Admiral COSGROVE. Are these the aircraft change kits? I am not familiar with the report numbers. I do not recall.

Mr. DAHLIN. This is the inventory accounting systems of aeronautical equipment, an examination of the inventory records at ASO, at selected field installations where they were stocked. The report talked largely about the system including high value asset control and other needs.

Admiral COSGROVE. Yes, sir. We are implementing a new procedure in the control of high value items. We did respond to the GAO on this, and I think they are satisfied with the system.

Mr. DAHLIN. You provided a response, but are all of the corrections or changes now in being as of 6 or 8 months later?

Admiral COSGROVE. They either are or will be very shortly. I do not have the exact date that these programs will be implemented.

Mr. DAHLIN. Is part of the response——

Admiral COSGROVE. As I recall, it will be next month, July or August.

Mr. DAHLIN. You can supply items for the record if you have some detail on that.

Admiral COSGROVE. Yes, sir.

(The following information was furnished for the record:)

STATEMENT REGARDING GENERAL ACCOUNTING OFFICE REPORT B-133118

1. Report title

"Review of Inventory Accounting Systems for Aeronautical Equipment." B-133118, September 29, 1967 (OSD case #2606)

2. GAO findings and recommendations

GAO found that the usefulness of the Navy's "Inventory Accounting Systems for Aeronautical Equipment" was seriously limited because of inaccuracies in inventory records. GAO indicated that management decisions based upon inaccurate records resulted or could have resulted in premature procurements, under procurements, unnecessary grounding of aircraft, unnecessary redistribution of equipment, incorrect scheduling of overhaul and repair, and other adverse effects.

3. Navy action

The Navy concurred, in general, with the GAO findings and has taken remedial action designed not only to correct the records in question, but also to institute revised procedures and management systems that will prevent a recurrence of the situations described in the GAO report. The following outlines the specific actions undertaken and their status as of July 5, 1968:

(*a*) In order to correct the situation pointed out by the GAO wherein top management at the ASO (Aviation Supply Office) was not fully informed regarding discrepancies in the HIVAC (high value asset control program) a reliability branch has been established. The ASO reliability branch is now in operation and is keeping top management advised regarding significant matters relating to inventory accounting systems.

(*b*) Since the GAO review, a newly automated program has been instituted at ASO to assist HIVAC analysts in reconciling mismatched transactions. This program was implemented in April 1967 and through its use backlogs have been eliminated and current mismatches between ASO and field activity HIVAC records are being processed on a timely basis. A standard program for reconciling all inventory control point and field activity records throughout the Navy is scheduled for implementation in July 1969.

(*c*) In order to provide continuous control over high value items undergoing repair, a suspense file has been established at the field activity level which indicates induction and return of repairable items to the supply system.

(*d*) As a result of a complete study of the HIVAC system following the GAO Report, major changes in policy, procedures and criteria for the Navy HIVAL/