

- 2. Improvements in supply management in the United States and abroad.
- 3. Adequacy of management of government-owned equipment furnished to contractors.
- 4. Government competition with the private sector in providing material and services for government use.

A status report on the other subjects covered by the July, 1967 report will also be of benefit as will a review of progress and problems concerning the procurement and management of Automatic Data Processing Equipment (ADPE). Members of the subcommittee have expressed special interest in the identification and improved management of common-type programs such as we have previously discussed, i.e., recruiting, motion pictures, dental laboratories, etc. Any plans you may have or reports to make on these and related subjects will be of assistance to the subcommittee. We are also interested in obtaining your views as to whether or not the Defense Supply Logistics Center (DSLCC) at Battle Creek, Michigan, is fulfilling its potential in the utilization of existing stocks in the military and national supply systems.

You are scheduled to testify, in Room AE-1, The Capitol, Joint Atomic Energy Committee Hearing Room, Monday, November 27, 1967, at 10 a.m. Please forward 100 copies of your prepared testimony at least one day in advance and contact the staff consultant, Mr. Ray Ward, Code 173, Ext. 8169 if additional information is required.

Sincerely yours,

WILLIAM PROXMIRE,
U.S. Senator.

Chairman PROXMIRE. Mr. Staats, you may proceed, and please identify your assistants for the record.

STATEMENT OF HON. ELMER B. STAATS, COMPTROLLER GENERAL OF THE UNITED STATES, ACCOMPANIED BY FRANK H. WEITZEL, ASSISTANT COMPTROLLER GENERAL; CHARLES M. BAILEY, DEPUTY DIRECTOR, DEFENSE DIVISION, GAO; WILLIAM NEWMAN, DIRECTOR, DEFENSE DIVISION, GAO; STEPHEN P. HAYCOCK, ASSISTANT GENERAL COUNSEL; JAMES HAMMOND, ASSOCIATE DIRECTOR, DEFENSE DIVISION, GAO; KENNETH FASICK, ASSOCIATE DIRECTOR, DEFENSE DIVISION; AND GREGORY AHART, DEPUTY DIRECTOR, CIVIL DIVISION

Mr. STAATS. Thank you very much, Mr. Chairman. I would like to introduce my colleagues here at the table: Mr. Frank Weitzel, Assistant Comptroller to my immediate right. To my immediate left, Mr. Charles Bailey, who is Deputy Director of our Defense Division, and Mr. Newman, the Director of our Defense Division.

Mr. Chairman, I would like to say at the outset that we in the GAO feel that the hearings which the subcommittee has held in the past have been extremely helpful to us in relating our work to the interests of the Congress, and calling to the attention of the Congress in a more direct way than can be possible in our reports, the results of the work that we are doing in the defense procurement area.

In the 18 months ending June 30 of this last year, the GAO issued 241 reports in the defense procurement area. Twenty-one of these reports were made to the Congress as a whole, another 21 of these reports were made to committees of the Congress. We therefore have covered a wide variety of problems in the defense procurement area.

With your agreement, we have limited our formal statement here this morning to five of the areas. There are some 11 additional matters