

the DIPEC part of the problem, which is another related part, DIPEC is only about 2 years older than CAS. These developments are not accomplished overnight. It takes a significant amount of time for a new activity just to get born and grow a bit, and to develop its organization and staffing, and its basic procedures, and indoctrinate its people into a common approach to its tasks. We have inherited a diverse group of people, brought up in different systems, so there is some significant amount of effort that goes into the development and training process.

DSA INHERITED ROLES AND PROBLEMS

Chairman PROXMIRE. You are saying you inherited this from the other services?

Admiral LYLE. Yes. Almost everything DSA does now is a consolidation, an amalgamation, an inheritance of roles, functions transferred from the services and consolidated in us.

Chairman PROXMIRE. Let me ask you this: Mr. Newman said that—

In regard to the broader problems relative to inventory control, we are suggesting the Secretary of Defense establish a group made of representatives from the military departments and the Defense Supply Agency whose sole function would be to study this problem in depth—

and try to come up with some answers. Is this being done?

Admiral LYLE. I don't think it has been done formally, but I think—I'm sure—that Mr. Ignatius would regard it as a good idea.

Chairman PROXMIRE. There obviously are areas that do require—

Admiral LYLE. You see we just heard about this Friday—about this particular report, sir, and about that particular recommendation. We have not had time to absorb it, but my reaction is that it is sound and is worth careful attention.

Chairman PROXMIRE. On page 16 of this report, the Accounting Office says this:

During fiscal 1965 and 1966 the DoD supply activities, except those of the Department of the Air Force generally, did not accomplish the regular periodic inventories described by their own directors. The Army, for example, the overall data for the period of February 1965 to June 1966 submitted for the 20 Army depots showed that 55 percent of them took no complete inventories, 45 percent took no sampling inventories, and 25 percent performed no location record audits.

This does seem to be a standard, especially since the other service, the Air Force particularly, was able to do it. Now they have made some criticism of the way the Air Force did it, but at least they accomplished a lot more than the Army did.

Admiral LYLE. I can't speak for the Army, but I am aware that at that time they were undergoing a reorganization of their depot system, and this very well could have had a profound effect.

As far as DSA itself was concerned, we did fairly well in fiscal 1965, and in 1966 we were involved in the Vietnam buildup and this is where we put our priority and our resources, and frankly as a result, we did not do very much on inventorying in fiscal 1966.

NEED FOR ADEQUATE INVENTORIES

Chairman PROXMIRE. The Navy did rather badly, too. It showed 66 percent of the items of Navy supplies of fiscal inventories, 88 per-