

APPENDIX 4(a)

REPORT TO THE CONGRESS—NEED FOR IMPROVEMENTS IN CONTROLS OVER GOVERNMENT-OWNED PROPERTY IN CONTRACTORS' PLANTS (DEPARTMENT OF DEFENSE) BY THE COMPTROLLER GENERAL OF THE UNITED STATES

LETTER OF TRANSMITTAL

COMPTROLLER GENERAL OF THE UNITED STATES,
Washington, D.C., November 24, 1967.

B-140389.

To the President of the Senate and the Speaker of the House of Representatives:

The accompanying report summarizes our findings on the need for the Department of Defense to improve its controls over Government-owned property in contractors' plants.

On the basis of our review, we believe that there is a need to improve the system of property controls over Government-owned facilities, special tooling, and material in the possession of contractors. Generally, our review disclosed weaknesses with regard to effective use of industrial plant equipment, rental arrangements, and accounting for and control of special tooling and material. Further, we found that certain aspects of the work of Government property administrators and internal auditors were in need of improvement.

Our findings and recommendations, together with the related corrective measures taken or promised by the Department of Defense, are summarized on pages 3 through 8 in the highlights section of the report.

In our cooperative efforts, we informed Defense officials, both at local and departmental levels, of the weaknesses observed in our review at the earliest practicable time and we participated in a series of meetings with departmental officials, at which time we discussed the need for the various improvements to property control systems discussed in the report. Although we have discussed the details of our findings with the contractors and universities involved, we did not obtain their written comments regarding the contents of this report.

This report is being issued so that the Congress may be informed of the actions taken, or under consideration, and the additional steps which we feel the Department of Defense must take to improve the administration and control over Government-owned property in the possession of contractors.

Copies of this report are being sent to the Director, Bureau of the Budget; Director, Office of Emergency Planning; Secretary of Defense; Secretary of the Army; Secretary of the Navy; and Secretary of the Air Force.

ELMER B. STAATS,
Comptroller General of the United States.

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