

Chairman PROXMIRE. Could you do this—as a courtesy to the committee—could you get all the data that you can get on the handtool industry for us?

Mr. HUGHES. Surely.

Chairman PROXMIRE. And, could you then perhaps talk with Senator Brooke about this situation, because he has this very, very deep concern. And indicate to us the basis for this particular treatment of handtools as compared with other industries, which must have a similar problem, and which must be in a position of taking advantage of the situation.

Mr. HUGHES. Yes, sir. I think the dictaphone industry is another similar situation. We will do that, Mr. Chairman. And we will reflect in the data and the comments we give to you the results of our conversations with the Senator.

Chairman PROXMIRE. Very good.

(The information subsequently furnished is in app. 9, p. 550.)

THE MANAGEMENT OF GOVERNMENT EQUIPMENT FURNISHED TO CONTRACTORS

Mr. HUGHES. Another matter on which the subcommittee requested our comments is controls over Government property in the possession of Defense contractors. This relates to a request in the subcommittee report of May 1966 that GAO cooperate with DOD to develop an adequate contractor inventory accounting system and to review any unauthorized use of such property by contractors. Comptroller General Staats testified last May that a study had not been concluded and there was still further work to be done in cooperation with DOD. The final report on the study has now been published and GAO and DOD have both testified at length on the findings. (See app. 4 (a) and (b), pp. 411, 463.)

As you have learned, the cooperative study has produced a number of revisions in the Armed Services Procurement Regulations which are planned to be made effective in the very near future and which should tighten up existing controls considerably. These new measures will be tried out in actual working application for long enough to test whether further refinements will be needed. In any event, there seems to be no disagreement either as to legislative intent, or as to the feasibility of maintaining adequate physical and financial control of Government property, whether under contract or Federal custody. (See app. 4(a), pp. 231, 455, for DOD comments on GAO recommendations.)

Chairman PROXMIRE. This concerned the committee very greatly, as you know, from the testimony of the GAO, and from the questioning of all members of the committee.

INDIVIDUAL USE RECORDS FOR CONTRACTOR-HELD MACHINES

Do you feel that individual use records should be kept on contractor-held machines, so the Government can be fairly reimbursed?

Mr. HUGHES. It seems to me, Mr. Chairman, as a generalization; yes. It seems to me so. (See DMO 8555.1, p. 212.)