

In fiscal year 1966 we processed 1.1 million invoices for payment. Fiscal year 1968 will see 2.3 million invoices processed.

In fiscal year 1966, 112,000 contracts received DCAS production processing. This will increase to 229,000 in fiscal year 1968.

Our contract administration services organization has assimilated this workload and at the same time improved the responsiveness of its service to buying offices of the military services, DSA, and NASA. For example, as a result of surveys of contractor facilities and capabilities prior to award of contracts and surveillance of contractor operations through the various phases of contract execution, the number of delinquent contracts has been significantly reduced.

The rate of delinquent contracts has been reduced from 15.4 percent in December 1966 to 6.5 percent in April 1968. Substantial improvements in invoice processing also have been made with the result that contractors are receiving payment for goods and services more promptly than ever before. The number of days invoices are held in backlog has been reduced from an average of 18.6 days in December 1966, to 9.7 days in April 1968. The Government, too, has benefited from improved invoice processing procedures. The dollars of discounts offered by contractors which are lost by late payment as a percentage of the dollars offered have been reduced from 8.9 percent in May 1966 to 1.2 percent in April 1968.

Our objective in administering the contracts entrusted to us by the military services is to improve both the effectiveness and responsiveness of our service. To this end we are augmenting our current small-scale computer capability to process contract administration data with a tape-oriented medium scale computer system. This will increase data capacity and permit us to be more responsive to service requests for information concerning their contracts. This will also enhance our conversion to the military standard contract administration procedure which we have targeted for implementation in July 1970.

Mr. Chairman, we have not attempted to cover all of the various missions and functions of the Defense Supply Agency. Indeed those touched on were not covered in any great detail. Rather, we have attempted to highlight the significant additions and deletions to our responsibilities since May 1962 and to describe for you the effectiveness of our current support to the military services.

In conclusion, we report to you that the Defense Supply Agency is carrying out its assigned missions effectively and efficiently, the objective in its establishment. We can say that in so doing the Agency has won the respect and confidence of the military services for the quality and responsiveness of the support that we have provided them during a major war. We are pleased to be able to so report; and we think that the performance of the Agency has proven that the concept of integrated management of a major segment of supply and logistics services operations in Defense can and will work. This does not imply that there have not been problems or that there will be none in the future. But, from our experience, we believe that the problems which may arise can be solved and logistics support of the military forces can thereby be enhanced.

Sir, this concludes my prepared statement; we are ready for your questions.