

After these items were called to the attention of management officials, assets valued at about \$2.1 million were transferred to other commands, programs for repairs costing about \$100,000 were canceled, and procurements valued at about \$180,000 were deferred. The remaining assets, valued at about \$1.1 million, were scheduled for redistribution subsequent to the completion of our review.

We found that the Army Tank-Automotive Center did not consider the stocks in Europe available for redistribution because (1) contrary to Army regulations, the various commands in Europe had not reported certain excess stocks to the Center, (2) those commands had not included the inventory of the 7th Army in computations to determine the inventory quantities and excesses to be reported to the Center, and (3) the Center had not required the overseas commands to submit depot asset reports for high-dollar-value items and secondary end-items during the fiscal year 1965.

The Army Electronics Command could not consider certain excess radio components in Europe available for redistribution to satisfy urgent requirements for these items in the continental United States because the various commands in Europe had not reviewed and evaluated their requirements for these components and therefore did not report the excess stocks to the electronics command.

The Department of the Army concurred in our findings but did not concur that certain inventories, referred to as permissive overstockage inventories, should be reported to inventory control points in the United States. Permissive overstockage inventories exceed operating and reserve needs but can be retained by the overseas commands for contingencies. We believe, however, that all existing items considered to be in short supply by the inventory control point, which exceed current operating and reserve requirements of the overseas command should be routinely reported to such inventory control points. Thus, the inventory control point would have current and complete data on extra stockage of items and would be in a position to consider such items in filling urgent requirements of other commands.

We recommended to the Secretary of Defense that the Army's existing system for reporting stock status be revised to include a requirement for reporting to national inventory control points of all stocks of items considered to be in short supply by such inventory control points, which exceed operating and reserve requirements of the overseas commands, including those stocks in the permissive overstockage inventories. Although our review was related to procedures and management controls for selected items being procured by the Army Tank-Automotive Center and the Army Electronics Command, the same procedures and management controls generally apply on an Army-wide basis. Therefore, our observations may be equally applicable to other items in the Army supply system.

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#### SAVINGS AVAILABLE TO THE GOVERNMENT THROUGH REVISION OF THE METHOD OF SUPPLYING COMMERCIAL RENTAL CARS—GENERAL SERVICES ADMINISTRATION

The Government incurs an estimated \$1.9 million in costs each year for short-term rental of cars under informal arrangements made