

One of the purposes, I am sure, is to deal with the question of how much improvement they need in the system, and how much of it involves faulty administration of the present system.

Senator SYMINGTON. Thank you, Mr. Chairman.

ERRORS IN STOCK LOCATOR RECORDS

Mr. STAATS. The second category is "errors in stock locator records."

First. A systemwide error rate of about 13 percent was found to exist in Navy stock locator records as a result of location audits performed at 23 Navy stock points during fiscal years 1965 and 1966. The location audits revealed that 778,000 of the 6 million audited stock locations were discrepant. The discrepancies included (1) materiel in storage but not shown on stock locator records; and (2) actual storage location did not agree with recorded storage location.

Chairman PROXMIRE. How does this affect operations?

Mr. BAILEY. For example, you cut a materiel release order for a warehouse to deliver certain items to fill a user's requisition. You go out and look for that item in the warehouse and it isn't where it is stated to be. You don't fill that requisition until you either find the materiel where it happens to be or acquire some more materiel to fill the requisition. You simply can't find it.

Chairman PROXMIRE. Thank you.

Mr. STAATS. Second. An analysis of 3,475 materiel release denials processed by the Sharpe and Red River Army Depots during a 3-month period ending September 1966 disclosed that 1,232 or about 35 percent, of the denials were caused by a mislocation of stored stocks.

Chairman PROXMIRE. At this point, that means the stock was there but not so recorded.

Mr. STAATS. That is right.

Chairman PROXMIRE. How much work, cost, and delay was occasioned by this? This happened in 1965-66. I assume it was rectified. Have you had a chance to follow up to see if it was rectified?

Mr. STAATS. Mr. Fasick tells me that in cases of these situations they would take special inventories to try to correct it. These were all examples which were developed in the course of our reports and we gave them to the Defense Department for comment.

I do believe that the Defense Department has, in all of these cases where we have called it to their attention, taken corrective action. But what we were concerned with was the broader problem of whether the system as a whole was functioning in the way in which it should.

Mr. BAILEY. Mr. Chairman, it might be appropriate at this point to point out that if you don't find the item where it is supposed to be in the warehouse, you have to go looking for it. Consequently, there is an expenditure of time by the people that are involved; there is a delay in filling the customers' requests for the item, and these are expensive propositions when you have to go out on an individual line item basis and take an inventory and try to locate materiel that should be at a particular location.

Senator SYMINGTON. You either do that or you buy equipment on the basis that you haven't got it, don't you?

Mr. BAILEY. Yes, sir.