

Chairman PROXMIRE. That is right, and my question is, I thought the situation was corrected as a result of earlier reports of the GAO at the request of this committee.

Mr. NEWMAN. Well, in some cases these were and in other cases they weren't. But I can say now that under the new accounting system and the new regulations coming out for stock funds, I understand from Mr. Anthony, the Comptroller, that the situation we have described won't exist in the future.

Chairman PROXMIRE. The stock on hand is not issued in the Pacific in some instances unless the requisitioner has stock fund obligation authority to pay for the orders—

Mr. NEWMAN. There won't be any stock fund obligation in the future.

Chairman PROXMIRE. They won't have that in the future?

Mr. NEWMAN. In the future, when a GI wants a part he has to make sure he has the right requisition number, that's all.

Chairman PROXMIRE. He was prevented just by accounting obstacles.

Mr. NEWMAN. Accounting variance as well as stock funds.

Chairman PROXMIRE. Even though he needed it for a mission in Vietnam?

Mr. NEWMAN. That is right.

DOD COMPTROLLER SUPPORTS STOCK FUND CONCEPT

Mr. STAATS. Mr. Anthony is a strong supporter of the stock fund concept. They have not been sensitive enough particularly on three points: one is what happens in a period of rapidly increasing demand. The second is what do you do about identifying slow moving items in your inventory so that you clear those out, otherwise you can build up the amount of your stock fund without really serving any useful purpose.

The third, the problem of crowding up against your total ceiling and then you get a new ceiling put on your stock fund and all of a sudden you have a big surge of demand to fill up that stock fund which may result in inadequate use of current inventory some place else or improper buying practices.

TRYING TO REMEDY DANGER POINTS

All three of these are danger points, but he feels that the problem doesn't go to the basic concept of having stock funds, but rather to try to identify these situations and try to remedy them.

Chairman PROXMIRE. Gentlemen, the hour is late, it is 1 o'clock and you have all been very patient. I have some other questions. I am going to ask Mr. Ward to go through them and if he thinks that they should be answered for the record you can provide them for Mr. Staats. (See app. I, p. 270.) Of course, if Congressman Curtis wants to ask further questions at this time he is free to do so.

Representative CURTIS. No, I appreciate their patience, too, and I won't bear on it. I have probably some other questions which I will submit them for the record and will welcome your response.

Mr. STAATS. We appreciate the opportunity, Mr. Chairman.