
Office of Inspector General

Management Advisory on Small Arms Repair Facility

U.S. Coast Guard

Report Number: MA-1998-017
Date Issued: November 19, 1997





**U.S. Department of
Transportation**


Office of the Secretary
of Transportation

Office of Inspector General

Memorandum

Subject: **ACTION:** Management Advisory on
Small Arms Repair Facility, USCG
Report No. MA-1998-017

Date: November 19, 1997

From: 
Lawrence H. Weinrob
Assistant Inspector General for Auditing

Reply to: JA-1
Attn of:

To: Chief of Staff
U.S. Coast Guard

This Management Advisory presents the results of our review at the U.S. Coast Guard's (USCG) Small Arms Repair Facility (Facility). Our objectives were to determine whether the Facility: (1) accurately accounted for, and properly safeguarded, small arms; related spare parts; and ammunition, and (2) maintained inventory levels that were consistent with operational needs. The Office of Cutter Management is responsible for management of the Facility. We discussed the results of our review with the Office of Cutter Management staff on October 30, 1997.

BACKGROUND

The Facility provides small arms to field units to replace damaged ones. The Facility repairs damaged small arms and places them in inventory until another replacement requirement exists. To maintain its operation, the Facility needs an inventory of small arms so it can respond timely to field unit needs. The USCG's Small Arms Manual contains accountability and management procedures and provides criteria for establishing small arms allowances.

The Facility occupies leased space at the U.S. Navy's Naval Surface Warfare Center, located in Crane, Indiana, and is the only USCG installation authorized to rebuild small arms. At the time of our review, the USCG owned about 20,000 small arms, consisting primarily of M-16 rifles, M-60 machine guns, 9-mm pistols, and 12-gauge shotguns. Approximately 37 percent of the USCG's small arms were either stored, or in process of being rebuilt, at the Facility.

RESULTS-IN-BRIEF

The Facility properly accounts for and safeguards small arms, related spare parts, and ammunition. However, the Facility's small arms inventory for four primary small arms categories exceeds operational needs. In addition, the planned conversion of all M-16 rifles will result in the unnecessary expenditure of program funds. The USCG can reduce costs by as much as \$487,000 by disposing of small arms in excess of operational needs and by limiting the procurement of M-16 conversion kits to the number of M-16s needed for operations.

Small Arms Inventory

The Small Arms Manual states that the Commandant has the responsibility to establish allowances for all USCG units. An allowance is defined as the number of small arms a unit, including the Facility, is authorized to have and is based on anticipated needs to fulfill their mission requirements.

Based on our analysis of inventory and operations reports, we concluded that the Facility had more small arms than necessary to meet operational needs for four primary small arms categories. For example, the Facility had 3,316 of the USCG's 6,162 M-16 rifles in inventory. Yet, from Fiscal Years (FY) 1992 through 1997, the highest number of rifles the Facility shipped was 242 in FY 1992. The following table shows the number of small arms (in four of the primary categories) onhand at the time of our review, and the maximum requirements during the 6-year period ended September 1997.

Small Arms Onhand and Shipped From the Facility

FY 1992-1997

<u>Weapon</u>	<u>Facility Inventory May 1997</u>	<u>Highest Number Shipped FYs 1992-1997</u>	<u>Years Supply on Inventory</u>
M-16 rifles	3,316	242	14
M-60 machine guns	328	23	14
9-mm pistols	2,263	281	8
12-gauge shotguns	740	62	12

The Office of Cutter Management staff acknowledged that the USCG has not performed an operational needs analysis to establish allowance levels at the Facility. The Facility's inventory of M-16 rifles, M-60 machine guns, 9-mm pistols, and 12-gauge shotguns has grown by approximately 117 percent over the past 6 years, as disestablished or downsized field units shipped unneeded small arms to the Facility. Without an allowance list to identify the authorized level of small arms, the Facility is not able to identify and dispose of excess small arms. Excess small arms result in increased storage cost.

Conversion Kit Purchase

The USCG is planning to convert its M-16 rifles to use North Atlantic Treaty Organization and Department of Defense ammunition. The 6,162 kits to make this conversion are being purchased under a joint-service contract for approximately \$237 each, or a total of about \$1.5 million. The delivery schedule for conversion kits is shown below.

Delivery Schedule for Conversion Kits

<u>Date</u>	<u>Quantity</u>
March 31, 1997	3 (prototypes)
November 28, 1997	745
December 28, 1997	2,000
January 28, 1998	2,000
February 28, 1998	<u>1,414</u>
Total	<u>6,162</u>

On August 13, 1997, Office of Cutter Management officials stated the USCG has more M-16 rifles than are required for current operations. They estimated the number of M-16s requiring conversion kits could be reduced by as much as one-third. Reducing the number of kits by one-third would reduce contract expenditures by as much as \$487,000.¹ In addition, the USCG would realize cost savings in personnel and overhead needed for the conversion project.

RECOMMENDATIONS

We recommend that the Chief, Office of Cutter Management:

¹ One-third of the conversion kits purchased (2,054), times the unit cost of \$237.

1. Initiate action to reduce the number of conversion kits ordered to match the USCG's operational need for M-16 rifles in conjunction with a needs analysis to establish the small arms allowance for the Facility.
2. Dispose of excess small arms.

ACTION REQUIRED

Because of the approaching delivery dates for the M-16 conversion kits, we request a response to our recommendations within 14 days. We appreciate the courtesies and cooperation USCG personnel extended to our audit team. If I can answer any questions or be of further assistance, please contact me on (202) 366-1964, or Ronald H. Hoogenboom, Regional Manager, on (312) 353-0104.