

11, 1963. As an example of an agency's internal regulations, see AEC regulations in subpart 9-1.52 and part 9-2, 41 CFR, and AEC PR 9-2.102(b) and 9-1.353(h).

10 U.S.C. 2306(f) as amended by Public Law 87-653, might be said to encourage competition in subcontracting by its requirements for the furnishing of certified price or cost data by the proposed subcontractor unless there was adequate competition.

The small business subcontracting program prescribed by 15 U.S.C. 637(d), as implemented by ASPR 1-707, *et. seq.*, and FPR 1-1.710 *et. seq.*, would also seem to have some effect on encouraging competition in subcontracting.

CONTROL OVER CONTRACTOR INVENTORY

Representative CURTIS. Now, on this business of the control over Government-owned property in contractor plants, you state, on page 13, "Total value of such property is unknown, but available DOD data shows that it amounts to \$11 billion in two major classes." Is that \$11 billion figure an adjusted figure for depreciation or is that cost?

Mr. STAATS. This would be acquisition cost.

Representative CURTIS. Do they have an actual inventory of this equipment that might be on a data processing machine?

Mr. BAILEY. In two major areas the Department of Defense does have records that indicate what they have, particularly with respect to the largest—the facilities area. Every piece of equipment in excess of \$1,000 is supposed to be reported to the Defense Industrial Property Equipment Center.

USE OF ADPE FOR INVENTORY RECORDS

Representative CURTIS. Well, the specific question, Do they actually have it on an inventory for that sole purpose, and do they have this inventory on tape on a data processing machine?

Mr. BAILEY. The nature of the record I will have to ask about. I think I can supply the answer. Do you want to respond to that?

Mr. HAMMOND. At the contractor's plants there are property records.

Representative CURTIS. I know that. I am talking about a control inventory at the Federal level in the Department of Defense.

Mr. HAMMOND. Yes; they do, at DIPEC.

Representative CURTIS. What do they do with it. If it is on tape, how do they use it in a controlled fashion so that they can check the items in this inventory, that which goes out is phased out of it, and that which comes in, other check points in good inventory control. How do they do it, or don't they do it?

Mr. HAMMOND. There is need for improvement in it, but basically they have an inventory of the individual items that are in stock, and as new items are acquired they are put on the inventory.

Representative CURTIS. If they have it, and here is what I am leading up to, if they have it, why don't we have a dollar figure, or it must not be a very good inventory, if they don't even have the acquisition cost opposite each item so that it can be totaled up.

Mr. BAILEY. DOD does have a dollar figure on this, Mr. Curtis.

Representative CURTIS. What?

Mr. BAILEY. DOD does have a dollar figure on this.