

equipment and also maintains records of much of the IPE in active use and in mobilization packages controlled by the military departments and DSA. As of June 30, 1966, DIPEC's records showed that DOD components had reported approximately \$3.6 billion worth of IPE. We were told that the average age of DIPEC-controlled IPE is slightly over 13 years.

Some of the current policies governing the administration of Government-owned property are contained in the following instructions:

1. DOD Directive 4275.5 dated March 13, 1964, and the superseding directive dated November 14, 1966, establishes policy on acquisition and management of industrial facilities.

2. ASPR sets forth specific policies with respect to providing property for use by contractors, clauses for inclusion in contracts, and the bases for determining rental charges for the use of Government-owned property. Appendixes B and C of ASPR set forth the basic requirements to be observed by military departments for establishing and maintaining control over Government property in the possession of contractors and nonprofit research and development contractors.

3. Title 2. General Accounting Office Policy and Procedures manual for Guidance of Federal Agencies, contains the accounting principles and standards prescribed by the Comptroller General of the United States to be observed by each executive agency.

It is the policy of DOD to have its contractors maintain the official records of Government-owned property in their possession. The Department holds the contractor accountable for this property until an agent of the Government relieves the contractor of further responsibility for the property. The Department requires that a property administrator be designated for each contract involving Government property. The designated property administrator, who is responsible to the contract administrator, is a key Government employee with respect to the control over Government-owned property. His more significant duties include the responsibility for—

1. Reviewing and approving the contractor's property accounting system;
 2. Examining documents to the extent necessary to establish the correctness and completeness of the contractor's property records;
 3. Determining whether the contractor is reasonably using the property;
- and

4. Furnishing management data required by the military services.

In addition to the property administrator, other Government specialists are charged with certain responsibilities regarding administration of property. For example, at some contractors' plants an industrial specialist is required to examine contractor proposals for additional Government facilities and to determine the contractor's need for retaining Government-owned property. The methods to be followed in achieving the policy objectives are discussed in the instructions issued by each of the military services.

The Office of Emergency Planning (OEP) provides planning guidance, coordination, and review on behalf of the President. In November 1963, OEP issued Defense Mobilization Order 8555.1 establishing policy guidance on Government-owned production equipment. This Order consolidated and revised then existing policies on Government-owned production equipment, including machine tools.

FINDINGS AND RECOMMENDATIONS

Facilities

Utilization of industrial plant equipment

Substantial improvements needed in utilization of IPE

Our review of IPE in the possession of contractors showed that many items were being retained which, in our opinion, should have been reported as excess and available for utilization elsewhere within the DOD. We concluded that this condition was attributable primarily to inadequacies in Government procedures for administration of property. Definitive guidelines had not been provided for determining at what usage level IPE should be declared excess; for requiring that such determinations be made periodically; nor for requiring contractors to prepare and furnish utilization data for Government property officials to use as a tool of property management for controlling the use of IPE.

Our review also indicated that items of IPE which had been reported as idle and available for reutilization were not, in all cases, offered to fill requisitions received for metalworking and general plant equipment.