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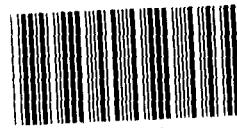
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Briefing Report to the Honorable
Pete Wilson, Committee on Armed
Services, U.S. Senate

February 1988

INVENTORY MANAGEMENT

Supply Problems at the 90th Army Reserve Command



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**United States
General Accounting Office
Washington, D.C. 20548**

**National Security and
International Affairs Division**

B-222859

February 5, 1988

The Honorable Pete Wilson
Committee on Armed Services
United States Senate

Dear Senator Wilson:

In response to your January 29, 1987, request, we have reviewed supply management practices at the 90th Army Reserve Command (ARCOM), headquartered in San Antonio, Texas. As requested, we focused our efforts primarily on actions the Command has taken to correct supply management problems identified in an Army Audit Agency (AAA) report released in March 1986. We also reviewed allegations of theft and diversion of government property at units under the jurisdiction of the 90th ARCOM to determine whether any connection could be made between the allegations and the problems AAA identified.

In summary, AAA reported that controls over property were inadequate; that significant inventory losses had occurred; and that the 90th ARCOM and the Fifth Army Headquarters, which provide logistics policy guidance to assigned units, had begun actions to correct long-standing deficiencies. Our review at six 90th ARCOM units indicated that actions recommended by both commands had been implemented, but property management problems persisted at the unit level. Concerning the property theft and diversion allegations that surfaced several years ago, a Grand Jury was convened in 1984 to examine the allegations but returned no indictments. An Assistant U.S. Attorney found that equipment shortages that had occurred at 90th ARCOM units resulted from poor supply management practices rather than from criminal wrongdoing. Our work did not disclose any information that would call into question the actions taken or determinations made by the government in this matter.

On April 15, 1987, and again on October 2, 1987, we briefed your staff on our findings. This briefing report summarizes the information we presented during those meetings.

Army Audit Agency Reported Inadequate Controls Over Supplies and Equipment

From May through December 1985, AAA evaluated the effectiveness and efficiency of various 90th ARCOM operations, including the adequacy of controls over supplies and equipment at the unit level. In March 1986, AAA reported that 90th ARCOM units were not

- performing required inventories of supplies and equipment;
- promptly preparing and submitting reports on lost or damaged property (known as reports of survey) to headquarters through the chain of command;
- properly maintaining accountable records;
- ordering all authorized equipment required to be on hand; and
- reporting, for redistribution, equipment in excess of their authorized levels.

The report concluded that, as a result of these deficiencies, significant inventory losses had occurred and the government's ability to identify and recoup losses was reduced. The report also concluded that Reserve Command monitoring of assigned units' inventory management practices was inadequate and needed to be strengthened.

Actions Are Under Way to Correct Reported Deficiencies

Both the 90th ARCOM and the Fifth Army, the next higher level of command, have addressed the deficiencies noted in the AAA report and have taken some steps to correct them at the units under their jurisdiction. Specifically, the more important actions included

- providing the units with specific guidelines for conducting the required inventories on a 12-month rather than an 18-month cycle;
- providing inventory teams from within the Command to assist the units in accomplishing the physical inventory counts and updating accountable records;
- improving methods of monitoring the conduct of inventories through increased on-site visits;
- emphasizing the need to establish property loss liability promptly by initiating and completing reports of survey in a timely manner;
- improving procedures for the initiation and processing of reports of survey; and
- requiring units to have all authorized equipment and supplies on hand.

To further improve its control over the performance of required inventories, the 90th ARCOM developed a computerized system for tracking assigned units' inventories. As of September 2, 1987, units had either accomplished the required inventories or provided headquarters with

dates when inventories would be completed. The 90th ARCOM had also issued revised guidelines and an inventory reporting format, which required units to better document inventories to include reporting actions taken to resolve discrepancies.

The timeliness with which reports of survey are initiated following the discovery of a loss has also improved. During fiscal years 1984 to 1985, it took units an average of 94 days from the date of reported loss to initiate a report of survey. By the end of August 1987, this average had been reduced to 57 days. 90th ARCOM officials attribute this improvement to the assignment of an individual to be responsible for maintaining a register of the reports and for following up when prescribed time frames are exceeded.

Property Record Inaccuracies at the Unit Level Still Exist

Although the Army's actions are steps in the right direction, inaccuracies in property records remain a problem at the unit level. Our work at four 90th ARCOM units indicates that units continue to experience problems in maintaining records that reflect actual on-hand balances. For example, we reviewed 150 judgmentally selected property records and found that 82 of them, or about 55 percent, contained errors. Unit officers told us, and we agree, that many of these errors were clerical or administrative in nature and, as such, did not materially affect property accountability.

We also judgmentally selected and physically counted 42 individual line items to see if quantities on hand for these items matched the quantities on the property books. The items we chose included sunglasses, night-vision goggles, flight jackets, tool kits, wristwatches, and survival kits—the types of equipment that are typically subject to theft. Our count indicated that for six of the items quantities recorded exceeded quantities on hand generally by small amounts, while for four other items quantities on hand exceeded quantities recorded, also by small amounts. Table II.2 contains a list of items we inventoried and the variances we found.

Problems similar to these were also identified during on-site visits to nine units by a Fifth Army evaluator—eight of these were units other than those we visited. These visits, made from June to September 1987, disclosed a number of deficiencies in units' property accountability practices, such as untrained personnel and inadequate supporting documentation of accountable property records. In August 1987, the Fifth Army notified the 90th ARCOM that its performance in this area was

unsatisfactory. Fifth Army officials told us it expects to continue making these types of visits to subordinate units.

Although more must be done to ensure that supplies and equipment are properly accounted for, continued progress may be slow because of several problems inherent in reserve components. Army officials told us, and we generally concur based on our current and past work in this area, that some of these difficulties include

- the lack of adequately trained staff to maintain the required degree of supply accountability;
- the inability of reserve components, because of monthly drill schedules, to maintain control and accountability over property management activities on an uninterrupted basis;
- uncontrolled access to some reserve facilities during non-training days; and
- the lack of command emphasis or supply discipline associated with supply and property management activities at the reserve level.

Allegations of Theft Not Substantiated

Problems similar to those reported by AAA had been identified as early as 1981 when an attempt to conduct an accurate count of property belonging to ARCOM units at Grand Prairie, Texas, was not successful and a recount was scheduled. Activities related to the recount generated allegations, largely by one individual, that there was a conspiracy to steal government property and alter records to conceal the shortages.

Later on, other events began to occur that seemed to increase speculation that a conspiracy existed. In late 1983, for example, the Grand Prairie units forwarded to the 90th ARCOM headquarters reports of shortages totaling \$200,000. Then, in January 1984, the Commanding General committed suicide at the ARCOM headquarters. Several months later, in April 1984, a Dallas enlisted reservist was arrested, and a cache of about 9 tons of munitions was confiscated from his property. It was suggested that a connection existed between the supply shortages, the general's death, and the activities of the arrested reservist.

The Army's Criminal Investigation Division, the Federal Bureau of Investigation, and the county medical examiner investigated the circumstances surrounding the general's death and concluded that his death was a suicide possibly resulting from personal business problems. The investigative reports found no relationship between the general's death and the 90th ARCOM's supply problems. Also, a Grand Jury, convened in

July 1984 to investigate the allegations, returned no indictments. The Assistant U.S. Attorney concluded that there was no indication of a conspiracy or a connection between the reported supply shortages and the activities of the arrested reservist.

Conclusions

Our work at the units suggests that, although steps have been taken to improve supply management, problems identified by the AAA persist. Unit officers believe that these problems result, in part, from difficulties inherent in reserve components. For example, unlike active units, reserve units may not have full-time administrative support or adequately trained supply management staff. While such difficulties may make supply and property accountability problems at the reserve level challenging to resolve, improvements are possible, as illustrated by the results of actions the Army has taken in response to the AAA report.

Our inquiries and review of documents concerning the allegations of theft and diversion of government property did not disclose any information that would call into question the actions taken or determinations made by the government in this matter.

Our objectives, scope, methodology, and findings are presented in the appendixes to this briefing report.

We discussed our report with officials from the Office of the Secretary of Defense, the Department of the Army, the Fifth Army, and the 90th ARCOM. As requested by your office, we did not obtain official Department of Defense comments. Also, as requested, we plan no further distribution of this report until 30 days from the date of its issuance unless you publicly announce its contents earlier. At that time, we will send copies to the Chairmen, House Committee on Government Operations, Senate Committee on Governmental Affairs, and House and Senate Committees on Appropriations and on Armed Services; the Secretaries of

Defense and the Army; and the Director, Office of Management and Budget. Copies will also be made available to other interested parties upon request.

If you have any questions, please call me on (202) 275-4133.

Sincerely yours,


Mark E. Gebicke
Associate Director

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Abbreviations

AAA	Army Audit Agency
ARCOM	Army Reserve Command
GAO	General Accounting Office
PAYOFF	Property Accountability Yearlong Offensive

Introduction

The 90th Army Reserve Command (ARCOM), under the jurisdiction of the Fifth United States Army, is located on Fort Sam Houston, in San Antonio, Texas. The primary mission of the 90th ARCOM is to ensure that assigned units attain and maintain the desired level of mobilization readiness. Through its Logistics Staff Office, the 90th ARCOM provides logistics policy guidance and support to improve mobilization and combat readiness of the command and its assigned units.

On November 1, 1987, the 90th ARCOM had 118 assigned units located in Texas, New Mexico, Arkansas, Missouri, and Oklahoma. According to 90th ARCOM officials, these units range in size from a military law detachment with nine authorized personnel and basic equipment valued at approximately \$14,285 to a command aviation battalion with an authorized strength of 313 and basic equipment valued at approximately \$39 million. In July 1987, ARCOM officials estimated that ARCOM-wide supplies and equipment inventories totaled about \$495 million. In addition, the 90th ARCOM had 10,314 personnel assigned to units.

The type and quantities of basic equipment, clothing, and supplies required for the ARCOM units to attain and maintain mobilization readiness are established by the Department of the Army and are set forth in various tables of allowance. Property authorized by these tables are accounted for on property books—a formal set of records required to be maintained in accordance with Army Regulation 710-2.

Units are required to have on hand the types and quantities of equipment authorized by these tables of allowances. If on-hand balances are below authorized levels, the units must requisition the needed items. Any equipment above the authorized level must be reported as excess and turned in for redistribution.

Units must also take a 100-percent physical count of their equipment at least annually and when certain other circumstances arise, such as a change of unit commander. Inventories must be documented on a disposition form signed by the unit's commanding officer and forwarded to the 90th ARCOM headquarters. Shortages and excesses identified during the inventory should be listed on this form.

Reports of survey are performed to record circumstances surrounding equipment losses and to determine whether individuals are responsible for lost and damaged property. When responsibility for missing property is determined, a statement of charges may be prepared to assess individuals for the loss or damage.

Specific time frames for initiating and processing reports of survey are set forth in Army Regulation 735-11. According to this regulation, the report of survey must be initiated within 60 days after the loss, damage, or destruction of property is discovered.

In March 1986 the Army Audit Agency (AAA) reported that 90th ARCOM units were not (1) conducting the required inventories, (2) initiating reports of survey within the established time frame, and (3) properly maintaining accountable records. The report also noted that the 90th ARCOM's monitoring of unit inventory results was inadequate. The report concluded that, as a result of these deficiencies, significant inventory losses had occurred and the government's ability to identify and recoup losses was reduced. Also, little assurance existed that needed items were on hand or that excess items had been properly reported for redistribution. (See app. II.)

Problems similar to those reported by AAA had been identified as early as 1981 when an attempt to conduct an accurate count of property belonging to ARCOM units at Grand Prairie was not successful and a recount was scheduled. Activities related to the recount generated allegations of a conspiracy to steal government property and alter records to conceal the shortages. (See app. III.)

Objective, Scope, and Methodology

On January 29, 1987, Senator Pete Wilson asked us to review supply management practices at the 90th ARCOM. Senator Wilson requested this review because of supply management problems reported by AAA in March 1986 and continuing allegations that supply shortages within the ARCOM had resulted from a theft conspiracy.

Our primary objective was to determine what actions the 90th ARCOM had taken to correct the supply deficiencies identified in the AAA report and whether corrections had been implemented at the unit level. Our secondary focus was to determine whether supply management problems had resulted from a theft conspiracy as alleged. Our work was performed at the Fifth United States Army headquarters, 90th ARCOM headquarters, and six subordinate units.

At the 90th ARCOM and Fifth U.S. Army headquarters, we (1) analyzed policies and procedures concerning supply accountability, (2) obtained information on internal controls in place to ensure that subordinate units maintained the required degree of supply accountability, and (3)

reviewed actions taken to address recommendations in the March 1986 AAA report.

To determine the extent to which inventory control and accountability changes had been implemented at the unit level, we visited the 244th Transportation Company, the 311th Aviation Battalion, and the Aviation Support Facility, all located on the Naval Air Station, Grand Prairie, Texas; the 974th Supply Company in Amarillo, Texas; the 900th Quartermaster Company in El Paso, Texas; and the 223rd Transportation Company in Fort Worth, Texas.

We reviewed 150 judgmentally selected property records at four of the units to determine whether the units had accurately recorded assets on accountable property records as required, including a review of whether records were current, supporting documentation was on file, and all required record information was included. At these units we also physically counted quantities of 42 judgmentally selected items of equipment and compared them to quantities shown on the property records. The items we chose included sunglasses, night-vision goggles, flight jackets, tool kits, wristwatches, and survival kits—the types of equipment that are typically subject to theft.

At the two other units, we observed a change-of-command inventory and an annual inventory to document procedures the units followed in taking the physical counts. Because the units and the specific records were judgmentally selected, the results of our review at the unit level can only be attributable to those units we visited.

To assess the validity of the allegations, we interviewed former and current members of the 90th ARCOM who might have known of events related to the earlier 90th ARCOM problems. We also held discussions with members of the Dallas Police Department who were involved in the investigation and arrest of the ARCOM enlisted reservist and with an Assistant U.S. Attorney for the North Texas District who convened a task force to investigate the theft allegations. We reviewed Army Criminal Investigation Division and Federal Bureau of Investigation files concerning the death of the 90th ARCOM Commanding General.

Our review, conducted between February and September 1987, was made in accordance with generally accepted government auditing standards.

Actions Have Been Taken to Correct Supply Management Deficiencies, but Problems Remain

Both the 90th ARCOM and the Fifth Army have taken actions to correct deficiencies AAA identified by issuing more specific guidelines for taking physical counts, providing units with assistance in conducting inventories, and expanding headquarters' programs for monitoring units' supply accountability practices. Although our review showed that improvements have been made, the 90th ARCOM continues to experience problems in meeting the level of supply accountability required by Army regulations.

Physical Inventories

According to Army Regulation 710-2, a physical inventory of unit property must be conducted at least every 12 months or when a change of unit commanders takes place, whichever comes first. AAA reported in March 1986 that, contrary to Army regulations, the Fifth Army had issued inventory guidelines in March 1984 allowing units to conduct 100-percent inventories every 18 months rather than every 12 months. The report also pointed out that many units were not conducting either annual or 18-month inventories, noting that 72 of the 90th ARCOM's 104 units, or about 69 percent, had not conducted the required inventories.

AAA also reported that required joint inventories were not being performed when a change of unit commanders took place. Joint inventories allow the incoming commander to ensure that all unit equipment is properly accounted for. Once the joint inventory is completed and certified, the new commander becomes fully accountable for future losses, and the outgoing commander is relieved of liability for the property.

In response to the AAA's findings, the Fifth Army changed its 18-month inventory cycle by requiring 100-percent inventories to be made at least every 12 months and/or when a change of command occurs. In addition, Fifth Army logistics personnel implemented the Property Accountability Yearlong Offensive (PAYOFF) program to monitor unit property accountability practices. This program, initiated on April 1, 1987, provides for on-site visits to selected units during or immediately following the 100-percent inventories. During these visits, a Fifth Army evaluator reviews accountable property records and supporting documentation and may select sample items for a physical count.

From June 23, 1987 (the first unit visit), through September 4, 1987, the PAYOFF evaluator had made visits to nine 90th ARCOM units. Three of the nine units received unsatisfactory ratings, and in one instance, a PAYOFF visit disclosed that a transportation company had certified that a 100-

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percent annual inventory had been completed when, in fact, the inventory had not been performed. The 90th ARCOM took disciplinary action against the commander of the unit.

In August 1987, the Fifth Army notified the 90th ARCOM that the Command's performance was unsatisfactory. The PAYOFF visits had identified a number of deficiencies, such as the following, which contributed to the unsatisfactory rating:

- Personnel were not being properly trained.
- Records had not been updated prior to the inventory.
- Inventory adjustment documents had not been posted.
- Equipment stored in off-site locations had not been inventoried.

At the time of our review, only one evaluator, on a 10-month assignment, was available to cover selected units from the 500 to 600 reserve units under the jurisdiction of the Fifth Army. Moreover, we were informed that the PAYOFF visits by Fifth Army personnel will be discontinued at the end of March 1988. However, Fifth Army officials told us that each major U.S. Army Reserve Command is scheduled to continue making visits to subordinate units.

The 90th ARCOM has also taken steps to better monitor unit supply accountability and to ensure that units are conducting valid inventories with the required frequencies. In June 1986, the Command appointed an inventory control officer who implemented a computerized system to track the inventory history of each unit. When inventory schedules are not met, the inventory control officer contacts the unit for an inventory date or for a valid reason that the inventory has not been taken in the required time frame. The inventory control officer also assists the units in preparing for and conducting physical counts.

In one instance, the 90th ARCOM inventory control officer identified a unit that, contrary to regulations, had completed a change-of-command inventory without having either the outgoing or incoming commander present. The inventory was subsequently rescheduled at a time when the incoming commander could be present.

As of September 2, 1987, all 90th ARCOM units, including the six we visited, had either accomplished the required inventories or provided headquarters with dates when inventories would be completed.

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Reports of Survey

Reports of survey record the circumstances surrounding equipment losses and help to identify individuals responsible for lost or missing property. The AAA report noted that reports of survey were not being initiated within 60 days after losses were identified, as required in Reserve Command Circular 710-84-2. The report stated that, between October 1, 1983, and September 24, 1985, 90th ARCOM units had initiated 291 reports of survey for property valued at \$254,660. Of those, 192, or 66 percent, had not been initiated within the 60-day time frame. The Reserve Command estimated that, on the average, it took units about 94 days from the date of reported loss to initiate reports of survey.

To correct this condition, the 90th ARCOM appointed an individual to be responsible for maintaining a register of the reports of survey, to track the progress of the reports, and to follow up when reports were exceeding the prescribed time frames. Although we found that this register contained a number of errors, the 90th ARCOM was making changes necessary to ensure that the basic information was correct. The ARCOM was also developing a series of form letters to notify units when reports of survey were exceeding the allowed time frames.

Our review of 90th ARCOM records for reports of survey initiated during fiscal years 1986 and 1987 (through August 31) showed that initiating times have shortened, as shown in table II.1.

Table II.1: Reports of Survey

	Fiscal year	
	1986	1987 (through Aug. 31)
Number of reports	280	170
Dollar amount	\$209,773	\$189,031
Number of days to initiate report		
Standard	60 days	60 days
Average	75 days	57 days
Longest	980 days	664 days

We found that, in fiscal year 1986, 98 of 280 reports of survey, or 35 percent, had not been initiated within the 60-day time frame. In fiscal year 1987 (through August 31), 42 of 170 reports of survey, or 25 percent, did not meet the 60-day time frame.

Accountability of Unit Property

AAA found that unit property had not been properly recorded on accountable records. Army regulations require reserve units to record unit assets on individual property records by line item number. These records then collectively become the unit property book—the accountable record of a unit's property. The property book should reflect all transactions that change unit property balances and should agree with the types and quantities of items the unit has physically on hand.

AAA reported that five of eight units visited had not always been recording unit assets on accountable records. AAA also found differences between what the records showed the units should have and what they actually had on hand.

The 90th ARCOM agreed with AAA's findings and stated that the requirement to accurately record assets on accountable property records would be addressed in a policy letter scheduled to be released in January 1986. In that letter, the 90th ARCOM stressed the need to ensure that property records were current and accurate. It outlined actions to ensure that all property accountability records and files are checked, updated, and verified prior to initiating an inventory.

To evaluate the accuracy of accountable records at the four units we visited, we reviewed 150 records, including the supporting document files. Of the 150 records we analyzed, 82 of them, or about 55 percent, contained errors. Unit officers told us, and we agree, that many of these errors were clerical or administrative in nature and, as such, (1) were insignificant, (2) had little or no adverse impact on supply accountability, and (3) had been corrected on the spot.

Even so, errors can adversely affect property accountability. In one instance, the property book at a supply company we visited had noted that a semitrailer had been transferred to another unit, but supporting documentation was not in the file to show where the trailer had been transferred to. At our request, unit personnel searched for the missing documents until a transportation shipping document was found and telephonically confirmed that the unit had received the vehicle. The lack of supporting documentation in the file indicates that accountability over this vehicle could have been lost if no follow-up had been initiated by the transferring unit.

We also judgmentally selected and physically counted 42 individual line items to see if quantities on hand for these items matched the quantities

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recorded on the property books. The items we chose included sunglasses, night-vision goggles, flight jackets, tool kits, wristwatches, and survival kits—the types of equipment that are typically subject to theft. Our count indicated that for six of the items quantities recorded exceeded quantities on hand generally by small amounts, while for four other items quantities on hand exceeded quantities recorded, also by small amounts. (See table II.2 for a list of items we inventoried and variances we found.)

**Appendix II
 Actions Have Been Taken to Correct Supply
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Table II.2: List of Items Inventoried

Item number	Name of item^a	Property book balance	Items found	Variance
1	Propane lantern	8	8	0
2	Flyers' coveralls	329	320	(9)
3	Half-tent shelter	314	310	(4)
4	Tarp, medium size	11	10	(1)
5	Tool carrier	253	255	2
6	Sunglasses	76	76	0
7	Filing cabinet	1	1	0
8	Wristwatch	29	29	0
9	Drafting set	1	1	0
10	Flyers' helmets	37	38	1
11	Sleeping mats	373	371	(2)
12	Tents, medium size	6	6	0
13	Tool kit	51	51	0
14	Conveyor rollers	10	10	0
15	Test stand	1	1	0
16	Probe assembly	1	1	0
17	Plug differential	1	1	0
18	Installing tool	1	1	0
19	Flyers' jackets	44	43	(1)
20	Survival kits	12	12	0
21	10-ton jack	3	3	0
22	Night-vision goggles	26	26	0
23	Tool kit	31	33	2
24	Actuator	1	1	0
25	Navigation light	2	2	0
26	Access hinge	2	2	0
27	Gyro	2	2	0
28	Water bag	2	2	0
29	Compass	19	19	0
30	Food container	8	8	0
31	Typewriter	3	3	0
32	Canteen cover	209	208	(1)
33	Helmet	190	199	9
34	Mess kit	185	185	0
35	Generator kit	5	5	0
36	Protective mask	211	211	0
37	Semitrailer van	4	4	0
38	Cargo truck	2	2	0
39	Telephone set	15	15	0

(continued)

**Appendix II
 Actions Have Been Taken to Correct Supply
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Item number	Name of item^a	Property book balance	Items found	Variance
40	Carpenter tool kit	4	4	0
41	2.5-ton truck	6	6	0
42	Wristwatch	5	5	0

^aItems with the same name but different item numbers were inventoried at different units

Unit officials stated that they would take appropriate actions to resolve the variances we identified during the inventories.

Evaluation and Reporting of Authorized and Excess Equipment

AAA reported that some authorized equipment was not on hand or on order and that unneeded items had not been reported as excess for redistribution. The 90th ARCOM agreed and established programs to monitor these problems to prevent them from recurring. However, our work at two of the units we visited suggested that this problem still exists.

At an aviation unit, for instance, property book pages had not been prepared as required for some equipment. Failure to include these pages in the property book could result in the unavailability of equipment essential for mobilization readiness. To illustrate, the property books showed that this unit was authorized five 3/4-ton trucks, but allowance tables indicated that it should have had six on hand (or on order). Because the quantity had been erroneously recorded on the property book, the unit had reported some 3/4-ton trucks as excess so that the number physically on hand would equal the authorized level shown on the records. If these trucks had actually been transferred elsewhere, the unit would have had to order unnecessary quantities of the same equipment to meet authorized levels.

At another unit, a jet calibration tester was neither on property records nor on unit excess property lists. The accountable records officer told us that he thought the equipment had been on the excess list at one time but had been dropped from the current list. He assured us that the equipment would be on their next excess report to the Fifth Army.

Allegations of Diversion, Theft, and Collusion Among Officials at the 90th Army Reserve Command

As early as 1981, allegations had been made, largely by one person, of a conspiracy among 90th ARCOM headquarters and subordinate unit personnel at Grand Prairie, Texas, to steal government property. In late 1983, speculation of a conspiracy increased when several Grand Prairie units reported large equipment shortages. This same person also suggested that a possible connection existed between the shortages at these units and other events that had occurred: the January 1984 suicide of the Commanding General and the April 1984 arrest of an ARCOM enlisted reservist for possession of illegal firearms and ammunition. Extensive investigations by various law enforcement agencies, together with a task force convened to investigate suspected criminal activities, found no evidence to support these allegations.

These allegations first surfaced when an attempt to conduct a 100-percent inventory of property at the Grand Prairie units resulted in an inaccurate count. The 90th ARCOM then detailed personnel from its headquarters to assist the Grand Prairie units in taking the inventory. Prior to taking the physical count, headquarters and unit supply personnel began updating the records to ensure that they were current and that book balances were in agreement with supporting documentation. The records updating gave rise to the allegation that book balances had been changed to cover up shortages created by the theft and diversion of unit property.

These allegations were made basically by one individual—a reserve officer—who was supported by his commanding officer. The allegations were communicated to the Commanding General, and 90th ARCOM headquarters was kept apprised of the situation at the Grand Prairie location. The units completed a physical count of their property in late 1983, and equipment shortages totaling around \$200,000 were identified. Shortly after the 90th ARCOM headquarters received this information, the Commanding General was found hanged in the ARCOM headquarters in San Antonio. The same individual who had made the allegations then suggested that the general's death might have been connected to the shortages at the Grand Prairie units. Later, the arrest of the enlisted reservist sparked additional allegations of a conspiracy to steal government property.

The Federal Bureau of Investigation, the Army's Criminal Investigation Division, and local law enforcement agencies were involved in the investigation of circumstances surrounding the death of the general and the arrest of the reservist. In their view, the general's death was a suicide

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Allegations of Diversion, Theft, and Collusion
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possibly resulting from personal business problems and had no relationship to his position as 90th ARCOM commander. Investigations of the reservist's activities did not disclose any connection between criminal activities on his part and the activities occurring at 90th ARCOM units, other than the fact that he was a member of one of its subordinate units, located in Dallas, Texas.

In addition to these investigations, an Assistant U.S. Attorney, located in Dallas, Texas, convened a task force to investigate the suspected criminal activities of a reservist in a 90th ARCOM unit. A Grand Jury was convened in July 1984 and heard testimony from key individuals, who, according to Fifth Army officials, had knowledge of supply activities at 90th ARCOM units. No indictments were returned, and the Assistant U.S. Attorney concluded that insufficient evidence existed to substantiate allegations of criminal wrongdoing at these units. Moreover, he stated that these individuals were not involved in and had no knowledge of a conspiracy to steal government property. He concluded that equipment shortages that had occurred at these units resulted from poor supply management practices, rather than criminal wrongdoing.

We reviewed various investigative reports and held discussions with individuals who had initiated the allegations and others in key positions during the period when these incidents were alleged to have occurred. Our review of documents and our discussions did not disclose any information that would call into question the actions taken or determinations made by the government in this matter.

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