Comment: None of these statements applies to Northern Ordnance except for the words "inventories were not priced out". Our position regarding this statement is covered under Item 16 above.

19. Property management functions in the DOD Property Administrators' surveillance and approval of systems

"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." (page 64)

Comment: It is noted that approval of the contractor's property control system was being withheld not because there was anything significantly wrong with the system itself but because the written manual describing the property control procedures in effect was held by the Government representatives to be lacking in detail. The property control manual has been rewritten in great detail at considerable expense and was submitted for approval in March, 1967. The contractor's written property control procedures have now been approved by the Government.

WYMAN-GORDON CO.,
Worcester, Mass., December 11, 1697.

Ref: B-140389

U.S. GENERAL ACCOUNTING OFFICE,
Defense Division,
Washington, D.C.

(Attention: Mr. C. M. Bailey, Deputy Director, Defense Division.)

GENTLEMEN: We have reviewed with interest the GAO report to the Congress entitled "Need for Improvements in Controls over Government-Owned Property in Contractor's Plants".

We cannot be critical of the majority of the recommendations contained in the report as we believe a strict accountability for all inventories, equipment, special tooling and buildings is essential. We take pride in our belief that all items of government property leased or loaned to us have been and currently are reflected in property control records in our plants. If this is contrary to the fact we have no awareness of it and would welcome any comments and/or suggestions.

We are an operator of a Heavy Press Facility (Air Force Plant No. 63) and we are naturally vitally interested in the comments relative to the heavy press program appearing on Pages 32, 33 and 34 of the report.

There are relatively few members of the Congress and few, if any, departments or agencies of the U.S. Government (excepting the Department of the Air Force) possessing an intimate knowledge of the origin of the Heavy Press Program and the subsequent outstanding contribution made by it to the defense posture of the United States.

We have full and complete knowledge of this program as we were the first company in the United States to operate a heavy press facility. The original heavy press and the forerunner of the heavy press program was an 18,000-ton forging press developed under the sponsorship of the War Production Board in 1943 and financed by funds from the Defense Plant Corporation later absorbed by the Reconstruction Finance Corporation.

The 18,000-ton forging press facility went into operation on May 1, 1946 with Wyman-Gordon, having laid out the plant and assisting in the press design, as the operator under a Management Contract for the account of the Defense Plant Corporation. This arrangement continued until June 30, 1950 at which time cognizance of the facility was turned over to the Air Force. From July 1, 1950 until the present time we have operated this facility which in the early '50's was expanded with the addition of a 35,000-ton forging press and a 50,000-ton forging press and auxiliary equipment.

From the initial development of the heavy press forging concept and techniques in 1946 until today, Wyman-Gordon in Air Force Plant No. 63 has continually