

Senator SYMINGTON. If you had a warehouse superintendent in private business like that, you would give him his pay as he left that night, but in Government he has a rather entrenched position, does he not?

Mr. STAATS. You don't have the flexibility that you have in private industry, Senator Symington. Part of the difficulty, I believe, that we would identify all through this is the rotation of personnel and the turnover of personnel has undoubtedly contributed very substantially to the problem.

Chairman PROXMIRE. How about the training of personnel?

Mr. STAATS. This is another area that we think needs more attention.

Mr. WEITZEL. In addition to the fact mentioned by Mr. Staats, we have to give consideration to the deficiencies in the system, itself.

At these two Army depots that were mentioned, Sharpe and Red River, we felt that adequate controls didn't exist to provide reasonable assurance that assigned warehouse locations for storage of incoming material receipts were being recorded in the computerized locator records and that incoming stocks were being stored in designated warehouse locations.

The stock locator division was responsible for assigning warehouse storage locations. The data processing division was responsible for input of assigned stock locations into the computerized locator record, and the storage division was responsible for the storage of the stocks.

There wasn't any central control, so far as we could find, over the interrelated functions of these divisions to provide assurance that the materials were being stored in the designated locations and that the storage locations were being entered in the computerized locator records.

So it wouldn't be sufficient to follow up just on these particular 3,745 release denials and find out what happened. There would be further work to be done to devise some coordination or some control to improve the system.

Representative RUMSFELD. In any of these instances has any individual who has been responsible been relieved.

Mr. STAATS. I could not answer that.

Mr. BAILEY. Not to our knowledge. I wouldn't be able to answer that.

Mr. STAATS. We can check.

Chairman PROXMIRE. Would you check that for us and let us know what has been done?

Mr. STAATS. Yes.

INFORMAL REPLY BY MR. PAUL H. RILEY, DEPUTY ASSISTANT SECRETARY OF DEFENSE (SUPPLY AND SERVICES)

In response to the subcommittee's question, we requested the Department of Defense to determine whether any individuals responsible for errors in the inventories of the military departments and the Defense Supply Agency had been relieved of their duties. Officials of the Department of Defense indicated to us that differences between the inventory records and physical quantities on hand generally result from an accumulation of errors in a number of transactions over varying time periods. When these differences are disclosed through the taking of physical inventory, because of the volume of transactions processed and the complexity of the data processing systems, it is impracticable to attempt to reconstruct a historical record that would identify the different individuals who had participated to some extent in the total processing of the transactions that contributed to the error.