

bility, and make complete, accurate, and current reports to DOD management. Also we have got to see that we get the equipment back.

Senator JORDAN. You say this very definitely states that many contractors do not maintain financial control accounts for Government-owned materials.

Mr. NEWMAN. Yes, sir.

Senator JORDAN. They did not maintain them.

GOVERNMENT EQUIPMENT ON NONDEFENSE WORK

Yet we find that a lot of equipment, Government-owned equipment, in the hands of contractors is being used for nondefense work.

Mr. NEWMAN. Yes, sir.

Senator JORDAN. Even at the time when this very Government-owned equipment is of a critical nature and needed elsewhere for defense work?

Mr. NEWMAN. That is correct, sir.

USE OF 8,000-TON PRESS

Senator JORDAN. For instance, you quote an example of this 8,000 ton press costing \$1.4 million installed in a contractor's plant. 75 percent of the use of the large press was for commercial work, while the defense work was being done by the smaller presses, perhaps, and not being done as well. If there was need for the 8,000 ton press in the first place, there would certainly be a need for it in a critical area of defense work.

LACK OF UNIFORMITY OF NOTES

You also go into the lack of uniformity in rates charged for rentals of Government-owned equipment. I think this whole area needs to be ventilated, needs to be gone into, with a great deal of care to determine what is a proper rental basis, what is a proper reporting basis, what kind of accountability can we assess against this contractor who uses this equipment for nondefense uses, for commercial use, and so on, Mr. Staats.

What are your plans for continued surveillance?

GAO PLANS

Mr. STAATS. We do plan to continue our work in this area. The new report is as Mr. Newman points out. The important thing I would like to emphasize here is the Defense Contract Administration Services organization can, we feel, perform a very important role here in trying to be sure that the services are on top of this and following up with the individual contractor. A contractor does assume responsibility for accountability of these records. Somebody has to be sure that the contractor is performing.

Senator JORDAN. Yes. I should think it would be very important that we get on top of that.

Thank you, Mr. Chairman. I have used my time.

Thank you, Mr. Comptroller General.