

One of our recent reviews of an important segment of logistics resulted in a report to various congressional committees in March 1967. This report contained the results of our review of the responsiveness of the military supply systems to the increased demands generated by the conflict in Vietnam. I believe that the major conclusions we reached as a result of that review are still valid and would be of interest to this committee at this time.

We concluded that the basic supply systems of the military departments did not seem sufficiently flexible to meet emergency demands efficiently and economically. Certain indicators of supply effectiveness showed relatively poor performance; that is, only a small percentage of requisitions were filled within the time prescribed, a large number of items were not in stock at the various stockage levels, a high percentage of high priority requisitions were used, and significant numbers of requisitions for small quantities rather than for replenishment quantities were flowing through the systems. The military services, to compensate for these shortfalls in their supply systems, instituted various satellite systems or took various extraordinary actions to support the basic supply systems. These measures, admittedly necessary under the circumstances to maintain supply effectiveness, undoubtedly resulted in additional costs.

As a follow-on to our March 1967 report, we reviewed certain aspects of the Department of the Army's management of supplies in the Republic of Vietnam. A report on the results of this review was submitted by the Comptroller General to the Congress last week.

We reported that, despite adverse conditions, the Army supply system has, in our opinion, been responsive to the combat needs of the military units in Vietnam. This high level of support has been achieved, however, through costly and inefficient supply procedures.

The Army had recognized many of its supply management problems and initiated certain corrective actions prior to the time of our review. We have noted, however, areas which, in our opinion, warrant additional management attention as follows:

1. The development of accurate data related to stocks on hand and consumed. Such data are needed to facilitate accurate and timely determinations of supply requirements and to preclude significant imbalances of stock.
2. The identification and prompt redistribution of the large quantities of excess material now in Vietnam.
3. The development of programs which will insure the prompt return of reparable components to the supply system. This problem area is discussed in further detail later in my statement.
4. The institution of procedures designed to increase both intraservice and interservice utilization of available supplies.
5. The enforcement of greater supply discipline in order to reduce to a minimum the costly shipment of supplies and equipment under high-priority requisitions. This matter is also discussed in further detail later in my statement.

We believe that the supply problems being encountered were due, in large measure, to the fact that the Army did not have a trained logistical organization capable of assuming inventory management responsibilities in Vietnam when the buildup of forces was begun.