

the work of property administrators and internal auditors. For example, a recent policy decision appears to have established the responsibility for audit of the administration of Government property. Also, the Department has in process a new ASPR section which is expected to more clearly establish the responsibilities and duties of Government property administrators.

Property administrators' surveillance and approval of systems.—Our review showed that the property administrator had withheld approval to systems employed at 5 of the 19 contractors in our review. Further, we found that ASPR does not provide an incentive for the contractor to maintain an approved system. For example:

At one location we reviewed, the contractor's system was disapproved in July 1962 because the contractor's property control procedures were not adequate. In January 1965, the property administrator again reviewed the contractor's manual for control over Government property and reported to the contractor that the manual was " * * * sadly lacking detail * * *," and approval of the system was withheld. Since approval of the contractor's system had already been withheld no further action was taken against the contractor. At the time of our review the contractor still did not have an approved system.

At another location, the system was disapproved in November 1966 because the property administrator found that the contractor's system for control of Government property was deficient in areas related to disposition, acquisition, recordkeeping, and inventory taking. Further, it was at this location that we found that the contractor had not reported 12 items of IPE which cost about \$400,600 and had been idle for about 2 years, for possible reallocation by DIPEC. As indicated, the only action taken was to withdraw approval of the system.

We also noted instances where the contractor's system was allowed to continue in an approved status even though the property administrator had found a significant weakness in the contractor's control over property, which was not subsequently corrected, or, when other weaknesses were, in our opinion, apparent, and should have been corrected. For example:

The property control system at one of the universities we reviewed was approved in December 1959 and was again reviewed by the property administrator in August 1966 and found to be adequate. We found that IPE purchased by the university was not reported to DIPEC for its inventory and control purposes even though reporting was required by ASPR. The Government property administrator was aware of this situation and discussed the matter of nonreporting with university officials, but he did not obtain assurance that the equipment would be reported. The approval status of the university's system was not changed.

At another location, we noted that the property administrator approved in January 1964 the contractor's property control system which required a quarterly review of usage records to detect idle equipment. We found that the contractor was not following this procedure, nor had the property administrator required the contractor to do so. We made an analysis of the utilization data and, on the basis of use criteria prescribed by DOD, we questioned retention of 59 items of IPE costing about \$859,000. During the time of our review, the contractor declared excess or was considering for disposal eight of the items costing about \$111,300. The approval status of the contractor's system was not changed.

At a third location, we found that the contractor's system had been approved in August 1962. Selective floor checks conducted by the Government property administrator at month-end showed numerous instances where, during a 2-year period, commercial work was performed on IPE, which the contractor had not included in his monthly request to the Government plant representative. Although corrective action was promised, we noted that incidence of discrepancies rose from 7.5 percent of the IPE tested in late 1964 and early 1965, to 13.5 percent of the IPE tested during the first 9 months of 1966.

Documentation by the Property Administrator.—In March 1966 we reported to the Subcommittee on Federal Procurement and Regulation, Joint Economic Committee, that one of the military services regulations specifies that " * * * the file of work-papers prepared by the property administrator shall be relied upon as one of the most important indications of the effectiveness of the property administrator's work. * * *." We reported also that the documentation of the results of the property administrator's property system surveys were inadequate at contractors' plants we visited. Our current review showed some cases where the documentation was adequate and other cases where it was inadequate.

We found that where the property administrator failed to document his work, we could not evaluate the quality and effectiveness of his surveillance examinations. For example: