

Government properties they had, to require a reporting system. This survey—

Representative CURTIS. Let me stop you there. Do you mean that because one company might just have one piece of equipment, therefore you forget it, that your system would say the only ones we are going to talk about are those that have maybe eight or 10 or 100 pieces? Now that is what I mean by saying it is not a system, if you don't include every item.

Mr. IGNATIUS. No—

Representative CURTIS. I don't care whether it is one small company, if it has got a machine that is worth only \$5,000 if you have a system, you should have that included.

TOOLS OF \$1,000 REPORTED TO DIPEC

Mr. IGNATIUS. We do have such a system, and all machine tools of \$1,000 or over must be reported to our centralized management office for this, the Defense Industrial Plant Equipment Center.

Now where large numbers are involved, the system is more complete than it is when smaller ones are. As I was saying, our Contract Administration Agency this last year surveyed about 4,400 in round numbers out of 4,500 of these companies, and they found all but 725 had systems that met the standards, and in the case of the 725, there were some deficiencies.

Since then, and as of March 31 of this year, all but 159 of those 725 have been corrected. We have done a number of other things in this area to improve performance, as I indicated in my prepared statement.

Representative CURTIS. Then this of course is very proper. You are asking time to respond in depth to the reports of the GAO and this would require that you are looking at their reports, which is quite inconsistent with your testimony.

Mr. IGNATIUS. Let me say, Mr. Curtis, we just got the GAO report. It is a draft report. We intend to study it. We have begun that already, and if there are any indications of improper utilization on the part of our contractors, we will stop it.

CONCERN ABOUT ITS SYSTEM

Representative CURTIS. I am concerned about the fact that they make spot checks, Mr. Secretary, to test the system. If these spot checks were done on a random basis, a scientific basis, and that is the way you reported them to us, then we can conclude something about the system. We are not concerned about calling to your attention a specific, whether it is a prior contract, but only as that illustrates the system itself.

What I am saying is that if the GAO report of the sampling of this system is accurate, then there is complete inconsistency between your testimony and that, but I do think you make a very proper point that you haven't had a chance to look at the report.

Our testimony here is probably too early. I would like to have you back after you have had a chance to look at those reports, and get your statements there, and then I will interrogate you on those. I will do a