



087421



REPORT TO THE CONGRESS

LAW BRANCH
THE ARMY LIBRARY

Need For Improvement In The Processing Of Requisitions For Materials B-164500

Department of Defense

*BY THE COMPTROLLER GENERAL
OF THE UNITED STATES*

SEPT. 17, 1960

770411087421



COMPTROLLER GENERAL OF THE UNITED STATES
WASHINGTON, D.C. 20548

B-164500

To the President of the Senate and the
Speaker of the House of Representatives

This is our report on the need for improvement
within the Department of Defense in the processing of
requisitions for materials.

Copies of this report are being sent today to the
Director, Bureau of the Budget; the Secretary of Defense;
the Secretaries of the Army, Navy, and Air Force; and
the Director, Defense Supply Agency.

A handwritten signature in black ink, reading "James B. Stacks".

Comptroller General
of the United States

DIGEST

WHY THE REVIEW WAS MADE

In a prior review of the ability of the military services' supply system to respond to increased demand, the General Accounting Office (GAO) observed that the manner in which the services were processing supply requisitions under the Military Standard Requisitioning and Issue Procedures (MILSTRIP) system precluded realization of maximum benefits attainable under the system.

An examination was therefore undertaken of the processing of requisitions and related matters, such as procedures, pertinent records and reports, and supply transactions.

FINDINGS AND CONCLUSIONS

MILSTRIP has improved the processing of requisitions. However, maximum benefits of MILSTRIP have not been realized because large numbers of requisitions contain erroneous or incompatible data and cannot be processed routinely. One of the principal causes of erroneous data being used was that current information was not available to the requisitioners. Military organizations that prepare requisitions often are not able to keep their catalogs updated. As a result, many requisitions are returned to the originators for additional information or for re-submission as corrected requisitions. Research procedures and re-submission of requisitions are time-consuming and cause delays in the supply support.

RECOMMENDATIONS OR SUGGESTIONS

The Secretary of Defense should:

- Give the Defense Supply Agency or some organizational element within his office the responsibility for effecting improved management control and adequate surveillance over the MILSTRIP system.
- Ensure that catalog changes deemed essential to logistics management are disseminated in such a manner that compatible information will be utilized at all levels involved.

Tear Sheet

SEPT. 17, 1965

AGENCY ACTIONS

The Assistant Secretary of Defense revised the Department of Defense (DOD) directive to define authority and responsibility, which should effect improved surveillance of the operation of the system.

A study of the requirement for, and frequency of, catalog changes was started; and a moratorium has been declared on unit-of-issue changes while the detailed study is being accomplished.

ISSUES FOR FURTHER CONSIDERATION

None.

LEGISLATIVE 1

None.

C o n t e n t s

	<u>Page</u>
DIGEST	1
INTRODUCTION	3
BACKGROUND	4
FINDINGS	6
Need for improvements affecting the MILSTRIP system	6
United States Army, ,	7
Reasons for erroneous or noncurrent data on requisitions	8
United States Navy	PO
United States Air Force	10
Voluminous catalog changes	13
Internal audits and studies	16
Conclusions	17
Agency actions	17
	 <u>Appendix</u>
APPENDIXES	
Principal officials of the Department of Defense; the Departments of the Army, Navy, and Air Force; and the Defense Supply Agency responsible for administration of activities discussed in this report	I 21
MILSTRIP requisition card	II 24
Sample page from technical manual	III 25
Letter dated May 3, 1968, from the Office of the Assistant Secretary of Defense (Installations and Logistics)	IV 26
Department of Defense Directive 4140.17 dated April 2, 1968	V 28

D I G E S T

WHY THE REVIEW WAS MADE

In a prior review of the ability of the military services' supply system to respond to increased demand, the General Accounting Office (GAO) observed that the manner in which the services were processing supply requisitions under the Military Standard Requisitioning and Issue Procedures (MILSTRIP) system precluded realization of maximum benefits attainable under the system.

An examination was therefore undertaken of the processing of requisitions and related matters, such as procedures, pertinent records and reports, and supply transactions.

FINDINGS AND CONCLUSIONS

MILSTRIP has improved the processing of requisitions. However, maximum benefits of MILSTRIP have not been realized because large numbers of requisitions contain erroneous or incompatible data and cannot be processed routinely. One of the principal causes of erroneous data being used was that current information was not available to the requisitioners. Military organizations that prepare requisitions often are not able to keep their catalogs updated. As a result, many requisitions are returned to the originators for additional information or for resubmission as corrected requisitions. Research procedures and resubmission of requisitions are time-consuming and cause delays in the supply support.

RECOMMENDATIONS OR SUGGESTIONS

The Secretary of Defense should:

- Give the Defense Supply Agency or some organizational element within his office the responsibility for effecting improved management control and adequate surveillance over the MILSTRIP system.
- Ensure that catalog changes deemed essential to logistics management are disseminated in such a manner that compatible information will be utilized at all levels involved.

AGENCY ACTIONS

The Assistant Secretary of Defense revised the Department of Defense (DOD) directive to define authority and responsibility, which should effect improved surveillance of the operation of the system.

A study of the requirement for, and frequency of, catalog changes was started; and a moratorium has been declared on unit-of-issue changes while the detailed study is being accomplished.

ISSUES FOR FURTHER CONSIDERATION

None.

LEGISLATIVE PROPOSALS

None.

INTRODUCTION

The General Accounting Office has made a limited examination at various Army, Navy, and Air Force installations of the processing of requisitions for supply materials and spare parts under the Military Standard Requisitioning and Issue Procedures (MILSTRIP) system. This examination was undertaken as a result of a prior review of the responsiveness of the military supply system to increased demands, at which time we noted that the manner in which the services were processing supply requisitions under MILSTRIP precluded realization of maximum benefits attainable under the system. This matter and other matters were included in our report entitled "Overall Observations Regarding Responsiveness of Military Supply Systems" dated March 1967.

Our examination, made pursuant to the Budget and Accounting Act, 1921 (31 U.S.C. 53), and the Accounting and Auditing Act of 1950 (31 U.S.C. 67) was directed toward those matters related to the processing of requisitions which appeared to warrant our attention; it did not include an overall review of MILSTRIP procedures.

We reviewed existing procedures, examined pertinent supply records and reports, made selective tests of supply transactions, and verified on a test basis the accuracy of various records. We also discussed these matters with responsible officials at the Eighth U.S. Army Depot Command, Korea; U.S. Army 2d Logistical Command, Okinawa; U.S. Army Pacific, Fort Shafter, Hawaii; Navy Supply Depot (NSD), Yokosuka, Japan; Navy Supply Center (NSC), Pearl Harbor, Hawaii; Hickam Air Force Base, Hawaii; U.S. Army Electronics Command, Fort Monmouth, New Jersey; U.S. Army Tank-Automotive Command, Warren, Michigan; and Headquarters, Defense Supply Agency, Cameron Station, Virginia. The Marine Corps was in the process of implementing MILSTRIP at the time of our examination and was, therefore, not included.

BACKGROUND

MILSTRIP, the first Defense-wide logistics data system, established a standardized system of data codes, data elements, and document formats. The objective of MILSTRIP is to improve supply support by attaining a greater degree of simplification, standardization, and automation in the processing of requisitions. The system, which was implemented in July 1962 by all military services; the Defense Supply Agency (DSA); and General Services Administration (GSA), replaced 16 different systems that had been utilized for the issue and receipt of supplies throughout the military establishment.

MILSTRIP is designed to (1) provide uniformity of procedures for all requisitioners and all suppliers, (2) meet essential requirements of all the military services, (3) provide for Department of Defense interservice supply transactions, including DSA operations, (4) provide for intraservice supply support operations (excluding interdepartmental purchasing and services operation), and (5) accommodate the requisitioning on GSA stock stores.

MILSTRIP requisitions can be processed if information is provided and is compatible with the information on supply records at the next higher level of supply, as follows:

1. Document is properly identified as a requisition.
2. Customer is properly identified.
3. Supply source is properly identified.
4. Federal stock number is valid.
5. Quantity of the item required is shown.

All other information required by MILSTRIP, such as funding, routing, project, priority, etc., can be provided or corrected at the next higher level of supply and the requisition can be processed.

In accordance with DOD Instruction 4140.17 dated January 23, 1962, the Defense Supply Agency is responsible for amendments to the MILSTRIP manual, for maintaining surveillance over the procedure, and for ensuring uniform implementation and operation by all **the** military services.

The respective services are responsible for overall guidance on supply logistics, policies, and priorities and for adherence to provisions of MILSTRIP regulations through proper supervision and inspection.

A list of the principal officials of the Department of Defense; the Departments of the Army, Navy, and Air Force; and the Defense Supply Agency responsible for the administration of activities discussed in this report is shown in appendix I.

FINDINGS

NEED FOR IMPROVEMENTS AFFECTING THE MILSTRIP SYSTEM

The implementation of the Military Standard Requisitioning and Issue Procedures (MILSTRIP) system has resulted in improvements in the processing of requisitions and related documents by requiring the use of standardized data codes, data elements, and document formats and by permitting extensive utilization of high-speed data processing equipment. We found, however, that the maximum benefits of this system had not been realized because large numbers of requisitions contained erroneous or incompatible data and could not be processed routinely. As a result, many of the requisitions were being returned to the originators for additional information or for revision and resubmission as corrected requisitions.

Resubmission of requisitions was time-consuming and was causing significant delays which contributed to reduced supply-support effectiveness. In our opinion, the primary causes of erroneous or noncurrent information on requisitions were (1) preparation of requisitions by untrained individuals coupled with inadequate supervisory reviews, (2) inadequate review of requisitions before they were forwarded to the next higher supply level, and (3) the absence of current and compatible catalog data at various levels of the supply systems. Our review indicated that the third problem existed to a large degree because of the frequency and volume of changes in catalog data, such as stock numbers, unit costs, units of issue, and source codes.

We also found that, although DSA had been assigned the responsibility for surveillance of the MILSTRIP system, it had not fully carried out this responsibility. In our opinion, DSA, through surveillance of the operation of the system on a systematic basis could have identified the problems and directed that appropriate corrective actions be taken on a timely basis. Our specific observations are discussed in detail in the following sections of this report.

United States Army

At the Eighth United States Army Depot Command (EADC), Korea, and 2d Logistical Command (2d Log), Okinawa, we found that a significant number of requisitions could not be processed through the computers and had to be manually reviewed for errors and omissions. Many of the requisitions were returned to the requisitioners and significant delays occurred before they were reprocessed and supply actions initiated. Following is a tabulation of the total number of requisitions and the reasons why they could not be processed in a routine manner.

<u>Description</u>	<u>EADC</u>		<u>2d Log</u>	
	<u>Jan. to Apr. 1967</u>		<u>Jan. to Feb. 1967</u>	
	<u>Quan-</u>	<u>Per-</u>	<u>Quan-</u>	<u>Per-</u>
	<u>tity</u>	<u>cent</u>	<u>tity</u>	<u>cent</u>
Total number of requisitions	<u>420,762</u>	<u>100</u>	<u>41,670</u>	<u>100</u>
Stock number not on Army Master Data File	24,165	5.8	4,486	10.7
Incorrect unit of issue	14,723	3.5	1,635	3.9
Duplicate document numbers	19,101	4.5	2,018	4.8
Stock number "frozen" (inventory required)	13,755	3.3	392	.9
Others (miscellaneous reasons)	<u>8,740</u>	<u>2.0</u>	<u>1,464</u>	<u>3.5</u>
Total	<u>80,484</u>	<u>19.1</u>	<u>9,995</u>	<u>23.8</u>

Note: The above tabulation does not include those requisitions which are (1) deliberately "excepted" by the computer for certain items requiring a managerial review and (2) those "excepted" for "passing" to inventory control points in the United States for supply action.

From the above tabulation, it is readily apparent that utilization of incorrect Federal stock numbers, incorrect unit of issue, and duplicate document numbers are the principal reasons why requisitions could not be processed by the computers. The problem of "frozen" stock numbers, as noted in our prior review of the responsiveness of the military supply systems to increased demands, was attributable to erroneous stock data and the lack of physical inventories. In the case of "frozen" stock numbers, transactions are not made affecting these stock numbers until the errors, generally items on which imbalances exist between stock records and stocks on hand, are corrected,

Our test of requisitions rejected during computer processing because of erroneous or noncurrent data showed that such requisitions were delayed an average of 7 days in Okinawa and 21 days in Korea before manual review was

completed and the requisitions were reentered in a subsequent computer cycle or were returned to the requisitioner for correction and resubmission. When a requisition is rejected because of erroneous or noncurrent stock numbers or units of issue, supply publications and history files are researched to determine if there has been a change.

We found that, of the requisitions rejected because the stock numbers were not on the Army Master Data File (AMDF), only about 42 percent in Okinawa and about 20 percent in Korea could be corrected at the major overseas stockage point. The balance had to be returned to the requisitioners for review, correction of data, or additional information. Requisitions rejected because of unit-of-issue errors could generally be corrected at the depot after research.

Reasons for erroneous or noncurrent data on requisitions

In order to ascertain the causes for erroneous or noncurrent data on requisitions submitted to the 2d Logistical Command and the Eighth Army Depot Command, we visited a missile support unit in Okinawa and a direct support unit and a supply point in Korea. We found that (1) source information was not current, (2) errors had been made by personnel preparing requisitions, (3) information on the form or document from customers had not been adequately reviewed for errors and omissions. We also found that duplicate documents were being submitted because of weaknesses in controls, and we reported on this matter in our prior review of the responsiveness of the military supply system to increased demands.

In Korea, we found that about 85 percent of the rejected requisitions submitted could have been correctly prepared since accurate information was available at the units. For example, a stock number submitted by the user was shown on the requisition as Federal stock number (FSN) 5120-230-6366 instead of FSN 5120-230-6364, as listed in catalogs. In another instance, an incorrect unit of issue was cited although the correct information was listed in the catalog. We believe that this high rate of error in

Korea can be attributed primarily to the use of untrained personnel and to inadequate supervision. Officials in Korea commented that the shortage of trained enlisted supply personnel and the short 13-month tour of duty in Korea had an adverse effect on supply activities.

Those rejected requisitions which were not attributable to human errors resulted from current information not being available to the requisitioners. In those cases, the information on the requisitions was correct according to the requisitioners' records and publications. However, there had been changes in stock numbers, units of issue, or similar items, which had **not** been furnished to the requisitioners. For example, the unit of issue for FSN 5110-203-9642 was listed in the depot's master data file as "each" while the users catalog listed the unit of issue as "pair."

The primary sources of military units for identifying needed parts are technical manuals which contain data such as Federal stock numbers and unit of issue. (See sample page--app. 111.) Although changes in catalog data are made rather frequently at major stockage points through the utilization of the **AMDF**, the manuals themselves are revised at infrequent intervals. Thus, information at the user level was not compatible with information at the next higher level of supply. For example, our tests of 79 current technical manuals which were prepared by the Army Electronics Command (**ECOM**) showed that changes and revisions had been made only on the average of every 16 months. The users of the pertinent equipment, however, were furnished with certain changes to the manuals during that period. These changes generally took the form of page insertions or instructions for pen and ink changes.

At the Army Tank-Automotive Command (**ATAC**), our test of 16 selected technical manuals that are most frequently utilized for requisitioning purposes showed that the length of time varied between revisions. A manual for the M60 tanks, for example, had not been updated since November 1962, but a manual for M113 personnel carriers had been revised six times since originally issued in November 1964.

United States Navy

We also made limited tests at the Navy Supply Depot, Yokosuka, Japan, and the Navy Supply Center, Pearl Harbor, Hawaii, to determine if requisition processing problems were being encountered in the Navy.

NSD Yokosuka utilizes a manual requisition processing system, and requisitions are reviewed prior to processing. We made a 1-week test of current operations during the period May 1 to 8, 1967, which indicated that about 14 percent of the requisitions had been researched and/or corrected during processing and that about 3 percent of the requisitions had been actually rejected.

At NSC Pearl Harbor, we found that during the week of June 12 to 18, 1967, about 31 percent of the requisitions received could not be processed by the computer. About 21 percent of the requisitions were for items which were not included on the Navy's master stock item record, either because the item was not stocked or because the stock number was invalid. Some of the requisitions undoubtedly contained invalid stock numbers but no data were available as to the extent of this problem. The remaining 10 percent, which were not processed by the computer, were items automatically "rejected" for management review because they were controlled items or the quantity appeared excessive or for other similar reasons,

United States Air Force

At Hickam Air Force Base, Hawaii, we found that the Air Force implementation of MILSTRIP did not require the use of the MILSTRIP standard codes and formats below the level of base supply. "Customers" placed requests on the base supply activity, using manufacturers' part numbers, Federal stock numbers, nomenclatures, or any other available means of identification, and the base supply activity conducted the necessary research to properly identify the items and prepare the MILSTRIP requisitions.

We obtained data on requisition rejects from daily listings for the period January 1 through May 10, 1967.

This information showed that about 13 percent of the customer requests had been rejected during machine processing at the base, principally because the items requested were not identified in the machine records. Our test also revealed that a significant number of requisitions placed by the Hickam Air Force Base on its continental United States (CONUS) supply source had been rejected or canceled. During the period October 1966 through April 1967, 27,006 requisitions were rejected and canceled out of 95,182 requisitions submitted, or about 28 percent. The base supply activity analyzed the rejections and cancellations for the period April 4 to 14, 1967, and we made a similar analysis for the period May 4 to 13, 1967. The results of these analyses showed the following information:

	<u>Analysis of rejections and cancellations</u>	
	<u>By base level supply</u>	<u>By GAO</u>
	(percentage of total)	
Reason for rejection:		
Incorrect source of supply	12.8%	5.5%
Unable to identify item	6.7	3.4
Item not available--rerequisition component parts	5.8	2.3
Quantity requested appears excessive	3.5	4.5
Item requested not available for immediate issue. Requisition was submitted on the basis of supply only from stock--do not backorder	3.4	7.1
Other miscellaneous reasons	<u>8.2</u>	<u>13.8</u>
Total rejects	<u>40.4</u>	<u>36.6</u>
Reason for cancellation:		
Requisitioner no longer requires material	31.7	40.7
Supply source has no record of requisition	<u>27.9</u>	<u>22.7</u>
Total cancellations	<u>59.6</u>	<u>63.4</u>
Total	<u>100.0%</u>	<u>100.0%</u>

During the 10-day period April 4 to 14, 1967, Hickam Air Force Base submitted 4,930 requisitions to its supply sources. Of this number, 599, or about 12 percent, were rejected.

These analyses indicate several potential areas for improvement. The relatively high percentage of requisitions being canceled because there is no record at the supply source indicates that requisitions are being lost. This has been a continuing problem, and we were advised, during our prior review of the responsiveness of the military supply systems to increased demands, that the military departments were taking action to improve communications facilities and to attain better control over requisitions in transit.

Another problem area is the apparent incompatibility of the data in records at the base and the data at depots, as evidenced by the percentage of requisitions canceled because of incorrect sources of supply and the inability to identify items.

The large percentage of cancellations shown above as being due to the fact that the material was no longer required does not necessarily indicate a problem area. Some of these, however, reflected cancellations which required additional research because no cancellation request was on record or because there was no record in the computer for the stock number shown on the cancellation. We were unable to ascertain the causes of this type of discrepancy; therefore, we brought this matter to the attention of base supply officials at the time of our fieldwork.

VOLUMINOUS CATALOG CHANGES

Catalog changes are made for a variety of reasons, such as changes in stock numbers, transfer of management responsibility from one inventory control point to another (source codes), changes in unit costs, and revisions in units of issue. Our review indicated that the volume of such changes presented a significant management problem to field activities because of the need to maintain compatible data at all levels of supply.

To illustrate the extent of this problem, we looked into the number and types of catalog changes being made in the Pacific area,

The United States Army Pacific (USARPAC) Materiel Management Agency (MMA) receives catalog changes monthly from the Army Materiel Command Catalog Data Office. MMA prepares tapes of the catalog changes and sends them to 2d Logistical Command and Eighth Army Depot Command (EADC) so that those activities can update their computer files. Semiannually MMA also furnishes a complete new tape for the entire Army Master Data File. Following is a summary of catalog changes made during the period September 1966 through April 1967.

Effective date	<u>Number of catalog changes</u>	
	<u>Processed by 2d Log</u>	<u>Processed by EADC</u>
Sept. 1, 1966	106,781	148,542
Oct. 1, 1966	309,480	314,514
Nov. 1, 1966	118,448	115,702
Dec. 1, 1966	113,505	Not available
Jan. 1, 1967	84,110	85,920
Feb. 1, 1967	66,302	64,145
Mar. 1, 1967	1,134,278 ^a	1,166,124 ^a
Apr. 1, 1967	82,692	87,664

^aReflects the recording of a complete new semiannual tape for the Army Master Data File.

These changes must be promptly disseminated to user activities in order that requisitions can be processed by the computers. Any requisition which includes data that are not compatible will be rejected by the computer during processing and will require manual research for the correct data.

NSD Yokosuka and NSC Pearl Harbor receive catalog changes in the form of change notice cards, instructions, notices, and memorandums from the CONUS inventory control points, Navy retail offices, and commands. These changes are used to update the stock records. Catalogs are updated periodically when bulletins are received as revisions to the catalogs. We ascertained that NSD Yokosuka was receiving about 6 to 10 thousand change notice cards monthly and NSC Pearl Harbor was receiving about 40,000 monthly.

The supply ships are furnished change notice cards only for the items that they stock. This requires furnishing only about 20 percent of the total changes to each ship. Cruisers, destroyers, and small type vessels do not usually receive the change notice cards because there are not enough experienced supply personnel on board to process large volumes of changes. As a result, NSD Yokosuka and NSC Pearl Harbor must manually research requisitions with changed or outdated information in order that they may be processed.

Base supply at Hickam Air Force Base receives catalog changes through the Stock Number User Directory program. A duplicate file of all records of items under this program is maintained by the Air Force Logistics Command which provides the base with the catalog changes affecting these items. Currently the changes average between 2,500 and 3,000 per month. Under the Air Force supply system, these changes do not have to be furnished to organizational units because base supply performs the necessary research and prepares the MILSTRI? requisitions.

As indicated above, our review has revealed that the Army has the most significant problem in terms of the volume of catalog changes and the need to disseminate those changes to its customers. In view of the importance of this information in orderly requisitioning processing, we looked into selected catalog activities at two Army inventory control

points in the United States--Army Tank-Automotive Command (ATAC) and Army Electronics Command (**ECOM**). Our tests indicated that **Federal** stock number (FSN) changes and unit price changes were **among the** most common changes. Unit of issue **changes**, although not as frequent as FSN *and* unit-price changes, were also made in significant numbers.

At ATAC and **ECOM** we **also** inquired into the various means by which catalog changes were disseminated to appropriate Army activities and into the updating of the technical manuals utilized by customer units (**requisitioners**) as a primary reference for information included in requisitions. As discussed on page 9, we found that manuals were not being updated on a routine basis.

INTERNAL AUDITS AND STUDIES

During our examination, we ascertained what internal audits, reviews, or studies related to the Military Standard Requisitioning and Issue Procedures had been conducted by the military services.

We found at the Eighth United States Army that the Internal Review Division and the Army Audit Agency Area Office had made 14 reviews since 1964. The reports on these reviews cited cases of lack of timely follow-up requests, differences between due-out records, outdated supply publications, incomplete authorized stockage lists, and extended time to process requisitions. The Army Audit Agency was conducting a review of the Eighth Army Depot Command during our examination. One of its tentative findings dealt with an apparent lack of management control over computer "exceptions," similar to those we found, as shown in the tabulation on page 7.

The Army Audit Agency also recently completed a review of requisitioning processing at 2d Logistical Command. This report concluded that high-priority requisitions were not being processed within the required time standards. The report also showed that the average processing time for rejected requisitions was 15 days, which was in excess of the time permitted by the standard for processing requisitions. At the time of our examination, this processing time had been reduced to an average of 7 days.

USARPAC Materiel Management Agency performed a study of the Army Master Data File in June 1966 which concluded that deficiencies in AMDF records and the volume of changes thereto have a serious impact on all supply echelons. In this connection, the Army Materiel Command is currently testing a procedure for putting the AMDF on microfilm so that updated information will be available to the various supply echelons.

In 1963 and 1965, the Office of the Assistant Secretary of Defense (Installations and Logistics) issued performance evaluation reports which revealed many of the problem areas as those discussed above. Although corrective actions had been taken *or* initiated, several years had passed since these reports were issued but certain of the

same problems still existed in 1967. It appears that surveillance of the operation of the **MILSTRIP** system on a systematic basis by a single organization would have resulted in a continuous effort to identify areas in need of improvement and would have ensured the taking of corrective actions.

CONCLUSIONS

Although the **MILSTRIP** system has resulted in improvements in the processing of requisitions, the maximum benefits of this system have not been realized because many requisitions contain erroneous or incompatible data and cannot be processed routinely.

In our opinion, many of the problems we identified could, through improved surveillance of the operation of the system, have been the subject of corrective action.

In order to process requisitions expeditiously, it is essential that their initial preparation be based on current and accurate catalog data. Catalog changes are necessitated by changes in stock numbers, changes in unit costs, revisions in units of issue, and numerous other changes. We recognize the necessity of these changes and the necessity for their prompt dissemination to user activities in order that requisitions may be processed with a minimum of delay.

AGENCY ACTIONS

We brought our findings to the attention of the Secretary of Defense on January 30, 1968, and proposed that the Secretary give the Defense Supply Agency, or some organizational element within the Office of the Secretary of Defense, the responsibility for effecting improved management control and adequate surveillance over the **MILSTRIP** system. In this connection we suggested that a single organization be responsible for (1) reviewing procedures and operations and requiring that changes be made as necessary to improve operations, (2) ensuring that changes to the **MILSTRIP** system are uniformly implemented by the military services and the **Defense Supply Agency**, and (3) requiring, as appropriate, instruction and indoctrination for supply management personnel.

Also, we suggested that catalog changes deemed essential to logistics management **be** disseminated in such a manner that compatible information will be utilized at all levels involved.

There was general agreement by the Assistant Secretary of Defense (Installations and Logistics) on the need for improvement in the operation of the MILSTRIP system, after we brought these matters to the attention of the Secretary of Defense. In a letter dated May 3, 1968 (see **app. IV**), the Assistant Secretary stated that **DSA** had recently organized a separate surveillance group to perform frequent on-site reviews of operations, assess adequacy of training, and make recommendations **for** systems and training improvements.

The Assistant Secretary also advised us that his office had taken action to define responsibilities **more** explicitly through a recent revision to the DOD directive on MILSTRIP. (See **app. V**.) The directive assigns policy and decision authority to the Assistant Secretary (Installations and Logistics), systems administration responsibilities to the Defense Supply Agency, and implementation responsibility to the services.

The Assistant Secretary **also** stated that, in regard to catalog changes, a study was being made of the requirement for, and the frequency of, logistics management data changes. He stated that a moratorium had been declared on unit-of-issue changes while the detailed study was being accomplished.

We will inquire into the effectiveness and adequacy of these actions in our future audit work.

|

APPENDIXES

PRINCIPAL OFFICIALS OF
THE DEPARTMENT OF DEFENSE;
THE DEPARTMENTS OF THE *ARMY*, NAVY, AND AIR FORCE;
AND THE DEFENSE SUPPLY AGENCY
RESPONSIBLE FOR ADMINISTRATION OF
ACTIVITIES DISCUSSED IN THIS REPORT

	<u>Tenure of office</u>	
	<u>From</u>	<u>To</u>
<u>DEPARTMENT OF DEFENSE</u>		
SECRETARY OF DEFENSE:		
Clark Clifford	Mar. 1968	Present
Robert S. McNamara	Jan. 1961	Feb. 1968
DEPUTY SECRETARY OF DEFENSE:		
Paul H. Nitze	July 1967	Present
Cyrus R. Vance	Jan. 1964	June 1967
Roswell L. Gilpatric	Jan. 1961	Jan. 1964
ASSISTANT SECRETARY OF DEFENSE (INSTALLATIONS AND LOGISTICS) :		
Thomas D. Morris	Sept. 1967	Present
Paul R. Ignatius	Dec. 1964	June 1967
Thomas D. Morris	Jan. 1961	Dec. 1964
<u>DEPARTMENT OF THE ARMY</u>		
SECRETARY OF THE ARMY:		
Stanley R. Resor	July 1965	Present
Stephen Ailes	Jan. 1964	July 1965
Cyrus R. Vance	July 1962	Jan. 1964
Elvis J. Stahr, Jr.	Jan. 1961	June 1962
ASSISTANT SECRETARY OF THE ARMY (INSTALLATIONS AND LOGISTICS) :		
Dr. Robert A. Brooks	Oct. 1965	Present
Daniel M. Luevano	July 1964	Oct. 1965

PRINCIPAL OFFICIALS OF
THE DEPARTMENT OF **DEFENSE**;
THE DEPARTMENTS OF **THE ARMY**, NAVY, AND AIR FORCE;
AND THE DEFENSE SUPPLY AGENCY
RESPONSIBLE FOR ADMINISTRATION OF
ACTIVITIES DISCUSSED IN THIS REPORT (continued)

	Tenure of office	
	From	To
<u>DEPARTMENT OF THE NAVY</u>		
SECRETARY OF THE NAVY:		
Paul R. Ignatius	Sept. 1967	Present
Charles F. Baird (acting)	Aug. 1967	Sept. 1967
Robert H. B. Baldwin (acting)	July 1967	Aug. 1967
Paul H. Nitze	Nov. 1963	June 1967
UNDER SECRETARY OF THE NAVY:		
Charles F. Baird	Aug. 1967	Present
Robert H. B. Baldwin	July 1965	July 1967
Kenneth E. BeLieu	Feb. 1965	July 1965
CHIEF OF NAVAL MATERIAL:		
Adm. Ignatius J. Galantin	Mar. 1965	Present
Vice Adm. Wm A. Schoech	July 1963	Mar. 1965
<u>DEPARTMENT OF THE AIR FORCE</u>		
SECRETARY OF THE AIR FORCE:		
Dr. Harold Brown	Oct. 1965	Present
Eugene M. Zuckert	Jan. 1961	Sept. 1965
COMMANDER, AIR FORCE LOGISTICS COMMAND:		
Gen. Jack G. Merrell	Apr. 1968	Present
Vacant	Mar. 1968	-
Gen. Thomas P. Gerrity	Aug. 1967	Feb. 1968
Gen. Kenneth D. Hobson	Aug. 1965	July 1967

PRINCIPAL OFFICIALS OF
THE DEPARTMENT OF DEFENSE;
THE DEPARTMENTS OF THE ARMY, NAVY, AND AIR FORCE;
AND THE DEFENSE SUPPLY AGENCY
RESPONSIBLE FOR ADMINISTRATION OF
ACTIVITIES DISCUSSED IN THIS REPORT (continued)

Tenure of office
From To

DEFENSE SUPPLY AGENCY

DIRECTOR :

Lt. Gen. Earl C. Hedlund, USAF	July 1967	Present
Vice Adm. Joseph M. Lyle, USN	July 1964	June 1967

MILSTRIP REQUISITION CARD

Federal stock number(FSN) is composed of a Federal supply class(FSC) number(4 digits) and a Federal item identification(FIIN) number(7 digits).

Document identification number Unit of issue Customer Quantity

Supply Source

24

DOCUMENT IDENTIFIER		ROUTING IDENTIFIER		FSC		FIIN							ADD'L		UNIT OF ISSUE		QUANTITY		BLANK		FUND		DISTRIBUTION		PROJECT		PRIORITY		RECEIVED DATE		ADVISE DATE		ROUTING STATUS		TRANSACTION		DOLLARS		CENTS																																																																																																																																																																
DOCUMENT IDENTIFIER		ROUTING IDENTIFIER		STOCK NUMBER		STOCK NUMBER		STOCK NUMBER		STOCK NUMBER		STOCK NUMBER		STOCK NUMBER		STOCK NUMBER		STOCK NUMBER		STOCK NUMBER		STOCK NUMBER		STOCK NUMBER		STOCK NUMBER		STOCK NUMBER		STOCK NUMBER		STOCK NUMBER		STOCK NUMBER		STOCK NUMBER		STOCK NUMBER																																																																																																																																																																	
1		2		3		4		5		6		7		8		9		10		11		12		13		14		15		16		17		18		19		20		21		22		23		24		25		26		27		28		29		30		31		32		33		34		35		36		37		38		39		40		41		42		43		44		45		46		47		48		49		50		51		52		53		54		55		56		57		58		59		60		61		62		63		64		65		66		67		68		69		70		71		72		73		74		75		76		77		78		79		80		81		82		83		84		85		86		87		88		89		90		91		92		93		94		95		96		97		98		99		100	

DD FORM 1348m 1 AUG 61

TM 9-2350-215-20P

Section II
Organizational Repair Basts

(1) ILLUST		(2) SOURCE MAINT AND RECOVERABILITY CODE					(3) FEDERAL STOCK NO	(4) DESCRIPTION	(5) UNIT OF ISSUE	(6) QTY INC IN UNIT	(7) DEPT MAINT GUIDE PER 100 EQUIP
FIG NO	ITEM NO	(a) F	(b) S	(c) M	(d) R	(e) QTY					
SECTION II											
ORGANIZATIONAL REPAIR PARTS											
GROUP 01-ENGINE											
0100-ENGINE ASSEMBLY											
1	5	---	P1	O	---	5306-042-5599	BOLT, ASSEMBLED WASHER: (425599) -----	ea	2	20	
1	3	---	P1	O	---	5306-679-4569	BOLT, MACHINE: (8762751) -----	ea	2	20	
2	3	---	P1	O	---	5306-678-4262	BOLT, MACHINE: (10863824) -----	ea	4	40	
2	4	---	P1	O	---	5306-680-5827	BOLT, MACHINE: (06906-35304-32) -----	ea	4	40	
3	4	---	P1	O	---	5305-506-1364	BOLT, SHOULDER: (8744685) -----	ea	2	20	
3	5	---	P1	J	---	4730-679-4557	BUSHING, MACHINE THREAD: (7027645) -----	ea	2	20	
2	3	---	P1	O	---	5340-678-4764	MOUNT, RESILIENT: (10870010) -----	ea	2	20	
2	12	---	P1	O	---	5340-678-4765	MOUNT, RESILIENT: (10870011) -----	ea	2	20	
3	2	---	P1	O	---	5340-678-5389	MOUNT, RESILIENT: (10870335) -----	ea	4	40	
3	7	---	P1	O	---	5310-209-4171	NUT, PLAIN, HEXAGON: (96906-35690-1625) -----	ea	2	20	
3	3	---	P1	O	---	5310-050-3363	NUT, SELF-LOCKING, HEXAGON: (503363) -----	ea	2	20	
2	1	---	P1	O	---	5310-208-4028	NUT, SELF-LOCKING, HEXAGON: (96906-20500-1216) -----	ea	2	20	
3	9	---	P1	O	---	5305-018-1697	SCREW, CAP, HEXAGON HEAD: (96906-35298-110) -----	ea	2	20	
3	1	---	P1	O	---	5305-022-3870	SCREW, CAP, HEXAGON HEAD: (96906-35304-24) -----	ea	2	20	
3	1	---	P1	O	---	5305-812-4306	SCREW, CAP, HEXAGON HEAD: (96906-35304-162) -----	ea	8	80	
3	10	---	P1	C	---	5305-531-9679	SCREW: (96906-35298-112) -----	ea	4	40	
32	4	---	P1	O	---	2510-678-3028	SEAL ASSEMBLY, ENGINE SHROUD, VEHICULAR: (8762689).	ea	1	10	
32	6	---	P1	O	---	2510-678-3033	SEAL ASSEMBLY, ENGINE SHROUD, VEHICULAR: (8762971).	ea	1	10	
32	18	---	P1	O	---	2510-678-3010	SEAL ASSEMBLY, ENGINE SHROUD, VEHICULAR: (10803609).	ea	1	10	
1	4	---	P1	O	---	2520-506-1360	SPRING: (8744687) -----	ea	2	20	
2	5	---	P1	O	---	5310-012-0214	WASHER, LOCK: (96906-35338-26) -----	ea	8	80	
3	11	---	P1	O	---	5310-584-5272	WASHER, LOCK: (96906-35338-29) -----	ea	8	80	
1	2	---	P1	O	---	5310-012-1574	WASHER, LOCK: (96906-35338-31) -----	ea	12	120	
3	8	---	P1	O	---	5310-586-9442	WASHER, LOCK: (96906-35338-34) -----	ea	2	40	
1	4	---	P1	O	---	5310-679-4993	WASHER, SHOULDERED AND RECESSED: (7027844) -----	ea	2	20	
3	6	5	P1	O	---	9905-248-9849	WIRE, STEEL, CARBON: (86906-20995-F-41) -----	ea	#	200	

Sample page from Technical
Manual 9-2350-215-20P
For Tank, Combat, Full tracked:
105-mm gun, M60A1 W/E
(2350-756-8497)
and Tank, Combat, Full-tracked:
105-mm gun, M60 W/E
(2350-678-5773)
Dated January 1965



SS

INSTALLATIONS AND LOGISTICS

ASSISTANT SECRETARY OF DEFENSE
WASHINGTON, D.C. 20301

3 MAY 1968

Mr. W. A. Newman, Jr.
Director, Defense Division
General Accounting Office
Washington, D. C. 20548

Dear Mr. Newman:

This is in reply to Mr. C. M. Bailey's letter of January 30, 1968, which forwarded for review and comment a draft report on the need for improvement in *the* processing of requisitions under the Military Standard Requisitioning and Issue Procedures (**MILSTRIP**) System (OSD Case #2719).

This **Office** notes with gratitude the General Accounting Offices' approval of *the* standardization and automation aspects of **MILSTRIP**.

The draft report recommends **that** the Defense Supply Agency (DSA) or some organizational element within the Office **of** the Secretary of Defense (OSD), be given sufficient authority to facilitate improved management control and adequate surveillance over *the* MILSTRIP system. While I believe that my Office and the DSA already have requisite authority, we have taken action to define these responsibilities in a more explicit manner in a recent revision to DoD Directive 4140.17 which is the basic issuance on MILSTRIP. By this revised Directive, I retain policy and decision making authority; the DSA is assigned systems administration responsibilities; and **the** Services are assigned implementation and indoctrination responsibilities.

DSA has recently given emphasis to carrying out its assigned responsibilities by organizing a separate surveillance group which will perform frequent on-site reviews of operations, assess adequacy of training and make recommendations for systems and training improvements.

As Systems Administrator for MILSTRIP, the DSA has had considerable success in achieving MILSTRIP goals by negotiating agreements for

systems improvement and procedural changes with **the** Military Services. The Services recognize and respect **the** responsibilities assigned to DSA. Under this arrangement, it is estimated that better than 90 percent of all actions are resolved through the cooperative efforts of the Services and DSA. Less than ten percent have required resolution by the OSD.

The draft report further recommends that OSD require that criteria be established which will minimize the volume and frequency of catalog changes. We concur in principle with the recommendations relative to catalog changes, and are conducting a study into the requirement for, **and the** frequency of logistic management data changes. A moratorium has been declared on Unit of Issue changes while **the** detailed study is being accomplished.

[See GAO note.]

MILSTRIP must meet **the** changing need for requisitioning supplies at home and abroad. Therefore, **our efforts** are continually directed at improving the system and the working knowledge of those who operate it. Accordingly, we welcome and value the GAO's views and recommendations.

Sincerely,



THOMAS D. MORRIS
Assistant Secretary of Defense
(Installations and Logistics)

GAO note: Material deleted from this letter because an appropriate revision was made in this report as compared to the draft report.

2. Consideration of the requirements (exclusive of specific codes and procedures for accomplishment) of other areas related to requisition and issue processing. Such related areas as priority designation, stock control, box marking, shipment planning, shipping documentation and contractor shipments are prescribed in other standard systems authorized by references (b), (c), (d), (e) and (f) or are under development ■

II. CANCELLATION

Reference (a) is hereby superseded and cancelled.

III. POLICY

- A. MILSTRIP shall be used by (1) all DoD Component requisitioners authorized to request supply support from any DoD distribution system and the General Services Administration for items stocked by that Agency; (2) all DoD supply sources, inventory managers, and depots, and (3) all contractors authorized to requisition Government-furnished materiel from the DoD. Requisitioners and suppliers shall be known as "MILSTRIP Systems Operators."
- B. Other Government Agencies may, by agreement, apply MILSTRIP when requisitioning materiel from, or issuing materiel to, the DoD. Government Agencies such as the Coast Guard, the Agency for International Development, and foreign governments interchanging MILSTRIP data will also be known as "MILSTRIP Systems Operators."

IV. RESPONSIBILITIES

- A. The Assistant Secretary of Defense (Installations and Logistics) (ASD(I&L)) shall:
 1. Direct and control the MILSTRIP program.
 2. Develop MILSTRIP program policy guidance and coordinate with other affected principal staff assistants to the Secretary of Defense.
 3. Approve requested deviations and exemptions from DoD 4140.17-M.
 4. Approve changes to DoD 4140.17-M affecting policy or involving controversial issues of a nonroutine procedural nature.
 5. Review the MILSTRIP program periodically to assure the attainment of MILSTRIP logistics objectives in a timely and economical manner.

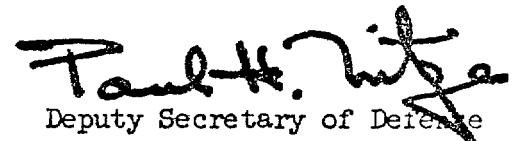
Apr 2, 68
4140.17

6. Direct systems implementation and compliance.
- B. The Director, Defense Supply Agency (DSA) is designated the Systems Administrator for MILSTRIP and shall:
1. Coordinate requests for deviation from any MILSTRIP provision, with MILSTRIP Systems Operators and prepare recommendation to be forwarded to the ASD(I&L) for decision.
 2. Coordinate recommended changes or revisions to DoD 4140.17-M with MILSTRIP Systems Operators, make decisions on routine procedural matters, and submit proposed changes, Systems Operators comments, and Systems Administrator recommendations on subjects affecting policy or involving controversial issues of a nonroutine procedural nature, to the ASD(I&L) for decision regarding their adoption,
 3. Perform systems analysis and systems design functions necessary to incorporate in MILSTRIP the policy guidance provided by the ASD(I&L).
 4. Coordinate, publish and distribute all revisions to the MILSTRIP Manual in an efficient manner.
 5. Assure compatibility between MILSTRIP and referenced procedural regulations and make recommendations to the administering DoD Component where compatibility with other related systems is deemed necessary.
 6. Maintain surveillance over the MILSTRIP system through review of implementing plans and procedures and joint DSA/Military Service on-site observations to insure compliance with DoD policies and procedures, achieve uniform implementation of procedures and determine effectiveness of the system.
 7. Develop programs for the refinement and improvement of MILSTRIP.
 8. Determine the adequacy and scope of Service/Agency/Command training programs via review of programs of instruction, lesson plans, other training media and classroom audits, and make recommendations for improvement.

- C. Each DoD Component shall:
1. Develop and execute time-phased programs to implement MILSTRIP changes .
 2. Conduct internal training to assure effective and continued MILSTRIP application.
 3. Designate an office of primary responsibility for MILSTRIP in order to assure continuous liaison with the Systems Administrator and other DoD Component personnel.
 4. Review internal procedures in order to eliminate and prevent duplication of record keeping and administrative function in the use of information provided by MILSTRIP.
 5. Develop, recommend, and justify improvements and refinements of MILSTRIP to the Systems Administrator.
 6. Provide representation in coordination with the Systems Administrator for joint team efforts in design, development and evaluation of MILSTRIP.

V. IMPLEMENTATION

- A. *This* Directive is effective immediately.
- B. Two (2) copies of implementing instructions and changes thereto published by DoD Components shall be forwarded to the ASD(I&L) and to the Systems Administrator immediately upon issuance.


Deputy Secretary of Defense