

What about the Pentagon blades? The majority of them were processed in the older and smaller press whose inefficiency was the reason for installing the bigger model in the first place.

The contractor didn't stop there, though. He also used 10 more Government-owned machines, costing \$29,000 to \$141,000 each, "100% of the time for commercial work without advance . . . approval."

Contractors aren't taking much risk in such cases. If the misdeed is discovered, Pentagon regulations provide that the company must pay full rent for the equipment even if it wasn't used improperly all the time. But this penalty can be assessed only if the concern fails to "exercise reasonable care to prevent such unauthorized use."

In practice, the GAO found that full monthly rent wasn't charged "because it couldn't be shown that contractors didn't use reasonable care to prevent such use." So abusers only paid the rent they normally would have been charged by the Government to use the equipment commercially.

UNAUTHORIZED COMMERCIAL USE ROSE

Offenders don't seem to be discouraged very much by this system. In one instance, a contractor was "advised" in March 1965 that it had used Pentagon equipment improperly 7.5% of the time in the preceding six months. Although corrective action was promised, the GAO says, the contractor's unauthorized commercial use of the apparatus increased to 10% in all 1965 and to 13.5% in the first nine months of 1966.

The Pentagon has told the GAO that, among other things, it "will consider the need for stronger language" on its regulations to help eliminate such abuses.

But the larger target in this battle is just to find the abusers in the first place. Their elusiveness results from the fact that the contractors themselves are required to maintain the official records of how Government property in their hands is used. And, says the GAO, "utilization data maintained by some contractors aren't adequate to indicate the extent and manner of use."

The GAO's supporting evidence indicates this may well be an understatement. Early in its report, for example, the agency explains that it was "unable to determine the manner of use of many items of equipment at a number of contractor plants we visited because such utilization records weren't maintained."

The Pentagon's main force for finding abusers is its troop of 450 property administrators, who must approve company record-keeping systems. But the GAO found their work doesn't always put the desired information in Government hands.

The agency cites, for example, a case where a contractor's system was first disapproved in July 1962, and then found still to be "sadly lacking detail" in January 1965. "Since approval . . . had already been withheld," though no further action was taken.

Its investigation, the GAO says, had to be conducted mainly by checking records kept by contractors to compute rentals on equipment they were using, with permission, for commercial work. Authority to use Government equipment as much as 25% for private output is given in some contracts when the apparatus otherwise would be idle and isn't needed for defense work elsewhere.

For more than 25% commercial usage, contractors are supposed to get further approval from the Office of Emergency Planning. But the GAO found that since last December, only five such requests had been submitted. "Generally," the agency says, "contracting officers weren't requiring contractors to request and contractors weren't requesting advance approval for commercial work in excess of the 25% restriction."

Partly to blame here, the GAO states, is that it's unclear whether the 25% criterion applies to "total planned use" or "to a certain number of days a week," and whether it means 25% of all equipment in a contractor's hands or 25% of each item.

A major help in finding offenders, the GAO says, would be for the Pentagon to require that contractors keep machine-by-machine records and get approval from the Office of Emergency Planning on the same basis.

REVISION IN REGULATIONS

The Defense Department, however, isn't contemplating going this far. It is revising its regulations so that companies will be required "contractually" to