

Government-owned equipment be transferred if the equipment were needed elsewhere in the Government.

ASPR provides the criteria to be used by contracting officers in determining whether Government-owned property should be donated under the authority of 42 U.S.C. 1892. The criteria requires in part that property should be donated to universities if either the retention of title in the Government would create an administrative burden not warranted by the value of the equipment or the keeping of inventory and records by the contractor would become prohibitively complicated or expensive. The ASPR criteria also provides that transfer of title should be made if "the transfer of title is not precluded by controls governing the equipment involved."

Our review showed that one type of controlled property, that which is subject to control by DIPEC, was being donated to the universities, without DIPEC's records first being screened to determine whether the equipment was needed elsewhere in the Government. Further, we noted that DOD components transferred title to equipment which was considered by DIPEC to be in short or critical supply. For example:

We found that, during fiscal years 1965 and 1966, DOD components transferred title to 36 items of equipment, having a cost of \$104,700, which DIPEC considered in short or critical supply. At one university the equipment transferred included 24 items of general purpose test equipment, such as oscilloscopes, signal generators, and recorders for which DIPEC had a total of 258 requests for identical and/or similar equipment from other DOD agencies, which could not be satisfied.

We also found that at the same time DOD components were donating items to universities which were subject to the control of DIPEC, they were retaining title to many items costing less than \$200. DIPEC-controlled items have an acquisition cost of \$1,000 or more. We note, however, that a recent ASPR revision states that title to equipment with a cost of less than \$200 shall be vested in the universities upon purchase of this equipment.

We believe that the current provisions of ASPR which provide criteria for those items to be donated to universities could be made clearer and thus more effective if the criteria specifically excluded DIPEC-controlled items from the donation process. We have reviewed proposed changes to ASPR, and we find that no change to the current criteria is contemplated.

Conclusions

The proposed change to ASPR, requiring periodic inventory taking, should, if properly implemented, result in more effective control over Government-owned property in the possession of universities. We note, however, that the proposed change does not impose a requirement for adequate internal control through appropriate segregation of functions in taking physical inventory. We therefore propose that such a requirement be incorporated at an appropriate place in appendix C or the new appendix of ASPR, which prescribes the responsibilities and duties of property administrators.

We believe that an effective property accounting system should also include monetary control accounts for Government-owned industrial plant equipment, and special test equipment in the possession of the universities; and we proposed that appendix C of ASPR be strengthened by requiring such financial accounting control of such Government-owned property at nonprofit institutions.

We also believe that, to avoid the possibility of unnecessary procurements, the DIPEC inventory should be screened, prior to approving the purchase of new IPE by universities and that IPE on hand at the universities should also be reported to DIPEC, as required by ASPR. We believe that, to achieve these objectives, it will be necessary for Government property administration surveillance to be more thorough to assure that existing procedures are adhered to, and we proposed increased management effort on these matters.

We believe that transferring of title to universities of industrial plant equipment which is in short or critical supply creates a potential for increased Federal expenditures, since other DOD users may be purchasing equipment of similar capability. We proposed, therefore, that DOD adopt more specific criteria regarding "controlled" equipment which is not to be transferred to universities (ASPR 4-214.4), particularly with respect to its application to industrial plant equipment controlled by DIPEC.

Agency comments and our evaluation

The Deputy Assistant Secretary advised us that, although paragraph C211.6, appendix C, Manual for Control of Government Property in Possession of Non-