

ditions and lack of movement insure adequate physical protection and accuracy of records.

Also, the Department of Defense has directed that inventory records and reports be reconciled promptly on the basis of physical inventories.

Each of the three military departments and the Defense Supply Agency has published policies and procedures which implement the Department of Defense policy. In addition, the procedures of the military departments provide for special physical inventories which are one-time unscheduled physical counts of one or more line items (1) when the stock record shows a balance on hand but the warehouse indicates no stock physically available to fill a request for the material, (2) to correct a suspected discrepancy between the recorded stock record balance and the assets on hand, and (3) on request from the inventory manager or another appropriate official.

These special inventories are recognized by all the supply components of the Department of Defense to be emergency measures which are not meant to substitute for the scheduled physical inventory program.

Chairman PROXMIRE. Is there any substantial difference in the actual procedures which they purportedly follow? I know there are sharp differences you have highlighted in your analysis of the way they actually handle these things. But in the orders they provide, are there substantial differences between the Army, Navy, and Air Force?

Mr. STAATS. I believe this comes out a little bit further, Mr. Chairman; if not fully, we will amplify it.

Chairman PROXMIRE. Please proceed.

Mr. STAATS. Last May, before this subcommittee, we expressed some concern over the need for substantial improvements in inventory control within the Department of Defense. The inaccuracy of inventory records, and the consequent adverse effect on the efficiency and economy of inventory management within the Department of Defense has been the subject in the past of a number of reports by the General Accounting Office.

EFFECTIVENESS DEPENDENT UPON ACCURATE RECORDS

Chairman PROXMIRE. Isn't it true it is not only a matter of efficiency and economy but also a matter of having the records accurate and available so that you can give the maximum kind of support to the troops in the field, in Vietnam?

Mr. STAATS. This is probably under the present circumstances, a more important consideration than the dollar costs involved.

Chairman PROXMIRE. And you cannot do that with full efficiency unless you have an accurate and up-to-date inventory.

Mr. STAATS. That is correct.

TWELVE REPORTS ISSUED BY GAO ON INVENTORY CONTROL

We have done quite a number of reports on this subject. I believe, if I am not mistaken, there are around 12 fairly major reports in this area in the time since 1962. I believe they have all contributed to the objectives which you have indicated.