

APPENDIX 1

U.S. GENERAL ACCOUNTING OFFICE

SUMMARY OF THE STATUS OF MATTERS OF INTEREST TO THE SUBCOMMITTEE ON ECONOMY IN GOVERNMENT, JOINT ECONOMIC COMMITTEE, NOVEMBER 27, 1967

1. Inventory Management
2. Accounting and Reporting System for Disposal Activities
3. Unfilled Orders for Air Force Materiel
4. Requirements for Aircraft Ground Support Equipment
5. Military Housing Construction
6. Consolidation of Field Organizations and Facilities
7. Competition in Procurement
8. Reporting of Negotiated Procurement Actions as Competitive or Noncompetitive by the Department of Defense
9. Real Estate Management
10. Savings and Economies to the Government as a result of General Services Administration Operations
11. Methods of Financing Agency Programs

1. INVENTORY MANAGEMENT

In response to the recommendations made by the Subcommittee in its report of July 1967, we have continued to give emphasis to the area of inventory management and stock control at the depots of the military departments, Defense Supply Agency, and the General Services Administration.

STOCK CONTROL

In its reply to our report on the need for improvements in the control of depot inventories, the Department of Defense generally concurred with our conclusions that increased emphasis and attention were needed at all management levels in order to improve the reliability and usefulness of the inventory records. They informed us that each of the military departments and the Defense Supply Agency had initiated specific programs designed to eliminate the types of inventory control problems cited in our report. They advised us that the need for the establishment of a special inventory study group would be considered after an evaluation has been made of the results obtained from the new programs. The Department of Defense has, however, recently awarded a contract to the Logistics Management Institute for a study to be made of a wide range of stock control problems.

We plan to maintain continuing contact with the military departments and the Defense Supply Agency efforts to carry out these new programs and revised procedures for improved inventory control at the depot level. We also plan to coordinate our work with that to be accomplished by Logistics Management Institute in this area so as to avoid any unnecessary duplication of effort.

As a continuation of our efforts toward identifying opportunities for improvement in the control of depot inventories in the Department of Defense, we are presently examining in further depth into the receiving and initial storage procedures and practices at selected supply activities of the military departments and the Defense Supply Agency. We anticipate that a preliminary report on the results of this examination will be issued to the Department of Defense in April 1968.

In addition to our work in the area of stock control, we have been looking into the related areas of control over shelf-life items, stockage of inactive items, utilization of inventories in long supply, controls over reparable items, distribution and redistribution, Military Standard Requisitioning and Issuing Procedures (MILSTRIP), and nonexpendable equipment.