

[Index No. 7—B-157373, Apr. 25, 1967]

REVIEW OF THE MANAGEMENT OF AIRCRAFT REPAIR PARTS RESERVED
FOR MAINTENANCE ACTIVITIES AT DEPOTS IN THE CONTINENTAL
UNITED STATES, DEPARTMENT OF THE ARMY

Our review at Department of the Army depots in the continental United States showed that more effective management of inventories maintained for aircraft overhaul could result in savings through the reduction of investment in inventories and the prevention of premature or unnecessary procurements. At four maintenance activities, we found that those activities were not complying with then current Army regulations relating to the establishment of stock levels for direct exchange and mission essential items. As a result, the value of inventories was about \$1.5 million in excess of the value of quantities authorized and additional procurement of identical parts had been made in the amount of \$447,000.

Utilizing the criteria outlined in Army regulations, we reviewed the computation of stock levels for items maintained for the direct exchange programs and the justification for retention of stocks designated as mission essential and found that, of total inventories valued at over \$3 million, \$1.5 million worth were excess. In general, the excess inventories had been accumulated because (1) officials of the maintenance activities were not aware of the provisions of Army regulations, (2) shortages of personnel precluded computations of stock levels as prescribed by the regulations, and (3) justifications for retention of mission essential stocks were not periodically reviewed.

In commenting on our report in a letter dated July 21, 1966, the Acting Assistant Secretary of the Army (Installations and Logistics) agreed with our proposal that local controls be provided to ensure that direct exchange stock levels are established on the basis of anticipated issues, based on past experience and experienced repair times, and that mission essential stock is held to a minimum as required by Army regulations.

The Army did not agree that significant savings in the procurement of repair parts could have been realized, because the involved excess parts were subsequently returned to the supply system and were used to satisfy other requirements. We believe, however, that the premature procurement of parts in excess of prescribed stock levels is not an economical practice. In this instance, the excess repair parts were used; but premature buying results in unnecessary storage, handling, and preservation costs. In addition, there is always the possibility that parts purchased prematurely will not be used because technological changes occur frequently in military equipment and parts become obsolete.

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REVIEW OF THE ACQUISITION AND INSTALLATION OF COMPUTERS BY
THE U.S. ARMY, PACIFIC, DEPARTMENT OF THE ARMY

The General Accounting Office has made a review of the acquisition and use of computers in supply operation by the U.S. Army, Pacific, a subject of special interest to the Congress.