

Officials of the Department of Defense, the military departments and the Defense Supply Agency recognize the desirability of identifying the responsibilities of organizational elements and personnel with the functions performed. They also recognize the importance to measuring the effectiveness and efficiency with which these responsibilities are carried out. However, accumulating data by individual on the tremendous volume of transactions handled has not been considered to be practicable in the past.

Mr. STAATS. We found that the Navy Supply Centers, Norfolk and Oakland, did not have effective controls over receipts to insure that materiel was properly stored and entered on the records within the prescribed 5-day period.

At Norfolk, we tested the receipt processing time required for 54 receipts of materiel which were logged in at a central receiving warehouse during the period February 1966 to July 1966. We found that the processing time required for 38, or 70 percent, of these receipts ranged from 6 to 72 days. We also found that three materiel receipts, valued at about \$34,000, had been in storage for varying periods up to 200 days but had not been entered on the records.

EXCESSIVELY LARGE NUMBER OF SPECIAL INVENTORIES

As a result of the extensive differences between stock records and actual inventories, DOD supply activities resort to a large number of special inventories to resolve the differences and to locate missing stocks. For example:

One. The data furnished to us by the Army Materiel Command indicate that its depots, which are responsible for 514,000 line items of depot stocks, conducted over 900,000 special inventories between January 1965 and June 1966.

Chairman PROXMIRE. Just that figure seems shocking.

What does this really mean? Is this prima facie evidence of something being wrong?

Mr. STAATS. We think so.

Chairman PROXMIRE. How can we assess this? What does a special inventory mean? Do they do this when they find there is a discrepancy, then they go and do a special inventory?

Mr. STAATS. That is correct.

Mr. BAILEY. This goes back to those same three factors that I mentioned earlier in connection with special inventories. They either couldn't find the stock when they went to look for it, they felt that there was some discrepancy that they wanted to resolve, or an inventory manager had asked for a special inventory to see what the actual situation was with respect to the item.

Chairman PROXMIRE. Is there anything in the history of this with regard to time that we can compare it with? Is this a big increase over what happened before or is it less? Is there any way of knowing?

Mr. STAATS. We don't have figures.

These refer to a summary of special inventories conducted over an 18-month period. The result indicates that the problem is there.

Chairman PROXMIRE. Does it indicate the problem is growing?

Mr. STAATS. I could not answer that question, whether it is worse or better.

Chairman PROXMIRE. Can any of your staff answer that question?

Mr. FASICK. I think it has grown in the last couple of years, primarily because of the workload placed by the Vietnam buildup. So the