

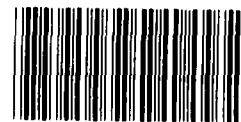
BY THE U.S. GENERAL ACCOUNTING OFFICE

Report To The Honorable Charles E. Grassley United States Senate

Air Force Efforts To Avoid Inappropriate Disposal Of Materials

During an inspection conducted between December 1983 and June 1984, the Air Force Inspector General determined that the Air Force was disposing of assets which were needed to support active weapon systems or to satisfy other requirements. As a result, Headquarters, Air Force, on March 5, 1984, imposed a moratorium on the disposal of Air Force material. Under the rules for the moratorium, material qualified for disposal only if it met specific criteria.

At the request of Senator Grassley, GAO reviewed a limited number of material disposals initiated by the Warner Robins and San Antonio Air Logistics Centers to determine whether the material qualified for disposal under the rules of the moratorium. In analyzing judgemental samples of 47 disposals at Warner Robins and 23 at San Antonio, GAO found 9 disposals at each activity which, in its opinion, did not qualify for disposal.



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UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

NATIONAL SECURITY AND
INTERNATIONAL AFFAIRS DIVISION

B-217244

The Honorable Charles E. Grassley
United States Senate

Dear Senator Grassley:

By letter of August 6, 1984, you expressed concern regarding the Air Force's disposal of spare parts which might be needed to support weapon systems still in use. You pointed out that the Air Force had acknowledged that its spare parts inventory management policies and procedures had failed to prevent the disposal of some material which was still needed.

To preclude continuance of this practice and to allow time for these inventory management policies and procedures to be revised, on March 5, 1984, the Air Force Deputy Chief of Staff for Logistics and Engineering directed a moratorium on disposals. On March 9, 1984, the Air Force Logistics Command issued detailed instructions and criteria to implement the moratorium. These instructions also identified certain categories of material that were exempt from the moratorium. You asked us to determine if the Air Force was disposing of material which did not qualify for exemption from the moratorium because you were concerned, based on preliminary work by your staff, that this was occurring. By letter dated October 30, 1984, we provided you an interim response on our tentative findings. This report discusses the final results of our review.

Based on our work at the Warner Robins Air Logistics Center, Warner Robins, Georgia; the San Antonio Air Logistics Center, San Antonio, Texas; and the Defense Property Disposal Offices at both locations, we found that material had been disposed of which did not qualify for exemption from the moratorium. At Warner Robins we analyzed 47 disposal actions and found that 9 did not qualify. (See p. 6.) At San Antonio we reviewed 23 disposal actions and determined that 9 did not qualify. (See p. 8.)

Because of your requirement for an early interim response, the disposal actions we reviewed were not randomly selected. Therefore, we cannot estimate the total number or value of disposal actions at these two locations which did not comply with the moratorium rules.

In some instances, officials at Warner Robins and San Antonio agreed with our conclusion that the disposal did not qualify under the moratorium rules and indicated that they would request return of the material from the Defense Property Disposal Office. In some other instances, they agreed with our conclusion but expressed the belief that the material would never have been used if it had been retained. In still other instances, they did not agree with our conclusion. The positions of these officials, along with our rationale for concluding that the disposals did not qualify, are included in appendixes I through VII. Appendix I also contains detailed information on the nature and scope of our work and information we obtained at your request.

Although we found disposal actions which did not comply with the moratorium, the Warner Robins and San Antonio Air Logistics Centers have increased their efforts to avoid inappropriate disposals. For example, both centers require the physical screening of material which has been transferred to the Defense Property Disposal Office to determine if the material should be returned to the Air Force for use. The Air Force is formulating overall inventory management policy and procedural changes to avoid inappropriate disposals and does not plan to lift the disposal moratorium until these changes have been implemented--estimated to be in June 1985.

A draft of this report was reviewed by Department of Defense and Air Force officials and they concurred with our findings (see app. VIII). As arranged with your office, we plan no further distribution of this report until 14 days from the date on this report, unless you publicly announce its contents earlier. At that time we will send copies to the Secretaries of Defense and the Air Force and other interested parties.

Sincerely yours,



Frank C. Conahan
Director

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ABBREVIATIONS

AFLC	Air Force Logistics Command
DPDO	Defense Property Disposal Office
GAO	General Accounting Office



AIR FORCE EFFORTS TO AVOID
INAPPROPRIATE DISPOSAL OF
MATERIAL

BACKGROUND

During an inspection in early 1983, personnel from the Air Force Inspector General's office noted numerous serviceable items in Defense Property Disposal Offices (DPDOs). It was suggested to Headquarters, Air Force, that an inspection of disposal practices would be fruitful because of the potential for waste and possible impact on readiness. In October 1983 the Air Force Deputy Chief of Staff (Logistics and Engineering) asked that the inspection be conducted.

In June 1984 the Inspector General reported that Air Force retention policy and requirement systems resulted in disposal of assets needed by the Air Force. The inspection team, sampling only a few items at a few locations, recovered assets from disposal valued at over \$1.5 million, according to the Inspector General's report. During the inspection, the significance of these problems was realized and action was initiated by Headquarters, Air Force, to address all aspects of Air Force retention and excess policy. As a result, Headquarters, Air Force Logistics Command (AFLC), was directed to immediately stop the disposal of all serviceable and unserviceable active weapon system parts. AFLC provides logistics support and services for the entire Air Force, including central procurement and storage of material at its five air logistics centers.

Headquarters, Air Force, and the Department
of Defense implement disposal moratoriums

In a message dated March 5, 1984, Headquarters, Air Force, directed Headquarters, AFLC, to "hold all ... disposal actions [and] conduct a review of all assets (serviceable and reparable) in DPDO that apply to active weapons." The moratorium was to stay in effect until further notice. The message also directed that assets meeting certain criteria be returned to stock.

In a message to subordinate commands on March 9, 1984, AFLC listed certain categories of property that were exempt from the disposal moratorium as follows:

- Unserviceable consumable items.
- Condemned items.
- Hazardous material.

- Ammunition.
- Complete vehicles.
- Aircraft engines (removed from exception list August 7, 1984).
- Shelf-life items with 3 months or less shelf life remaining.
- Unserviceable items obtained from the General Services Administration or the Defense Logistics Agency.
- Unserviceable, but reparable, items peculiar to weapon systems used solely by foreign military sales, if there had been no demand for the items in the past 4 years.
- Residue from reclamation projects.
- Obsolete assets (i.e., obsolescence based on no further application to active weapon systems or no application because of a design change).

On July 2, 1984, the Assistant Secretary of Defense (Manpower, Installations and Logistics) issued a memorandum to all the military services and the Defense Logistics Agency initiating a temporary moratorium on the transfer of excess items to DPDOS. This memorandum did not list specific exemptions, however. The Assistant Secretary stated that his office had reviewed the Air Force situation and had determined that similar problems may exist in the other services. The services were directed to examine the following areas:

- Adherence to the policies contained in DOD Directive 4100.37, "Retention and Transfer of Materiel Assets." Particular attention was to be focused on the use of the Contingency Retention Stock¹ and the Numeric Retention Stock² categories to hold assets currently in long supply that were still applicable to weapons systems in the United States or friendly foreign government inventories.

¹Contingency Retention Stock - That portion of the quantity of an item for which there is no predictable demand or quantifiable requirement except for a determination that the quantity will be retained for possible specific contingencies.

²Numeric Retention Stock - The quantity of an item in excess of all identified requirement objectives but for which disposal is currently infeasible or uneconomical or for which a management decision has been made to retain stock in the supply system.

- Adherence to the criteria in DOD Directive 4100.37 by activities reporting excesses to inventory managers for disposition instructions, and the quality of review given by inventory managers to those reports.
- Use by inventory managers of existing sources of information regarding the availability of assets in the disposal yards.
- Effectiveness of systems for redistributing assets from bases reporting them as excess to bases needing the assets.
- Effectiveness of systems for assuring that unserviceable but reparable assets needing repair are repaired rather than excessed.
- Accuracy of the codes identifying the condition of material to ensure that miscoding does not cause assets to be disposed of automatically.

The memorandum further stated that the disposal freeze will remain in effect until the services and the Defense Logistics Agency complete their reviews and notify the Assistant Secretary in writing that procedures to correct any major deficiencies are in place and that normal disposal processing should be resumed. The moratorium has now been lifted for the Defense Logistics Agency and the services, except the Air Force.

OBJECTIVE, SCOPE, AND METHODOLOGY

Our objective was to determine whether the Air Force was continuing to dispose of material contrary to its moratorium criteria. To accomplish this, we reviewed Air Force instructions implementing the moratorium and actions taken at Warner Robins and San Antonio Air Logistics Centers. We interviewed, and obtained documentation from, Headquarters, Air Force, and officials primarily responsible for monitoring the disposal program and implementing corrective actions at the two centers. To advise Senator Grassley promptly whether the moratorium criteria were being complied with completely or whether some disposals were occurring which did not comply with the criteria, we selected disposal actions for review as described in the following paragraphs.

At Warner Robins we selected a judgmental sample of 74 disposal actions from the DPDO's monthly transaction registers. The disposal actions involved items the DPDO received from March 9 to July 1984 from various Air Force activities, primarily Warner Robins. We further limited our selection to items that were coded as being in serviceable, incomplete (part missing), or reparable condition because we believed these items would have the highest potential of not meeting the provisions of the moratorium, i.e.,

if it was still usable or could be repaired, it should not have been disposed of. Because Senator Grassley requested a prompt response, we were precluded from taking a statistically valid sample of disposal actions for projection to the universe.

After a preliminary review of the 74 disposal actions, we determined that only 47 actions were relevant to our determination of whether Warner Robins was complying with the moratorium instructions. Our analysis showed that activities other than Warner Robins had made the disposal decisions for 23 of the items. We made no further review of these items because our primary objective was to determine whether Warner Robins was adhering to the moratorium. Additionally, four items in our sample were not relevant because they were received by the DPDO before the effective date of the disposal moratorium.

After the moratorium had been in effect for 5 months, San Antonio Air Logistics Center officials established a joint working group from the Directorates of Materiel Management and Distribution to verify whether disposal actions were in accordance with moratorium criteria. The group reviewed a sample of 400 disposal actions for the 5 months the moratorium had been in place. To determine whether San Antonio complied with the terms and conditions of the moratorium, we interviewed members of the working group to see how they had performed their study and what they had found. We also obtained documentation related to their study, including a report to AFLC Headquarters on study results.

We judgmentally selected 30 items from the 400 disposal actions the group had reviewed to independently determine whether the disposal actions complied with moratorium criteria. Our initial selection included seven disposal actions that San Antonio's internal review had identified as not complying with the disposal moratorium. Detailed information on these seven disposals is contained in appendix VI. We analyzed the remaining 23 disposals. The disposals we reviewed at San Antonio were not randomly selected and no projections can be made from our findings as to the total number of disposal errors.

We did not consider whether some disposal actions would have been questionable or in error if there had been no moratorium. For example, item managers may have disposed of some items based on economic decisions that the item was uneconomical to repair even though the item was not clearly covered by the exemptions in the moratorium criteria.

Detailed information on the items we reviewed at Warner Robins and San Antonio is in appendixes II through VII. Department of Defense officials concurred with our findings and their comments are contained in appendix VIII.

EFFECTIVENESS OF WARNER ROBINS AND
SAN ANTONIO AIR LOGISTICS CENTERS IN
AVOIDING INAPPROPRIATE DISPOSAL OF MATERIAL

Both before and after imposition of the March 5, 1984, moratorium on disposals, Warner Robins and San Antonio had increased their efforts to avoid inappropriate disposals of material. However, our analysis of 70 disposals effected by these two centers during the moratorium showed that 18 did not qualify for disposal under the criteria established by AFLC.

Warner Robins disposals

In June 1983 Warner Robins revised its policy and procedures to require personnel³ to conduct monthly physical reviews of material located in the DPDO's holding facilities. We were advised that Warner Robins' Commander and/or Deputy Commander had also participated in the monthly screenings. In addition, the Directorate of Materiel Management required that its division or deputy division chiefs also perform a separate monthly walk-through review and screening of material in the DPDO. The Directorate authorized 68 employees to assist in screening property.

As a result of the screenings, Warner Robins identified and retrieved a considerable amount of property. For example, Warner Robins, in its monthly screening reports from January through July 1984, identified 72 items in the DPDO that potentially should be withdrawn. The screening reports showed the value of 60 of the 72 items at \$1,118,518. Cost data was not available for the remaining items. Thirty-six of these items were identified after the effective date of the moratorium. Screening reports showed the value of 26 of the 36 items, for which we could identify cost, at \$109,382.

Air Force test of effectiveness

On August 3, 1984, AFLC Headquarters directed the air logistics centers to select 400 turn-in documents for the period March to July 1984 to determine whether disposal actions complied with the provisions of the disposal moratorium, and to report the results to AFLC Headquarters by August 8, 1984. Warner Robins selected 212 disposal actions from a total of 5,558 and reported to AFLC Headquarters on August 14, 1984, that 3 disposal actions were not in compliance with the moratorium.

³Directorates of Maintenance, Materiel Management, and Distribution.

GAO test of effectiveness

At Warner Robins, we analyzed 47 disposal actions which had occurred during the moratorium and found that the following 9, in our opinion, did not qualify under the rules of the moratorium. These 47 actions were not part of the 212 selected by Warner Robins personnel.

<u>National stock number</u>	<u>Description</u>	<u>Quantity disposed of</u>	<u>Unit value</u>	<u>Total value</u>
5841-00-134-6260	Radar transmitter	3	\$34,138.00	\$102,414.00
5841-00-225-3732	Receiver transmitter	3	18,137.00	54,411.00
5841-00-817-6421	Receiver transmitter	6	3,789.00	22,734.00
5841-01-022-2620	Housing assembly	8	287.40	2,299.20
3040-01-003-6458AY	Shouldered shaft	1	601.44	601.44
1615-00-419-7186TH	Bifilar	3	5,333.00	15,999.00
1650-00-707-7826BX	Uplock activator	3	717.80	2,153.40
1560-00-092-3850KC	Fin assembly	1	7,474.00	7,474.00
1560-00-035-2181LG	Filler assembly	1	3,482.28	<u>3,482.28</u>
				<u>\$211,568.32</u>

Although our work at Warner Robins indicated less than total effectiveness in complying with the moratorium, the results of our work cannot be projected to all Warner Robins disposal actions because we did not use a sampling method that would allow projection. Further, our sample included only serviceable, repairable, or incomplete (part missing) items sent to disposal. These type items, because they would still be usable or could be repaired, have a much higher probability of not complying with the moratorium than other items.

San Antonio disposals

Immediately following the Inspector General's inspection in February and March 1984, a San Antonio review team was formed to respond to the Inspector General's findings and to screen assets in the disposal activity. Some of the actions implemented to address the Inspector General's findings directed item managers to

- review all disposal actions processed during 1983 and either reverse or cancel erroneous disposal actions,
- review future excess asset listings more thoroughly in order to preclude the system from automatically processing needed assets for disposal,
- comply with local screening times by reviewing a computer list of all assets received by disposal activities world-wide and requisitioning needed assets in a timely manner,
- interrogate the Integrated Disposal Management System weekly to determine the availability of critical items that may have been erroneously sent to disposal, and
- screen all locally purchased/manufactured coded items to determine if other Air Force bases are registered as users and have requirements.

San Antonio began physical screening of property in the local DPDO on March 7, 1984. Additionally, excess review listings showing items approved for disposal during 1983 were also reviewed by item managers. In this review process, San Antonio officials evaluated 5,500 disposal actions involving material valued at about \$135 million. Based on the review, 274 withdrawals were made from the DPDO valued at about \$3.4 million. Of the 274 withdrawals, 115, valued at about \$2.02 million, were made because of increases in anticipated future Air Force usage and changes in foreign military sales requirements. Another 143 withdrawals, valued at about \$1.02 million, were made because the material applied to active weapon systems although it was excess to current requirements. Another 16 withdrawals, valued at about \$360,000, were made for reasons such as coding errors or misidentification.

Air Force test of effectiveness

On August 3, 1984, AFLC asked San Antonio to establish a joint working group to verify whether all disposals were being made in accordance with AFLC's moratorium criteria. The group reviewed 400 of the approximately 1,411 disposal actions which occurred from March to July 1984 and determined that 393 were processed correctly and the remaining 7 were not. San Antonio's

August 9, 1984, reply to AFLC reported the above results and stated that actions were proceeding to withdraw those items that were improperly sent to disposal. The seven items that did not comply with the moratorium are shown in appendix VI.

GAO test of effectiveness

We analyzed 23 of the 400 disposal actions reviewed by San Antonio and found the following 9 that, in our opinion, did not qualify under the guidelines established for the moratorium. Our analysis did not include the seven items that San Antonio had previously determined did not comply with the moratorium.

<u>National stock number</u>	<u>Description</u>	<u>Quantity disposed of</u>	<u>Unit value</u>	<u>Total value</u>
6695-00-349-6040	Electric vibrometer	1	\$ 661.00	\$ 661.00
5280-00-413-0968RX	Inspection gage set	1	11,721.00	11,721.00
6695-00-061-3753	Foot candle meter	1	1,175.00	1,175.00
1740-00-945-8457	MHU handling trailer	57	3,685.00	210,045.00
6665-01-095-3859	Mine detector	1	1,414.00	1,414.00
6695-00-137-8274	Vacuum pump	2	1,125.00	2,250.00
6625-00-071-1664	Electronic frequency counter	1	1,811.00	1,811.00
6625-00-811-2406	Electric counter	2	4,250.00	8,500.00
1680-00-133-6082	Control assembly	1	105.41	<u>105.41</u>
				<u>\$237,682.41</u>

Because the items we reviewed at San Antonio were not randomly selected, we cannot make any projections to the total number of disposals.

WARNER ROBINS AIR LOGISTICS CENTER DISPOSAL ACTIONS REVIEWEDBY GAO THAT DID NOT COMPLY WITH THE MORATORIUM

<u>National stock no. and description</u>	<u>Quantity</u>	<u>Unit value</u>	<u>Total value</u>	<u>Remarks</u>
5841-00-134-6260 Radar transmitter	3	\$34,138.00	\$102,414.00	This disposal action did not comply with the moratorium because there was no evidence that the assets were reviewed for reclamation of component parts before disposal. This item is applicable to a phasing out, but currently active, system. The reason given for the disposal was that there were sufficient reparable and serviceable assets to support the system through phase-out and, therefore, the incomplete assets were not needed. After our discussion with the equipment specialist, the assets were withdrawn from DPDO.
5841-00-225-3732 Receiver/transmitter	3	18,137.00	54,411.00	This disposal action did not comply with the moratorium because there was no evidence that the assets were reviewed for reclamation of component parts before disposal. This item is applicable to a phasing out, but currently active, system. The reason given for the disposal was that there were sufficient serviceable and reparable assets to support the system through phase-out and, therefore, the incomplete assets were not needed. However, the assets were later withdrawn from DPDO to reclaim component parts.
5841-00-817-6421 Receiver/transmitter	6	3,789.00	22,734.00	This disposal action did not comply with the moratorium because there was no evidence that the assets were reviewed for reclamation of component parts before disposal. This item is applicable to a phasing out, but currently active, system. The reason given for the disposal was that there were sufficient serviceable and reparable assets on hand to support the system through phase-out and, therefore, the incomplete assets were not needed. Also, the item is no longer being repaired.
5841-01-022-2620 Housing assembly	8	\$ 287.40	\$ 2,299.20	This disposal did not comply with the moratorium because there was no evidence that the assets were reviewed for reclamation of component parts before disposal. This item is applicable to a phasing out,

<u>National stock no. and description</u>	<u>Quantity</u>	<u>Unit value</u>	<u>Total value</u>	<u>Remarks</u>
				but currently active, system. The reason given for the disposal was that there were sufficient serviceable and reparable assets to support the system through phase-out and, therefore, the incomplete assets were not needed. Also, no further procurement of the item or spare parts is planned.
3040-01-003-6458AY Shouldered shaft	1	\$ 601.44	\$ 601.44	This item is applicable to an active system. The reason given for the disposal was that the item manager thought the item applied only to an inactive weapon system. After our discussion with the item manager the item was withdrawn from DPDO. Personnel agreed that this disposal did not comply with the moratorium.
1615-00-419-7186TH Bifilar	3	5,333.00	15,999.00	This item is applicable to an active weapon system. The reason given for the disposal was that there were enough serviceable assets on hand to meet requirements, and that the item was sent to disposal before the moratorium. However, DPDO records show the item was received at DPDO after the effective date of the moratorium. In addition, Warner Robins personnel said the item manager believed the items were in condemned condition. The equipment specialist said he had determined the items were reparable.
1650-00-707-7826BX Uplock activator	3	717.80	2,153.40	This item is used on an active weapon system. The item manager acknowledged the item was disposed of in error. The turn-in document was prepared before the moratorium but DPDO records show the item was received after the effective date of the moratorium. We were told the assets would be withdrawn from the DPDO.
1560-00-092-3850KC Fin assembly	1	7,474.00	7,474.00	This item is used on an active foreign military sales aircraft that has had a demand within the last 4 years. The item manager stated the item was disposed of as a means of getting it to the Museum of Aviation, located at Robins Air Force Base.

National stock no. and description	<u>Quantity</u>	<u>Unit value</u>	<u>Total value</u>	<u>Remarks</u>
1560-00-035-2181LG Filler assembly	1	\$ 3,482.28	\$ 3,482.28	The item was applicable to an active aircraft system and should have been retained based on the moratorium. The reason given for this disposal error was that the item had been erroneously coded when received. An equipment specialist detected the coding error during a screening at DPDO and had the item withdrawn for minimum rework.
Total			<u>\$211,568.32</u>	

SAN ANTONIO AIR LOGISTICS CENTER DISPOSAL ACTIONS

REVIEWED BY GAO THAT DID NOT COMPLY WITH THE MORATORIUM

National stock no. and description	Quantity	Unit value	Total value	Remarks
6695-00-349-6040 Electric vibrometer	1	\$ 661.00	\$ 661.00	<p>Officials believed this item was not directly applicable to a weapon system and therefore was obsolete. They said the item was unserviceable and uneconomical to repair and there were 20 assets available to support future requirements.</p> <p>GAO believes the disposal action did not comply with the moratorium because the item was not obsolete and did not meet any other exceptions to the freeze. Officials responsible for implementing the freeze told us they interpreted the freeze criteria to mean any item not directly applicable to a weapon system (mainly aircraft systems) could be considered obsolete and disposed of accordingly. This interpretation, we believe, does not recognize the indirect support provided active weapon systems by common shop equipment such as test apparatus. The requirements computation for this item as of March 31, 1984, showed a requirement for nine assets.</p> <p>In March 1984 at least seven Air Force bases reported a need for this item and had one or more assets in use. We do not agree that the item was obsolete just because it was shop type equipment not directly applicable to a particular aircraft system.</p>
5280-00-413-096BRX Inspection gage set	1	11,721.00	11,721.00	<p>Officials acknowledged that this disposal action did not comply with the moratorium and said they are taking steps to cancel a buy action for one item caused by the disposal. They said they will recall this item from the disposal activity. This item was initially disposed of because it was unserviceable and coded field level repair. Field level repair means that the item should either be repaired or condemned at field level. After further investigation, at our instigation, officials determined that the disposal was made in error and elected to take corrective action.</p>

<u>National stock no. and description</u>	<u>Quantity</u>	<u>Unit value</u>	<u>Total value</u>	<u>Remarks</u>
6695-00-061-3753 Foot candle meter	1	\$ 1,175.00	\$ 1,175.00	Officials said this item was unserviceable laboratory equipment not applicable to an active weapon system and was excess to requirements. However, they said they would recall this item from disposal until the moratorium is lifted. We found evidence that there were still requirements for this item as of March 31, 1984, and that Air Force bases reported a need for the item.
1740-00-945-8457 MHU handling trailer	57	3,685.00	210,045.00	Officials said the items disposed of were obsolete because they were old and being replaced by a newer, better designed item. The Table of Allowance documents showed the new item as the preferred master item, and the older item as having no further application to active weapon systems. These items were large, cumbersome and declared unsuitable by major Air Force commands and, according to San Antonio, were not suitable for alternate uses. We do not believe that the disposal complied with freeze criteria because the items were not obsolete and did not meet other exception criteria. These assets are in a group of interchangeable items but are not the most preferred or "master item" in the group. However, as of March 31, 1984, these items were reported as in use by 22 Air Force bases as suitable substitutes for the preferred, newer, item. Air Force data reports show that the items are used in support of active weapon systems. Additionally, the disposed assets were listed in serviceable condition at the time of disposal, and categorized in Air Force catalogue records as "use until exhausted."
6665-01-095-3859 Mine detecting set	1	1,414.00	1,414.00	Officials said this item was obsolete because it was not applicable to an active weapon system, was not listed in the Table of Allowances, and was uneconomical to repair. We do not agree with this rationale. This item is a member of an interchangeable group but is not the most preferred item. However, this item is still required in the field and Air force cataloging records show this item as an acceptable substitute for the preferred item. Air Force data records

National stock no. and description	Quantity	Unit value	Total value	Remarks
6695-00-137-8274 Vacuum pump unit	2	\$ 1,125.00	\$ 2,250.00	<p>of March 31, 1984, showed that there were 195 worldwide requirements and only 192 worldwide assets for the more preferred item of which this item is a substitute.</p> <p>Officials said these items were no longer authorized in a Table of Allowance, were obsolete due to a state-of-the-art design change, were inspected by an equipment specialist and found uneconomical to repair, and were precision measuring equipment assets used in the laboratory and not applicable to one particular active weapon system.</p> <p>We do not believe the disposal complied with freeze criteria because the items were not obsolete and did not meet any other exception criteria. These items are members of an interchangeable group but are not the most preferred item. However, these items are still being used in the field and Air Force cataloging records show that these items are an acceptable substitute for the preferred item. Air Force data of March 31, 1984, showed that there were 136 worldwide requirements and only 113 worldwide assets for the more preferred item of which this item is a substitute.</p>
6625-00-071-1664 Electronic frequency counter	1	1,811.00	1,811.00	<p>Officials said this item was subject to an Optimum Reliability Through Effective Management (ORTEM) study, which concluded that the asset was uneconomical to repair when it became unserviceable. They said the item was past its life expectancy and had been replaced by a later, state-of-the-art item. Personnel considered the item obsolete because they interpreted moratorium guidelines to mean that an unfavorable ORTEM study made an item obsolete.</p> <p>We do not agree with this rationale; however, we recognize that officials made a conscious management decision to dispose of this old asset based on a phased replacement program. We found that Air Force requirements data as of March 31, 1984, still showed an active requirement for this item and that the item was still being used in</p>

<u>National stock no. and description</u>	<u>Quantity</u>	<u>Unit value</u>	<u>Total value</u>	<u>Remarks</u>
				field units. Therefore, in our opinion, item disposal did not comply with the moratorium criteria.
6625-00-811-2406 Electronic counter	2	\$ 4,250.00	\$ 8,500.00	Same as above.
1680-00-133-6082 Control assembly	1	105.41	105.41	Officials acknowledge that the disposal action did not comply with the moratorium and agreed to recall this item from the disposal activity. The item was originally disposed of because the item manager's supervisor stated that there were no requirements for the item. We found that the item stock number had been changed to a new number which was still active and had due-in assets.
Total			<u><u>\$237,682.41</u></u>	

WARNER ROBINS AIR LOGISTICS CENTER DISPOSAL ACTIONS REVIEWEDBY GAO THAT COMPLIED WITH THE MORATORIUM

<u>National stock no. and description</u>	<u>Quantity</u>	<u>Unit value</u>	<u>Total value</u>	<u>Remarks</u>
4310-00-640-0941 Vacuum pump	1	\$ 70.00	\$ 70.00	Obsolete because item is being replaced. No interchangeability between new and old parts.
4320-00-511-5382 Hydraulic pumping unit	8	3,290.00	26,320.00	Obsolete because end item is being completely phased out.
4935-00-014-3425 Cylinder pitch	7	215.00	1,505.00	Obsolete because end item is being completely phased out.
4935-00-336-8559 Cylinder	5	165.00	825.00	Obsolete because end item is being completely phased out.
4935-00-500-4332 Power supply	25	1,591.00	39,775.00	Obsolete because end item is being completely phased out.
4935-00-500-1986 Power panel	12	800.00	9,600.00	Obsolete because end item is being completely phased out.
4935-00-556-8933AA Cord assembly	4	135.00	540.00	Obsolete because end item is being completely phased out.
4935-00-504-2772AA Electric switch	12	769.00	9,228.00	Obsolete because end item is being completely phased out.
4935-00-553-8449AA Power supply	25	1,843.00	46,075.00	Obsolete because end item is being completely phased out.
5B65-00-098-7350EW Antenna	2	4,232.23	8,464.46	Item was coded reparable in error. Item could not be repaired without damage to internal components. Heat would have to be used to enter item which would result in damage to heat-sensitive components.
1420-00-432-9061AB Cable assembly	22	124.68	2,742.96	Obsolete because item is being replaced.
4320-00-511-5382 Hydraulic pumping unit	2	3,290.00	6,580.00	Obsolete because end item is being phased out.
4935-00-519-5030 Control unit	14	1,112.00	15,568.00	Obsolete because end item is being phased out.
5821-00591-1299 Gear assembly	344	1,510.57	519,636.08	Obsolete because end item is being phased out.

<u>National stock no. and description</u>	<u>Quantity</u>	<u>Unit value</u>	<u>Total value</u>	<u>Remarks</u>
1560-00-075-8910 Windshield panel	1	\$ 3,973.51	\$ 3,973.51	Item for an active weapon system, but determined not to be reparable and was condemned.
1270-00-147-7032 Data converter	8	386.15	3,089.20	Obsolete because end item is obsolete.
1270-00-222-5071 Circuit board	14	517.11	7,239.54	Obsolete because end item is obsolete.
1270-00-589-3310 Signal comparator	1	158.55	158.55	Obsolete because end item is obsolete.
1610-00-771-3552 Spacer assembly	8	250.00	2,000.00	Obsolete because end item is obsolete.
1730-00-237-9098CW Jack leveling support	2	1,120.46	2,240.92	Apparently obsolete; no information could be found on this item after researching all known sources.
4320-00-335-6402 Lever arm	2	253.27	506.54	Obsolete because item is being replaced.
4935-00-519-5030 Control unit	3	1,112.00	3,336.00	Obsolete because end item is being phased out.
1005-00-132-2129 Cover assembly	11	1,489.08	16,379.88	Obsolete because end item is being phased out.
1005-00-213-4761 Gun feeder system	16	139.82	2,237.12	Obsolete because end item is being phased out.
1010-00-233-2085 Ammunition rack	1	2,471.15	2,471.25	Obsolete because end item is being phased out.
1040-00-348-8626 Mixer assembly	3	3,935.49	11,806.47	Obsolete because end item is being phased out.
1095-01-018-5899 Retainer assembly	528	160.99	85,002.72	Obsolete because end item is being phased out.
1095-01-018-5972 Shouldered shaft	543	160.20	86,988.60	Obsolete because end item is being phased out.
1270-00-973-8714 Panel assembly	1	2,074.29	2,074.29	Obsolete because end item is being phased out.
1290-00-300-6604 Cable	10	710.13	7,101.30	Obsolete because end item is being phased out.

<u>National stock no. and description</u>	<u>Quantity</u>	<u>Unit value</u>	<u>Total value</u>	<u>Remarks</u>
1420-00-034-2461 Center ring	36	\$ 111.49	\$ 4,013.64	Obsolete because end item is obsolete.
1440-00-898-3032JK Lock assembly	32	625.97	20,031.04	Obsolete because end item is obsolete.
1560-00-015-2467JH Panel	1	1,575.90	1,575.90	Item was coded reparable in error. This is an expendable item that should have been condemned.
1680-00-769-0634GY Sleeve and shuttle	6	509.28	3,055.68	Obsolete because end item is obsolete.
1730-00-237-9099CW Not available	3	1,054.66	3,163.98	Apparently obsolete; no information could be obtained on this item after researching all sources.
3020-00-204-0126 Pulley	6	141.53	849.18	Obsolete because end item is being phased out.
1680-00-065-9118 Panel indicator	1	1,686.44	1,686.44	Obsolete due to replacement by another item.
2320-00-752-9289 Cargo truck	1	4,202.00	4,202.00	Complete vehicle which is exempt from moratorium.
Total			<u>\$962,113.25</u>	

WARNER ROBINS DISPOSAL ACTIONS IN GAO SAMPLE THAT WERE NOT REVIEWED^a

<u>National stock no. and description</u>	<u>Quantity</u>	<u>Unit value</u>	<u>Total value</u>	<u>Remarks</u>
5910-00-921-6460 Capacitor	2	\$ 34.86	\$ 69.72	Defense Logistics Agency managed.
5915-00-581-9117 Radio frequency filter	1	61.63	61.63	Defense Logistics Agency managed.
5950-00-590-6039 Transformer assembly	1	4,129.95	4,129.95	Defense Logistics Agency managed.
5950-01-013-8427 Power transformer	2	44.23	88.46	Defense Logistics Agency managed.
6850-00-975-0712 Silicone compound	12	40.90	490.80	Defense Logistics Agency managed.
4210-00-775-0127 Fire extinguisher	1	15.00	15.00	General Services Administration managed.
1430-00-833-4738 Waveguide horn	1	910.42	910.42	Defense Logistics Agency managed.
1560-00-034-7028 Fairing assembly	1	1,130.00	1,130.00	Defense Logistics Agency managed.
1560-00-570-7917BF Tube assembly	1	702.59	702.59	Ogden Air Logistics Center managed.
6850-00-881-8280 Heat transfer fluid	2	122.30	244.60	Defense Logistics Agency managed.
5840-00-320-8350 Electronic component	1	222.10	222.10	Defense Logistics Agency managed.
1270-00-794-8626 Waveguide assembly	5	234.10	1,170.50	Defense Logistics Agency managed.
1270-00-820-6210 Air fan duct	1	1,127.28	1,127.28	Defense Logistics Agency managed.
2520-00-522-9470 Forward collar	19	134.77	2,560.63	Defense Logistics Agency managed.
2520-00-707-9811 Rod assembly	1	109.21	109.21	Managing activity not identified.

^aWe did not review these actions because the items either were not managed by Warner Robins Air Logistics Center or were received prior to the moratorium.

<u>National stock no. and description</u>	<u>Quantity</u>	<u>Unit value</u>	<u>Total value</u>	<u>Remarks</u>
3110-00-984-6488 Bearing	5	\$ 216.79	\$ 1,083.95	Defense Logistics Agency managed.
5905-00-328-0045 Network resistor	1	298.24	298.24	Defense Logistics Agency managed.
5960-00-060-6825 Electronic tube	9	223.49	2,011.41	Defense Logistics Agency managed.
1270-00-055-8912 Waveguide assembly	1	291.91	291.91	Defense Logistics Agency managed.
4920-00-545-2473 Cabinet adaptor kit	1	348.00	348.00	San Antonio Air Logistics Center managed.
5120-00-853-4561 Crimping tool	2	157.00	314.00	General Services Administration managed.
6130-00-857-0122 Power supply	3	2,091.64	6,274.92	Defense Logistics Agency managed.
1560-00-034-7028 Fairing assembly	1	1,130.00	1,130.00	Defense Logistics Agency managed.
7105-00-269-9238 Dining table	1	87.00	87.00	Sent to disposal before moratorium. Actual DPDO receipt date 12/20/83.
5841-00-505-2254 Transmitter/receiver	112	298.00	33,376.00	Sent to disposal before moratorium. Actual DPDO receipt date 5/26/83.
1730-00-786-7351 Roll assembly	1	326.65	326.65	Sent to disposal before moratorium. Actual DPDO receipt date 1/26/84.
1610-00-801-0337 Prop assembly	44	10,562.00	464,728.00	Sent to disposal before moratorium. Actual DPDO receipt date 4/27/83.
Total			<u>\$523,302.97</u>	

DISPOSALS IDENTIFIED BY SAN ANTONIOPERSONNEL THAT DID NOT COMPLY WITH THE MORATORIUM

<u>National stock no. and description</u>	<u>Quantity</u>	<u>Unit value</u>	<u>Total value</u>	<u>Remarks</u>
4920-00-696-7186 Tilt gyro table	1	\$ 647.00	\$ 647.00	Officials determined that this disposal action did not comply with the freeze moratorium and reported to AFLC on August 9, 1984, that it would recall this item from disposal.
4920-00-793-1618 Fire control test set	33	5,979.00	197,307.00	Same as above.
6695-00-308-3862 Turbine test set	4	515.00	2,060.00	Same as above.
6625-00-127-5763 Electronic counter	2	925.00	1,850.00	Same as above.
6625-00-081-4907 Voltmeter	2	104.00	208.00	Same as above.
2840-00-964-2895RX Fuel pump parts kit	40	6.00	240.00	Same as above.
2840-00-964-2895RX Fuel pump parts kit	76	6.00	456.00	Same as above.
Total			<u>\$202,768.00</u>	

SAN ANTONIO AIR LOGISTICS CENTER DISPOSAL ACTIONSREVIEWED BY GAO THAT COMPLIED WITH THE MORATORIUM

<u>National stock no. and description</u>	<u>Quantity</u>	<u>Unit value</u>	<u>Total value</u>	<u>Remarks</u>
4920-00-931-3330 GImbal pin pressing fixture	2	\$ 46.00	\$ 92.00	Items were obsolete, were inactive, and did not appear in any Table of Allowances.
4920-00-946-8413 Hydraulic test fixtures	9	1,017.00	9,153.00	Items were obsolete.
4920-00-943-2336 Canopy valve adapter	6	24.00	144.00	Same as above.
4920-00-934-0443 Intercon cable assy.	3	2,000.00	6,000.00	Items were obsolete and Air Force data showed no requirements for these items as of March 31, 1984.
4920-00-936-3226 Cpn. holding fixture	1	90.00	90.00	Same as above.
4920-00-954-6577 Gyroscope test fixture	1	743.00	743.00	Same as above.
4920-00-954-6580 Acc. holding fixture	2	183.00	366.00	Same as above.
4920-00-954-6582 Cyc. temperature cam	6	243.00	1,458.00	Same as above.
4920-00-954-6613 Cyc. temperature cam	3	243.00	729.00	Same as above.
1560-00-709-0338LH Cable housing	12	24.00	288.00	Items became obsolete when a technical modification change on the aircraft was completed.
1680-00-516-6542 Aircraft safety belt	10	47.00	470.00	Items are aircraft safety belts originally sent to disposal in used/poor condition. They were subsequently inspected and condemned by equipment specialist at the property disposal facility. The inspection showed that the belt buckles were rusty and webbing frayed.
1680-00-400-3773 Co-pilot seat lever	33	6.00	198.00	Items were obsolete.

<u>National stock no. and description</u>	<u>Quantity</u>	<u>Unit value</u>	<u>Total value</u>	<u>Remarks</u>
6695-00-310-8794 Photo head detector	3	\$ 471.00	\$ 1,413.00	Same as above.
6695-00-281-8431 Digital photometer	6	650.00	3,900.00	Same as above.
Total			<u>\$ 25,044.00</u>	



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WASHINGTON, D. C. 20301-4000

10 MAY 1985

Mr. Frank C. Conahan
Director, National Security and
International Affairs Division
General Accounting Office
Washington, D.C. 20548

Dear Mr. Conahan:

This is the Department of Defense response to the General Accounting Office (GAO) draft audit report, dated March 27, 1985, entitled "Air Force Efforts to Avoid Inappropriate Disposal of Material" (GAO Code No. 392085; OSD Case #6720).

Comments received from the Air Force have been used in preparing the enclosed response which addresses the findings in the draft report. It is noted that the draft report contained no recommendations for the Department.

Sincerely,


Jerry L. Calhoun
Principal Deputy Assistant Secretary of Defense
(Manpower, Installations & Logistics)

Enclosure
As stated

GAO DRAFT REPORT--DATED MARCH 27, 1985
(GAO CODE NO. 392085) OSD CASE 6720

"Air Force Efforts To Avoid Inappropriate Disposal of Material"

DEPARTMENT OF DEFENSE COMMENTS

FINDING A: DOD IMPLEMENTS DISPOSAL MORATORIUMS. GAO reported that as a result of an Air Force Inspector General (AFIG) inspection which found numerous serviceable items in the Defense Property Disposal Offices (DPDOs), the Air Force Deputy Chief of Staff (Logistics and Engineering) asked that an inspection of Air Force disposal practices be conducted. GAO also reported that the AFIG, in June, 1984, found Air Force retention policy and requirement systems leading to the disposal of needed assets. GAO noted that on March 5, 1984, therefore, the Air Force directed an immediate stop to its disposal of all serviceable and unserviceable active weapon system parts until further notice. Also, GAO reported that the OSD, noting that similar problems may exist in other DoD Components, placed a temporary moratorium on the transferring of excess items to DPDOs by the Services and the Defense Logistics Agency (DLA). GAO noted that DoD components were directed to review their disposal practices, with the moratorium to remain in effect until the reviews were completed and corrective procedures were in place. GAO found that the DoD moratorium has since been lifted for all components except the Air Force. (Appendix I, PP. 1-4, GAO Draft Report)

DOD POSITION. Concur.

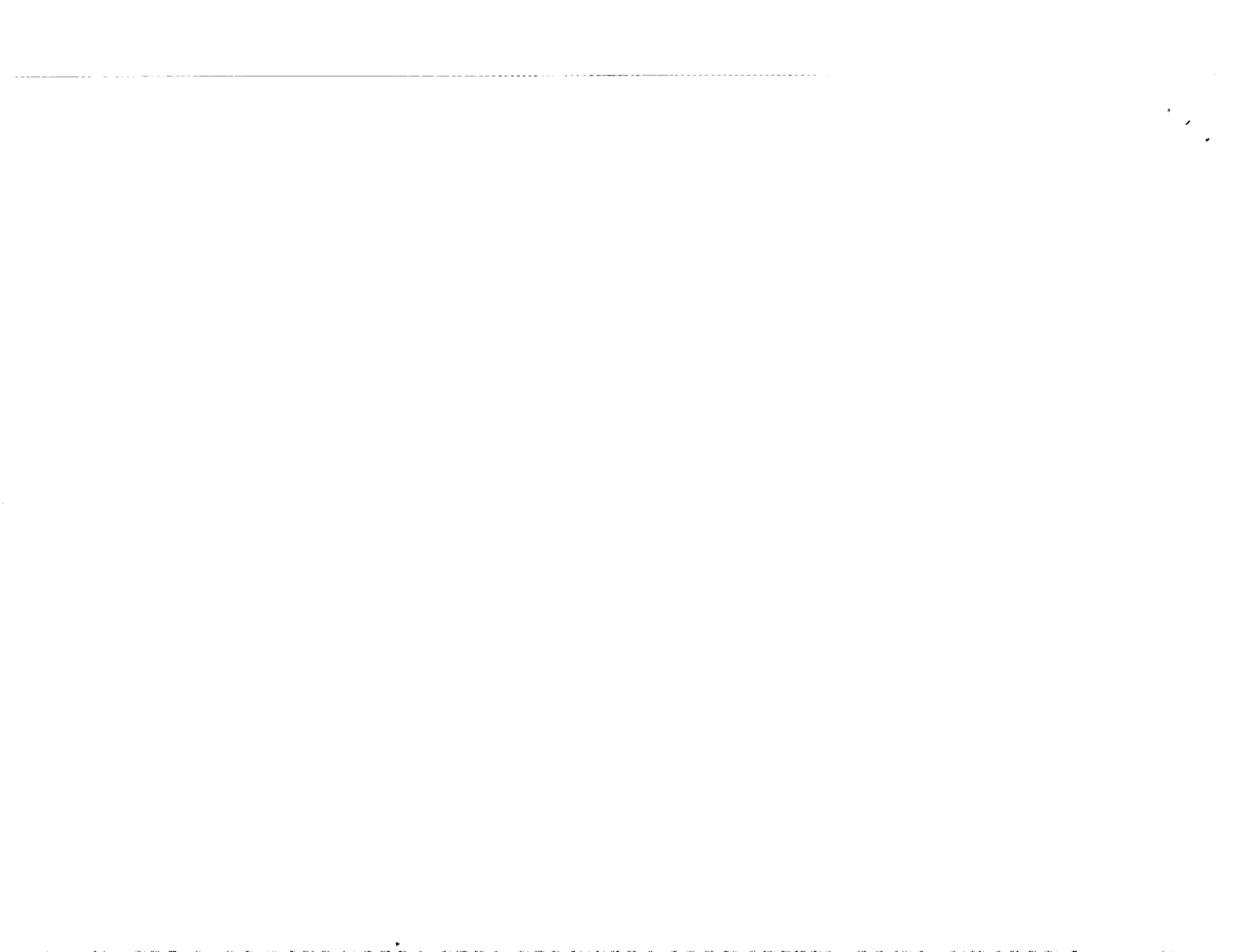
FINDING B: WARNER-ROBINS AIR LOGISTICS CENTER (WRALC) EFFECTIVENESS IN AVOIDING INAPPROPRIATE DISPOSAL OF MATERIAL. GAO reported that WRALC, in June 1983, (before the moratorium) had revised its policy and procedures to require monthly physical reviews of material in the DPDO. GAO also reported that WRALC, to determine how well disposal actions were complying with the provisions of the moratorium, sampled disposal actions from the period March-July 1984 and found 3 of 212 actions to be not in compliance. GAO chose a judgmental sample of 74 disposal actions of items having the highest potential for not meeting the provisions of the moratorium from the same period. GAO pointed out that since the sample was not statistically valid, projection to the universe of disposal actions was precluded. GAO analyzed 47 actions and found 9 that did not qualify under the moratorium rules (valued at about \$212 million). GAO reported that as a result of its review, Air Force withdrew six of the actions from disposal. Of the remaining three actions, GAO reported that one item was sent to the Museum of Aviation through a disposal action. Two actions remained in disposal and GAO reported the Air Force reasoning that since the applicable systems are phasing out, and

sufficient assets are available to cover the phase-out period, and no further item or spares procurements are planned, the disposed of incomplete assets are not needed and the disposal actions meet the moratorium criteria. GAO disagreed, concluding that since the items had not been reviewed for the actions did not meet the requirements of the moratorium. (Appendix I, pp. 5, 7-9, Appendix II pp. 13-15, GAO Draft Report)

DOD POSITION: Concur. Although the Department agrees that the WRALC official's disposal decision did not meet the letter of the instruction, it believes that good management judgment was applied and was in keeping with the spirit of the moratorium.

FINDING C: SAN ANTONIO AIR LOGISTICS CENTER (SAALC) EFFECTIVENESS IN AVOIDING INAPPROPRIATE DISPOSAL OF MATERIAL. GAO reported that following the AFIG inspection, SAALC began to physically screen assets in the DPDO. Based on a review of 5500 disposal actions valued at about \$135 million, SAALC, according to GAO, made 274 withdrawals from disposal valued at about \$3.4 million. To determine how well disposal actions were complying with the provisions of the moratorium, SAALC reviewed an additional 400 disposal actions and determined that 393 were processed correctly. GAO, in an attempt to test Air Force procedures, judgmentally selected a sample from the same group which included the seven that the Air Force had designated as incorrectly processed. GAO analyzed the 23 remaining items of its sample and concluded that an additional nine actions did not meet the criteria of the moratorium. GAO reported that the Air Force withdrew three of the actions from disposal. The SAALC disposal actions determined by GAO to not comply with the moratorium criteria are found in Appendix III, pages 6-19. Of these, one item, according to GAO, was sent to disposal because SAALC officials interpreted the freeze criteria to mean any item not directly applicable to a weapon system could be considered obsolete. GAO disagreed, concluding that this interpretation does not recognize the indirect support provided active weapon systems by common shop equipment such as test apparatus. For another item, GAO reported that SAALC interpreted moratorium guide lines to mean that an unfavorable Optimum Reliability Through Effective Management (ORTEM) study (asset is uneconomical to repair) made an item obsolete. GAO again disagreed, concluding that since the item was in field use, and an active requirement still existed, the item was not obsolete and did not meet the criteria of the moratorium. (Appendix I, p. 6, 10-12, Appendix III, pp. 16-19, GAO Draft Report)

DOD POSITION: Concur. It is noted, however, that in the two instances cited above where SAALC officials and GAO disagreed over a disposal decision, the difference of opinion involved the undefined point in time at which an item can be reasonably considered to be obsolete. The Department does not believe that SAALC officials were unreasonable in their determinations.



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