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

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LOGISTICS AND COMMUNICATIONS  
DIVISION

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Dear Mr. Sampson:

In fiscal year 1971 the acquisition cost of excess personal property that became available for redistribution to Federal agencies was about \$5.2 billion. About \$1.7 billion was classified as reportable property--property having a high potential for use by other Federal agencies--and \$3.5 billion was classified as nonreportable property--property having low use potential or of specialized interest to only a few agencies. The General Services Administration (GSA) transferred 17 for further Federal use reportable property costing about \$422.7 million and nonreportable property costing about \$328.5 million.

Our review of GSA's management of the excess personal property program showed that the establishment of a centralized automated screening procedure would improve the opportunities to identify excess property that could be returned to the GSA supply system. Also, we noted that periodic development of information on the relative effectiveness of the various methods used by GSA to promote the transfer of excess personal property could be used to improve program management.

INCREASING RETURN OF EXCESS  
PROPERTY TO SUPPLY SYSTEM

GSA policy provides that suitable GSA-managed property which is excess to agencies will be returned to the GSA supply system inventory when economically justifiable. Generally, this policy means that new excess property will be returned to the supply system when the inventory stock level for the item is low enough to permit acceptance of the excess without causing overstockage.

We reviewed GSA procedures and practices for acquiring excess property for return to the GSA supply inventory and found that in many instances GSA did not acquire excess property that could have been returned to inventory. In some cases, GSA purchased stock items from commercial sources at the same time or shortly after similar items were available as excess property.

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We selected 178 GSA-managed items, valued at \$152,000 and in new condition, from GSA Region 7 and Region 8 catalogs to determine whether GSA was acquiring excess property that should be distributed through the GSA supply system. The GSA nationwide stock level on 59 of the 178 items was below the 3-year supply level, which is the general criteria used by GSA for acceptance of excess property into the supply inventory. On the basis of the 3-year criteria, we estimate that excess property valued at \$29,500 should have been returned to the supply system, thus avoiding additional procurements. In further testing of 30 of the 59 items, we noted that orders had already been placed with commercial sources for various quantities of 10 of the items. These procurements of about \$4,200 immediately could have been avoided if the stock had been obtained from excess. Examples of two of the 10 items are presented below.

On February 4, 1971, the Property Disposal Office at Tinker Air Force Base, Oklahoma, reported that 5,202 caulking gun nozzles (FSN 5120-673-1885) in new condition were excess. These nozzles had an acquisition cost of \$0.10 each, for a total value of \$520. On May 4, 1971, 1,000 nozzles were transferred to Webb Air Force Base, Texas. On June 15, 1971, the remaining 4,202 nozzles were released by GSA to the holding activity for sale. On August 12, 1971, the GSA item manager in Kansas City, Missouri, issued a purchase order for 4,000 nozzles at \$0.10 each, for a total of \$400. If the nozzles had been obtained from excess, the purchase would not have been needed.

On February 12, 1971, the Property Disposal Office at Fort Sill, Oklahoma, reported that five tool kits (FSN 5180-754-0731) in new condition were excess. These kits had an acquisition value of \$121 each, for a total value of \$605. On April 26, 1971, two of the kits were transferred to the Naval Air Station, Beeville, Texas. On May 13, 1971, the remaining three kits were approved for donation to the Arkansas State Agency for Surplus Property. On May 4, 1971, the GSA Region 7 item manager initiated a purchase request for 11 tool kits at an estimated price of \$140 each, for a total of \$1,540. On May 3, 1971, GSA Region 9 also issued a purchase request for 72 tool kits at an estimated price of \$140 each, for a total of \$10,080. If the tool kits available from excess had been obtained by the regions, part of the purchases would not have been needed.

BEST DOCUMENT AVAILABLE

We also reviewed GSA-managed items in Region 3 and identified several examples of utilization failure. For instance, on August 19, 1971, the Defense Supply Agency reported to GSA that 10,201 pairs of pocket scissors, valued at \$4,284 (\$0.42 each), were excess. On October 27, 1971, the GSA regional Property Management and Disposal Service offered this excess property to the GSA regional Federal Supply Service item manager for possible return to the supply system. On November 15, 1971, GSA offered this property to other Federal agencies. On November 25, 1971, the item manager ordered 864 scissors valued at \$656 from a commercial source.

On November 29, 1971, the item manager rejected the Disposal Service offer. The Region 3 inventory management branch chief told us that acceptance of the entire 10,201 excess scissors would have created long supply. We advised him that we knew of no rule which required the item manager to accept the total offered quantity and the rejection decision was re-evaluated. As a result, 1,400 of the excess scissors were requested and the purchase order for \$656 was canceled.

Our review showed that 2,592 pairs of these scissors also were on order in GSA Region 8. These scissors, valued at \$1,970 (\$0.76 each), were ordered on November 8, 1971. The Region 8 inventory management branch chief told us that he was not aware of the excess scissors available in Region 3.

AUTOMATED SCREENING PROCEDURES WOULD ENHANCE  
THE MATCHING OF EXCESSES AGAINST NEEDS

We believe a major reason for GSA's not retaining excesses needed was the lack of agencywide matching of available excesses against needs. Effective matching is inhibited by the volume of excess personal property to be screened--over 693,000 line items of excess personal property were reported to GSA during fiscal year 1971--and the fact that GSA depends almost entirely upon manual efforts to find users for this property.

2 A centralized automated screening procedure could alleviate the problems identified by us with a minimum expenditure of additional manpower or funds. For example, the Department of Defense (DOD), which generates the bulk of the excess property reported to GSA, already has an automated program for screening these reported excesses for possible redistribution within DOD. GSA could provide DOD with a computer tape listing of all GSA managed and stocked items. DOD,

in turn, could match this tape to DOD excesses in suitable condition for return to the GSA supply system. The list of matched items could then be provided to the Federal Supply Service central office for automated screening against agency-wide requirements. Computerized matching techniques have proved feasible and are already operational in other GSA programs (e.g., credit returns).

Successful operation of the automated screening procedures would provide GSA with a framework which could be expanded to include the requirements and excesses of those civil agencies which utilize Federal Stock Numbers in their supply operations.

We discussed the use of automated screening procedures and the return of excess personal property to the GSA supply system with representatives of the Property Management and Disposal Service and the Federal Supply Service. Property Management and Disposal Service representatives stated that they have initiated a study geared to utilizing automated data processing techniques more extensively in the excess personal property program. This study will consider the potential for matching requirements with excesses by Federal Stock Number. Federal Supply Service representatives stated that they were studying ways of better identifying property which can be returned to the supply system. The study considered the feasibility of utilizing a computer to identify this property on a centralized basis.

#### INFORMATION NEEDED ON EFFECTIVENESS OF METHODS USED TO PROMOTE TRANSFERS

GSA uses several methods to promote utilization of excess personal property among Federal agencies. These methods include advertising in catalogs, personal contact, use of want lists submitted by Federal agencies, encouragement of visits by Federal agency representatives to look at the excess property, and on-the-spot screening by GSA area utilization officers.

Information on the relative effectiveness of these methods currently is not available. Such information would be a valuable management tool and would assist GSA in determining to what degree the various techniques for effecting transfers were cost beneficial.

For instance, if GSA would measure the effectiveness of personal contact by GSA utilization specialists in accomplishing transfers, it would be able to evaluate the merits of adding or reducing the number of utilization specialists. Similarly, data showing transfers resulting from catalog advertising would be beneficial to GSA for appraising the effectiveness of catalogs as a means of achieving transfers. This type of data could be used in determining if all reportable excess personal property should be advertised or whether certain property should be excluded from advertising.

Only slightly over one-half of the excess property reported to GSA was circularized (advertised) in catalogs. The selection of items to be circularized was made on a judgmental basis in each region. Although we were unable to determine the correlation between circularization and transfers because data was not readily available which could be used to analyze the effectiveness of circularization, our tests have indicated that excess property is more likely to be transferred if it is circularized in catalogs.

In Regions 3, 7, and 8, we questioned the recipients of 148 transferred property items, which were selected through random statistical-sampling procedures; and they informed us that 60, or 40 percent of the items, had been identified through the GSA catalogs. In relation to the other means of effecting transfers, circularization was by far the most productive method. The second most productive method was agency visits to holding activities, which effected transfers of 33 items.

In another test to determine the effectiveness of circularization we randomly selected 121 property items in Region 3 that had not been circularized and 121 comparable property items in the same region that had been circularized. We found that four of the uncircularized items and 21 of the circularized items had been transferred. Although the percentage of transfers was not high under either circumstance, it was better for property that had been circularized.

We discussed with Property Management and Disposal Service representatives the need for information that would be useful for measuring the effectiveness of the various methods used to promote the transfer of excess personal property and the advantages of more systematic and intensive circularization of reportable excess property in catalogs. The representatives agreed that the effectiveness of the various methods

of transferring should be monitored. They plan to do this monitoring by sampling techniques on an as-required basis rather than on a recurring basis. The representatives agreed also that the present ground rules for advertising property and distributing catalogs need to be reevaluated and stated that they have initiated studies in these areas.

CONCLUSIONS

GSA does not always avail itself of the opportunity to acquire new or unused excess personal property for redistribution through the supply system. This situation results in the disposal of property outside the Government while Government procurements of similar property are being made or planned.

We believe that centralized automated screening of available excesses against requirements will increase utilization of excess personal property and will result in reduced procurements. In view of the actions being taken by GSA to study the use of computerized screening techniques, we are making no recommendation at this time. However, we do plan to monitor these actions in the future and to make whatever followup inquiries we feel are warranted.

With respect to the effectiveness of the methods used to promote transfers, we would like to be advised of the results of the studies which GSA representatives indicated they had initiated in this area.

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We appreciate the cooperation we received from GSA during our review, and we will be glad to discuss these matters in greater detail with you or your staff.

Sincerely yours,



J. K. Fasick  
Director

The Honorable Arthur F. Sampson  
Acting Administrator, General  
Services Administration