agement improvement. The study report contained 83 basic recommendations outlining future courses of action for optimum reutilization of materiel within DOD. The findings that we are developing in the course of our current work are directly related to one or more of the problem areas discussed in this latest of the Defense studies on materiel reutilization.

1. In the area of *Asset Knowledge*, the study pointed out that the systems used by the military services to determine asset positions—quantities of stock in various categories of need—vary widely. Some provide complete knowledge of all quantities on a world-wide basis, while others provide periodic information on only those quantities in the wholesale depot system. As a result, present asset reporting systems are often deficient in terms of either the depth or currency of information necessary for effective operations of Program PLUS.

Deficiencies in asset knowledge reflect on the accuracy and validity of computed requirements and, therefore, on the accuracy and validity of interserviceable net requirements and net releasable assets. Deficiencies in asset knowledge serve to inhibit item manager decisions on the release of assets to other service users and/or delay such decisions pending the availability of the latest data.

2. Regarding the *Validity of Requirements and Stratification of Military Stocks*, the study acknowledged that reliable identification of net requirements is precedent to effective interservicing of available excess materiel. One of the more significant deficiencies in the operation of the PLUS Program is the high rate at which offered assets are being rejected by requiring Inventory Control Points of other services.

Discrepancies between acceptable quantities of available assets and reported requirements often arise because of the use of different programs for determining valid requirements and for reporting requirements (often inflated) to be screened under Program PLUS—or difference between the formulas used for reporting requirements and that used in making decisions on the acceptance of materiel which has been offered. In other words, different data is often used in determining requirements reported under the PLUS Program and in determining quantities to be accepted under the program.

For example, requirements or available assets are often reported based on mechanized computations, but acceptance or rejection of subsequent offers of materiel are based on current manual recomputations. Mechanically determined requirements should coincide with manual computations used in accepting or rejecting offered assets.

3. In the section on *Releasable Assets*, the study indicates that Inventory Control Points do not report all releasable assets. Certain service policies preclude the reporting of system-wide releasable assets which are not in the wholesale supply system. The study recommends that interservicing computations for use in Program PLUS include all assets used by the Inventory Control Points in their requirements computations, and that differences between reported asset availability and released assets have an auditable basis.

The study also recommends that (1) the cyclic stratification of stocks, to identify long-supply or excess assets for interservicing under Program PLUS operations, coincide with the periodic computation of requirements, (2) all requirements and releasable assets be reported at the time of semiannual supply management reviews, and (3) all stocks above the procurement objective should be releasable.

4. In the area of *Item Intelligence*, the study establishes that item management data in the master catalog file at the Defense Logistics Services Center is incomplete and therefore all items, whether identified in the file as being used by more than one service or not, must be considered for interservicing.

The study also pointed out that under the present mechanized interservicing system, a presumption is made that interservicing actions are accomplished within specified time frames unless advice to the contrary is received. Consequently, available assets are often incorrectly removed from further consideration under Program PLUS when the results of a potential transfer (that did not occur) is not reported to the Defense Logistics Services Center.

In this connection, it was recommended that positive advice of potential transfer be reported. Further, to provide greater motivation for participation in the PLUS Program, credit under the Cost Reduction Program should be provided to activities releasing assets simultaneously with the establishment of credit for savings accruing to the receiving activity.

5. In an *audit report* issued by the Defense Supply Agency, Auditor General, on 30 June 1966 relative to the PLUS Program, it was indicated that the services