

[Index No. 11—B-161319, May 8, 1967]

EXAMINATION INTO THE TRANSFER OF HANDTOOL AND PAINT STOCKS
FROM THE DEPARTMENT OF DEFENSE TO THE GENERAL SERVICES
ADMINISTRATION

An important step toward the development of a national supply system was taken with the transfer of about \$65 million worth of handtool and paint stocks from the Department of Defense (DOD) to the General Services Administration (GSA). The transfer was substantially completed in 1966.

The General Accounting Office reviewed handtool and paint inventories at the Department's supply depots after management responsibility had been assumed by GSA and found that there were significant quantities of GSA-owned stocks on hand which were not recorded on the administration's inventory records. Consequently, these stocks were "lost" to the supply system.

After we brought this situation to the attention of Department and administration officials, complete physical inventories were taken at the Department's depots and about \$4 million worth of stocks were found which were not recorded, but which should have been recorded, on the Administration's inventory records. During the period when the stocks were "lost," the Administration purchased about \$1.1 million worth of stocks that were identical to the unrecorded stocks.

In our opinion, the transfer difficulties would have been largely avoided if—

1. DOD inventory records had been accurate when the stocks were transferred.
2. Effective controls had been maintained over GSA-owned stocks in DOD depots after the transfers.
3. GSA and DOD had cooperated more closely in solving their mutual problems.

In January 1967, we proposed to the Secretary of Defense and the Administrator of General Services that certain steps be taken in future stock transfers to eliminate these difficulties. We proposed to the Secretary of Defense and the Administrator of General Services that detailed physical inventories be taken of all stocks to be transferred, inventory records be reconciled to the physical counts, and warehouse stock locator records be updated. We proposed also that prior to the transfer of management responsibility, a joint committee be made responsible for providing operating procedures to carry out the transfers, acting as liaison and coordinators, and settling promptly any problems relating to inventory shortages during the transfers.

The Department and the Administration have indicated agreement with our proposals.

[Index No. 12—B-161027, May 25, 1967]

REVIEW OF INSPECTION CONTROLS OVER CONCRETE PLACEMENTS IN
BUILDING CONSTRUCTION PROJECTS—PUBLIC BUILDINGS SERV-
ICES ADMINISTRATION

During the period June 1965 to February 1966, we reviewed inspection controls over concrete placements for three projects con-