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REPORT ON REVIEW
OF
SUPPLY ACTIVITIES
ENGINEER, ORDNANCE, AND QUARTERMASTER DIVISIONS
UNITED STATES ARMY, EUROPE
FISCAL YEAR 1954

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DEPARTMENT OF DEFENSE

Robert W. Daniel, Jr.

15 APR 1985

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BY
THE COMPTROLLER GENERAL OF THE UNITED STATES

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OF
SUPPLY ACTIVITIES
ENGINEER, ORDNANCE, AND QUARTERMASTER DIVISIONS
UNITED STATES ARMY, EUROPE
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**BY
THE COMPTROLLER GENERAL OF THE UNITED STATES**



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COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON 25

FEB 18 1955

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Dear Mr. Secretary:

During fiscal year 1954 the European Branch of the General Accounting Office reviewed the supply activities of the Engineer, Ordnance, and Quartermaster Divisions of the United States Army, Europe. The supply activity headquarters of each of these divisions and selected depots in France and Germany were visited during this review.

Our findings and recommendations were reported to the Commander in Chief, United States Army, Europe. Although we have been informed that corrective action has been or is being taken, we feel that the conditions or deficiencies set forth in the accompanying report are of sufficient importance to warrant your consideration.

Because significant deficiencies existed in all the supply activities which we reviewed, we recommend that the Department of the Army institute a thorough review of its entire supply activity in Europe to strengthen controls, improve procedures, and thus detect and prevent similar deficiencies elsewhere. We believe that as a part of this review further consideration should be given to the recommendation on page 8 of the accompanying report providing for the elimination of Quartermaster depot stocks of air-type items and the acquisition of these units by USAREUR directly from USAFE depot stocks.

We will be pleased to discuss these findings with you or members of your organization and will appreciate being advised of any action taken in connection with our recommendations.

Sincerely yours,

Assistant Comptroller General
of the United States

The Honorable
The Secretary of the Army

Enclosure

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REPORT ON REVIEW

OF

SUPPLY ACTIVITIES

ENGINEER, ORDNANCE, AND QUARTERMASTER DIVISIONS

UNITED STATES ARMY, EUROPE

FISCAL YEAR 1954

ENGINEER DIVISION

1. Excessive procurement of repairs
and utilities supplies

During 1952 excessive stocks of repairs and utilities materials were procured by the Southern Area Command using Deutsche Mark occupation funds. The excessive quantities of supplies were "force issued" to detachments of the Nuremberg District. As a result, detachments of the Nuremberg District stockpiled supplies far in excess of actual needs and established control levels higher than warranted by established issue experience. Also, quantities in excess of control levels were not reported on excess listings.

In reply to a report on our findings, the Commander in Chief, USAREUR, informed us that the Southern Area Command has inaugurated a strict stock status control of repairs and utilities supplies which eliminates the procurement of stock in excess of requirements. Force issues of supplies are now prohibited, control levels are based entirely on issue experience, and excess stocks are being eliminated.

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2. Lack of policy with respect to disposition of excess materials

We observed that USAREUR had no definite policy as to the priority to be used in disposing of excess stocks which included materials procured with both dollars and Deutsche Marks. Disposal of excess parts at the Rhine Engineer Depot, we were informed, was being delayed pending instructions as to which type of parts should be disposed of first.

The Commander in Chief, USAREUR, issued a policy letter to the Commanding Officer of Engineer Supply Control Office during February 1954 prescribing the priority to be used in disposing of excess stocks.

3. Unrealistic basis for determining excess stocks

Command stock levels for expendable and nonexpendable general engineer supplies, based on standard replacement factors, were unrealistically high when compared with issue experience. For some items the established stock level for 180 days' supply was many times the quantity issued in the previous year.

The Commander in Chief, USAREUR, informed us that, in the past, issue experience was thought to be unrealistic because requisitions by many units were subnormal due to large amounts of excess stocks throughout the supply system. However, he stated that as of July 1, 1954, command stock levels would generally be adjusted downward based on actual issue experience.

4. Excess stocks not considered in supplying USAFE

The Engineer Division requisitions from depots in the United States items which are commonly used by the USAFE and the Engineer

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Division. At the time of our review, however, Army excess stocks were not being considered when requisitioning for USAFE. As a result, some items were requisitioned for USAFE from depots in the United States, although there were considerable excess Army stocks of the same item in Europe.

The Commander in Chief, USAREUR, informed us that his policy was to make Army excess stocks available to satisfy Air Force demands whenever possible. Implementation of this policy in the Engineer supply system has been delayed because of procedural difficulties concerning reimbursement from Air Force funds. Efforts are being made to work out this problem.

5. Deficiencies in supply operations
of the Toul Engineer Depot

Our review of the General Engineering Supplies and the Engineer Spare Parts accounts at the Toul Engineer Depot disclosed (1) many differences between book and physical inventories, (2) inadequate control over receipts of supplies, (3) inadequate physical inventories, and (4) inadequate inspections to determine deterioration of outside stored stock.

The Commander in Chief, USAREUR, informed us that the Toul Engineer Depot is a new depot and that the problem of stocking it at the same time that construction was in progress, together with shortages of trained personnel, partly accounted for the unsatisfactory conditions. He stated that action was being taken to correct the deficiencies.

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ORDNANCE DIVISION

1. Deterioration of equipment

A substantial amount of equipment (1,000 engine assemblies, 2,800 axles, 1,300 transmissions, and 1,400 transfer cases) stored underground at the Pirmasens Depot in Germany became unserviceable because it was not properly prepared for this type of storage.

The Commander in Chief, USAREUR, informed us that the extreme humidity conditions which caused the deterioration of supplies and equipment were unforeseen. Plans have been made to evacuate the facility, but the evacuation has been delayed because of a construction lag in France.

2. Failure to circularize lists of excess items

At the time of our review, the Ordnance Division did not circulate lists of excess Deutsche Mark procured material as required by existing regulations. Circularization of other technical services of USAREUR and USAFE; United States Navy, Germany; and other agencies might reveal needs for these excesses and possibly conserve Deutsche Marks or appropriated funds. Excess Deutsche Mark procured items are required to be turned over to the German Government for credit against occupation costs if not required by other United States agencies in Germany.

In reply to our report, the Commander in Chief, USAREUR, stated that lists of serviceable excess items procured with Deutsche Marks are now being circulated among all United States Army and Air Force units in Germany, and distribution of the

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lists is being reviewed to insure that any other interested agencies will be included in future circularization.

3. Lack of action on unserviceable stock

Our review of operations at the Fontenet Ordnance Depot disclosed that no action had been taken to scrap or salvage unserviceable material, although the status of these items was properly recorded on stock record cards. For example, 105,594 carbine rear sights (cost \$2.60 each) were received from the Butzbach Ordnance Depot on March 25, 1952. Inspection of these sights on November 2, 1953, disclosed that they had light to heavy rust and that the packing had deteriorated since they were last packed in 1944. After inspection these sights were reclassified as unserviceable on the stock records, but no further action had been taken. It was estimated by the Assistant for Supply Operations at the depot, after a limited inspection, that approximately 35 percent of the total stock in storage at the depot is in unserviceable condition.

In response to our report, the Commander in Chief, USAREUR, informed us that aggressive action to dispose of scrap and excesses was being taken. Personnel had been sent to various depots for training in proper methods and procedures of deprocessing and reprocessing supplies in storage and to ascertain tools and equipment needed for this operation. Material that required chemical deprocessing and reprocessing was being held in abeyance pending the receipt and installation of necessary equipment and material to establish a reprocessing line. After completion of a

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temporary building to house a processing line, a systematic inspection of all supplies is to be made and any material determined to be unserviceable will be reprocessed.

4. Inadequate maintenance of stored vehicles

Approximately 6,000 vehicles, some since February 1951, had been held in open long-term storage at the Fontenot Ordnance Depot. At the time of our review, these vehicles were being shipped to various NATO countries and to United States forces in Austria. During the period of storage, a considerable amount of maintenance, repairs, and replacements was necessitated because of deterioration. About 7,000 tires had to be replaced and frequent repainting was required because camouflage paint was used rather than the paint normally used for Army vehicles in storage.

Property records were not maintained accurately, as evidenced by the fact that some vehicles were carried on the records as being serviceable, although they were unquestionably in an unserviceable condition. Some job orders for repairs and maintenance remained open when the vehicles to which they pertained had already been shipped.

The Commander in Chief, USAREUR, informed us that the World War II type vehicles stored at this depot had been in storage since the end of World War II at other installations prior to shipment to this depot, and that it was impossible to determine exactly what maintenance-in-storage had been accomplished in the past on these vehicles. An in-storage maintenance program was in continuous operation but, due to limited personnel, was not satisfactory. The Commander in Chief stated also that, as a result of

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deficiencies discovered by a Command inspection team, the following actions were taken: A technical assistance team of in-storage maintenance experts was placed on temporary duty at the depot; technical equipment, consisting of paint booths, sand blasters, and industrial-type vacuum cleaners, were shipped to the depot; and orders were issued transferring a headquarters company and an Ordnance company to the depot to assist in maintaining, processing, and shipping vehicles.

QUARTERMASTER DIVISION

1. Inadequacy of control over petroleum products

Although Quartermaster supply regulations provide a maximum station control level of 30 days' supply for lubricating oil, we found that at August 31, 1953, the total stocks on hand in all area commands and districts except Berlin were as follows:

Type of <u>oil</u>	<u>Days' supply</u>		<u>Thousands of gallons</u>	
	<u>Established</u> <u>maximum</u>	<u>On</u> <u>hand</u>	<u>Average monthly issue</u> <u>January-August 1953</u>	<u>On</u> <u>hand</u>
SAE 10	30	106	43.7	154.4
SAE 30	30	52	118.6	207.8
SAE 50	30	118	23.8	94.1

In reply to our report, the Commander in Chief, USAREUR, stated that our findings indicated a possible need for clarification of reporting instructions and that this area is being studied with the view of effecting closer control over station stock levels.

2. Excess stocks of air-type items

Our review of the stock status of "QM air-type" items disclosed that stock level requirements were far exceeded and that

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the stock level requirements were excessively high in terms of past issue experience. This is indicated by the following comparison of QM air-type items on hand with past issues as derived from the records of the Supply Control Office.

<u>Stock No.</u>	<u>Nomenclature</u>	<u>On hand</u>	<u>Stock level (estimated requirements for 8 months)</u>	<u>Issues (preceding 9 months)</u>
83B-5280	Band, parachute	14,697	7,040	250
83C-60050	Container, cargo	1,036	386	2
83P-900	Pack assembly, parachute	6,537	0	15
83P-6993-435	Parachute	475	53	3
83P-6993-450	Parachute	84	101	1

Before fiscal year 1952, USAREUR requirements for air-type items were met by requisitioning on USAFE depots. Beginning with fiscal year 1952, the Quartermaster Division, USAREUR, was given responsibility for supplying USAREUR's needs for such items. Depot stocks are replenished by requisitioning on Air Force depots in the United States.

We recommended to the Commander in Chief, USAREUR, that consideration be given to eliminating QM depot stocks of air-type items and to supplying USAREUR units directly from USAFE depots, as was the policy before fiscal year 1952. In reply to our report, we were informed that the excessive stock level requirements resulted principally from the lack of issue experience at the time supply responsibility for these items was transferred to the QM Division. We were further informed that a review by USAREUR Headquarters in December 1953 had resulted in a drastic reduction of all levels and that continuing positive action will

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be taken towards maintaining levels commensurate with requirements. However, we have received no comments from USAREUR regarding our recommendation to eliminate QM stocks of air-type items and obtain these items from USAFE depots. We believe the adoption of this recommendation would eliminate duplication of depot handling and would make possible lower over-all stock levels.

3. Deterioration of babyfood stocks

During our review of the Ingrandes QM Depot, we noted that 1,400 cases of babyfood, valued at \$41,200, had been condemned because of deterioration. The Army inspector attributed the deterioration to excessive length of storage, improper packing, inadequate and improper warehousing, and some damage in transit. This food, packed in June 1948, had been stored at Bordeaux since 1949.

We were informed by the Commander in Chief, USAREUR, that the loss of babyfood stocks occurred because control was too greatly decentralized to afford timely rotation of stocks, but that action has been taken to bring all such stocks into physical storage and under the direct control of depots and commissaries.

4. Deficiencies in physical inventories and inventory records

At the Ingrandes QM Depot, we noted with respect to the physical inventories conducted by the Army that:

- a. Explanations of overages and shortages raised questions as to the accuracy of physical inventory counts.

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- b. Classes of stock undergoing physical inventory were closed to issue for unreasonable periods of time. An instance was noted where a class of stock was not released for issue for 3-1/2 months.
- c. Proper cutoffs were not always observed.
- d. Errors in accounts were corrected improperly.

Our physical inventory tests at this depot disclosed numerous instances in which the stock records were not in agreement with the actual stock on hand and stock locator cards were inaccurately maintained.

At the Perigueux QM subdepot, we noted a similar situation, in that there were numerous differences between accountable records for all classes of stock and the actual stock on hand, and the stock locator systems in many instances were inaccurate.

The Commander in Chief, USAREUR, informed us that action was being taken to obtain efficient and accurate inventories at the Ingrandes Depot. He stated also that a stock liaison team was assigned to assist the Perigueux subdepot in its inventory requirements. At the subdepot, monthly test counts and stock location audits are now being made, on-the-job training and formal training programs for stock control and storage personnel have been inaugurated, controls have been established to insure the receipt and proper recording of all incoming and outgoing documentation, and liaison visits between the parent depot and the subdepot have been scheduled for the purpose of reviewing procedures and adherence to directives.

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