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60-3592

15 FEB 1960

MEMORANDUM FOR: Deputy Comptroller

SUBJECT : Government Furnished and Contractor  
Acquired Equipment and Material

REFERENCES : (a) Memo to Chief, Audit Staff from Director of Logistics dated 28 December 1959, subject: Government Furnished Equipment and Material

*(Copy filed with Audit Reports)*

(b) Memo to Chief, TAS from <sup>25X1A9a</sup> [redacted] dated 21 January 1960, subject: Government Furnished Equipment and Contractor Acquired Material

1. Reference (a) was sent to this Office for concurrence. I understand that the Audit Staff has informally expressed accord therewith. At first review it was the view of the writer that the proposed procedure was not adequate but that actual financial property accounting should be established over subject property.

2. Discussions were held with representatives of the Supply and Procurement Divisions of the Office of Logistics and the Chief and Deputy Chief of the Industrial Contract Audit Division of this Office. At that meeting the various complicating factors inherent in any effort to establish routine procedures for maintaining financial property accounting procedures for subject property were discussed, particularly the time interval normally elapsing between actual acquisition of property and receipt of information relative thereto by the Agency, as well as the types of documentation available to provide data on subject property acquired by contractors. Further, a representative of this Staff reviewed the records presently maintained in the Procurement Division relative to subject property; his findings are set forth in reference (b).

3. In view of the foregoing, it is now my feeling that the proposal set forth in reference (a) should be

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accepted unless you feel that, in view of the dollar value of the subject property as indicated in reference (b), (\$1,235,000) it is essential to reflect this property in the financial records. In the latter event this could be accomplished as recommended in paragraph 7 of reference (b).

4. It is recommended, therefore, you concur in the 28 December 1959 memorandum from Director of Logistics to Chief, Audit Staff subject to the following condition, which I suggest be typed following your signature:

"The above concurrence is subject to (1) a review of the memorandum property records maintained in the Procurement Division relative to subject, participated in jointly by representatives of the Office of Logistics, Management Staff and the Technical Accounting Staff of this Office, to assure that such records adequately provide the required information as to property items and value with each contractor; (2) arrangement for the Procurement Division as indicated in paragraph 2 above, to furnish the Finance Division of this Office by the third working day following the end of each quarter, with a quarterly advice of the dollar value of subject property owned by the Agency as evidenced by the records of the Procurement Division as of the close of the preceding quarter; and (3) the performance by Audit Staff of an annual audit of the subject records as maintained by the Procurement Division."

This recommendation has been discussed with the Chief, Industrial Contract Audit Division, and he is in accord. Also, this matter has been discussed with a representative of the Management Staff, who is currently reviewing Procurement Division operations and has withheld recommendation relative to subject property and he has agreed to participate in the suggested review.

25X1A9a

  
Chief, Technical Accounting Staff

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