

	Preinspection	In process	Final	Total
1/4-ton truck	1 1/2	1 1/2	1	2
2 1/2-ton truck	1 1/2	1 1/2	1	2
Forklift	1 1/2	1 1/2	1 1/2	1 1/2
Generator	1 1/2	1 1/2	1 1/2	1 1/2
Tractor	1 1/2	1 1/2	1 1/2	1 1/2

Mr. GIBSON. It is difficult to pull it out of the top of your head because as you go through the shop you don't look at each piece of equipment and say you have put so much time on this or this. You train yourself to check many things as you go through, the same as when you go through an area to pick up something for our program. You don't put it down in hours and minutes.

Mr. WOLL. We can come up with a formula for this.

Mr. ROMNEY. In the acquisition of spare parts for the rehabilitation work, how are these charged into the cost of the work?

Mr. GIBSON. If we have cannibalized parts that are listed as AID-furnished parts, whether they are cannibalized out of other equipment or parts we have in our own shop, or if it is a case of the contractor purchasing it, we have a bill for every part that is purchased.

Mr. WOLL. When we acquire spare parts from the military through excess sources, each of these parts has an acquisition value. This acquisition value is charged dollarwise to the repair of the capital item, but there isn't any spending of moneys on it. It is noted on the work order that one generator has been taken from lot 50 and put on lot 70, and that price is charged to it. This does not increase our total rehabilitation cost because actually we paid nothing for this generator to start with, but it is so listed on the work order. In other words, inasmuch as we receive an excess part for nothing we do not charge ourselves anything for this. It is a matter of record that a generator that costs \$17.50 went into the repair of this item.

Mr. ROMNEY. Does this affect your computation of 15-percent average?

Mr. WOLL. No, sir.

Mr. ROMNEY. It does not?

Mr. WOLL. No, sir.

Mr. ROMNEY. When the contractor acquires spare parts, how are these billed? Does the contractor bill the purchase price to him or does he add an administrative cost to that?

Mr. WOLL. There is an administrative cost of 11 percent over and above the purchase price of a part. This is set up in the contract. Originally it was 12 percent and then it was negotiated downward 1 percent. This is for the use of the contractor's purchasing department procurement people.

Mr. ROMNEY. How do you determine the reasonableness of this factor, and are there other administrative costs which are a part of the contractor's charges in addition?

Mr. WOLL. Not in addition to the average rates. The only one concession that has been made to the contractor is the additional cost for the procurement of parts. This was in our original contract at 12 percent and negotiated downward to 11 percent, as I mentioned before.

Mr. ROMNEY. In the rehabilitation at Rota do you acquire spare parts using a similar administrative charge?