SUMMARY OF MAJOR FINDINGS AND ACTIONS TAKEN OR UNDER CONSIDERATION BY THE DEPARTMENT OF DEFENSE TO IMPLEMENT IMPROVEMENTS NEEDED AND GENERAL ACCOUNTING OFFICE RECOMMENDATIONS FOR ADDED CONTROLS OR FOR STRENGTHENING THE DEPARTMENT'S EXISTING OR PROPOSED CONTROLS OVER GOVERNMENT-OWNED PROPERTY

FACILITIES

Findings	Actions taken or under consideration by the Department of Defense	Recommendations by the General Accounting Office
1. Utilization: Many items of Government owned industrial plant equipment were being retained which, in our opinion, should have been reported as excess because they were not used, were being used very little, or were being used extensively for commercial work. In the case of high commercial use, we found that generally the required prior approvals for such use had not been obtained from the Office of Emergency Planning. We believe that such use was not always in the best interest of the Government since the circumstances sometimes indicated that the most efficient IPE was not being used to process Government work. For example, about 1 year after an 8,000-ton forge press costing $1,400,000 was installed, it was used extensively for commercial production of jet engine midspan blades. In the 3-year period ended Dec. 31, 1965, the 8,000-ton press was used 78 percent of actual production time for commercial work while the majority of Government procurement of midspan blades was processed on older 4,000-ton presses.	ASPR is being revised to prescribe that the contractor be required contractually to establish and maintain a written system for controlling IPE, and property system surveys will be conducted to insure the system's effectiveness and to show the extent and manner of its use. Also a feasibility study will be made regarding maintenance of utilization records on a machine-by-machine basis; for example, IPE of selected high value.	We are recommending to the Secretary of Defense that use data of IPE be compiled on a machine-by-machine basis to the extent feasible and that this basis be emphasized in the study which DOD will perform regarding the feasibility of maintaining utilization records. We are recommending to the Director, Office of Emergency Planning, that prior approvals for planned commercial use of IPE be similarly administered.
2. Redustribution: On the basis of the results of a statistical sample, we estimate that, during a 6-month period, IPE with a value of approximately $12,000,000 could have been offered by DIPEC to fill requisitions for IPE which it stated was unavailable from its inventory.	DIPEC has established a training program for all commodity managers with particular emphasis placed on the requirement to document specific conditions under which items in inventory are rejected as being unsuitable for the intended use.	None.
3. Rent: We found that the various bases upon which the rent payments were negotiated resulted in a lack of uniformity in the rates actually charged; inequities between contractors; and, in some cases, a reduction in the rent payments to the Government. We found that the determination of rent on a machine-by-machine basis and similarly applying the rent credit for Government rent-free use to each machine above an established value in its ratio of Government versus commercial machine-hours of use would be more accurate and more equitable. At 1 contractor's plant the rent payment would have increased from $226,400 to $809,000 for the year ended Sept. 30, 1966, under such a procedure.	Several alternative proposals for administering rent are under consideration by the ASPR Committee; none of the proposals contemplate a determination of actual equipment used on a machine-by-machine basis.	We are recommending to the Secretary of Defense that the ASPR Committee closely examine the feasibility of computing rent on a machine-by-machine basis and similarly applying the rent credit for Government rent-free use to each machine above an established dollar value in its ratio of Government versus commercial hours of use.
4. Rental, heavy presses: The current policy of charging rent for both Government and commercial work, at a rate of 4 percent of sales, may not be in the best interest of the Government since the overall use of the presses has significantly increased and significant amounts of commercial sales are now being processed through the presses. We found that the rental arrangements were yielding only 1 to 2 percent annual return on the Government's investment in the heavy presses.	DOD, in conjunction with the Air Force, is reexamining existing arrangements pertaining to rental charges for the heavy presses. Also, DOD is considering such aspects as waiving the rental charges for Government work, increasing rental returns on commercial work, and the feasibility of selling some of the presses to Defense contractors.	None.