

and his staff have saved the Government a good many millions of dollars.

As this committee continues to demonstrate, the Government could save a good deal more money in following the advice of experienced people. My staff and I intend to study this further.

Chairman PROXMIRE. Thank you very much.

There is no one who is more qualified, as everyone in this room knows, than Senator Symington, from his lengthy experience in both private business and in the executive branch of the Government.

Mr. STAATS. Thank you.

CONCLUSIONS AND ADDITIONAL ACTIONS REQUIRED

We believe that the increased emphasis which DOD has stated that the military services and DSA are placing on more positive enforcement of the existing policies and procedures for control of depot inventories should, if effectively pursued on a continuing basis, result in greater stock record accuracy and increased supply effectiveness.

However, on the basis of other studies we have made of inventory controls and supply system responsiveness, we believe that there are certain broad basic factors which have a significant bearing on the effectiveness of inventory controls in the Department of Defense.

For example, we believe that the organizational structure of the supply systems in some cases may contribute substantially to the difficulties encountered in control of inventories. The responsibility for physical receipt, storage, and issue of stocks of the same item is frequently decentralized to several storage activities.

The management and accounting responsibility for these same stocks is centralized at another supply activity which has no direct authority or control over the practices of the storage activities. Thus, it is difficult to establish responsibility for errors or loss of control because no single organization has the direct authority, responsibility, or perhaps motivation to reconcile differences and insure closer control.

Another important factor which we believe warrants considerable attention is the need for increased supply discipline throughout the supply systems. This is essential if the accuracy and completeness of inventory records and related supply management data is to be improved.

Frequently, we find that the services have devised adequate system and procedures, but the people upon whose actions the operation of the systems depends do not always do that which is required and when it is required. To the extent that people at all levels of the supply system are motivated to follow prescribed procedures and maintain a high degree of accuracy in their work, more accurate and complete management data and information will result.

We do not believe at this time that there is any need for specific legislation in connection with improvement of inventory controls. The basic responsibilities and authorities have been established. Rather, we believe that creative thinking needs to be applied to basic problems and causes such as organizational structure and supply discipline cited above.

It is to deal with basic factors such as these that we suggested a special study group within the Department of Defense should be established.