

Air Force Needs to Properly Account for All General Equipment That Contractors Hold

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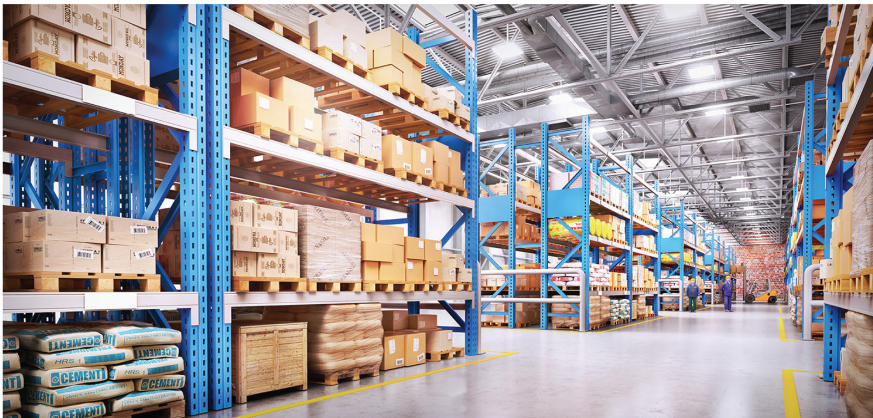
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A report to congressional committees

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What GAO Found

GAO found that the Air Force accurately accounted for general equipment that contractors hold, at selected locations, in two of its accountable property systems of record. Specifically, GAO was able to verify all 187 records that Reliability, Availability, and Maintainability for Pods & Integrated Systems reported as being maintained at the Raytheon Missile Systems facility. That system had accurate records for the pods that are normally affixed to a variety of aircraft the Air Force operates. In addition, GAO was able to verify all sample items tested from the Defense Property Accountability System, which had accurate records for items such as trucks and other vehicles used by Air Force contractors.



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However, GAO found that the Air Force has not accurately accounted for general equipment that contractors hold, at selected locations, in its Stock Control System (D035) accountable property systems. Specifically, GAO could not locate 18 of the 96 sampled items at the Reliance Test & Technology facility at Eglin Air Force Base in Valparaiso, Florida. In addition, GAO could not locate 58 of the 104 sampled items at the Standard Aero facility in San Antonio, Texas, such as a torque adapter, an electric synthesizer, and a gear assembly adapter.

In addition, the D035 system lacks item descriptions and serial numbers, making it impossible to track and distinguish between items that share the same national stock number. Specifically, if a contractor has multiple of the same general equipment item provided to it, the Air Force cannot determine when one of the items is returned, or which item should be updated in the D035 system. The Air Force could see a significant improvement in the accuracy of general equipment information in the D035 system by ensuring that all equipment records have item descriptions and serial numbers.

GAO also found that the Air Force's D035 system did not accurately record equipment that contractors returned when no longer needed for contract performance. This is because the Air Force Program Office did not establish an integrated product team to create proper disposition instructions and system updates as required by policy. As a result, the Air Force may be unaware of general equipment it has in stock and risks purchasing items unnecessarily.

Why GAO Did This Study

In fiscal year 2024, the Air Force reported \$118.4 billion of the Department of Defense (DOD) consolidated \$443.5 billion of general equipment, a portion of which is in the possession of a contractor. DOD has long-standing issues with tracking and reporting equipment for financial reporting purposes. GAO performed this audit related to its statutory requirement to audit the U.S. government's consolidated financial statements. This report examines the extent to which the Air Force has properly recorded general equipment contractors hold in its accountable property systems of record.

GAO reviewed relevant annual financial reports and DOD and Air Force guidance, regulations, manuals, and instructions. In addition, GAO visited five locations to test samples of general equipment contractors hold. GAO's testing focused on locating items at the contractor location and selecting a sample of general equipment that was physically observed at the location to trace back to the Air Force accountable property system of record. GAO also interviewed Air Force and contractor officials.

What GAO Recommends

GAO is making two recommendations to the Air Force to (1) ensure that all general equipment contractors hold that is tracked in the D035 system has item descriptions and serial numbers and (2) ensure that officials adhere to policies requiring program offices to establish integrated product teams to plan for and manage the receipt of returned general equipment that is maintained in the D035 system. The Air Force partially concurred with the first recommendation and concurred with the second. The actions that the Air Force plans to take address the intent of both recommendations.