

DEFENSE SUPPLY AGENCY,
DEFENSE CONTRACT ADMINISTRATION SERVICES REGION,
June 21, 1967.

HEINTZ DIVISION, KELSEY-HAYES CO.,
Philadelphia, Pa.

(Attention: Mr. Joseph F. McMahon, Controller.)

GENTLEMEN: Reference is made to your letter dated June 16, 1967, offering \$5,000.00 in settlement of all past rental on support equipment under Contract AF 33 (600) 42330 during the period March 1961 through July 1966.

Your offer has been reviewed and has been determined as being fair and reasonable. It further is accepted as complete settlement of all past rental due on the support equipment during the period involved.

Accordingly, it is requested that your check payable to the Treasurer of the United States in the amount of \$5,000.00 be forwarded without delay.

Sincerely yours,

HARRY W. ORTH,
Administrative Contracting Officer.

BLADES MANUFACTURING CORP.,
Rector, Ark., December 15, 1967.

Re (B-140389) Report to the Congress—Need for improvements in controls over Government-owned Property in Contractors' plants.

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

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

GENTLEMEN: In compliance with your request of November 29, Blades Manufacturing Corporation is pleased to submit its comment to that provision of the Report to the Congress on the need for improvements in controls over Government-owned property, which you indicated is applicable. Cited is that provision of the Report which you have referenced by marginal check, followed by Blade's comment.

"We noted instances at three other contractor locations where machines were used for commercial work without obtaining prior approval as required by facilities contracts." Report to the Congress, "Need for improvements in controls over Government-owned property in contractor's plants," p. 29, November 24, 1967.

Under the terms of Blades' present facility contract, the Contractor is entitled to 25% commercial use of Government-owned machinery during any rental period after obtaining authority from ACO. In order to so utilize such machinery an appropriate rental fee must be paid to the Government.

Blades Manufacturing Corporation can assure you that should the occasion arise in the future, whereby Blades finds it necessary to utilize Government-owned machinery for commercial use, authority to so use such machinery will be requested from the ACO. If authority is granted for Blades to utilize Government-owned machinery, such machinery will not be used more than the period of time which is allotted by the ACO for commercial use. Furthermore, the appropriate rental fee will be paid.

Respectfully,

HARRY C. BON, JR.

THE UNIVERSITY OF CHICAGO,
OFFICE OF THE VICE PRESIDENT FOR BUSINESS AND FINANCE,
Chicago, Ill., December 11, 1967.

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

DEAR DIRECTOR BAILEY: We have reviewed the Report to the Congress forwarded to us with your letter of November 29, entitled "Need for Improvements in Controls Over Government-Owned Properties in Contractors' Plants." Our