

IPE used for commercial work.—From the available utilization records, we determined that 115 items of IPE, estimated to have cost \$11.4 million and located principally at four contractor locations, were being used solely or predominantly for commercial work. In this characterization we included IPE used for commercial work 75 percent or more of actual production time during periods ranging from 6 months to 1 year at three locations. At the other location this determination was based on the contractor's predicted use for the last 4 months of 1966.

At three locations Government property officials had not questioned retention of this IPE. Facilities contracts at these locations permitted use of the IPE for commercial work; and, in the cases where this was observed, it was apparently considered that the IPE was used for authorized purposes.

At the remaining contractor plant the Government was negotiating a long-term lease specifically to permit commercial use of the IPE. The contractor maintained projected usage data rather than utilization data for selected items of IPE. The records showing projected use indicated that 32 items of IPE estimated to have cost \$6.5 million would be used predominantly for commercial work the last 4 months of 1966. According to contractor estimates, commercial use of the plant was expected to be more extensive in 1967 than in 1966. DIPEC records indicated that, by the beginning of 1967, seven of these items, estimated to cost \$1.3 million, would be in a critical supply classification. This would mean that, at the present demand rate, DIPEC would not be able to fill all of the requisitions received for this IPE in 1967.

Low utilization of IPE.—On May 17, 1965, the Assistant Secretary of Defense (I&L), issued a memorandum to DSA and the military services which established criteria to be used in determining the reasonableness of the contractor's actual use of IPE. It provided that, when a contractor had two or more DOD-owned machines which are capable of the same function and which are in use 35 percent of the time (14 hours a week) or less, justification would be required for continued retention. In June 1966 the Assistant Secretary of Defense (I&L) emphasized the need for conscientious application of this criteria and stated that, pending the dissemination of more definitive criteria, the evaluation of economic utilization should include the examination and justification for retention in all instances where machines of a like function were below the usage criteria specified. DSA Manual 8300.1 provided that in performing utilization surveys, maximum use would be made of contractors' machine-loading data, production planning, and machine-time records. At the locations we visited we found no evidence to indicate that Government property representatives had implemented the criteria set forth by the Assistant Secretary of Defense.

We found that in many cases contractors did not maintain utilization data which would permit application of usage criteria. Accordingly, we could identify only four items of IPE estimated to cost \$35,800 at two locations where low use was indicated by other review techniques. In three instances, however, reasonably complete utilization data were maintained. These data enabled us to question the basis for retention of 76 items of IPE, estimated to cost \$1.2 million, which did not satisfy the criteria specified by the Assistant Secretary of Defense as we interpreted it. None of this equipment had been reported as excess by the contractor.

Generally, we found that, where utilization data was compiled for purposes of computing rent, Government property officials had not similarly used the data to analyze utilization of the IPE. Utilization surveys were generally limited to periodic attempts to detect idle IPE through floor checks. We noted that one contractor had developed minimum usage criteria calling for a review of idle IPE every 3 months; however, this contractor had not made the reviews.

Increased versatility in use of test equipment requires improved property management

On the basis of our review, we believe that the procedures for acquisition, administration, and redistribution of general purpose test equipment, a particular class of IPE, at contractor plants were in need of improvement. This class of IPE included primarily electronic components such as amplifiers, oscilloscopes, recorders, and signal generators.

DOD Directive 4275.5 dated March 13, 1964, and the superseding version dated November 14, 1966, placed new emphasis on property management relating to general purpose and special test equipment. The directive acknowledged that the advance of weapons technology had vastly increased the complexity, cost, and wider use of all types of test equipment. Accordingly, it provided that, to avoid duplicate investment, DOD components would thoroughly screen idle test equipment in the DIPEC inventory before procuring new items of test equip-