in the near future. We are proposing that certain steps be taken to ensure more timely distribution of catalog data to using units, and that commanders stress the importance of accurate preparation of requisitions.

NONEXPENDABLE EQUIPMENT

In November 1967 we issued a report to the Congress on our follow-up evaluation of the actions taken by the Air Force to correct deficiencies in its management of nonexpendable equipment. We had previously reported on this subject in June 1961 (B–133361). Although the Air Force has made significant improvements, we found that further improvements are needed to obtain accuracy in the reports of assets in use and validity of equipment requirements.

Our review showed that over $8 million of the computed requirements for fiscal year 1966 were not needed. In addition, about $20 million worth of procurement requirements were questionable. Approximately $3 million of planned procurements were cancelled as a result of our discussions with Air Force officials concerning these conditions.

We believe the invalid and questionable equipment authorizations were caused by—

Inventory managers increasing equipment requirements, without the adequate research or analysis of available data.

Failure of some commands either to forecast or to properly forecast equipment authorizations, and

Failure of the bases either to make effective equipment utilization surveys, as required, or to otherwise follow prescribed procedures.

The Air Force generally concurred in our findings and proposals for improvements in the equipment management system. We have recommended that at the earliest possible opportunity the Air Force make every effort to incorporate sufficient data in its system to provide an effective means of verifying the accuracy of reported inventories of in-use equipment.

As part of our continuing reviews of supply management activities of the Air Force, we intend to inquire into the effectiveness of its actions to improve management controls over nonexpendable equipment.

2. ACCOUNTING AND REPORTING SYSTEM FOR DISPOSAL ACTIVITIES

The need for a uniform accounting and reporting system for Department of Defense disposal activities was discussed during hearings held by this Committee in May 1967. The Department of Defense had advised the GAO that a new accounting and reporting system had been developed after special consideration of the findings and recommendations reflected in our report of March 18, 1966, (B–140389), and DOD internal audit report dated December 1966. We were advised that the new system was established to provide a uniform cost accounting structure and procedures for accumulating and reporting cost and performance data pertaining to all disposal operations.

A target date of July 1, 1967, was set for implementation of the new system. The new system, however, was not implemented on this date and has not yet been implemented.

In February 1967, the proposed system had been referred to the Military Services for review and coordination. We have been informed that coordination could not be obtained because the Services objected to the proposed detailed cost accounts and the requirement that individual disposal activity reports be submitted directly to the Defense Supply Agency. We were also informed that while DOD was attempting to resolve these objections, they were overtaken by time and in view of the many changes scheduled in the accounting systems for July 1, 1967, (Project PRIME), it became necessary to establish a cut-off for further mandatory system changes. The new target date for implementation of the disposal accounting and reporting system is July 1, 1968. At the present time, DOD is attempting to clarify definitions of reimbursable expenses and establish an interim reporting system.

3. UNFILLED ORDERS FOR AIR FORCE MATERIEL

The Air Force depots had unfilled orders (backorders) for materiel amounting to $875 million as of May 31, 1966. Our review at 9 Air Force bases in the United States showed that about $1.224.000 or 22 percent of the backorders, included in our tests, were not supported by valid requirements. Further, our visit to 4 depots