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Improvements Needed In Controls And Accounting For Ground Vehicle Petroleum

Department of the Army

**UNITED STATES
GENERAL ACCOUNTING OFFICE**

LCD-75-218

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UNITED STATES GENERAL ACCOUNTING OFFICE

WASHINGTON, D.C. 20548

LOGISTICS AND COMMUNICATIONS
DIVISION 4

B-163928

2 The Honorable
The Secretary of Defense

Dear Mr. Secretary:

1 we examined the adequacy of the procedures and practices used by Army activities to control and account for petroleum used by ground vehicles at installations in the continental United States. we also compared these procedures and practices with those used by a Navy and an Air Force activity. The results of this examination and our recommendations are included in appendixes I and II. 20

There were previously undetected and unaccounted for petroleum shortages of 114,000 gallons and unsubstantiated issues totaling 2.3 million gallons at three of the four audited Army installations. These conditions, occurring before our examination, were not made known and corrected because:

- The prescribed system did not promptly identify shortages.
- Practices did not conform to prescribed accounting procedures.
- Controls did not adequately insure that issues were made for only authorized purposes.
- In some instances, dispensing and storage facilities did not function properly or were antiquated and inadequate.

In contrast to the poor management at most of the audited Army activities, the controls and accountability practices for management of petroleum were much better at the Navy and Air Force activities. Although the Army activities took action to improve their procedures and practices for petroleum management, we believe further opportunities for improvement exist. These opportunities are reflected in our recommendations which are included in appendix I (see p. 16).

We invite your attention to the fact that this report contains recommendations to you which are set forth on

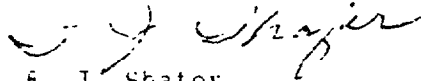
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page 16. As you know, section 235 of the Legislative Reorganization Act of 1970 requires the head of a Federal agency to submit a written statement on actions he has taken on our recommendations to the House and Senate Committees on Government Operations not later than 60 days after the date of the report and to the House and Senate Committees on Appropriations with the agency's first request for appropriations made more than 60 days after the date of the report.

Thank you for the cooperation extended to our staff during this review. We would appreciate notification of the actions taken in response to this letter. We are also sending copies of this report to the Secretaries of the Army, Navy, and Air Force.

Sincerely yours,


F. J. Shater
Director

STUDY OF CONTROLS AND ACCOUNTINGFORGROUND VEHICLE PETROLEUMINTRODUCTION

The General Accounting Office examined the adequacy of the procedures and practices used by selected Army activities to control and account for petroleum used by ground vehicles at installations in the continental United States (CONUS). We also compared these procedures and practices with those used by a Navy and an Air Force activity. Most of the fieldwork was performed at major Army petroleum support units located at Fort Bragg, North Carolina; Fort Riley, Kansas; Fort Hood, Texas; and Fort Eustis, Virginia. Limited fieldwork was performed at Andrews Air Force Base, Maryland, and Oceana Naval Air Station, Virginia.

We found unaccounted for petroleum shortages of 114,000 gallons at three of the four audited Army installations. Also, issues totaling 2.3 million gallons could not be validated because the records and/or documentations were not available (see app. II). These conditions occurred because:

- The prescribed system did not promptly identify shortages.
- Practices did not conform to prescribed accounting procedures.
- Controls did not adequately insure that issues were made only for authorized purposes.
- In some instances, dispensing and storage facilities did not function properly or were antiquated and inadequate.

In contrast to the poor management at most of the Army activities, management controls and accountability practices were generally good at Fort Bragg. The audited Navy and Air Force activities managed and followed procedures which provided much better control over and accountability for petroleum.

In response to our review, the Army activities took action to improve their procedures and practices for petroleum management. However, further opportunities for improvement

exist through developing and using a system for management of petroleum which is used by ground vehicles at CONUS Army installations. This system could be patterned after the Air Force control and accounting features in use at Andrews Air Force Base and the Navy system at Oceana Naval Air Station. (See p. 16.)

ARMY'S PRESCRIBED SYSTEM
FOR PETROLEUM ACCOUNTABILITY

Army regulations require perpetual inventory records for all petroleum products. In addition to the beginning monthly balance, cumulative monthly receipts and issues, and ending monthly balance, this record is supposed to reflect the gain or loss adjustment needed to bring it into agreement with the monthend physical inventory. Documents supporting these entries are to be retained for 2 years.

Support units operate the petroleum dispensing stations and receive their supplies from the installation's petroleum supply organization. Their requests for bulk petroleum are given a document control number, signed by the accountable petroleum officer, and recorded in a document control register. At the end of each month the cumulative monthly total for these documents is posted to the inventory records.

The station attendant is required to maintain a daily record of issues by vehicle and/or organization. This record shows quantity, vehicle identification, driver's signature, and attendant's initials. Bulk issues (exceeding 55 gallons) and container issues can be made only to individuals with requisitions signed by a designated approving officer. For these issues the daily record shows quantity, organization, and requisition identification. Each vehicle has a maintenance log book in which the driver is required to record the date and quantity of petroleum received. This record is used to monitor fuel usage and to determine when the vehicle should go in for routine maintenance. Fuel pumps are supposed to be equipped with metering devices and the station attendant is supposed to record the daily beginning and ending meter readings and also the physical inventory by tank. This permits identifying shortages or overages by station and day.

Each day the totals from the daily issue record are to be posted to a monthly issue summary. The cumulative totals on this summary are posted to the inventory record monthly. The accountable petroleum officer or his designated

representative is required to conduct a physical inventory of petroleum products at the end of each month. The inventory record is then brought into agreement with the physical inventory by recording the gain or loss adjustment.

An evaporation or handling loss of 1 percent of the beginning monthly balance plus receipts is allowed for gasoline and one-half percent is allowed for diesel fuel. Monthly losses exceeding these tolerances are to be investigated by the accountable officer and a report of survey is supposed to be prepared showing the disposition of the loss and the action taken.

NEED TO IMPROVE PRESCRIBED SYSTEMS
AND EXISTING PRACTICES

There is a real need for the Army to improve its system and practices for the receipt, storage, and issue of petroleum products at its CONUS installations. The system currently prescribed does not provide the controls necessary to promptly and accurately identify and account for petroleum shortages. In addition, most of the audited Army activities did not comply with the prescribed procedures. Their practices resulted in almost complete lack of control over inventories and in accounting records that were so erroneous as to be of no value as a management or accountability tool. The Army has no information system to routinely bring these deficiencies to the attention of management so that it may take the action necessary to correct the condition.

Not all features of the Army system were deficient at each of the installations; however, at most of the activities we found deficiencies and errors in practice that included all aspects of the system. These included failure to maintain records, apparent misrepresentation of quantities on documents, lack of signatures to validate issues, unawareness of the requirement to take physical inventories, and pumps with broken meters and a fuel tank that leaked.

At each of the activities we discussed our findings with appropriate officials. They initiated investigations to determine the causes of the deficiencies and to suggest improvements for correcting the conditions. At one location the investigators concluded that accountability for petroleum was inadequate and irresponsible almost to a point of negligence. At another location the investigator attributed the lackadaisical management to the repetitive passing on of

an inefficient system. He stated that because the system showed no errors until our audit, there was never an apparent need to doubt its accuracy. Examples of some of our more important findings are shown below.

FCRT HOOD

At Fort Hood the 1st Cavalry Division (1st CD) is the largest consumer of petroleum. The 15th Supply and Transport (15th S&T) Battalion of the 1st CD is responsible for the receipt, storage, issue, and accountability for all petroleum products for that division. We found that neither the 15th S&T nor the 1st CD were

- maintaining perpetual inventory records,
- posting daily totals to a monthly summary record, or
- retaining daily documents of receipt and issue for verification.

From November 1972 through September 1973 the 15th S&T did not have proper records to validate the 1st CD's use of 812,000 gallons of gasoline. Only 11 monthly inventory adjustment reports for this period were available at the time of our review. These reports showed total receipts and issues and reflected monthly gasoline loss adjustments ranging from 90 to 414 gallons. These losses were within the permitted variance and, therefore, did not require investigation. However, in addition to the unsubstantiated issues of 812,000 gallons, we identified previously undetected shortages of 86,000 gallons (see app. II).

A number of entries on the monthly adjustment reports were in error resulting in large understatements and overstatements of petroleum inventories. For example:

- The March 1973 beginning inventory exceeded the February 1973 ending inventory by 33,881 gallons.
- The April, May, and June 1973 receipt entries were 30,097 gallons less than those shown as being delivered to the 15th S&T by the billing records of the installation's supply department. Had the correct monthly receipts been used, the shortages for this 3-month period would have been 30,634 gallons rather than the reported 537 gallons. A loss of this magnitude would have triggered an investigation.

--The September 1973 report showed cumulative issues of 94,045 gallons and a physical inventory loss adjustment of 276 gallons. No evidence could be found to show that a physical inventory had been taken as of the end of September. Moreover, valid documentation was available for only 5-days' issues, or 8,735 gallons. A difference of 85,310 gallons could not be supported. Additionally, a physical inventory had not been taken and an inventory adjustment report had not been made at the end of October 1973.

At the end of November 1973 we participated with an independent team in taking a physical inventory of gasoline and diesel fuel. Also, we assisted the accountable petroleum officer in reconstructing an adjustment report for October and November 1973. This revealed gasoline and diesel fuel shortages of 10,053 and 12,108 gallons, respectively, whereas allowable losses were only 1,604 and 1,002 gallons. An investigation board examined this shortage. Also, since 85,310 gallons of gasoline were unaccounted for in September 1973 the board agreed to include this discrepancy in its examination.

The investigators found documentation supporting unrecorded issues for October and November 1973 and concluded that there had been a gain of 536 gallons rather than a shortage of 22,161 gallons. Because the finding was a small gain, no action was taken. However, we found there was an error in the calculation. Previously unrecorded bulk issues of 55,106 gallons should have resulted in an overage of 32,945 gallons, not 536 gallons as determined by the investigators.

For September 1973 the investigation was able to account for issues of 60,700 gallons, which left a shortage of 33,345 gallons. This required a time-consuming, detailed analysis of document receipt registers and equipment maintenance logbooks maintained by elements of the 1st CD. The investigators concluded that petroleum accountability was inadequate and irresponsible almost to the point of negligence. However, they concluded that there was no evidence of wrongful appropriation and that mismanagement of records was not sufficient ground to establish pecuniary liability.

As a result of our review and the Army's followup investigation, formal accountability for petroleum has been established with emphasis on correct daily recording of transactions and inventories. The station operators are now taking and recording daily beginning and ending metered tank

readings and physical inventory measurements. The record of daily issues are verified by comparing them with the issues shown by the meter readings and by the physical inventory measurements.

FORT EUSTIS

The largest dispenser of petroleum at Fort Eustis is the transportation motor pool (TMP). TMP is responsible for the receipt, storage, issue, and accountability for all petroleum used by activities that are not authorized to have their own dispensing station. TMP's monthly gasoline inventory adjustment reports showed 351,000 gallons of gasoline had been issued from September 1972 through August 1973, and monthly loss adjustments for 355 gallons had been made to bring the recorded balances into agreement with the physical inventory. Since each of the monthly loss adjustments were within the allowable 1-percent limitation, no investigations were required. However, the daily issue totals posted to the monthly issue summary were frequently in error or completely unsupportable.

The gasoline shortage from September 1972 through August 1973 should have been 13,000 gallons (see app. II) instead of 355 gallons. Also, the actual monthly shortage in 8 of the 12 months greatly exceeded the 1 percent permitted loss variance and, therefore, should have required a detailed investigation. For example, a 0.7 gallon loss adjustment was made in December 1972 when the allowable loss was 457 gallons. Had the correct daily issue totals been posted, the monthly loss adjustment would have been 2,006.7 gallons. . . December 12, the daily issue record showed 981.8 gallons, whereas the total posted to the monthly record was 1,981.8 gallons. Also, on December 20, the daily issue record showed 806.6 gallons, whereas 1,806.6 gallons had been posted to the monthly record.

In addition, the individual issue entries on the daily records frequently were not supportable. We traced 27 daily issues made to vehicles during the period August 25 to August 27, 1973. The vehicles' maintenance logbooks showed no gasoline receipts in 11 instances. In six other cases the logbooks showed receipts of quantities that did not agree with the station daily records.

These shortages were not disclosed promptly because adequate controls had not been established and maintained. The

responsibility of physical receipt and issue had not been separated from the recordkeeping which is fundamental to any inventory control system. The station operator maintained both the daily and monthly issue records. He took unscheduled physical inventories and then adjusted the daily totals posted to the monthly record to insure that only minimal differences were reflected between the recorded ending monthly balance and the monthend physical inventory. This juggling of daily issue totals was necessitated in part by the attendant's practice of frequently allowing vehicle drivers to pump their own gas without verifying the quantities issued.

Neither the accountable petroleum officer nor the independent inventory officer made any attempt to verify the accuracy of the daily or monthly receipt and issue totals posted to the accountable records. Daily issue totals could not be compared with cumulative daily issues reflected by pump meter readings because the pumps were antiquated and the metering devices didn't work. Further, neither the station attendant nor the accountable officer took daily inventories because they were not aware they were required to do so.

Fort Eustis officials appointed an independent investigating officer to inquire into the shortage of 13,000 gallons of gasoline. He corroborated our findings, but was unable to account for the shortage. He attributed the lackadaisical management to the repetitive passing on of an inefficient system. He stated further that because the system showed no errors until GAO's audit there was never an apparent need to doubt its accuracy.

As a result of our review, corrective actions have been taken to improve the controls over and accountability for petroleum. In addition, new gasoline pumps with metering devices have been installed.

FORT RILEY

The 1st Infantry Division (1st ID) is the largest consumer of petroleum at this installation. The 1st Supply and Transport Battalion (1st S&T) of the 1st ID is responsible for operating 15 (5 dispensing stations; 10 storage facilities) of the 18 dispensing and storage facilities at Fort Riley and for accountability of the petroleum used by the 1st ID. This mission, however, was temporarily assigned to the 1st Brigade of the 1st ID for 3-1/2 of the 12 months

covered by our review because most of the 1st ID, including the 1st S&T, were sent to Europe for training.

According to available records, the 1st ID used about 2.4 million gallons of gasoline and diesel fuel from March 1973 through February 1974. We were unable to validate the issuance of 1.5 million gallons from March 1 to August 16, because required supporting documentation had been either lost or destroyed. However, by using the installation supply department billing records for bulk deliveries and the results of physical inventories, taken shortly after the end of this period, we determined that the 1.5 million gallons used for this period seemed reasonable. We were told the loss of records was apparently due to frequent changing of accountable officers and that the accountable officer for this period was not available because he had been separated from the service. In addition to the undocumented issues of 1.5 million gallons, we identified previously undetected shortages of about 15,000 gallons (see app. II).

The 1st Brigade assumed petroleum support responsibilities at Fort Riley from August 17 through November 30, 1973. Inventory adjustment reports prepared during this period showed that petroleum losses did not exceed the allowable limitations. These reports were not reliable, however, because of errors in the monthly cumulative issues and the monthend physical inventories.

Fifty-seven percent of the daily issue totals posted to the monthly records did not agree with the totals of the daily issue records. A shortage of 4,520 gallons for 2 of the 4 months would have been reflected if the correct daily issue totals had been posted. This would have required a detailed investigation. In addition, the daily records did not account for all issues. For example:

- The maintenance logbook for 6 vehicles showed 49 gasoline receipts totaling 557 gallons over a 3-week period. However, the daily records of the appropriate stations showed that 22 percent of these gasoline issues, 150 gallons, were not recorded.
- The daily metered pump readings for an 8-day period and the recorded daily issues varied by as much as 12 percent. The metered readings of 1 station showed 357 gallons had been issued over the weekend whereas the daily records reflected no issues.

--Individual entries on the daily records were altered or deleted, frequently without explanation or initials of the responsible persons. Also, there were no valid requisitions to support bulk issues in a number of instances.

In several cases, monthend inventory measurements were very inaccurate. One week after the 1st Brigade completed its October 1973 monthend physical inventory and adjusted the accountable records, GAO and 1st Brigade personnel took a physical inventory of petroleum at the four dispensing stations which had receipt and issue activities during that week. By using documentation which represented individual transactions for this period, we reconstructed the receipt and issue totals by individual stations. Normally these transactions were totaled monthly for all stations and overages or shortages could not be identified to individual stations. This showed gasoline shortages of 7,410 gallons at 2 of the stations and represented 20 percent of the recorded inventory for these stations. Eleven facilities were inactive during October 1973; however, comparison of the monthend physical inventories for September and October 1973 showed differences at individual facilities ranging from a 2,754 gallon shortage to 1,140 gallon overage with a net shortage of 2,136 gallons.

The 1st S&T resumed its management responsibilities in December 1973. We verified the monthend physical inventories taken by the 1st S&T for December 1973 through February 1974. This disclosed gasoline shortages of 5,690 gallons in December and 3,718 in February. The station or stations responsible could not be pinpointed readily because the inventory balance and identification of the monthly shortage was on a combined station basis. The Army and local procedures which called for daily comparison and reconciliation of the meter readings and physical inventories with the recorded transactions and inventory balances were not being followed.

An Army review of all paperwork and another physical inventory of all gasoline tanks failed to identify the cause of the December shortage of 5,690 gallons. The installation facility engineers were asked to inspect the tanks for leaks because they had been in use from 18 to 32 years while their expectant use was 15 years. A 1-week surveillance revealed a leak in one of the tanks. The investigating officer attributed the entire 5,690-gallon shortage to this leak. Some portion of the shortage, no doubt, could be attributed to the leak, but a portion could be attributed just as easily to

unauthorized diversion since there were ineffective locks on tanks at several stations.

We believe this gasoline shortage could have been prevented or minimized, if the directed procedures had been carried out on an individual station basis.

As a result of our review, corrective actions have been taken to improve controls over and accountability for petroleum. Installation facility engineers are to inspect all storage tanks and repair or replace defective tanks.

We also suggested that management responsibilities be assigned to nondivisional units permanently attached to Fort Riley rather than to divisional units which are subject to deployment. Officials agreed that because of frequent changes in accountability and temporary assignments of inexperienced personnel, the current arrangement was unsatisfactory. However, they stated that our suggestion would require further study before a satisfactory solution could be achieved.

FORT BRAGG

We believe that Fort Bragg is effectively managing its petroleum stocks. The largest distributors of petroleum at Fort Bragg are the installation TMP and the 82d Airborne Division. Our tests of the control over and accountability for receipts, issues, and inventories by these activities from January to December 1973 revealed no major discrepancies. These activities issued 1.1 million gallons during this period.

The Army Audit Agency in a 1972 report revealed problems in petroleum management at Fort Bragg similar to those we found at the other Army activities. In response to this report both the installation and 82d Airborne Division improved their management procedures and practices for the control and accountability for petroleum.

Our review did show that at TMP there was not an adequate separation of the responsibilities for physical receipt, issue, petroleum storage, recording of transactions, and taking physical inventories. The station attendant maintained both the daily record of transactions and the monthly summary record, in addition to being responsible for recording pump meter readings and taking monthend physical inventories. After we brought this situation to the attention of Fort Bragg officials

and pointed out the problems at Fort Eustis as a result of failing to separate these duties, they agreed to make the necessary procedure changes.

ARMY COULD IMPROVE PETROLEUM MANAGEMENT
BY ADOPTING AIR FORCE AND NAVY METHODS

Our review of the Air Force and Navy procedures for the management of ground fuel and our limited evaluation of practices at two installations indicate that the systems at these installations provide more effective control over and accountability for petroleum than does the Army's system.

The Air Force and Navy systems provide daily accountability by individual petroleum dispensing and storage facilities. This permits the timely identification and resolution of petroleum shortages exceeding allowable tolerances. Details of our observations follow.

ANDREWS AIR FORCE BASE

The Base Fuels Management Office (BFMO) at Andrews Air Force Base through its service stations and mobile refueling units, is responsible for the receipt, storage, safeguarding, and issue of petroleum; the Supply Management Office (SMO) is responsible for its accountability. The BFMO distributes annually about 850,000 gallons of ground fuel.

Our tests of the practices for June 1974 showed that prescribed procedures were being followed. These procedures required an accurate daily accounting of receipts, issues, and beginning and ending inventory balances, as well as insurance that issues are made only for authorized purposes. We reviewed the April and May 1974 monthend physical inventories taken by BFMO. The shortage for these months was well within the fluctuation of 1 percent of the month's beginning balance plus issues allowed for evaporation or handling.

The Air Force's system for managing petroleum is set forth primarily in Air Force Manual 67-1. Briefly the system provides for separating the responsibility for physical control from accountability. A physical inventory is taken both before and after receiving fuel to verify receipt of the quantity shown on the supplier's invoice. Pump meter readings and tank physical inventory readings are recorded daily and adjustments are made to bring the BFMOs' records into

agreement with the physical inventory. The SMO accountable records and the BFMO records are reconciled weekly. The accountable records are adjusted to agree with the physical inventory at the end of each month.

To control gasoline issues, credit cards identifying the vehicle and owning unit, must be presented to the station attendant who is required to make sure the vehicle number on the card is the same as the number on the vehicle before he issues any petroleum. A two-part issue document which is stamped with the credit card identification shows the kind and quantity of petroleum issued as well as the vehicle driver's signature and station attendant's initials. This document supports the daily recorded issues and serves as input for SMO monthly billings and for the petroleum usage portion of the transportation office's maintenance reporting system. The system permits daily detection of major shortages by the responsible station or storage facility. Lastly, any monthly loss adjustment exceeding 1 percent of the beginning monthly balance plus monthly issues by individual station or facility is subjected to a detailed investigation and report of survey.

The Air Force Audit Agency performed an audit during April and May 1974 of the security and controls over ground fuel at 24 selected bases. Andrews Air Force Base was not included in this audit. The Audit Agency released its report in September 1974. The most significant finding, in our opinion, was that 409 vehicles at 15 bases showed abnormal fuel consumption during April 1974, and records indicated that 50 percent of the vehicles obtained as little as 3 to 5 miles per gallon at 3 bases. The other findings were primarily noncompliance with procedures and not system weaknesses. The responsible headquarters agreed with the audit findings and had taken or planned to take appropriate actions on the recommendations.

OCEANA NAVAL AIR STATION

The fuel division of the supply department at Oceana Naval Air Station is responsible for receiving, storing, issuing, taking inventories, and accounting for all petroleum. Through its service stations and mobile refueling units this division issued approximately 391,000 gallons of ground fuel during the year ending April 30, 1974. An inventory team independent of the fuel division took quarterly physical inventories during this period and disclosed no major losses.

The Navy system for the control and accountability of petroleum is prescribed primarily in Navy Supply Systems Manual, vol. 2.

We tested the fuel division's practices for managing petroleum during March and April 1974 and found that prescribed procedures were being followed and that they provided accurate accounting for and adequate safeguards over petroleum.

The procedures and practices in use were very similar to those followed at Andrews Air Force Base. For example, station operators forwarded documentation for daily receipts and issues, as well as daily beginning and ending metered tank readings and physical inventory measurements to the fuel division which used this data as basic input to its accounting records. This system also permitted daily detection of major shortages by individual stations or facilities. A credit card system, similar to the one used at Andrews AFB, was used to account for issues and was the basis for billings to using organizations. The primary differences between Air Force and Navy procedures are (1) the separation of responsibility for physical control and for accountability are not as clear-cut in the Navy and (2) a team independent of the fuel division makes a quarterly physical inventory in the Navy, whereas the BFMO personnel take monthly physical inventories in the Air Force. Also, Navy shortages of petroleum which exceed three-tenths of 1 percent of quarterly throughput (quarterly cumulative receipts and issues) must be investigated and a report of survey processed.

CONCLUSIONS

To help alleviate the national energy shortage, the military services have implemented programs restricting petroleum usage to essential needs. To be fully effective, these programs require the services to exercise stringent controls over and reliable accountability for petroleum.

Management practices at a majority of the audited Army activities fell far short of the objectives of a viable fuel conservation program. Substantial fuel shortages occurred and went undetected for prolonged periods because (1) prescribed controls and accounting procedures were not understood fully, not implemented correctly, or not used at all, (2) the system did not provide management the means for timely identification and resolution of shortages, and (3) storage and dispensing facilities were often antiquated and in need

of repair to prevent losses through leaks or unauthorized access. Inadequacies in the Army installations' petroleum accountability and control systems were so serious and the reasons so unclear in some cases even after Army investigations, that they at least merit consideration of possible impropriety.

In contrast to the inadequate system and practices followed at a majority of the Army activities, the Air Force and Navy systems provided strong controls over and reliable accounting for petroleum inventories and of receipts and issues by individual dispensing and storage units on a daily basis. They also permitted immediate detection and resolution of shortages.

In response to our review, each of the Army activities took actions which should bring about locally needed improvements in its management of petroleum. However, we believe that major improvements in Army-wide management of petroleum are needed if further undetected shortages are to be prevented and the objectives of a viable fuel conservation program are to be attained.

RECOMMENDATIONS

We recommend that the Secretary of Defense:

- Study the feasibility of establishing and implementing a uniform LOD system for petroleum management. Such a system, we believe, should be patterned after the Air Force and Navy systems and adopt the better controls and procedures of these two systems.
- Direct the Secretary of the Army to take immediate action to enforce the Army's existing procedures for control over and accountability for petroleum pending the results of the Secretary of Defense's study.
- Direct the Secretary of the Army to have the Army Audit Agency perform an Army-wide audit of the management of petroleum used by ground vehicles to insure that the actions directed by the Secretary of the Army are implemented promptly and properly.

In addition, if this audit discloses inadequacies similar to those contained in this report and indicate that possible improprieties in the handling of petroleum may have occurred,

APPENDIX I

APPENDIX I

we recommend that the Secretary of the Army direct the Army's Criminal Investigation Command to inquire into the findings of our report as well as those of the Army Audit Agency to determine whether any criminal actions were involved.

APPENDIX II

APPENDIX II

UNSUBSTANTIATED ISSUES AND
UNDETECTED SHORTAGES OF FUEL

	Fort Hood		Fort Eustis		Fort Riley		Gallons
	Unsub- stantiated issues	Unde- tected shortages	Unsub- stantiated issues	Unde- tected shortages	Unsub- stantiated issues	Unde- tected shortages	
Records to substantiate issues were missing: Nov. 1972-Sept. 1973							
Mar. 1973-Feb. 1973		812,000			-1,500,000		
Total							2.3 million
Fuel shortages that were not detected until GAO's audit:							
April, May, and June 1973		30,600					
Sept. 1973		33,300					
Oct. and Nov. 1973		22,100					
Total		86,000					
Sept. 1972 to Aug. 1973				13,000			
Aug. to Nov. 1973:							
Errors in posting daily issue totals						4,800	
Errors in weekend inventory measures: 4 active stations						7,400	
11 inactive stations						2,800	
Total						15,000	
Total							114,000