

GAO

Report to the Chairman, Subcommittee
on Readiness, Committee on Armed
Services, House of Representatives

December 1994

ARMY INVENTORY

Reparable Exchange Items at Divisions Can Be Reduced





United States
General Accounting Office
Washington, D.C. 20548

National Security and
International Affairs Division

B-258908

December 28, 1994

The Honorable Earl Hutto
Chairman, Subcommittee on Readiness
Committee on Armed Services
House of Representatives

Dear Mr. Chairman:

Our prior reports¹ to you on spare and repair parts inventories at the division level focused on ways to streamline the Army's retail inventory system, which consists of inventory valued at over \$3.3 billion. As a result of these reports, the Army has taken significant actions to reduce its inventory investment at the divisions.

As requested, this report focuses on reparable exchange items that are repaired at the installation level and are stocked at both the installation and the division level. Our objective was to determine if one of the inventory levels could be eliminated or reduced without adversely affecting the units' ability to deploy or perform their peacetime missions.

Background

According to Army regulations, one retail authorized stockage list (ASL) will not be a backup to another retail ASL. An exception to this general policy is made, however, when the installation is responsible for general support maintenance of the items. In such cases, Army regulations allow the installation ASL to be the backup source of supply to units (e.g. divisions, nondivisional units, separate brigades, reserve, and National Guard units). When an item on the installation's ASL is received at the installation for repair, the installation issues a serviceable item to the unit, repairs the unserviceable item, and then keeps it in installation stock. The items repaired and stocked at the installation are referred to as reparable exchange (RX) items. Many of these items, which include such things as engines, transmissions, and other major components used on track and wheeled vehicles and aircraft, are also stocked at the divisions collocated at these installations.

¹Army Inventory: Opportunities Exist for Additional Reductions to Retail Level Inventories (GAO/NSIAD-94-129, June 6, 1994); Army Inventory: Divisions' Authorized Levels of Demand-Based Items Can Be Reduced (GAO/NSIAD-93-09, Oct. 20, 1992); Army Inventory: Fewer Items Should Be Stocked at the Division Level (GAO/NSIAD-91-218, July 24, 1991); and Army Logistics: Authorized Levels of Repair Parts at the Divisions Level Are Overstated (GAO/NSIAD-91-58, Nov. 20, 1990).

Each of the four divisions reviewed received its RX item support from the installation it is collocated with. Fort Riley supports the 1st Infantry Division, Fort Hood supports the 1st Cavalry and 2nd Armored Divisions, and Fort Carson supports the 4th Infantry Division. In addition, the installations' RX programs provide support to other nondivisional, Army reserve, and National Guard units. However, the main justification for the installations' RX programs are the Army units physically located with them. For example, Fort Carson has 146 RX line items with an ASL stockage level valued at \$7.3 million and 91 of these line items, with an ASL value of \$6.8 million, are also stocked at the 4th Infantry Division. The basis for stocking the remaining 55 RX line items at the installation, with an ASL stockage value of about \$500,000, are not solely dependent upon demands from the 4th Infantry Division.

Results in Brief

Many of the RX items that are repaired and stocked at the installations are also stocked at the divisions. If the four divisions in our review relied on inventories at the installation level as their primary supply source for reparable exchange items, they could reduce their inventory investment by as much as \$46.7 million. Because of the collocation or close proximity of the divisions and their respective installation support activity, supply responsiveness would not suffer.

Army officials were concerned that if the divisions eliminated reparable exchange items from their inventories, the divisions may not have all of their authorized inventory items if they had to deploy. Our review showed, however, that for 93 percent of the cases, there was more than sufficient inventory at the installation and wholesale level depots to meet the divisions' authorized inventory, without retaining the added inventory of such items at the division level.

Officials were also concerned about situations where units were at training locations away from the installation and had a need for an RX item. If the unit had to go to the installation to get a replacement item, the training tempo could be disrupted and readiness could suffer. In our opinion, this problem could be overcome by allowing the units to retain a minimum number of readiness-related RX items at the division level.

RX Inventory Levels Stocked at Both the Installations and the Divisions

At the three installations in our review, the RX program consisted of 623 line items with an ASL value of \$56.4 million. These items account for about 19 percent of the installations' inventory line items and about 74 percent of the installations' ASL inventory value as shown in table 1.

Table 1: RX Items Stocked at the Three Installations

Dollars in millions

Installation	ASL line items		RX line items		RX line items as a percent of ASL	
	Number	Value	Number	Value	Number	Value
Fort Riley	222	\$10.7	189	\$10.6	85	99
Fort Hood	1,513	57.5	288	38.5	19	67
Fort Carson	1,588	8.3	146	7.3	9	87
Total	3,323	\$76.5	623	\$56.4	19	74

Many of the RX line items stocked at the three installations were also stocked at one or more of the four divisions. While these items represent only 2 percent of the divisions' total ASL line items, they comprise \$46.7 million, or 22 percent, of the divisions' ASL inventory value as shown in table 2.

Table 2: Number and Value of RX Line Items Stocked at the Divisions

Dollars in millions

Division	Number of line items			Value of line items		
	ASL	ASL line items in RX program	Percent	ASL	ASL line items in RX program	Percent
1st Infantry	4,299	117	2.7	\$51.7	\$14.3	27.7
1st Cavalry	5,935	119	2.0	78.0	15.0	19.2
2nd Armored	4,779	123	2.6	33.0	9.4	28.5
4th Infantry	5,245	91	1.7	46.4	8.0	17.2
Total	20,258	450^a	2.2	\$209.1	\$46.7	22.3

^aRepresents 251 individual line items. In other words, some of the line items stocked at one division are also stocked at other divisions.

If the divisions relied on their installations for primary support for RX items, rather than maintaining a separate inventory, they could reduce their inventory investment by as much as \$46.7 million. Furthermore, because of the close proximity of the divisions to their respective installation supply activity, supply responsiveness would not be adversely affected.

Analysis of Army Concerns About Eliminating the Divisions' Stock of RX Items

Army officials expressed concern about whether installations could support the divisions with RX items if they deployed. The reason for their concern is that, for a number of RX items, the installations are authorized to stock less than the divisions. Therefore, if the RX items were deleted from the divisions' inventory level and the divisions had to deploy, Army officials were concerned that the installations would not be able to fill the divisions to their authorized levels.

We analyzed the amount of on-hand stock at the installation level for those RX items that the divisions are also authorized to stock. In 44 percent of the cases, the on-hand serviceable inventory at the installations would be sufficient to fill the divisions' stock levels to their authorized level if the four divisions deployed. Table 3 shows the number of RX line items for which sufficient inventory is available at the installation level to reconstitute the divisions' authorized inventory level if the divisions had to deploy.

Table 3: Divisions' Authorized Inventory Items That Could Be Filled From Installations' RX Inventory

Division	Number of RX line items on the installations' and divisions' ASLs	On-hand line item inventory at the installation sufficient to fill divisions' ASL	Percent of line items' that could be filled from installation inventory
1st Infantry	117	45	38
1st Cavalry	119	59	50
2nd Armored	123	70	57
4th Infantry	91	26	29
Total	450	200	44

We then obtained wholesale supply inventory balances for the RX items. In our analysis, we gave consideration to the fact that some RX items are common to more than one division. In such cases, we totaled the authorized levels at the divisions. For example, if an RX line item had an authorized inventory level of 5 at one division and 8 at another division, we assumed that 13 items would be needed if the divisions deployed.

We compared the divisions' total ASL requirements for the RX line items to the inventory balances² at the installations and the wholesale level depots. As shown in table 4, there were enough serviceable inventory items at the installations and depots to fill the total requirements for 93 percent³ of the items even if all four divisions deployed at the same time.

Table 4: Percent of RX Items on the Divisions' Authorized Stockage List That Could Be Filled From On-Hand Inventory at the Installations and Depots

Division	Number of RX line items on the divisions' and installations' ASLs	On-hand inventory at installations and depots to fill divisions' ASLs	Percent of line items that could be filled from on-hand inventory at installations and depots
1st Infantry	117	110	94
1st Cavalry	119	116	97
2nd Armored	123	119	97
4th Infantry	91	83	91
Total	450	428	95
All divisions ^a	251	234	93

^aNumber of individual line items based on the fact that some items are stocked at more than one division.

Not only were there sufficient inventory available to completely satisfy the divisions' authorized stock levels for 93 percent of the items, there were sufficient inventory of some items to satisfy the divisions' ASL requirements many times over as shown in table 5. It should be remembered, however, that the inventory at the wholesale level is available to support all of the Army divisions, reserves and National Guard, foreign military sales customers, and depot repair programs, not just the four divisions in our review. Nevertheless, the four divisions in our review would, because they are mechanized infantry and armored divisions, be the major consumers of the types of items in the RX program.

²We considered only depot-level serviceable assets classified as "available for general issue." We did not consider those serviceable inventory items that were under the control of a program manager or were designated as war reserve items.

³The remaining 7 percent comprise 17 individual items. The attributes of these items in terms of stock levels, price, and item type are similar to the items in the 93 percent. There are sufficient items at the installations and depots to satisfy a large percentage of the requirements. Additionally, there are other serviceable items at the divisions, in war reserves, and project stocks that could be used to satisfy the requirement deficit.

Table 5: Number of Times the Divisions' Authorized Stock Levels Could Be Satisfied From Inventory Available at the Installations and Depots

Number of times the four divisions' authorized stock levels can be satisfied	Number of line items	Cumulative total	Cumulative percent
Greater than 201	31	31	12
101-200	25	56	22
51-100	36	92	37
11-50	74	166	66
6-10	24	190	76
3-5	19	209	83
1-2	25	234	93
less than 1	17	251	100

The following examples illustrate the extent to which inventory available at the installations and the wholesale level depots was more than sufficient to reconstitute the divisions' authorized stock levels in the event the divisions deployed.

- Two divisions had a combined authorized stock level of four engines (stock number 2805-01-169-1100) with a unit price of \$1,100. There were 21 engines at the installations and 5,620 engines at the depots that were in a serviceable, ready to issue condition.
- One division had an authorized stock level of one engine (stock number 2840-01-013-1339) with a unit price \$134,087. The installations had 2 engines and the depots had 253 engines in a serviceable, ready to issue condition.

Army officials were also concerned that if the items were not stocked at the divisions and the divisions had to deploy, the divisions might not have the funds to buy the items or there might not be sufficient time to ship the items to the divisions before they deployed.

In our opinion, neither of these issues should present a problem. It seems highly unlikely that the Army would deploy a unit with insufficient inventory just because the unit may not have the funds to pay an Army supply entity for the items it needs. Moreover, with the rapid transportation now available, the needed items in inventory could be shipped from the depots or wherever else the items may be located to the unit requiring the items within a very short time frame. Our prior reports⁴

⁴Army Inventory: Fewer Items Should Be Stocked at the Division Level (GAO/NSIAD-91-218, July 24, 1991) and Army Inventory: Divisions' Authorized Levels of Demand Based Items Can Be Reduced (GAO/NSIAD-93-09, Oct. 20, 1992).

as well as a study done for the Army⁵ have repeatedly pointed out that the current transportation systems can respond to the Army's supply responsiveness needs and for that reason inventory levels at retail activities can be reduced.

Another concern expressed by the officials was the effect on units' training tempo and readiness if the divisions were at a training location away from the installation and did not have the RX items on their ASLS. If they needed an RX item, they would have to return to the installation each time they needed an item and this could disrupt training. We agree that this could present a problem. For that reason, the divisions may want to keep a minimum number of readiness-related RX items on their ASLS for just that purpose.

Recommendations

We recommend that the Secretary of the Army issue guidance to the divisions that directs them to review their ASLS and minimize the number of RX items stocked at the division level. In this regard, we recommend that the divisions rely primarily on the installations to provide needed supply support for those RX items that are repaired at the installation level.

Agency Comments and Our Evaluation

In commenting on a draft of this report, the Department of Defense generally agreed with our findings and recommendations. The Department stated that the ASLS for RX items at divisions not considered as early deployers should be reviewed and reduced to a minimum level based on order-ship-time as opposed to operating level, safety level, and order-ship-time. With regard to installations' ASLS, the Department said that the minimum level should be based on the most efficient repair cycle time as opposed to demands. The Department went on to say that by February 1995, the Secretary of Defense will direct the Army to develop and issue appropriate guidance by the end of fiscal year 1995 to implement these actions.

We generally agree with the Department's plan of action. However, it should be noted that the current automated inventory management system does not have the capability to compute a stock level based on factors other than demand. Therefore, to achieve the proposed changes for computing the ASL levels will require a system's change.

The Department's comments are presented in their entirety in appendix II.

⁵Causes of U.S. Army Class IX Excess at the Retail Level (Mar. 1, 1988).

We performed our review between June and September 1994, in accordance with generally accepted government auditing standards. The scope and methodology of our review are shown in appendix I.

We are sending copies of this report to the Chairmen of the House Committee on Government Operations, the Senate Committee on Governmental Affairs, the House and Senate Committees on Appropriations, and the Senate Committee on Armed Services; the Director of the Office of Management and Budget; and the Secretaries of Defense and the Army. Copies will also be made available to other parties on request. Please contact me at (202) 512-5140 if you or your staff have any questions. Major contributors to this report are listed in appendix III.

Sincerely yours,

A handwritten signature in black ink that reads "Mark E. Gebicke". The signature is written in a cursive style with a large, stylized initial "M".

Mark E. Gebicke
Director, Military Operations
and Capabilities Issues

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Abbreviations

ASL	authorized stockage list
RX	reparable exchange

Scope and Methodology

To determine the extent of the duplicate stock of reparable exchange (RX) items at the installation and division levels, we identified the items that were being repaired at three installations as part of the RX program. We then compared these items to the items being stocked at the four divisions located at these installations.

We held discussions with responsible officials at Army headquarters and U.S. Forces Command to obtain their views on having the installations support the divisions for RX items. A concern they raised was that if the divisions had to deploy, the installations may not be able to reconstitute the division's stock level for the RX items. To address this concern, we compared the amount of serviceable RX items on-hand at the installations to the divisions' authorized stock level for these items. In certain cases there would not be sufficient assets at the installations to bring the divisions stock levels up to their authorized levels. We then obtained asset balance information from the depots to determine whether the depots had sufficient assets to fill the divisions' authorized stock levels for the RX items.

In our analysis, we only considered depot-level serviceable items classified as "available for general issue." We did not consider serviceable items that were under the control of program managers or items in war reserve. Additionally, we did not consider items that were in process of being repaired at the installations or depots or items that were on-hand at the divisions. Therefore, our analysis represents a conservative estimate of the total assets available to satisfy the requirements for RX items.

Our review was performed at three installations and the four Army divisions at these installations: Fort Carson, Colorado, which supports the 4th Infantry Division; Fort Hood, Texas, which supports the 1st Cavalry and 2nd Armored Divisions; and Fort Riley, Kansas, which supports the 1st Infantry Division. The four divisions were selected because with one exception—24th Infantry—these are the largest divisions in the Army and are resource intensive in terms of equipment items. The 24th Infantry Division was not selected because it uses a different inventory system that is not readily compatible with the system used by the other divisions. Other Army divisions were not included in our review because they are not equipment intensive and the value of their spare parts inventories are relatively smaller.

Comments From the Department of Defense



ACQUISITION AND
TECHNOLOGY

(L/MDM)

OFFICE OF THE UNDER SECRETARY OF DEFENSE

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15 DEC 1994



Mr. Henry L. Hinton, Jr.
Assistant Comptroller General
National Security and International
Affairs Division
U.S. General Accounting Office
Washington D.C. 20548

Dear Mr. Hinton,

This is the Department of Defense (DoD) response to the General Accounting Office (GAO) draft report, "ARMY INVENTORY: Inventories of Repairable Items Duplicated at Divisions and Installations," dated October 31, 1994 (GAO Code 703068, OSD Case 9803). The DoD generally concurs with the draft report.

As recognized by the GAO, the Army has taken significant actions to reduce its inventory investment at the divisions. However, the DoD also agrees that there is room for improvement. The DoD continues to aggressively review the logistics pipeline inventories in an effort to minimize stockage and future investment without affecting readiness. As the GAO noted in its draft report, deployed divisions will still require stockage levels for repairable items that are repaired at the installation level. In that regard, DoD actions to implement the GAO recommendation will be limited to non-deployed divisions.

The detailed DoD comments on the draft report findings and recommendation are provided in the enclosure. The DoD appreciates the opportunity to comment on the draft report.

Sincerely,

James R. Klugh
Deputy Under Secretary
of Defense (Logistics)

Enclosure



GAO DRAFT REPORT - DATED OCTOBER 31, 1994
(GAO CODE 703068) OSD CASE 9803

"ARMY INVENTORY: INVENTORIES OF REPARABLE ITEMS DUPLICATED
AT DIVISIONS AND INSTALLATIONS"

DEPARTMENT OF DEFENSE COMMENTS

* * * * *

FINDINGS

- o **FINDING A: Reparable Exchange Items.** The GAO reported that one retail authorized stockage list (ASL) will not be a backup to another retail ASL, except when the installation is responsible for general support maintenance of the items. The GAO explained that, in such cases, Army regulations allow the installation ASL to be the backup source of supply to units (e.g. divisions, non-divisional units, separate brigades, reserve, and National Guard units).

The GAO reported that, if an item repaired at the installation level is on its ASL, the installation issues a serviceable item to the unit, repairs the unserviceable item, and returns it to installation stock. The GAO noted that the items repaired at the installation level, and thus available to be provided to the units, are reparable exchange (RX) items. The GAO further noted that many of the items are also stocked at the divisions collocated at the installations.

The GAO explained that each of the four divisions reviewed received RX item support from the installation with which it is collocated. The GAO also noted that the installations' RX programs provide support to other non-divisional, Army reserve, and National Guard units that train at the installations. The GAO pointed out, however, that the main justification for the installations' RX programs are the Army units physically located at the installations. (pp. 1-2/GAO Draft Report)

DOD RESPONSE: Concur. However, the following clarification is provided, Army regulations allow RX items contained on the installation ASL to be the source of supply to units (e.g. divisions, non-divisional units, separate brigades, reserve, and National Guard units).

- o **FINDING B: The RX Inventory Levels Stocked at Both the Installations and the Divisions.** The GAO noted that, at the three installations reviewed, the RX program consisted of 623 line items with an ASL value of \$56.4 million,

Enclosure

Now on p. 2.

and accounted for about 19 percent of the installations' inventory items and about 74 percent of the installations' ASL inventory value.

The GAO noted that many of the RX line items stocked at the three installations were also stocked at one or more of the four divisions. The GAO indicated that, while the items represent only about 2 percent of the divisions' total ASL line items, they comprise about \$46.7 million, or 22 percent, of the value of the divisions' ASL inventory value.

The GAO concluded that, if the divisions relied on their respective installations as their primary support for RX items, rather than maintaining a separate inventory, they could reduce their inventory investment by as much as \$47.6 million. Furthermore, because of the collocation or close proximity of the divisions and the installation supply activity, the GAO further concluded that the supply responsiveness would not be adversely affected. (pp. 3-5/GAO Draft Report)

DOD RESPONSE: Partially concur. A part of the division inventory for RX items is computed based upon division demands during order and ship time. In order for that inventory level to be reduced, the installation's response time would need to be shorter than the division's response time. Under the Army's fix forward concept, the majority of maintenance actions take place in the "forward" areas. That could be downrange on an installation, as well as when the division is deployed. Since training under the fix forward concept includes weekends, nights, and holidays, where support is measured in minutes and hours, the installation response time is not adequately responsive. Therefore garrisoned divisions would need to retain, at a minimum, an order and ship time level.

- o **FINDING C: Analysis of Army Concerns About Eliminating the Divisions' Stock of RX Items.** The GAO reported that Army officials expressed concern about whether installations could support the divisions with RX items if they deployed. The GAO pointed out that the reason for their concern is that the number of a particular RX item the installation is authorized to stock may be less than the amount the division is authorized to stock. The GAO also explained that, if the RX items were deleted from the divisions' inventory level and the divisions had to deploy, Army officials were concerned that the installations may not be able to fill the divisions' stock level back up to authorized levels.

The GAO analyzed the amount of on-hand stock at the installation level for those RX items that the divisions are also authorized to stock. The GAO found that, in about 44 percent of the cases, the amount of on-hand serviceable inventory at the installations would be sufficient to fill the divisions' stock levels up to the authorized level if the four divisions deployed. In table 3 of the draft report, the GAO displayed the number of RX items for which sufficient

Now on pp. 3-4.

inventory is available at the installation level to reconstitute the divisions' authorized inventory level if the divisions had to deploy.

The GAO explained that its analysis of the wholesale supply inventory balances for the RX items gave consideration to the fact that some RX items are common to more than one division. In such cases, the GAO totaled the authorized levels at the divisions. For example, the GAO noted that, if an RX line item had an authorized inventory level of five at one division and eight at another division, it assumed that thirteen items would be needed if the divisions deployed.

The GAO reported that it compared the divisions' total ASL requirements for the RX line items to the inventory balances at the installations and the wholesale level depots. The GAO concluded, as shown in table 4 of the draft report, there were enough serviceable inventory items at the installations and depots to fill the total requirements for 93 percent of the items, even if all four divisions deployed at the same time. In addition, the GAO concluded that there were sufficient inventory of some items to satisfy the divisions' ASL requirements many times over, as shown in table 5 of the draft report. The GAO pointed out, however, that the inventory at the wholesale level is available to support all of the Army divisions, reserves and National Guard, foreign military sales customers, and depot repair programs -- not just the four divisions reviewed. Nevertheless, the GAO concluded that the four divisions it reviewed would -- because they are mechanized infantry and armored divisions -- be the major consumer of the types of items in the RX program.

The GAO provided the following examples to illustrate the extent to which inventory available at the installations and the wholesale level depots were more than sufficient to reconstitute the divisions' authorized stock levels in the event the divisions deployed.

- Two divisions had a combined authorized stock level of four engines, with a unit price of \$1,100. There were 21 engines at the installations and 5,620 engines at the depots that were in a serviceable, ready-to-issue condition.
- One division had an authorized stock level of one engine, with a unit price \$134,087. The installations had 2 engines and the depots had 253 engines in a serviceable, ready-to-issue condition.

The GAO reported that Army officials were also concerned that if the items were not stocked at the divisions and the divisions had to deploy, the divisions might not have the funds to buy the items or there might not be sufficient time to ship the items to the divisions before they deployed.

The GAO concluded that neither of those issues should present a problem. The GAO asserted that it seems highly unlikely that the Army would deploy a unit

with insufficient inventory just because the unit may not have the funds to pay an Army supply entity for the items it needs. Moreover, with the rapid transportation now available, the GAO pointed out that the needed items in inventory could be shipped from the depots or wherever else the items may be located to the unit requiring the items within a very short timeframe. The GAO also noted that prior GAO audits, as well as studies done for the Army, have repeatedly pointed out that the current transportation systems can respond to the Army's supply responsiveness needs and for that reason inventory levels at retail activities can be reduced.

The GAO noted that another concern expressed by the officials was the effect on units' training tempo and readiness if the divisions were at a training location away from the installation and did not have the RX items on their ASLs. The GAO pointed out, if they needed an RX item, they would have to return to the installation each time they needed an item and that could disrupt training. The GAO agreed that could present a problem; therefore, the GAO suggested that divisions may want to keep a minimum number of readiness related RX items on their ASLs for just that purpose. (pp. 5-11/GAO Draft Report)

DOD RESPONSE: Concur.

RECOMMENDATION

- o **RECOMMENDATION:** The GAO recommended that the Secretary of the Army issue guidance to the divisions that directs them to review their ASLs and minimize the number of RX items stocked at the division level. In that regard, the GAO recommended that the divisions rely primarily on the installations to provide needed supply support for those RX items that are repaired at the installation level. (p. 11/GAO Draft Report)

DOD RESPONSE: Partially concur. The Department concurs that the Army should review divisional ASLs and minimize the number of RX items stocked at the division. In addition, the DoD agrees the Army should review the installation ASLs and minimize the number of RX items stocked at the installation. In that regard, the installation ASL for RX items should be computed based on the most efficient repair cycle time requirement vice straight demand. By February 1995, the Office of the Secretary of Defense will direct that, by the end of FY 1995, the Army develop and issue the appropriate guidance to implement each of these actions.

Now on pp. 4-7.

Now on p.7.

Appendix II
Comments From the Department of Defense

The Department does not concur, however, with the GAO recommendation that all divisions should rely primarily on the installation to provide supply support for those RX items repaired at the installation level. The exception would be for deployed units, and those divisions that are required to rapidly deploy. For other divisions based in the U.S. (non rapid deployment), the division ASL for RX items repaired at the installation should be minimized to an order and ship time level, vice an operating level, safety level, and order and ship time level. That action would be a natural follow-on to the FY1992 to FY1994 Army efforts where eight Forces Command divisions have reduced retail stockage by 48 per cent. In addition, the Army will continue efforts to reduce retail levels through the Velocity Management initiative.

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