

We found that, if proof of storage was not furnished by the storage division within a reasonable period of time, the receipt control procedures at these supply centers did not provide for follow-up action. Without the signed warehouse copy of the receipt document, the receipt control division at these supply centers could not, under existing procedures, process this type of material receipt to the stock record accounts.

At one Navy location, we tested the receipt processing time required for 54 receipts of unbroken lots which were logged in at the central receiving warehouse during the period February 1966 to July 1966. We found that the processing time required for 38, or 70 percent, of these receipts ranged from 6 to 72 days with an average processing time of 18 days. We found also that three material receipts, valued at about \$34,000, had been in storage for varying periods, ranging from 76 to 200 days, but had not been recorded on the accountable records. After we brought this matter to the attention of officials, the three material receipts were processed to the accountable records.

During the 3-month ended September 1966, the Air Force AMAs conducted special inventories on about 72,000 items as a result of preinventory location surveys which showed that no recorded stock balances existed for about 51,000 items in storage and that stock locator records had not been established for another 21,000 items in storage. In this regard, at one of the AMAs included in our review, we found that location surveys and follow-up special inventories conducted during the period January 1, 1965, to June 30, 1966, resulted in the location of \$37 million worth of unrecorded assets.

In an effort to improve controls over the proper recording and storage of assets, the Air Force Logistics Command developed a debit suspense receipt system during fiscal years 1965 and 1966. Under this system, the AMAs will post material receipts to stock records prior to storing the material in an assigned warehouse location; however, the system provides for an automated suspending and matching of posted receipt documents with documents evidencing proof of storage. If an automated match-up is not obtained within 5 days, a computerized printout of unmatched receipt documents is obtained and follow-up action, including a special inventory if necessary, is taken. Thereafter, the unmatched debit suspense documents are automatically aged and printed out periodically until stored receipts are located.

The debit suspense system was introduced at the Ogden AMA in July 1966, and full implementation of the system at all the AMAs is scheduled for January 1968. The debit suspense system, if properly implemented, should improve stock record accuracy and supply effectiveness by reducing the incidence of recorded assets in storage which cannot be located.

Our review of inventory adjustments of \$5,000 or more that were processed from November 1966 to January 1967 by two Defense supply centers showed that they could not locate stock shown on stock records for 101 items having a value of \$1.9 million for periods averaging 2 months. As a result of the temporary losses of stock for 16 of the 101 items, approximately 100 high-priority requisitions for stock, valued at about \$106,000, were backordered¹ for an average period of 17 days. The maximum time prescribed by DOD for filling high-priority requisitions is 3 days. We noted that 21 of these requisitions were for support to Southeast Asia and that they were in a backorder status for periods ranging from 3 to 51 days. The majority of these temporary losses of stock were generally attributable to inadequate receipt control and storage locator records at activities storing DSA-owned items.

Prescribed inventories not accomplished

During fiscal years 1965 and 1966, the DOD supply activities, except for those of the Department of the Air Force, generally did not accomplish the regular periodic inventories prescribed by their own directives. In addition, we observed inventory practices during our review which raised questions as to whether the data reported on physical inventories taken by the supply activities accu-

¹ Backorders represent requisitions that could not be filled within prescribed time periods by the supply depot and, therefore, were suspended awaiting availability of the requisitioned item.