

Mr. STAATS. In either of these three circumstances which we have indicated, in order to be able to give you direct dollar comparisons, we would have to go back and price out those particular items.

But I think the overall point that we are making is that the system, itself, was not adequate to produce the kind of information which was needed under these particular circumstances.

Chairman PROXMIRE. That is right. You see, it is difficult for us to assess this. If you could, as you go along, and I know it is hard to do it, and don't do it unless you feel it is responsible and proper to do it, but when you indicate an error if you could put in perspective by indicating what would be a standard, either in private business or in Government, it would be helpful.

Mr. STAATS. That is quite right. It is something we need to do more of in all of our reporting and we will be doing more of it. You do need this kind of information to put it in perspective. I don't know whether we could give you an approximation as to what the \$37 million represented out of the \$600 million, but we will check to see if there is any way we can give you that kind of an estimate.

Senator SYMINGTON. May I ask a question, please?

Chairman PROXMIRE. Senator Symington.

Senator SYMINGTON. Mr. Comptroller General, I am sorry I was late. I have read your statement in part. In looking at item 1 on that page, 61 percent looks pretty high. That is an error in operation and not an error in system, is it not? I don't know how they do an inventory there. I don't know whether it is on a bin basis, bin maximum, whether it is an annual point of replenishment basis, past experience, or what it is. But if you are 61 percent off, that is simply poor operation, is it not?

Mr. STAATS. It would be 61 percent of the items inventoried on which the errors totaled out to the \$33 million.

Senator SYMINGTON. Wouldn't that simply be improper handling?

Mr. STAATS. I think that would be correct.

Senator SYMINGTON. So that, in itself, wouldn't be a criticism of the system would it?

Mr. STAATS. We tried to identify the source of the error on the previous page. There were four different things involved in these errors, inaccurate stock locator records, physical inventories made without proper control of documentation and receipts, lack of proper reconciliation, and failure of supply personnel.

Senator SYMINGTON. I read those four, but I would think that in any business you would have the same problem, if you didn't have it operated properly. Having read those four, that was my point about the top of page 5. There doesn't seem to be anything wrong with the system, but as I read to this point, it seems to be the way the system is operating.

Mr. STAATS. I think this will be one of the things the Defense Department will be looking at, how much of this is the fault of the system and how much is the fault of the way it is being operated.

I might add here, as I think it is pertinent, we were advised informally as of yesterday that the Defense Department is going to set up a high-level task force to go into this whole problem of the inventory control and inventory management.