

From this it appeared that in addition to regularly scheduled physical inventories, it was necessary to count each item an average of 1.7 times during the 18-month period. However, some items were counted many times. For example, one depot conducted, within a 30-day period, five or more special inventories for each of 92 items.

Two. For fiscal year 1966, the Air Force Logistics Command indicated that its five active air material areas (AMA) had conducted special inventories of 277,254 line items. This number of special inventories are equal to about 30 percent of the total items in their inventories.

Three. At the two Navy supply centers included in our review, we found that, in fiscal years 1965 and 1966, approximately 90 percent of the inventory effort was concentrated on special inventories.

Chairman PROXMIRE. This is the horrible example that Senator Symington referred to.

Senator SYMINGTON. That means that 90 percent of your normal inventory effort was ineffectual.

Mr. STAATS. It means it did not solve the problem of being able to yield the information that you needed as of a given time, and, therefore, were exerting manpower and losing time doing something which, with the proper investment either could be eliminated or minimized.

Chairman PROXMIRE. Even though there was an understandably difficult situation with the Vietnam war escalation taking place just during this time, the Vietnam effort would have been aided substantially, it would seem to me, by accurate, up-to-date records where you wouldn't have to go through this special inventory.

Mr. STAATS. That is right. I think we indicated in the previous hearing, Mr. Chairman, we are making at the present time, a special review in Southeast Asia, in part trying to get at this problem of improving the supply lines into Vietnam. We are getting good cooperation from Defense on it.

I think you are quite right in saying that what we are after here is improvement of the way the system responds to the need, the need of the Defense Department.

Chairman PROXMIRE. What we need is the assurance that vigorous action is being taken by the Defense Department in this area, and progress reports so we can measure it with some objective criteria. After all, this took place 2 years ago, 1 and 2 years ago, 1965 and 1966, so we should know whether improvement is being made now and we ought to have, as soon as possible, a further audit so we have a comparative basis.

Mr. STAATS. What we could do here, as we do in many other special types of audit situations, where we go in and make this kind of review we go back in after a reasonable period of time to see what has been done to improve the system, to determine whether there has been action taken to deal with the problem which we identify and which they agree with.

PROGRAM REPORTS NEEDED

Chairman PROXMIRE. I know you have the ability and the experience to give an appropriate study to that, but we want the reports for this committee, if we can get them, on a progress basis.

Mr. STAATS. All right.