

Now, recognizing that there are substantial differences of course in the kind of inventory they have, it seems to suggest that may well be a serious problem as far as the Army is concerned.

Admiral LYLE. I cannot speak for the Army, sir. I am only speaking for DSA in my remarks.

Chairman PROXMIRE. Perhaps that is Mr. Ignatius's responsibility.

DSA INITIATING CORRECTIVE PROGRAM

Admiral LYLE. But I want to leave you with the feeling that we do respect the report. We are not satisfied with the state of our inventories, and we have a corrective program going into effect soon, which will focus on the items that have had movement.

We have found that this is where errors occur, that they are a function of the movement, the rate of demand, the volume of movement of the item, so we are focusing on the heavy movers in our new inventory process.

Chairman PROXMIRE. Along this line, it seems to me that there is, and I get this impression, Admiral Lyle, from reading your statement, that the important improvements are planned, that they have been in stage for a long time. I am concerned, and the staff of this committee suggested that they feel concerned, but there is a lack of urgency.

It is puzzling to us to understand why it takes so long to inventory a contractor inventory, for instance, when so much is at stake. You always seem to look forward to a situation that it is going to improve and are working on it, but we never seem to solve this problem, you see.

Admiral LYLE. Well, in the case of the contractor inventory, shifting fields entirely as I follow you now, we have an entirely different situation. You have—as I read the Comptroller General's report in this area—a separate report from the one we were just discussing—you have basically three broad areas involved. You have the question of—

SCOPE OF PROBLEMS REQUIRE SWIFTER ACTION

Chairman PROXMIRE. Yes; I did not mean to bring that in as something that requires a detailed explanation. I just meant to bring that up as another example of what seemed to be, and I don't want to be unfair to you, what seemed to be a lack of urgency, a lack of deep concern, a failure to make these improvements promptly, and a feeling that you always had to look off in the future on these things, rather than have them accomplished swiftly.

DCAS A NEW ORGANIZATION

Admiral LYLE. I think not, sir. What I was coming to was the simple point that with reference to the Contract Administration Services, part of the contractor inventory problem, they are a new organization. They only completed their organization and went operational at the end of calendar 1965. They are only a year old, and these large-scale improvement programs are not done overnight. As far as