

the industrial plant equipment located at contractor facilities under Defense contract administration and services cognizance. This two-year program envisions a reconciliation of approximately 83,000 industrial plant equipment items in the hands of 1,081 contractors. At the conclusion of the first three months of 1967, 18,000—

That is 18,000 out of the 83,000—

industrial plant equipment items reported to be or found to be in the possession of 248 contractors have been reconciled and records corrected.

This suggests that as of last April 1 there was still a long way to go. We had only recognized approximately—less than 25 percent of the items that were owned by the Government in the hands of contractors.

Is that correct, General Hedlund?

General HEDLUND. I will have to speak to that in these terms.

We are trying through this overall reconciliation to purify our records. Obviously you can find errors in those records—some equipments go in and others come out. Within the Defense Supply Agency at contractors plants we administer, we have completed about 70 percent of our reconciliation at this time.

Chairman PROXMIRE. So that as of March it was about 23 or 24 percent and as of now it is about 70 percent.

DSA RECONCILIATION TO BE COMPLETED DECEMBER 1968

General HEDLUND. That is within the Defense Supply Agency.

Chairman PROXMIRE. It sounds like you are way ahead of schedule. He said it was a 2-year program.

General HEDLUND. If I may complete my statement—we will finish the DSA administered portion in December of 1968. So we have about a year to go there. The military services, as you know, also manage various contractors' facilities, basically those concerned with weapon systems and major end items.

SERVICES TO COMPLETE RECONCILIATION IN 1969

And they all have reconciliation programs which they will complete in 1969. So, again I want to leave the point that while we do have an inventory, we are trying to purify it. We will be picking up some additional items of equipment as the reconciliation program progresses, but I would hope by the end of 1969 we will have an accurate and complete inventory.

DOD'S POSITION ON 14 RECOMMENDATIONS IN GAO REPORT

Chairman PROXMIRE. Fine. I would like to ask you, for the record, Secretary Morris, if you would reconcile each of the 14 recommendations in the final GAO report, specifically, point for point with your position on them, because there do seem to be perhaps some areas of disagreement with GAO that have not been brought out. You have indicated, in general, you approve. But we are left a little fuzzy on where you are on each specific recommendation. (See app. 4(a), p. 455.)

Mr. MORRIS. We will do so.