



UNITED STATES GENERAL ACCOUNTING OFFICE
REGIONAL OFFICE
 7014 FEDERAL BUILDING, 1961 STOUT STREET
 DENVER, COLORADO 80202

Major General Richard M. Hoban
 Commander
 Ogden Air Materiel Area
 Hill Air Force Base, Utah 84401

FEB 9 1972

Dear General Hoban:

During June through August of 1971, our office requested, observed, and participated in, a physical inventory of selected ammunition items in storage at the Tooele Army Depot. The purpose was to determine whether Army and Air Force records accurately reflected actual quantities and condition of assets in storage. The inventory was part of a Defense-wide review of war readiness materiel stored in the continental United States (CONUS). Initially the inventory was to include only Air Force ammunition. For various reasons, however, it did include certain Army assets.

The purposes of this letter are to (1) provide you with the results of our inventory at Tooele and (2) request that you advise us of the status of the actions taken by the Air Force to improve the storage of its ammunition at the various Army depots in CONUS.

EFFECTS OF PHYSICAL INVENTORY ON
THE RECORDS OF THE TOOELE ARMY
DEPOT (TOOELE)

A total of 455 locations applicable to 42 federal stock numbers (FSNs) was inventoried, resulting in the following corrective actions.

- Adjustments were made to the location quantity balances for 24 (57 percent) of the FSNs inventoried.
- Location records were corrected for 83 (24 percent) of the 341 locations on record at the start of the inventory. An additional 72 adjustments were made when assets were found in locations not on record. (Value of these assets was computed to be \$195,800.) In total, there were 455 locations inventoried and 155 (34 percent) were in error and required adjustment. The value of these 155 adjustments was as follows:

106 adjustment increases valued at \$	499,750
<u>49</u> adjustment decreases valued at	<u>752,327</u>
<u>155</u> gross adjustments totaling	<u>\$1,252,077</u>

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Total dollar value of all assets inventoried at Tooele was computed to be \$9,281,955. Of this amount, \$1,252,077 (13.5 percent) was adjusted.

--By determining the net adjustment applicable to each FSN, the 155 adjustments resulted in a net dollar increase of \$113,519 and a net dollar decrease of \$366,096. (There were 13 FSNs which required both increases and decreases.) The net dollar values were allocated to the Army and Air Force based upon Tooele's determination of the owner of the assets and are shown below.

	<u>Net dollar Increase</u>	<u>Net dollar Decrease</u>
Army	\$ 34,356	
Air Force	<u>79,163</u>	<u>\$366,096</u>
Total	<u>\$113,519</u>	<u>\$366,096</u>

EFFECTS OF PHYSICAL INVENTORY ON
THE RECORDS OF THE OGDEN
AIR MATERIEL AREA (OGDEN)

The adjustments made to the records of Tooele were based upon discrepant quantity balances by location. In addition, the following adjustments were made to Ogden's records based upon discrepant quantity balances by condition code.

--During the inventory, Air Force assets were counted applicable to 32 FSNs which, in turn, related to 60 FSN-condition code combinations. Of these 60 combinations, the quantity balances of 24 (40 percent) were in error and required adjustment.

--One additional adjustment was made because assets erroneously shown to be in storage at Tooele under another FSN were, in fact, not found during the inventory.

--Dollar value of the 25 adjustments was as follows:

15 adjustment increases valued at	\$224,989
<u>10</u> adjustment decreases valued at	<u>499,559</u>
<u>25</u> gross adjustments totaling	<u>\$724,548</u>

--Total dollar value of all Air Force assets inventoried at Tooele was \$9,226,665. Of this amount, \$724,548 (eight percent) was in error.

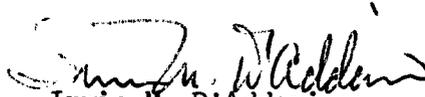
The adjustments made to Ogden's inventory records were generally the direct result of the adjustments made at Tooele. Research by Ogden item management personnel disclosed a few instances of duplicate and inaccurate postings of various transactions to the records at Ogden.

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At our invitation, a representative from Ogden accompanied us during the inventory at Tooele. Subsequently, Ogden sent an inventory team to several of the other Army depots for the purpose of checking the inventory control on all Air Force items stored at those locations. We would like to be informed of your findings at these other depots as compared to what we found at Tooele. We would also like to be advised of any actions Ogden has taken or plans to take to strengthen and improve the storage of their ammunition.

We appreciate the fine cooperation and assistance our staff received throughout this review.

Sincerely,


Irwin M. D'Addario
Regional Manager