INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
4800 MARK CENTER DRIVE
ALEXANDRIA, VIRGINIA 22350-1500

May 2, 2013

MEMORANDUM FOR DIRECTOR, DEFENSE LOGISTICS AGENCY
COMMANDER, DEFENSE LOGISICS AGENCY LAND AND MARITIME

SUBJECT: Inspector General of the Department of Defense Report No. DODIG-2013-073, "Use of Defense Logistics Agency Excess Parts for High Mobility Multipurpose Wheeled Vehicle Depot Repairs Will Reduce Costs," April 25, 2013

We are revising specific pages in the subject report to address errors identified after publishing. The revisions are minor and do not affect the overall findings, conclusions, and recommendations presented in the original report. We are incorporating the following update to the subject report that is located on our Web site at: http://www.dodig.mil/pubs.

We amended appendix B, "Excess DLA-Owned Inventory of 118 AM General, LLC, First Source Repair Parts" on page 17. The DLA unit price for national stock number 2510011856647 should read "$51.03" instead of "$1.03" and we removed an erroneously-placed dollar sign in the DLA inventory quantity column for this same item. In addition, we rounded the total DLA inventory value for national stock number 2530011856714 from $11,361.5 to $11,362 and added a footnote on page 22 to annotate that the total dollar values do not add due to rounding. However, these changes do not affect our overall finding that the DLA Land and Maritime did not cost-effectively manage 118 HMMWV repair parts valued at $11.1 million. Please reference the attached pages as a replacement page for any copies of the subject report in your possession. We have revised only the pages indicated and no other information in the report has been modified. You can also access a complete revised version on our Web site as indicated in the previous paragraph.

We did not request comment in the original transmittal of this report, and since the revisions made are minor in nature, we do not request comments on these revisions.

If you have any questions on the revisions, please contact me at (703) 604-8905.

Amy J. Frontz
Principal Assistant Inspector General
for Auditing

Attachment:
As Stated:

Appendix B

Excess DLA-Owned Inventory for 118 AM General, LLC, First Source Repair Parts

The following chart presents excess DLA-owned inventory for 118 AM General, LLC (AMG) first source repair parts that the audit team reviewed. AMG provided these parts through the ILP contract to support RRAD HMMWV reset and recapitalization programs. The chart includes information on RRAD consumption, DLA inventory and demand, and excess inventory calculations from October 2010 through June 2012. Overall, the 118 repair parts represented DLA inventory valued at $11.1 million, with $9.7 million in excess of 3 years' operating stock.

National Stock Number	Item Name	RRAD Consumption Quantity (October 2010 to June 2012)	RRAD Consumption Value (October 2010 to June 2012)	DLA Unit Price (June 2012)	DLA Annual Customer Demand FY 2011	DLA Inventory Quantity (June 2012)	Total DLA Inventory Value (June 2012)	Excess Quantity [12] (June 2012)	Excess Value at DLA Unit Price (June 2012)
2510011856647	BRACKET,CROSSMEMBER	2,194	$119,013	$51.03	27	1,309	$66,798	1,228	$62,665
2510011877033	FRAME SECTION,STRUC	3,558	150,895	41.28	44	811	33,478	679	28,029
2510015479911	INSULATION PANEL, VEHICULAR CAB	1,873	55,731	37.22	11	83	3,089	50	1,861
2510015482055	SHELL,CARGO,VEHICUL	113	150,925	1,561.48	6	211	329,472	193	301,366
2510015486641	PANEL, BODY, VEHICULAR	320	989	4.19	27	138	578	57	239
2510015544726	BAR,STABILIZER	5,806	484,713	110.66	-	4,171	461,563	4,171	461,563
2510015663852	FRAME SECTION,STRUC	2,886	76,437	25.61	28	251	6,428	167	4,277
2530011856714	PISTON,DISC BRAKE	2,343	20,910	7.75	130	1,466	11,362	1,076	8,339
2530014732724	CYLINDER, HYDRAULIC	3,086	238,325	85.92	100	420	36,086	120	10,310
2530015548270	ARM,CONTROL,VEHICUL	7,110	1,734,363	202.79	272	9,532	1,932,994	8,716	1,767,518
2530015548309	ARM, CONTROL, VEHICULAR	2,225	236,075	85.31	404	8,363	713,448	7,151	610,052
2530015548315	ARM,CONTROL,VEHICUL	2,210	234,208	86.01	89	8,395	722,054	8,128	699,089

[12] We define excess inventory as inventory exceeding 3 years of FY 2011 DLA annual customer demand quantities. DLA annual customer demand represents all parts requisitioned from DLA for that fiscal year. This does not include any contractor provided parts, such as parts provided by AMG through the ILP contract.

National Stock Number	Item Name	RRAD Consumption Quantity (October 2010 to June 2012)	RRAD Consumption Value (October 2010 to June 2012)	DLA Unit Price (June 2012)	DLA Annual Customer Demand FY 2011	DLA Inventory Quantity (June 2012)	Total DLA Inventory Value (June 2012)	Excess Quantity (June 2012)	Excess Value at DLA Unit Price (June 2012)
5340015550346	COVER,ACCESS	2,848	5,355	2.21	123	457	1,010	88	194
5340015648809	BRACKET,MOUNTING	2,162	54,231	13.85	3	169	2,341	160	2,216
5342012779102	BRACKET,REAR AXLE	149	1,569	19.76	4	949	18,752	937	18,515
5360015663298	SPRING,HELICAL,EXTE	5,671	23,107	3.87	25	140	542	65	252
5365012644023	SPACER,SLEEVE	2,590	19,299	7.89	227	5,289	41,730	4,608	36,357
5365014560730	SPACER,RING	6,217	36,980	7.11	539	4,183	29,741	2,566	18,244
5365014565637	SPACER,PLATE	146	1,418	11.72	2	518	6,071	512	6,001
5365015394098	SPACER,PLATE	5,440	771	0.14	63	6,067	849	5,878	823
5365015480905	SPACER,PLATE	8	175	27.42	-	120	3,290	120	3,290
5365015484284	SPACER,STRAIGHT	1,055	1,089	1.33	2	413	549	407	541
5365015485005	SPACER,PLATE	23	502	46.32	-	118	5,466	118	5,466
5365015557102	SPACER,PLATE	3,300	39,272	14.87	-	2,788	41,458	2,788	41,458
5925003331584	CIRCUIT BREAKER	3,042	85,198	34.98	323	4,361	152,548	3,392	118,652
6150015397293	CABLE ASSEMBLY,SPEC	2,457	10,919	10.82	5	1,413	15,289	1,398	15,126
6150015486004	CABLE ASSEMBLY,SPEC	446	5,248	13.83	5	317	4,384	302	4,177
6150015486007	WIRING HARNESS,BRAN	1,735	35,821	23.77	27	102	2,425	21	499
6150015557011	WIRING HARNESS,BRAN	1,982	162,148	99.93	66	284	28,380	86	8,594
6150015557025	CABLE ASSEMBLY,SPEC	1,228	5,204	5.39	35	936	5,045	831	4,479
6350015546612	CONTROL,ALARM	340	293,280	1,037.84	7	156	161,903	135	140,108
6350015547818	CONTROL,ALARM	310	253,482	1,003.10	8	203	203,629	179	179,555
Total [13]	**118**	**301,066**	**$17,581,234**			**196,372**	**$11,119,780**	**165,994**	**$9,724,304**

[13] The total dollar values do not add due to rounding.