



UNITED STATES GENERAL ACCOUNTING OFFICE

WASHINGTON, D.C. 20548

096623

2.48.42

120378

~~RESTRICTED~~

LOGISTICS AND COMMUNICATIONS
DIVISION

MAR 23 1972

7

B-162394



LM096623

19

Dear Mr. Secretary:

1
1
We recently completed a study which concerned the efforts of the Army Materiel Command (AMC) to improve the management of its logistic system. Our observations were conveyed to you in a draft of a proposed report to the Congress on September 27, 1971. The Department of the Army commented on our report in a letter dated December 3, 1971, and generally concurred in our observations and suggestions. On the basis of the reply and after consideration of the nature of our observations, we are not planning to issue a report to the Congress at this time.

D. 652

Two of the matters discussed in the draft report--the implementation of the depot complexing concept in AMC and the streamlining of AMC's procurement processes--were, in our opinion, particularly important and we intend to follow closely the progress made in these two areas.

We believe the concept of creating a complex of depots with centralized management and control at a headquarters depot is a sound approach and offers much potential. Whether the two or three complex plan is adopted, timetables and milestones are necessary to ensure the timely resolution of problems and the earliest possible implementation of the plan.

2
1
The Army has been studying and considering the automation of small purchase procedures for several years. We believe that the benefits from modernizing the procurement process are significant and that additional emphasis is warranted to hasten automation in this area. We recognize that the Department of Defense has recommended to the Procurement Commission an increase in the limitation on negotiation for small purchases. We believe that such an increase coupled with the automation of small purchase procedures would significantly enhance AMC's procurement processes.

BEST DOCUMENT AVAILABLE

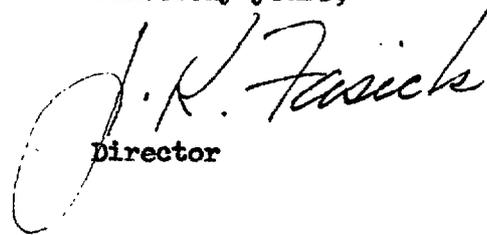
~~701059~~

096623

We intend to follow up on the actions taken on the matters discussed in our draft report during future reviews in these areas.

Copies of this letter are being sent to the Secretary of the Army.

Sincerely yours,

A handwritten signature in cursive script, appearing to read "J. K. Fasick". The signature is written in dark ink and is positioned above the typed name "Director".

Director

The Honorable
The Secretary of Defense

BEST DOCUMENT AVAILABLE