



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

JAN 24 1972

Colonel Ralph C. Robinson
Commanding Officer
Tooele Army Depot
Tooele, Utah 84074

Dear Colonel Robinson:

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. Initially the inventory was to include only Air Force ammunition. For various reasons, however, it did include certain Army assets.

On August 20, 1971, the results of the inventory, based on the analysis to date, were presented in an exit conference with Tooele representatives. Since that time the results have changed somewhat. The purposes of this letter are to (1) provide you with an update of our observations and (2) request that you advise us of the status of the corrective actions which were being taken by the depot. The results of the inventory and our observations follow.

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

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.)

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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>

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>

OPPORTUNITIES TO FACILITATE STORAGE AND INVENTORY OPERATIONS

During the inventory we noted certain storage and inventory practices which made Tooele's job more difficult. We did not make a detailed review of ammunition warehousing practices and, therefore, we made no attempt to record the prevalence of, or, even the locations where the problems were observed. We do wish, however, to share our observations with you and suggest that they be discussed in your training program. The observations, in part help to explain the substantial number of discrepant quantity balances which were found.

Observations on the Use of Magazine Data Cards

The use of Magazine Data Cards (AMC Form 1385), required by Army regulation to be attached to materiel in storage, can be improved. During the inventory, we observed the count of materiel in 323 locations. Of these, data cards were missing in 101 (31 percent) instances. (An additional 132 locations were visited; however, they were found to contain no assets.)

In addition to missing data cards, we noted a substantial number of inaccuracies on the 222 data cards that were in place. Although we made no effort to determine their rate of occurrence, we observed the following conditions:

- Quantities as shown on the data card did not agree with quantities counted.
- Data card color codes used to identify asset ownership were not being properly used.
- Item identification data, such as FSNs, on the data cards were incorrect.

Observations at the Storage Locations

The following storage deficiencies were observed during our visits to the various storage locations:

- Mixed stock within a single location; as to ownership, FSN and Department of Defense Item Codes, and lot numbers.
- Questionable identity of materiel.
- Improper stacking.
- Nonexistent, illegible, or incorrect markings.
- The Inventory Count Card (DA Form 2000) was not generally being annotated to show the nature of the discrepancies observed by the counter. We believe that the card, if annotated as required, could be used as an effective tool to highlight storage problems. Appropriate action could then be taken.

Other Inventory Related Problems Disclosed by Research and Reconciliation Efforts

Research was accomplished by Tooele personnel to find the reason for each discrepant quantity balance disclosed by the physical inventory. Although in the majority of instances this research failed to identify the reason, it was theorized by Tooele personnel that many of the unexplained discrepancies may have been caused by the movement of materiel from one location to another without corresponding changes being made to the records. Other discrepancies were theoretically attributed to shipments or receipts which, likewise, were not posted to the records.

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Tooele Army Depot

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In only a small number of instances did the research disclose specific reasons for differences between quantities of assets on hand and on record. These reasons included the failure to post, or the inaccurate posting of various transactions to the records. In one instance, research disclosed that the movement of certain materiel had been posted twice to the record.

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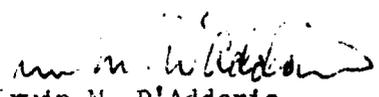
Deficient or missing data cards, storage deficiencies, and other inventory related problems make the storage or warehousing function less efficient and inventory taking more difficult. For example, because of the conditions which were noted, the time required to inventory certain materiel was lengthened due to the second, third, and fourth counts that were required. The problems experienced in item identification and determination of ownership also make it difficult to accurately inventory the materiel. We believe that the conditions which were observed might also affect Tooele's ability to make timely shipment of certain materiel and could result in the shipment of the wrong materiel. We believe that the conditions which were noted were significant and that action should be taken to correct them.

Although certain of the figures have changed slightly, the information presented above has been discussed in detail with personnel from the Inventory Control Division. The Division is also aware of the specific FSNs which were included in the inventory and our findings pertinent to each.

We would like to be informed of the status of the corrective actions which have been taken or planned to improve the storage of ammunition at Tooele.

We appreciate the fine cooperation and assistance our staff received during their visit and the prompt attention to and the consideration of problems as they were identified.

Sincerely,


Irwin M. D'Addario
Regional Manager

Memorandum

JAN 24 1972

TO : Report Distribution Section

FROM : Regional Manager, Denver - Irwin M. D'Addario SUBJECT: Letter report regarding inaccurate inventory records -
Review of war readiness of materiel in CONUS Code 83205

The original (ribbon copy) of the above entitled letter report has been dated January 24, 1972.

This information is being provided in accordance with provisions 7-12 of the Report Manual.

FORM 10 4 1972

Report Distribution Section

IRWIN M. D'ADDARIO

Regional Manager, Denver - Irwin M. D'Addario

**Letter report regarding inaccurate inventory records -
Review of war readiness of material in COMUS Code 83205**

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