

Further, we found that generally prior approval had not been obtained, although prescribed, for the use of IPE for non-Government purposes. It is our opinion that Government property was improperly being used in a significant number of such cases.

At the contractor locations visited, we questioned retention by the contractor of 328 items of IPE costing an estimated \$15.9 million because (1) it had not been used over an extended period of time, (2) it had been used solely or predominantly for commercial work, or (3) the usage was low—below the level indicated as acceptable by the DOD. For the most part, our determinations were based on utilization data supplied by those contractors maintaining utilization records for the purpose of calculating rent payments due the Government for use of the equipment on commercial and certain Government work. We were unable to determine the manner of use of many items of equipment at a number of the contractor plants we visited because such utilization records were not maintained.

We were also restricted in our determination of need for 32 items of IPE that we had questioned at one contractor location because the need was based on estimates of expected use rather than on actual use. The balance of the items questioned, 296 items, were estimated to have cost \$9.4 million.

We compared these items to incoming requisitions for IPE which DIPEC had been unable to fill during the same period of time for which we were questioning their retention by the contractors. Engineering and technical personnel at DIPEC advised us that, of the 296 items, they considered 47 to be "interchangeable" and "substitutable" with items requisitioned and that, in their judgment, the items would have been satisfactory to fill the requisitions for items which had been designated as unavailable to the requesting DOD component. Moreover, DIPEC records revealed that 81 of the 296 items of IPE were classed as being in either critical or short supply.

Our bases for questioning the 328 items are discussed in the following sections.

On the basis of our reviews of such records as were available, we believe that many other items would have reflected similar patterns of poor usage if records had been maintained to permit their identification.

IPE not in use.—DOD Directive 4275 dated March 13, 1964, and the superseding directive dated November 14, 1966, state that Government-owned facilities will be declared excess as soon as they become excess to the missions for which they were required.

We questioned retention of 133 items of IPE, estimated to cost \$3.3 million, which had not been in use for extended periods of time. On the basis of our review of utilization surveys conducted by Government property officials, we concluded that in many cases undue reliance had been placed on the prospect of future production creating valid needs or desirable utilization levels for the IPE reviewed as illustrated below.

At one contractor plant we identified 74 items of equipment (estimated to have cost \$1.1 million) such as screw machines, presses, lathes, and drilling machines which had not been used the first 9 months of 1966. The contractor stated that 21 of the items we identified were excess but contended that 34 items warranted retention for unknown future work. He stated that new contracts would require the use of 19 items.

The contractor did not provide the production schedules we had requested to evaluate their effect on the workload. We were advised that, as a result of recently completed surveys by Government procurement agencies, more equipment was being received. The decision to add more equipment was made without contacting the DCAS industrial specialist or requesting his assistance in the survey.

In one case a utilization survey conducted in early 1966, through floor checks, disclosed 89 items of idle IPE; however, with one exception, the contractor's justification for retention of the IPE was based on future production programs and was accepted by the Government. We could find no evidence to indicate that an investigation of the contractor's justifications had been performed. Our review of the contractor's formal justifications disclosed previous and planned use for 60 of the machines, but we found that nine of the machines were scheduled solely for commercial production only and that no production was scheduled for four others.

At another location a Government property official selectively analyzed usage data for 3 months ended March 1966, noting many instances where IPE had little or no low use, but concluded, apparently without effective evaluation with the contractor, that incoming workload would disclose more desirable utilization in the future and that no items were excess.