APPENDIX 4(b)

REPLIES OF CONTRACTORS TO REPORT B–140389

COMPTROLLER GENERAL OF THE UNITED STATES,
Washington, D.C., January 4, 1968.

B–140389.
Hon. WILLIAM PROXMIRE,
Chairman, Joint Economic Committee,
Congress of the United States.

DEAR MR. CHAIRMAN: In our testimony before the Subcommittee on Economy in Government of the Joint Economic Committee of November 27, 1967, we summarized a report to the Congress of November 24, relating to control over Government-owned property in the possession of defense contractors. Our report presents the results of our review of the adequacy of Department of Defense policies and procedures with respect to Government-owned property being utilized by contractors. This review was made pursuant to recommendations made by the former Subcommittee on Federal Procurement and Regulations (now redesignated the Subcommittee on Economy in Government of the Joint Economic Committee) in its report of May 1966 entitled "Economic Impact of Federal Procurement."

The study included a review of Government-owned property at 21 defense contractors' plants and 2 university campuses. The contractors' locations were selected impartially from among those which available information indicated had Government property in their possession. We attempted to select contractors who had large, moderate, and small amounts of Government-owned property in their possession. We selected both large and small prime contractors and subcontractors. We also sought to select contractors engaged in a variety of defense work. On the basis of the selection made, we have no reason to believe the results of our review would have changed in any material respect had other contractors' plants been selected for examination.

As pointed out in our testimony and in the report, we did not request formal written comments from the contractors involved, although we did follow our usual procedure in all such reviews of discussing informally and orally the details of our findings with these contractors and universities. As we testified in our presentation before the Committee, the reason we did not obtain formal comments from the contractors and universities involved was that the primary objective of our review was to determine the adequacy of the Defense Department's policies and regulations, and their implementation by the military services and defense contractors.

During the course of the hearings the Committee requested and we agreed to furnish a list of the contractor plants and university campuses included in our review. The Committee agreed, however, that prior to supplying this information the views of the contractors should be obtained and made available to the Committee. By our letter dated November 29, 1967, copies of the report were made available to the contractors and universities involved with a notation of specific findings or observations relating to equipment, facilities, and material in their possession.

Our letter of November 29 requested that comments be supplied within two weeks. To date we have received formal responses from all but three of the contractors involved in our review. Copies of these responses are attached, together with a summary of reactions, grouped in accordance with the major findings and recommendations of our report. Names of individual contractors and universities asked to comment on each of these findings and recommendations are noted.

The Continental Aviation and Engineering Corporation has advised us that they would have no formal comments. In addition, we have not received formal replies from Sperry Rand Corporation, Aerojet-General Corporation, and TRW, Inc. In response to telephone inquiries made earlier this week, these companies indicated that replies are in process. Copies of these replies will be forwarded as soon as they are available.

The contractors' replies, in general, point out that they have complied with the provisions of their contracts and the regulations to the extent that they were required to do so. In those cases where the contractors disagree with our factual findings, a further analysis of the facts will be made and your Committee will be appropriately advised.