

development of inventory control procedures that will appropriately reflect an acceptable degree of accuracy.

The draft report also recommends the establishment of a special group to study this problem in depth. It is believed advisable at this time to continue with the installation of the new procedures now under way by the Military Services and DSA since they have advanced to the point where fruitful results can be anticipated within a relatively short period of time. After evaluation of the results obtained from these new procedures, the need for establishment of the special group will be reconsidered and, if necessary, such a group will be organized.

In the meantime, a positive exchange of views between the GAO and DoD with respect to this program as well as the effectiveness of the procedures now being installed by the Military Services and DSA would be welcomed and such an exchange is encouraged. A follow-on survey by GAO after the procedures have been in effect for a reasonable period of time might also serve a useful purpose.

Sincerely,

PAUL H. RILEY,

*Deputy Assistant Secretary of Defense (Supply and Service).*