

Mr. NEWMAN. Basically, that is the last thing they do; take inventories because they haven't got sufficient personnel. At locations where they have personnel, they do work on the physical inventory problem.

Chairman PROXMIRE. It would seem to be a great savings if they could take them just offhand. Isn't that your impression?

Mr. NEWMAN. Yes, sir.

POSSIBILITY OF ANNUAL INVENTORIES

Chairman PROXMIRE. Supposing the depots were all required to have annual inventories; wouldn't this result in an enormous saving to the taxpayer?

Mr. NEWMAN. I believe so.

Chairman PROXMIRE. Have you ever made a study of this situation, so you could make recommendations along this line?

Mr. NEWMAN. On selected items, we have. It has been a few years ago, but we have found particularly in the Air Force, I remember—I think it was generators—they were costing \$10,000 each, and the procurement officer was ordering every year 10,000 generators.

Chairman PROXMIRE. That is the point. You have the Army, the Navy, the Air Force. The Air Force seems to do a somewhat better job.

It is hard to tell because you question some of their claims, but they claim that during fiscal years 1965 and 1966 they reported average overall stock accuracy rates ranging from 86 to 99 percent. You questioned very seriously the estimates because you feel that your review indicated the report of high records stock accuracy for certain categories were overstated, or may have been overstated, but then you document that fact that it was overstated. Nevertheless, this is a much better record than the Army has; isn't it?

Mr. NEWMAN. I would say, "Yes."

Chairman PROXMIRE. And the Air Force and Navy seem to have a somewhat better record, although there, again, you feel that they have overstated their accuracy; is this correct?

DOD AGREES WITH GAO DIAGNOSIS

Mr. STAATS. Mr. Chairman, I think that the Defense Department comments in the report that you have before you there indicate that they agree with our diagnosis.

DOD HAS SOLUTIONS IN MOTION

They are not sure they agree with our cure, and they have several other things in motion which they feel are going to solve the problem, and in effect are saying that it is premature to reach the conclusions that we have, without having had an opportunity to evaluate the things that they have in process already.

Chairman PROXMIRE. The last sentence is a pretty startling sentence, too. You say: "During these fiscal years of 1965 and 1966, scheduled inventories were taken on less than 6 percent of the items scheduled for physical inventory."

Less than 6 percent, that means that 94 percent were not inventoried, of the Navy.