

and practices used by the military services and DSA relative to the receipt and storage of material, and into the processing of related transaction documents affecting the inventory records. In connection with this work, we intend to consider the organizational structure and methods used in commercial enterprises to determine if there are any techniques that may have application to the solution of inventory control problems in the Department of Defense.

SCOPE OF REVIEW

In response to the May 1966 report on the Economic Impact of Federal Procurement issued by the Subcommittee on Economy in Government of the Joint Economic Committee in which it indicated continued interest in the adequacy of inventory controls in the DOD, we initiated a review of this matter at selected locations in June 1966.

Our work included review and analysis, as deemed necessary, of overall reported or accumulated figures—quantitative and monetary, when available—for fiscal years 1965 and 1966 that were furnished to us by the military departments and by the DSA. These figures included total depot inventories, receipts and issues, adjustments resulting from physical inventories, and material availability. We also reviewed reports of scheduled and accomplished physical inventories, when available, and reports of audits conducted by the military departments' and DSA's internal audit organizations.

At the selected locations, our work included examination of the procedures and practices for control of receipts and issues of material, as well as observations of the taking of some physical inventories. We also reviewed the control exercised over documentation for transactions that occurred during the inventory cycle and tested the associated reconciliations of the stock records with the physical stock position as of the inventory cutoff date. We performed limited tests of the research of the adjustments on the part of the military departments that resulted from physical inventories. This prescribed research is intended to determine causes and to result in improvements to procedures or practices, whichever may be necessary.

Our review was conducted at the following locations in the military departments and DSA.

Department of the Army

Army Materiel Command, Headquarters, Washington, D.C.
 Army Aviation Materiel Command, St. Louis, Missouri
 Army Missile Command, Huntsville, Alabama
 Army Tank-Automotive Center, Warren, Michigan
 Army Weapons Command, Rock Island, Illinois
 Red River Army Depot, Texarkana, Texas
 Sharpe Army Depot, Lathrop, California

Department of the Navy

Naval Supply Systems Command, Headquarters, Washington, D.C.
 Aviation Supply Office, Philadelphia, Pennsylvania
 Norfolk Naval Supply Center, Norfolk, Virginia
 Oakland Naval Supply Center, Oakland, California

Department of the Air Force

Air Force Logistics Command, Headquarters, Dayton, Ohio
 Ogden Air Materiel Area, Ogden, Utah
 Oklahoma Air Materiel Area, Oklahoma City, Oklahoma

Defense Supply Agency

Defense Supply Agency, Headquarters, Alexandria, Virginia
 Defense Electronics Supply Center, Dayton, Ohio
 Defense General Supply Center, Richmond, Virginia
 Defense Industrial Supply Center, Philadelphia, Pennsylvania
 Ogden Defense Depot, Ogden, Utah
 Richmond Defense Depot, Richmond, Virginia