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The Honorable Wayne Owens
House of Representatives

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Dear Mr. Owens:

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As requested in your letter of June 21, 1973, and as subsequently agreed with your office, we reviewed (1) the accuracy of the calibration workload data used as a basis for reducing the Metrology Division at Tooele Army Depot, Utah; (2) the reasons for shipping certain items from Pacific ports to Tooele and then reshipping them to Sharpe Army Depot, Lathrop, California, and (3) the rationale for not repairing those items at Tooele.

Regarding the first item, we believe the Sacramento Army Depot data used in the 1973 Metrology cost analysis was essentially correct.

On the second point, the Army routed certain repairable items from a Pacific port (Oakland, California) to Tooele and then to Sharpe for repair. The Army attributed this to workload programing problems and a misunderstanding of orders. The Army agreed that some rerouting of materiel occurred.

Point three, items were reshipped to Sharpe because Tooele was fully workloaded and could not have repaired them.

CALIBRATION DATA

Army Materiel Command (AMC) officials stated that the decision to move the Tooele Area Support Calibration workload to Sacramento was based on an updated 1969 Feasibility Study. The savings shown in the updated study for the functional transfer were based on a quantity of 15,728 Area Support Calibrations for fiscal year 1973. We determined

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the correct figure to be 15,030, a difference of approximately 4 percent. This would not have materially changed the study results. The results were discussed with and made available to your office, and it was agreed that no further audit effort on this item was needed.

DETOURING OF MATERIEL FOR REPAIR
THROUGH TOOELE

Under the Army's prime depot concept, a single depot is designated the prime depot for repairing specific types of equipment. If the amount of repair required is greater than the prime depot can accommodate, the overflow is sent to the secondary depot or to contractors. All materiel being returned from the field is sent to the prime depot unless specific instructions are issued to the contrary.

Tooele is the prime depot for Troop Support Command (TROSCOM) equipment and Sharpe is the secondary depot. Under the prime depot concept, Tooele would be workloaded to a specific level and the overflow sent to Sharpe.

Program planning data available in early fiscal year 1972 indicated that a single depot could support the Army's construction and general equipment commodities in fiscal year 1973 and subsequent years. Therefore, plans were instituted to phase out the construction and general equipment maintenance programs at Sharpe.

Then, in late fiscal year 1972 when a larger fiscal years 1973 and 1974 depot-level overhaul program developed than Tooele could accommodate it became apparent that some construction and general equipment repair would have to be diverted from Tooele to Sharpe. Therefore, TROSCOM was requested to route incoming materiel directly from the Army's Oakland Port to Sharpe for repair. However, the quantity of materiel routed from Oakland was not sufficient to workload Sharpe to planned levels, and additional materiel was required from Tooele to bring Sharpe to the desired workload level. The following table shows the items sent from Tooele.

<u>Federal stock number</u>	<u>Item</u>	<u>Planned to be shipped</u>	<u>Shipped as of Aug. 1, 1973</u>
2820-088-9384	Wheeled tractor	10	10
3805-075-3312	Scraper	100	36
6115-017-8237	Generator	913	421
6115-017-8239	Generator	927	759
3930-724-8146	#4000 tractor	17	17
3930-086-6677	Electric forklift truck	12	13
3930-709-6341	Electric forklift truck	5	5
3930-709-6358	Electric forklift truck	10	10

On the basis of dollar comparisons, these items equated to about 23 percent of Sharpe's workload for fiscal year 1974. Army officials stated that most of this materiel had arrived at Tooele from Oakland, other U.S. locations, and Europe before rescheduling the work at Sharpe. We could not determine exactly how much of the above materiel came originally from Oakland. Within the framework of the prime depot concept, however, two factors could have caused materiel to be shipped to Tooele instead of being diverted to Sharpe.

1. The AMC instructions to TROSCOM, issued in June 1972, did not identify all the specific items required to increase Sharpe's workload. Items were identified and funds programed on an incremental basis and not in phase with normal program planning actions. As a result, instructions to TROSCOM were not issued on a timely basis, to allow for more complete and timely diversion of materiel at Oakland to Sharpe.
2. TROSCOM, in turn, did not promptly order sufficient materiel to be shipped from Oakland to Sharpe. During the first half of fiscal year 1973, a misunderstanding existed as to the action TROSCOM should take in ordering materiel from Oakland to Sharpe. This resulted in the incomplete

fulfillment of AMC's instructions for diverting materiel at Oakland to Sharpe. The misunderstanding was resolved in January 1973. Since then the program appears to be operating as planned.

- o Had the Army overcome these problems, unnecessary costs for shipping materiel from Oakland to Tooele to Sharpe could have been minimized. Since some of the materiel involved presumably had arrived at Tooele from Oakland prior to the Army's instructions to divert and since other items arrived from continental United States and European locations, we could not identify the total costs which should have been avoided.

However, shipping costs for those items shipped from Tooele to Sharpe through August 1, 1973, totaled about \$24,400.

TOOELE WORKLOAD

With respect to why this work was not being performed at Tooele, Tooele was fully programed. According to a Tooele official, while materiel was being routed to Sharpe, Tooele's scheduled workload was beyond its manpower capability. A comparison between authorized man-years and the man-years required to perform Tooele's programed maintenance in fiscal year 1973 showed Tooele was overprogramed by about 180,900 man-hours for maintenance of construction equipment and about 385,800 man-hours for maintenance of general-purpose equipment. The materiel shipped from Tooele to Sharpe is construction and general-purpose equipment.

CONCLUSION

These problems demonstrate the impact of inadequate planning and communication. After a decision was made to shift workload from one depot to another, there was a timelag in responding to the change, and unnecessary transportation costs and delays in starting repair of the items were thereby incurred.

AGENCY COMMENTS AND GAO EVALUATION

On November 2, 1973, we asked the Army to comment on our findings. Its reply dated December 11, 1973, has been considered in preparing this response and is enclosed.

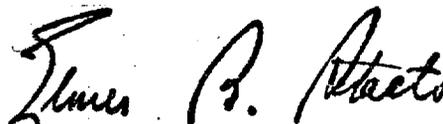
The Army has stated that it acted promptly and expeditiously to direct incoming shipments of unserviceable equipment from Oakland to Sharpe, after the items had been identified and located. Moreover, it stated that a balancing action for placing programs at Tooele, Sharpe, and contracting sources was undertaken to obtain the "optimum overhaul maintenance program." Nonetheless, this action did "result in some back hauling of materiel from Tooele to Sharpe."

Though we do not take issue with the Army's intent, the facts do not support its contention of prompt and expeditious action. For example, in June 1972 Headquarters AMC issued orders to direct materiel from the Port of Oakland to Sharpe. Nevertheless, from July through December 1972 messages from AMC to TROSCOM clearly indicated that the program to direct material to Sharpe was not being fully implemented. As late as February 6, 1973, AMC stated that insufficient assets were on hand at Sharpe and that interdepot transfers may be necessary.

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We trust this information responds to your request. We do not plan to distribute this report further unless you agree or publicly announce its contents.

Sincerely yours,



Comptroller General
of the United States

Enclosure



DEPARTMENT OF THE ARMY
HEADQUARTERS UNITED STATES ARMY MATERIEL COMMAND
5001 EISENHOWER AVE., ALEXANDRIA, VA. 22304

AMGCP-IA

11 DEC 1973

Mr. Werner Grosshans
Associate Director
Logistics & Communications Division
U. S. General Accounting Office
Washington, D. C. 20548

Dear Mr. Grosshans:

This is in reply to your 2 November 1973 letter to General Miley.

Early in Fiscal Year 72 the Army Materiel Command planned to close-out the overhaul of construction and general purpose equipment at Sharpe Army Depot, to close the maintenance mission at Atlanta Army Depot and the Richmond Support Center, and to consolidate this workload at Tooele Army Depot. This action was based upon a reduced workload projected for these commodities during Fiscal Year 73 and out years. In addition other actions were also taken to realign the missions of all depots to minimize the number of locations overhauling like items. As a result of this the combat and tracked tactical vehicle programs were phased out of Tooele in favor of construction and general purpose equipment programs. Concurrently with the planned close-out of the construction and general purpose equipment programs at Sharpe and the realignment of the missions of all depots, instructions were broadcast worldwide to return unserviceable construction and general purpose equipment to Tooele. This was done to preclude having large quantities of unserviceables on hand at Sharpe, Atlanta and Richmond which would have to be moved when the construction and general purpose equipment programs phased out at these facilities.

In October 1972 instructions were received from the Office of the Deputy Chief of Staff for Logistics, Department of the Army that some \$13.342 million of the Fiscal Year 73 PEMA appropriation would be transferred to OMA appropriation P7M category. The purpose of the fund transfer was to improve the Army's serviceable asset position and to preclude the purchase of new equipment while like items existed in the inventory in an unserviceable condition. These instructions also contained a list of 12 construction and general purpose equipment and the quantities thereof which were to be overhauled with the \$13.342 million to be transferred from the PEMA appropriation to OMA. This \$13.342 million increased the