the ratio of logistics units to tactical and other units supported.

In addition to the above, we identified 82 further opportunities for improving the supply systems at various operating levels. They involve requirements computations, inventory controls, requisition processing, and supply manpower management, as well as others.

At the direction of the Secretary of Defense, a procedure was developed within the Department to review each of the above recommendations and to report to the Secretary and the Comptroller General on actions taken.