cent in 1966, but this compared with a much higher percent, close to 100 percent in the Air Force, and it would just seem that when you don't take these inventories, even on a sampling basis that it is hard, as we indicated before, to meet the supply mission if you don't know what you have in stock, and that often the supply mission would be frustrated.

Admiral LYLE. No doubt about it, sir. It is a fundamental part of your supply operation, and it must be done well.

Chairman PROXMIRE. It was not done well last year but you feel that it is something that is on its way to correction?

Admiral LYLE. I do, sir.

PAINT AND HAND TOOLS

Chairman PROXMIRE. Are you familiar with the indictment by the Comptroller General of the handling of paint and hand tools?

Admiral LYLE. Yes, sir.

Chairman PROXMIRE. What is your response to that perfectly enormous writeoff and loss of at least a portion of the inventories?

Admiral LYLE. Well, again, Mr. Chairman——

Chairman PROXMIRE. Is this typical?

Admiral LYLE. No, I don't think so, and for this reason. We had recently taken over inventory management of items in these two commodity areas from the Service Single Managers. You see, this situation occurred very early in our life, 1962, somewhere along in there, possibly 1963.

We turned over to GSA, I think in January 1963, in the case of paint; and for hand tools maybe a little bit later than that.

Chairman PROXMIRE. Yes. They say "DoD transferred paint inventories of GSA and the Navy during the period of 1963 to 1966, transferred its hand tool inventories to GSA during the period January 1964 to February 1966."

TRANSFER TO GSA AS RECORDED ON BOOKS

Admiral LYLE. Yes. Basically we did not have time, in the interim between transfer of these inventories from the services, from the Service Single Managers, and the transfer to GSA, to assure ourselves of the accuracy of the records, so we transferred the material to GSA at the quantities we had recorded on our books.

NO INVENTORY VERIFICATION MADE

There was no special, mutual inventory verification of assets at the time of the transfer. We have learned from this, and this is why I said in my statement that in future transfers to GSA we will have a special inventory, mutually attested, to be sure that they start out with accurate knowledge of assets.

PAINT WRITEOFFS

Chairman PROXMIRE. The writeoffs are just fantastic here. The initial paint transfer to GSA was about $8 million worth of stock.