

FINDINGS AND RECOMMENDATIONS

I. DEVELOPMENT OF A NATIONAL SUPPLY SYSTEM

Findings. The subcommittee's report last year⁸ stated that, "the prospect for an economical and efficient supply and general services system as intended by Congress for the Federal Government has never been so bright" and recommended the resolution of certain long-pending interagency problems and a report of actions taken thereon at the 1966 hearings.

The testimony of witnesses from the DOD, GSA, and Bureau of the Budget (BOB)⁹ shows that significant actions have been taken which will help correct the deficiencies. Administrator Knott's testimony summarizes the principal actions taken during the year. (App. 1, p. 15.) This is consistent with the President's program to—

- (a) Achieve maximum effectiveness in the conduct of day-to-day operations of the Government;
- (b) To seek in every feasible way to reduce the cost of carrying out governmental programs; and
- (c) To conduct the affairs of the Government on an orderly basis.¹⁰

A reduction in unnecessary demand stemming from duplicative systems is also of prime importance at the present time in curbing inflationary pressures.

Recommendation. This basic program of eliminating overlap and duplication in the numerous supply and service systems of the Government should continue agency by agency as staff time is available for the necessary surveys.

As stated later in this report (see pp. 6-8), the national supply system requires adequate inventory controls in order to obtain full utilization of existing stocks including short-shelf-life items.

II. ADEQUACY OF CONTRACTOR INVENTORY CONTROL

Findings. As a result of subcommittee hearings in 1965 the GAO was requested to make a survey of the adequacy of controls over Government-owned inventory in the possession of defense contractors and report its findings by March 1966.¹¹

The entire report is printed in the hearings¹² but may be highlighted by a few points:

1. Five classes of Government property are involved, with these reported values in 1965:

(a) Material	\$2, 167, 000, 000
(b) Special tooling	1, 778, 000, 000
(c) Special test equipment	(1) 194, 000, 000
(d) Military property	2, 961, 000, 000
(e) Facilities	
Total	7, 100, 000, 000

¹ Cost included in (b).

⁸ Report, July 1965, p. 3.

⁹ Hearings, 1966, pp. 70; 111-114; 183.

¹⁰ Ibid, p. 208.

¹¹ Report, 1965, p. 11.

¹² Hearings, 1966, app. 4, pp. 240-249.