

The Deputy Assistant Secretary indicated that the Department intends to meet with OEP for the purpose of reaching an acceptable solution on these points: defining "25-percent non-Government use" and the differentiation of OEP approvals from local monthly approvals for rental purposes.

On the basis of available utilization records we questioned retention of 296 items of IPE at contractor plants. DIPEC records revealed that 81 of 296 items of IPE were classed as being in either critical or short supply. A closer analysis of these items indicates that commercial use was concentrated on the IPE with the highest average acquisition cost as follows:

	Number	Acquisition cost	
		Average	Total
Commercial use.....	24	\$84,700	\$2,032,000
Not used.....	43	27,300	1,172,400
Low use.....	14	12,500	174,900
Total.....	81		3,379,300

Without requiring contractors to furnish machine-by-machine utilization data within reasonable limits and without enforcing realistic use criteria requiring prior approvals when such machines are to be utilized on commercial work, DOD lacks adequate assurance that the most efficient machines are used to process Government work, hence minimize procurement costs.

We question the Deputy Assistant Secretary's statement that the maintenance of utilization data, machine-by-machine, is impractical, very time consuming, disruptive and costly. Earlier, we pointed out that some contractors already maintained individual machine utilization data and that others were installing electronic data collection systems which had application to providing this data. It seems, therefore, that the Government will bear a share of these investments through the end-item prices it negotiates, and that the imposition of a requirement on these contractors to furnish such utilization data to distinguish Government and commercial use does not seem unreasonable.

One contractor possessing 1,091 items of IPE, each having a rental value in excess of \$100 per month, would not furnish the utilization data since it was not contractually required; and, if the Government insisted on the data, he would insist on adequate reimbursement for records solely for the benefit of the Government. At this location the Government Administrative Contracting Officer estimated that it would cost about \$250,000 a year to furnish utilization data for the 1,091 machines; however, he could not locate and furnish us the basis for the estimate.

We estimate that a machine-by-machine computation of the rent at this contractor would increase the annual rent payment by about \$582,600. (See p. 28.)

Another contractor who reports monthly machine-by-machine utilization, broken down by Government and commercial use, furnished us an estimate of the yearly cost to provide this data on 880 machines as follows:

Recording—direct labor.....	\$4,572
Processing—labor	1,725
EDP machine time.....	678
Forms	425
Total annual cost.....	7,400

Recommendations

It seems reasonable to expect that, if the Government provides IPE to contractors, the contractors should furnish the Government data as to how they are using it. Our review demonstrates the effectiveness of controlling IPE on the basis of use data provided on a machine-by-machine basis. Therefore, we recommend that the Secretary of Defense emphasize this basis in the study which DOD will perform regarding the feasibility of maintaining utilization records within the limits suggested earlier in this report.

Also, we recommend that the Director, Office of Emergency Planning, similarly administer prior approvals for planned commercial use of IPE.