assist you in furnishing the Congressional Subcommittee with the additional information they requested.

Very truly yours.

JACK ROSS, *Treasurer.*

HOLLEY CARBURETOR CO.,
Warren, Mich., December 12, 1967.

Reference: B-104389.

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

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

DEAR MR. BAILEY: This is in reply to your letter of November 29 addressed to Mr. H. T. O'Connor, who is no longer with our company. We appreciate receiving a copy of your report to Congress on the need for the Department of Defense to improve its controls over Government-owned property in contractors' plants. We wish to state emphatically that we are entirely in accord with the general subject matter of this report and concur with the recommendations.

We note that our copy of the report contains no marginal notations which we trust means that we were found to be in compliance with your remarks.

In our own case we feel particularly strongly about the removal of machines which will no longer perform an adequate economic function in connection with our government contract work. We have, during the year 1967, declared surplus and returned 34 pieces of equipment valued at $192,000 and we intend, during the year 1968, to do likewise in connection with 16 additional pieces of equipment valued at $134,000.

We commend your efforts toward the reduction of government expenditures and the obtaining of the maximum effectiveness from the dollars spent, and we assure you of our full cooperation.

Very truly yours,

MILTON J. KITTLER.

MENASCO MANUFACTURING CO.,
Burbank, Calif., December 28, 1967.

Mr. C. M. BAILEY,
Director, Defense Division,
U.S. General Accounting Office,
Washington, D.C.

DEAR MR. BAILEY: Under date of November 29 you submitted to us a copy of the Comptroller General's report to the Congress on the "Need For Improvements In Controls Over Government-Owned Property In Contractors' Plants."

You stated that the report included examples associated with your findings that were applicable to Menasco and that these were identified by marginal notation. You requested our comments on the findings pertaining to Menasco as well as any other comments we might wish to offer on the matters presented in the report.

With respect to general comments, I believe it would be presumptuous for me to comment on matters which are beyond the scope of our personal knowledge. However, I can note that in their relationships with Menasco, the Air Force and DCASR appear to be extraordinarily diligent in protecting the interests of the Government in the matter of Government-owned property.

Page 14 of the report recites in part:

"We found that in many cases contractors did not maintain utilization data which would permit application of usage criteria.

Accordingly, we could identify only four items of IPE estimated to cost $35,800 at two locations where low use was indicated by other review techniques. In three instances, however, reasonably complete utilization data were maintained. *These data enabled us to question the basis for retention of 76 items of IPE, estimated to cost $1.2 million, which did not satisfy the criteria specified by the Assistant Secretary of Defense as we interpreted it. None of this equipment had been reported as excess by the contractor.*" [Italic ours]

It is noted in the margin that "2 of 76" relate to Menasco. We have ascertained that the machines in question were a Sheffied grinder (1952) and a Kearney & Trecker mill (1953). These machines were in fact surplus at that time to our requirements and have since been declared surplus and surrendered to the Government.