

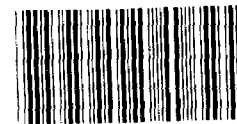
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BY THE U.S. GENERAL ACCOUNTING OFFICE

Report To The Secretary Of The Interior

Research Equipment In The Bureau Of Mines: Commitment To Sound Management Needed

The Bureau of Mines should make a high-level commitment to sound personal property management. Historically, this has been a low priority function within the Bureau. Past deficiencies have resulted in lost research equipment and equipment which can no longer be used as intended. This report recommends a variety of measures to improve property management at the Bureau of Mines.



119367

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AUGUST 31, 1982

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UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

ENERGY AND MINERALS
DIVISION

B-208467

The Honorable James G. Watt
The Secretary of the Interior

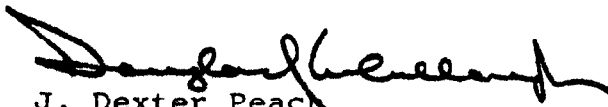
Dear Mr. Secretary:

We have reviewed the management of research equipment at Bureau of Mines laboratories. While the Bureau has made some improvements in equipment control in recent years, we identified a number of problems which still prevent proper control, adequate safeguarding, and maximum use of research equipment. Because of these problems, some equipment items have been lost, others have deteriorated or been destroyed, and still others have remained idle for long periods and have not been available to potential users in the Bureau and in other Federal agencies. As a result, Bureau laboratories may be making some equipment purchases unnecessarily.

Our report contains recommendations to you on pages 27-28. As you know, section 236 of the Legislative Reorganization Act of 1970 requires the head of a Federal agency to submit a written statement on actions taken on our recommendations to the House and Senate Committees on Government Operations not later than 60 days after the date of the report, and to the House and Senate Committees on Appropriations with the agency's first request for appropriations made more than 60 days after the date of the report. We discussed our report draft with the Director of the Bureau of Mines, who was in full agreement with it.

We appreciate the cooperation and courtesy of the Bureau of Mines staff during our review.

Sincerely yours,

for 
J. Dexter Peach
Director

D I G E S T

The Bureau of Mines conducts mining, minerals and materials research at its 11 research laboratories. It purchases about \$4 million annually in property for these laboratories. It currently manages about \$44 million in research equipment and office furniture at these laboratories. Because property management has been a low priority within the Bureau, GAO believed substantial improvements could be made. Past deficiencies have resulted in lost research equipment and equipment which can no longer be used as intended. While the Bureau has made some improvements in equipment control in recent years, problems remain which prevent proper control, adequate safeguarding, and maximum use of all research equipment.

Since the Bureau faces a declining research budget which may restrict its ability to purchase new equipment, it needs more than ever to make a high-level commitment to sound property management practices throughout the agency.

PROPERTY CONTROL IMPROVED
BUT STAFFING PROBLEMS COULD
OFFSET IMPROVEMENTS

In 1979, the Department of Interior's Office of Inspector General reported that the Bureau of Mines was seriously deficient in its management of capitalized property. The Inspector General cited several violations of Federal Property Management Regulations dealing with property accountability and made several recommendations to correct these problems. The Bureau agreed to improve its oversight of the property management function. (See p. 7.)

While the Inspector General has focused on the adequacy of the Bureau's control over its equipment, GAO's review dealt primarily with equipment utilization. However, in the course of GAO's review, GAO also noted some of the actions the Bureau has taken since 1979 in an effort to improve property control.

GAO found that property control appears to have improved in the Bureau. Each of the laboratories GAO visited has taken steps to eliminate some of the past deficiencies that resulted in the loss of valuable equipment. However, many laboratories do not give property management high priority when allocating responsibilities to limited support staff. Other responsibilities assigned to these personnel could, at times, detract from the property management function. (See p. 10.)

REGULATIONS TO PROMOTE
EQUIPMENT USE NOT IMPLEMENTED

Federal Property Management Regulations require Federal laboratories to conduct regularly scheduled inspection tours to identify idle and unneeded laboratory and research equipment. Such equipment is to be reassigned as needed within the laboratory, placed in an equipment pool, or declared excess and made available to other users in the Bureau and in other Federal agencies. These regulations also require Federal laboratories to establish equipment pools, where appropriate, to help make more efficient use of little-used research equipment.

None of the laboratories GAO visited had implemented these regulations, and the Bureau has not required them to do so. Many equipment items apparently remain in storage for several years without any use. (See p. 13.) As a result, Bureau laboratories have purchased research equipment while similar items were idle at other laboratories. For example, one laboratory had a meter in storage at the same time two other laboratories purchased four of these meters. (See p. 14.)

OTHER PROBLEMS MAY LIMIT
USE OF EQUIPMENT

Bureau laboratories loan research equipment to universities and other non-Federal research groups for purposes other than grant or contract related work. Many such loans are made on an open-ended or long-term basis and some of these loans are never properly documented. Bureau laboratories make such loans without regard to the needs of other Bureau laboratories. (See p. 19.) The Bureau of Mines also has no agencywide policies or procedures specifying when such loans are appropriate, the maximum length of such loans, or who should authorize and monitor them. (See p. 21.)

Interior Property Management Regulations call for maximum protection of property against all causes of deterioration or destruction. GAO found that laboratories do not always provide proper protection for research equipment. This has resulted in equipment that can no longer be used because it has been lost, has deteriorated, or has been cannibalized. (See p. 21.)

GAO also found that condition codes assigned to excess and scrap equipment sometimes appear questionable. At times, property clerks did not obtain adequate information when assigning condition codes to equipment.

Equipment assigned low condition codes bypasses potential users in the Bureau and in other Federal agencies.

CONCLUSIONS

Despite making some improvements in property control since 1979, the Bureau has not made the needed commitment to property management at its research laboratories. Because of this, some equipment items have been lost, others have deteriorated or been destroyed, and still others have remained idle for long periods and have not been available to potential users in the Bureau and in other Federal agencies. As a result, Bureau laboratories suffer reduced availability of equipment and may be making some equipment purchases unnecessarily.

Correcting equipment management problems at Bureau laboratories will require a high-level commitment to sound property management within the Bureau. This commitment must be conveyed to and implemented by laboratory directors in managing their facilities.

RECOMMENDATIONS

GAO recommends that the Secretary of the Interior direct the Bureau to provide the needed management attention aimed at proper control, adequate safeguarding, and maximum use of equipment in managing Bureau programs. To help implement this objective, GAO recommends that the Secretary require the Bureau to assure that:

- An accountable staff person(s) with adequate time for thorough attention to property management is designated at each Bureau laboratory.
- Bureau property management officials establish formal policies and procedures for justifying and documenting short-term loans of temporarily idle equipment to non-Federal entities.
- Laboratories cease making long-term equipment loans to non-Federal entities for uses which are not authorized under a Bureau grant or contract.
- Laboratories regain physical control of all equipment loaned for long-term non-grant or non-contract uses, determine their needs for such equipment, and where appropriate, report it as excess to their needs.
- Laboratories take necessary steps to protect idle equipment from unauthorized removal or cannibalization and from deterioration due to weather while being stored.
- Bureau property management officials establish formal procedures to implement 41 CFR 101-25.109, requiring inspection tours and establishment of equipment pools where appropriate, and establish formal Bureau procedures, in conjunction with implementation of 41 CFR 101-25.109, for circulating Bureau-wide lists of under-used and idle equipment available for loan or transfer.
- Laboratory property management personnel have updated criteria for classifying the condition of unneeded equipment reported to the General Services Administration, and obtain adequate technical input and cost data to make proper classification decisions.

Finally, in view of continuing problems, GAO recommends that Interior's Office of Inspector General schedule a followup review to determine the adequacy of laboratories' compliance with the inspection tour provisions of 41 CFR 101-25.109.

AGENCY COMMENTS

Interior officials indicated that they were in general agreement with our findings. Further, they indicated that the Bureau is now developing formal procedures that should accommodate most of the concerns addressed in GAO's recommendations. (See app. I.) In a separate letter the Office of Inspector General recognized personal property management as a vulnerable area and agreed with our recommendation for periodic followup reviews. A bureau-wide, personal property management audit will be initiated in the Bureau of Mines by the Office of the Inspector General in the very near future. (See app. II.)

C o n t e n t s

		<u>Page</u>
DIGEST		i
CHAPTER		
1	INTRODUCTION	1
	Objective, scope, and methodology	2
2	PROPERTY CONTROL IMPROVED BUT STAFFING PROBLEMS COULD OFFSET IMPROVEMENTS	6
	Property controls deficient in 1979	6
	Property control has apparently improved	7
	Past deficiencies resulted in loss of valuable equipment	9
	Staffing problems could offset improvements	10
3	REGULATIONS TO PROMOTE EQUIPMENT USE NOT IMPLEMENTED	11
	Inspection tour regulations not implemented	11
	Pooling regulations not implemented	12
	Idle equipment stored for long periods	13
	Equipment may be purchased unnecessarily	14
	Officials agree procedures needed	16
4	OTHER PROBLEMS MAY LIMIT USE OF EQUIPMENT	19
	Questionable equipment loans	19
	Inadequate storage conditions	21
	Questionable condition codes	23
5	CONCLUSIONS, RECOMMENDATIONS AND AGENCY COMMENTS	25
	Conclusions	25
	Recommendations	27
	Agency comments	28
APPENDIX		
I	Letter dated July 20, 1982, from the Department of the Interior	29
II	Letter dated August 20, 1982 from the Department of the Interior	30

CHAPTER 1

INTRODUCTION

The Bureau of Mines (Bureau) conducts research under two program areas--mining research and minerals and materials research. Bureau research is carried out at 10 research centers and 1 engineering laboratory. 1/ As of February 28, 1982, these research laboratories managed a total of about \$44 million in personal property. 2/

As research needs change from year to year, the Bureau purchases research equipment to accommodate these changes. During fiscal years 1980 and 1981, the Bureau purchased an average of about \$4 million annually in research personal property for use at its laboratories. The Bureau projects fiscal year 1982 purchases of about \$4.7 million. In addition to equipment the Bureau purchases each year for its laboratories, it also acquires equipment through its contract research program. As contracts expire, the Bureau assumes responsibility for equipment purchased with contract funds, and much of the useable equipment is transferred to Bureau laboratories. As of April 1982, about \$4.7 million of equipment was in contractor hands.

Proper management of research equipment has important implications for Bureau research capabilities and budget planning. Since the Bureau's research budget has declined, its ability to purchase new equipment will be restricted. Under these conditions, proper control and utilization of research equipment are essential in order to meet the laboratories' needs for serviceable equipment without making unnecessary purchases.

Historically, property management has been a low priority function in the Bureau. A 1979 report by the Inspector General, Department of Interior, documented the problem. 3/ The report cited several violations of Interior Property

1/For convenience, both the research centers and engineering laboratory will be referred to as "laboratories" throughout the remainder of this report.

2/Personal property includes research equipment, office furniture, office machines, and other items costing \$300 or more, as well as certain pilferable items (e.g., calculators) costing less than \$300.

3/"Review of Bureau of Mines Financial Management System," C-EM-EBM-2-79(A), Aug. 17, 1979.

Management Regulations, 1/ 41 CFR 114-60, dealing with property accountability. For example, the Inspector General found that (1) the Bureau failed to maintain proper records and adequately safeguard all property, (2) that many research laboratories did not conduct biennial inventories as required, (3) nearly one-fifth of inventory items sampled could not be found, and (4) overall, the Inspector General concluded that the Bureau was seriously deficient in its management of equipment.

The Bureau responded to the Inspector General's report by promising improvements in the property management function. These improvements included updating inventories and making necessary records adjustments at all research laboratories. The Bureau also said it would increase staffing for the property management function and initiate field visits to review compliance to property management regulations.

OBJECTIVE, SCOPE, AND
METHODOLOGY

While the Department's Office of Inspector General has focused on the adequacy of the Bureau's control over its equipment, our review dealt primarily with equipment utilization. Our objective was to determine whether the Bureau is

- identifying and reporting on little used and idle research equipment in accordance with Federal regulations;
- maximizing the use of such equipment through pooling or sharing within a research laboratory, or by transferring idle equipment to other research laboratories with the agency or in other Federal agencies; and
- providing adequate protection against deterioration of laboratory equipment.

During our review, we also noted some of the actions the Bureau has taken since 1979 in an effort to improve property control.

1/The Federal Property Management Regulations (41 CFR 101) are the basis for the Interior Property Management Regulations (41 CFR 114). The Interior regulations, which supplement the Federal regulations, establish uniform property management policies, regulations, and procedures for use throughout the Department of the Interior.

Although we did not analyze these actions in detail, we did draw some general observations about them as discussed in chapter 2.

Our review of equipment utilization and management was part of an overall evaluation of planning and management of the Bureau's research programs. Our review was performed in accordance with our "Standards for Audits of Governmental Organizations, Programs, Activities, and Functions." Our review included visits to the following research laboratories which were managing about \$20.4 million worth of personal property, or about 47 percent of the \$43.8 million in personal property at all Bureau laboratories:

<u>Research site</u>	<u>Dollars of personal property (as of 2/28/82)</u>
Albany Research Center	\$ 5,391,514
Boulder City Engineering Laboratory	2,480,789
Reno Research Center	2,310,894
Spokane Research Center	3,706,802
Twin Cities Research Center	<u>6,558,530</u>
Total personal property	<u>\$20,448,529</u>

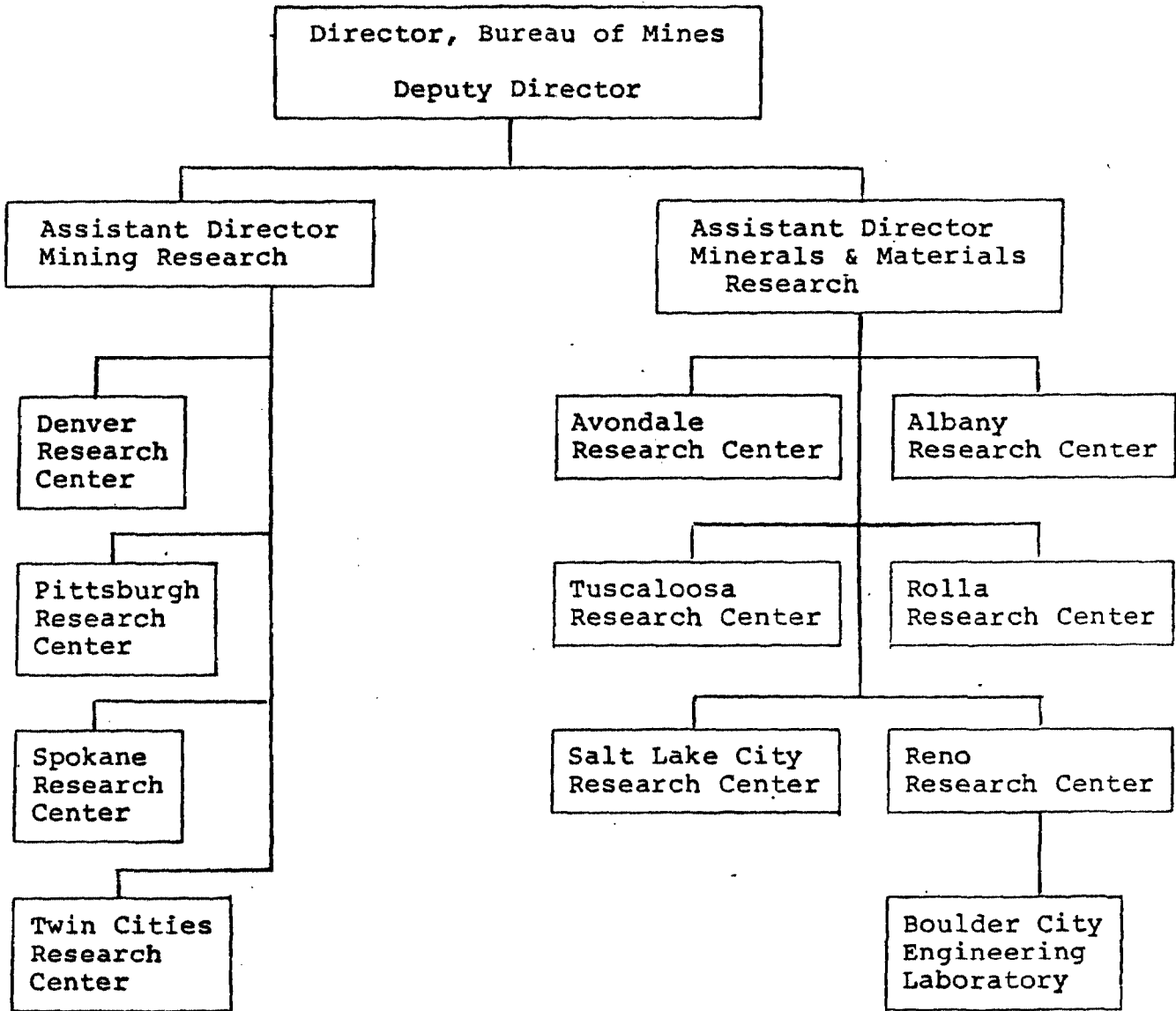
We selected these locations to provide a cross section of Bureau research laboratories. They represent two of the Bureau's four mining research laboratories and three of its seven minerals and materials research laboratories (see figure 1).

At each laboratory, we studied the utilization and management of research equipment as documented in the property files. We talked to property clerks, ^{1/} their supervisors, and laboratory directors in order to identify

^{1/}For convenience, personnel at each laboratory with property management responsibilities will be referred to as property clerks throughout the remainder of this report.

FIGURE 1

ORGANIZATION OF BUREAU OF
MINES' RESEARCH PROGRAMS



past practices and obtain their views on inventory procedures and equipment utilization and management. We also made brief tours of each laboratory to examine conditions under which they store research equipment. We discussed agency policy on equipment utilization and management with officials of the Bureau's Branch of Property and General Services in Washington, D.C., and Denver, Colorado. Finally, we reviewed regulations concerning research personal property management and utilization included in chapter 41 of the Code of Federal Regulations.

In chapter 2, we discuss the findings of the 1979 Inspector General's report and some staffing problems that could offset improvements the Bureau made in response to that report. In chapter 3, we discuss the Bureau's failure to maximize research equipment utilization by implementing regulations requiring inspection tours and equipment pools. Chapter 4 identifies three other problems that could limit research equipment's usefulness and availability to Bureau laboratories. Finally, chapter 5 contains our conclusions and recommendations related to the need for more thorough management attention to equipment control, safeguarding, and use in the Bureau.

CHAPTER 2

PROPERTY CONTROL IMPROVED

BUT STAFFING PROBLEMS COULD OFFSET IMPROVEMENTS

In a 1979 report on the Bureau's financial and management information system, the Department's Office of Inspector General concluded that agency control over capitalized property was seriously deficient. The Inspector General recommended that the Bureau take several steps to comply with property control regulations.

While our review focused on equipment utilization, we noted apparent improvements in Bureau property control. We also observed that past lack of control had resulted in loss of equipment at some laboratories we visited. Finally, we noted that staffing problems could offset the property control improvements made since 1979.

PROPERTY CONTROLS DEFICIENT IN 1979

In an attempt to verify the accuracy of the Bureau's capitalized property accounts, the Inspector General selected a sample of items on the inventory lists of nine organizational units within the Bureau. Of this sample, 19 percent of the items could not be found, and their absence could not be explained. To determine why inventory records were inaccurate and why property could not be found, the Inspector General reviewed the Bureau's property management policies, procedures, and controls for compliance to Federal regulations (41 CFR 114). They found that the Bureau was seriously deficient in its management of capitalized property. The Bureau failed to ensure that proper records of all property were maintained and that such property was adequately safeguarded. These same deficiencies were cited in a report issued by the Inspector General in 1974.

The Inspector General found that the Bureau's property management practices had not been in compliance with certain sections of 41 CFR 114. For example, many sites were not doing inventories biennially as required. Some sites had no record of any inventory on file. The sites that had taken periodic inventories had not reconciled the results to property records. As a result, missing items continued to remain on property lists after the inventory results had been submitted.

The Inspector General noted other property control problems which included failure to follow regulations for

- assuring that changes in property assigned to accountable officers are adequately updated and documented;
- timely handling of lost, damaged, or destroyed property by a Board of Survey; and
- permanently marking property for identification.

To correct these problems, the Inspector General recommended that the Bureau immediately conduct a physical inventory of all property and adjust the records accordingly. The Inspector General also recommended that the Bureau's Division of Property and General Services examine the inadequacies of the present property management system and take necessary steps to bring it into compliance with regulations. They also recommended that the Bureau's Assistant Director, Administration, enforce compliance with property management requirements.

The Bureau responded to the Inspector General's report by agreeing to take steps to improve oversight of the property management function. The agency said that it had taken steps to improve the system prior to the reports, but agreed that much more needed to be done.

The first action the Bureau agreed to take was to complete a full inventory and the related records adjustments at all locations prior to December 31, 1979. The Division of Property and General Services would monitor the progress of this effort. The Bureau said it would concentrate this effort on locations whose previous inventories were completed prior to calendar year 1978.

Other steps the Bureau agreed to take involved actions by the headquarters property management staff. The first step was to fill all vacancies in the staff by the end of fiscal year 1979. Five vacancies had been filled at the time of the Inspector General's report, but other positions were still vacant.

The Division of Property and General Services also hoped to increase its frequency of visits to field locations. Field visits to review compliance with regulations had been initiated prior to the Inspector General's report but staff vacancies had limited the frequency of these visits.

PROPERTY CONTROL HAS APPARENTLY IMPROVED

Our review, while not focusing specifically on the problems noted by the Inspector General, indicated that the Bureau has improved its property control. We found that

since 1979 all of the laboratories we visited had completed a physical inventory, and all but one had completed its records adjustments. We also found that laboratories which had past problems with failing to permanently mark all equipment for identification were making a greater effort to do so.

Each of the laboratories we visited had made a complete inventory within the last 2 years, whereas only one had record of a complete physical inventory at the time of the Inspector General's report. A Bureau property official told us that all 11 laboratories had made a complete inventory during the 2-year period. He said this was the first time that all laboratories had been on schedule in their efforts to comply with Federal regulations requiring biennial physical inventories.

Four of the five laboratories we visited had completed the records adjustment from their inventories. Only the Spokane Research Center was still adjusting its records. Some of the delay was due to the center's efforts to set up its own computerized property records. The center plans to use this system to maintain property listings for each of their responsible officers. This system will enable the property clerk to make immediate changes and provide responsible officers with current and accurate property listings. Although we did not analyze this system in any detail, it appears that it could greatly aid the property management function at the center.

It appears that the Bureau has made substantial progress in conducting complete physical inventories and making related property records adjustments as promised in its response to the Inspector General's report. Even though these efforts were not completed by the stated goal of December 31, 1979--indeed, the Spokane Research Center didn't start its physical inventory until July 1981--they represent major improvements in property management.

Another area of improvement involved marking equipment with permanent identification tags. The laboratories appeared to be making an effort to mark all equipment as soon as possible after its receipt, although they lacked formal procedures to prevent any marking delays or omissions. Officials at the Spokane and Twin Cities Research Center said that past officials at these laboratories had failed to permanently mark all equipment for identification. The property clerk at the Twin Cities Research Center said that when he assumed his duties in 1979, he found that one drawer in his desk contained a large number of property tags

that should have been attached to pieces of equipment before they went into service. He said he had no idea where to find most of the equipment involved. Officials at the Spokane and Twin Cities Research Centers said that, occasionally, they still find equipment in use that has never been permanently marked.

FAST DEFICIENCIES RESULTED
IN LCSE OF VALUABLE EQUIPMENT

The results of the low priority given to property control in the past were evident at three of the laboratories we visited. In updating their equipment inventories, as recommended by the Inspector General, each of these laboratories found many items missing.

--In August 1981, shortly after completing its first recorded inventory, the Spokane Research Center listed 280 (28 percent) of the 995 items on its property list as missing. As of March 30, 1982, 80 of these items with a value of \$62,884 had still not been located or accounted for. Many of the missing items were calculators and cameras.

--After its first inventory in July 1979, the Boulder City Engineering Laboratory listed 90 items missing with a total value of \$114,318. After its second and third inventories in July 1980 and November 1981, Boulder City reported 61 items missing valued at \$57,812 and 55 items missing valued at \$36,633, respectively.

--As part of the 1979 report, the Inspector General could not locate 43 items (36 percent) of a total sample of 118 items at the Twin Cities Research Center. The report did not indicate the total cost of these items. The property clerk at Twin Cities said that they have located many of these items since placing greater emphasis on property accountability.

Property officials at all three laboratories said that missing equipment resulted from past failures in marking equipment for identification, or from employees not notifying them when equipment had been moved. Officials at Spokane also noted that some of the 280 items missing after the initial inventory had apparently been taken for personal use. Some of these items have since been returned.

STAFFING PROBLEMS COULD
OFFSET IMPROVEMENTS

While it appears that the Bureau has realized major improvements in property control since 1979, we noted that staffing problems could offset these gains. Most laboratories do not devote sufficient staff to property management. Only two laboratories visited, Albany and Twin Cities, had property personnel whose only major responsibility was oversight of property management. At the other laboratories, the person designated as property clerk also has other administrative responsibilities, to which property management is secondary. For example, the property clerk at Spokane also had 18 other job responsibilities. Although the Spokane Research Center appears to be making substantial progress in improving its property management system, these other responsibilities could, at times, detract from the property management function.

Concerning the other six Bureau laboratories not included in our review, a Bureau property management official told us that only one has a laboratory staff member assigned to property management on a full-time basis. One official noted that laboratory directors do not ordinarily give property management high priority when allocating responsibilities to limited support (non-research) staff. Our review indicated that these staffing problems reflect a lack of thorough management concern and attention toward controlling, safeguarding, and promoting maximum use of research equipment in the Bureau. While Bureau property control has improved since 1979, thorough management attention is still needed as discussed in the following chapters.

CHAPTER 3

REGULATIONS TO PROMOTE EQUIPMENT USE

NOT IMPLEMENTED

Regulations covering equipment management at Federal laboratories require inspection tours to identify idle and unneeded equipment. Regulations also require laboratories to establish equipment pools where appropriate. However, Bureau property management officials have not emphasized these regulations, and laboratories have not implemented them. As a result, laboratories are not identifying opportunities to transfer or loan idle and little-used equipment to other Bureau laboratories and to pool or share such equipment within each laboratory. Failure to realize these opportunities for better use of research equipment may mean that laboratories purchase some equipment unnecessarily.

INSPECTION TOUR REGULATIONS

NOT IMPLEMENTED

41 CFR 101-25.109 of the Federal Property Management Regulations provides, in part, that:

"Inspection tours of Federal laboratories shall be conducted on a scheduled basis, annually, if feasible, but no less than every 2 years, for the purpose of identifying idle and unneeded laboratory and research equipment. Following each tour, a report of findings shall be prepared by the inspection team * * *. Equipment identified by the inspection team as idle or unneeded shall be reassigned as needed within the laboratory, placed in an equipment pool, or declared excess and made available to other agencies * * *."

* * * * *

"Laboratory inspection teams shall be comprised of senior program management, property management, and scientific personnel who are familiar with the plans and programs of the laboratory (ies) and who have a knowledge of laboratory and research equipment utilization."

Bureau property management officials have not called laboratory personnel's attention to 41 CFR 101-25.109. As a result, none of the laboratories had fully implemented the inspection tour regulations.

We did not observe any formal procedures requiring inspection teams to identify and report on idle and little-used research equipment. At most laboratories visited, upper management was not directly involved in assessing equipment utilization levels as required by regulations. At one laboratory where some management involvement occurs, it consists of the director and a staff engineer looking for idle equipment during their quarterly safety inspection. Equipment found, which may be excess to the laboratory's needs, is discussed with the appropriate research supervisor and the property clerk for their necessary corrective action. These inspections are mostly for the purpose of finding safety problems.

Two of the laboratories we visited have full-time property clerks, but these individuals do not assess equipment utilization levels or report on idle equipment. At both laboratories, research personnel report such equipment at their own initiative. Both property clerks say they have no authority to second-guess researcher's opinions on utilization levels or potential for future use of idle equipment.

POOLING REGULATIONS NOT
IMPLEMENTED

41 CFR 101-25.109 also calls for pooling of research equipment at laboratories to increase its level of use. The regulations provide that:

"Equipment pools shall be established in Federal laboratories so that laboratory and research equipment can be shared or allocated on a temporary basis to laboratory activities and individuals whose average use does not warrant the assignment of the equipment on a permanent basis. * * * If it is determined that an equipment pool would not be practical or economical or for any other reason is not needed at a particular laboratory, a written report supporting that determination shall be submitted to the agency head or his designee."

* * * * *

"Where the establishment of a physical pool would be economically unfeasible due to excessive transportation and handling costs, limited personnel resources, or limited space, pooling may be accomplished by means of equipment listings."

None of the laboratories we visited had established formal equipment pools either physically or through equipment listings. None of them had studied and reported on the potential of forming such pools as required under 41 CFR 101-25.109.

We found that some research groups within a laboratory share equipment on an informal basis, but we did not find any laboratory having a formal policy or procedures for doing so. We did not observe any laboratory having a system to identify equipment available for such a purpose. We found that laboratory personnel often did not know what equipment was in storage at their own lab. One official commented, "I still get surprises when I walk through the lab and see what we have stored here." As a result, research personnel will sometimes ask the property clerk to see if their laboratory might have a certain item in storage someplace.

At the Boulder City Engineering Laboratory, the property clerk was planning to establish a fenced and locked equipment compound which he said could serve the same purpose as a pool. He said the compound would allow him to maintain control of scrap, surplus, and idle equipment. During our visit, the construction of the compound had not yet been formally approved, but some construction materials had been purchased.

IDLE EQUIPMENT STORED FOR LONG PERIODS

Our review did not involve formal inspection tours with laboratory officials to determine the extent of idle and little-used equipment at each laboratory. However, our cursory observation of some laboratory storage areas and discussions with property management officials indicated a tendency to store, or even hoard, idle equipment with no future use planned. Property clerks at three laboratories said they see equipment sitting idle for long periods but that researchers do not report it as excess to their needs. Examples of questionable storage we noted included:

- Several Bureau laboratories store equipment in an outdoor area at the Boulder City Engineering Laboratory. Laboratory officials indicated that it is a popular place to store equipment. Its dry climate allows equipment to be stored for several years without rusting. The property clerk told us that much of the equipment sent by other laboratories for storage at Boulder City is never used again.

- An April 16, 1980, internal memo discussing use of storage areas at the Twin Cities Research Center says that "dead storage time on many items here is measured in years." In our brief tour of the facility, the property clerk pointed out equipment which had been sitting idle in a field for more than 10 years, confirming that the memo still applies.
- The property clerk at the Spokane Research Center said that some equipment stored nearby at a Bureau-owned, former missile site had been there, without use, for several years. Property management officials did not keep records of who put equipment there, when they put it there, or why. Several items were not identifiable by current research personnel. Documentation obtained from one researcher's files showed that one group of idle equipment had been shipped to the missile site in 1977.
- At two laboratories, certain research groups were essentially hoarding some equipment and preventing other groups from using it. These groups controlled locked storage areas which they prevented property clerks and other research groups from entering. This practice prevents property clerks and anyone else outside of the research group from checking the accuracy of inventory records or the utilization levels of the equipment.

Property management officials told us that eliminating long-term storage is a difficult task. They said that certain research personnel tend to hang on to all idle equipment in hopes of future use. Once idle equipment is put into storage, it becomes difficult to force a decision on transferring or designating it as excess. A Bureau headquarters procurement official said that the larger laboratories with more storage space store almost everything against possible future use. We also noted that laboratories often "store" idle equipment through questionable, open-ended loans to universities and other non-Federal research groups. This problem is discussed in chapter 4 (see p. 19).

EQUIPMENT MAY BE
PURCHASED UNNECESSARILY

Our review indicated that Bureau laboratories have purchased research equipment while similar items were idle at other laboratories.

- The Twin Cities Research Center loaned an idle multicomponent residual gas analyzer system costing \$28,708 to a university sometime prior to March 1975. Meanwhile, in November 1979 the Albany Research Center purchased a \$6,909 gas analyzer system involving similar types of components. Also, in April 1980 the Reno Research Center purchased a \$7,078 residual gas analyzer, but inventory records give no description of its components. As of February 1982, the Twin Cities gas analyzer system was still at the university.

- In May 1975, the Twin Cities Research Center loaned an idle rock drill to another university. The drill, designated an "Atlas Copco Cobra," was purchased in October 1970 for \$867. In August 1978, while the university was using the drill for mining test work, the Bureau's Denver Research Center purchased a Cobra-type drill from Atlas Copco, Inc., for \$1,845.

- Records at the Reno Research Center show that a spectrophotometer costing over \$8,000 sat idle for 5 years until it was transferred to the Twin Cities Research Center in October 1981. During this time, the Pittsburgh Research Center purchased what could be a similar spectrophotometer costing over \$5,000.

- A zeta meter (a device for measuring electrical potential) was purchased by the Spokane Research Center for \$2,435 in 1966 and was later loaned to a university. The center had no record of when the loan occurred, but the meter was still at the university in August 1981. Meanwhile, two other Bureau laboratories purchased zeta meters from the same manufacturer in July 1976 for \$4,575 and in March 1980 for \$7,080.

- The Albany Research Center had in storage a PH meter in an attic from August 1980 to the time of our visit in December 1981. The center had purchased the meter about 10 years earlier for \$434. From September 1980 to September 1981, two other laboratories purchased a total of four PH meters. The acquisition price of these four PH meters ranged from \$760 to \$1,021.

Since our analysis was based only on equipment item descriptions, which were often limited, we were not able to determine whether any of these instances involved identical items, in terms of brand, model, and year of manufacture. Also, where similar but not identical equipment appeared to be involved, we did not determine whether the idle equipment could have met the needs of the purchasing laboratory had it known the item was available as an alternative. Finally, since our review did not involve formal inspection tours to identify idle equipment, these instances were based only on limited observation and discussion of unused items in some major storage areas, and on documents showing open-ended loans of unneeded equipment to universities and other non-Federal research groups.

Because the above instances were based on limited observation and analysis, we believe that many more could be found. Such instances confirm the possibility that unnecessary equipment purchases may occur because idle equipment suitable for loan or transfer is not being identified and reported throughout the Bureau.

OFFICIALS AGREE
PROCEDURES NEEDED

Agency personnel generally agreed that formal procedures for implementing inspection tour and pooling regulations would be beneficial to the Bureau. Officials indicated that implementing these regulations would not be difficult. Concerning the inspection tours and related equipment reporting requirements, Bureau officials made the following comments.

"I totally agree with the idea of annual walk-throughs to identify underused and idle equipment. The Bureau would benefit from such a practice in that they could declare such equipment excess or loan or transfer it to those who could use it. Doing this could help to eliminate unnecessary purchases at all Bureau labs. I see no problems with it."

"[Inspection tours] could provide a good overview system for property availability throughout the Bureau. The system could generate lists of available equipment which, if properly distributed, could be very useful in assuring that idle equipment is used before new items are bought."

"Equipment is being underutilized * * *. Doing the [inspection tours] would bring more attention to this fact."

Concerning the requirements for establishing equipment pools where appropriate, property officials said that forming such pools, even if only through equipment listings, would be an improvement over the present system. A researcher at one laboratory said that borrowing from a pool is easier and quicker than buying expensive new equipment. Property clerks at the Boulder City, Spokane, and Twin Cities laboratories identified storage areas that could be used as equipment pools. The property clerk at the Albany laboratory said that making a list of poolable equipment would not present any problems.

The inspection tour and reporting requirements of 41 CFR 101-25.109 specify that equipment identified as idle or unneeded be reassigned within the laboratory, placed in a pool, or declared excess and available for transfer. However, these procedures do not provide for temporarily idle equipment which is excess to the needs of the laboratory, but which laboratory officials reasonably believe may be needed in the foreseeable future. Laboratory officials commented that formal procedures for reporting idle equipment available for temporary loan to other Bureau laboratories are a good idea. We agree, and believe that identifying and circulating lists of such equipment could be accomplished as a logical extension of the inspection tours and reporting requirements.

Although laboratory officials generally agreed that formal procedures aimed at better equipment use would be beneficial, some noted that informal procedures have resulted in items being declared excess or scrap and in loans or transfers of equipment between laboratories. Records confirm that since 1979 the increased attention to physical inventories and property controls discussed in chapter 2 has led to more items being declared excess or scrap at some of the laboratories. However, much of the equipment reported as excess and available for other uses has been in bad condition and of little or no value to potential users. At three laboratories where we could obtain adequate excess equipment reports to make an analysis, we found that of 430 pieces of equipment reported during 1980 and 1981, 223 pieces (52 percent) needed repair and/or were in poor condition.

Some loans and transfers of equipment between Bureau laboratories result from informal communications among laboratory directors or among researchers. However, according to a Bureau headquarters procurement official, these practices have not resulted in effective sharing of research equipment among laboratories. A Bureau property management official said that while some agencies strongly emphasize evaluation of whether other units have idle equipment to loan or transfer before buying new equipment, the Bureau has never emphasized such procedures.

We found that relatively few transfers and loans of equipment occur between Bureau laboratories. At four laboratories where we obtained complete file data, we found that they transferred or loaned out a total of only 27 equipment items during calendar year 1981, or only 0.5 percent of the 5,612 equipment items they managed as of September 1981.

CHAPTER 4

OTHER PROBLEMS MAY LIMIT

USE OF EQUIPMENT

In addition to the Bureau's failure to implement regulations cited in chapter 3, we noted three other problems that may prevent the Bureau from achieving maximum use of its research equipment. Laboratories have made questionable, open-ended equipment loans to universities and other non-Federal research groups without regard to the needs of other Bureau laboratories and Federal agencies. Adequate storage conditions are not always provided and idle research equipment is subject to loss or deterioration. Condition codes for some excess equipment reported by laboratories appear questionable and may result in potentially useable equipment bypassing the Federal sector. These problems may result in reduced availability or premature loss of research equipment.

QUESTIONABLE EQUIPMENT LOANS

We found that Bureau laboratories loan research equipment to universities and other non-Federal research groups on an open-ended or long-term basis for uses not connected with grant or contract work. We did not observe a consistent policy within the Bureau for such loans, their length, or who should obtain such loans. As a result, universities and other entities which may not have had grant or contract work with the Bureau received free use of research equipment without regard to the needs of other Bureau laboratories and other Federal agencies.

All laboratories visited had equipment on loan to non-Federal entities for uses not connected with grant or contract work. The following are some examples:

- The Albany Research Center loaned low-temperature experimental equipment valued at over \$14,000 to a graduate studies center for a year beginning in 1975. They later loaned this same equipment to a metallurgical firm in October 1980 where it was still being used at the time of our visit in December 1981. The latter loan has been approved through October 1982. Officials said that the apparatus had been used at the center prior to 1975, but that the type of research involved would probably never be resumed. They said the equipment should be declared excess and made available to other Federal users.

- During our visit, the Albany Research Center was loaning a metallograph valued at \$7,573 to a community college. Officials said they have no future use for this equipment, and it should be declared excess.
- The Reno Research Center loaned a vacuum chamber costing \$6,800 and a catalytic reaction system costing about \$13,900 to a university in February 1981. Loan files contained no documents specifying termination or extension dates and, as of January 1982, the equipment was still on loan.
- In 1975, the Twin Cities Research Center loaned two ultrahigh vacuum systems costing over \$44,000 in total to a university with no specified termination date. As of February 1982, this equipment was still at the university.
- In 1977, the Twin Cities Research Center made another open-ended loan to the same university involving various types of equipment with a total cost of over \$32,000. Correspondence shows that this loan, which was still in effect during our visit in February 1982, was made for "education purposes."
- The Spokane Research Center loaned a seismograph station costing \$10,393 to a university in June 1980. As of February 1982, this item was still on loan.
- Between the years 1975 and 1981, the Spokane Research Center loaned several items, costing more than \$31,000, to a university. The loan files contained documents for only two of these loans. An official at Spokane said that many loans to this university were not recorded before 1981.

The laboratories we visited made such equipment loans without regard to the needs of other Bureau laboratories. We found that none of the laboratories notify other Bureau laboratories of the equipments' availability prior to making such loans. One official said, "If another lab needs a piece of equipment, they are responsible for calling to see if we have it and whether or not we can loan it to them."

At several laboratories, loans were not consistently or accurately recorded in property management files. For example, at the time of our visit in August 1981, the Spokane Research Center's property records showed that a total of 27 items valued at \$61,866 were located at six universities. However,

the laboratory's loan files on that date contained loan receipts for only 8 items worth \$20,014 at four universities. During our second visit in February 1982, we noted that they had started to update the loan files. At several laboratories, we found documents without dates or proper signatures, and at three laboratories we found cases where proper forms were not used to record the loans.

We found that the only agencywide loan policy the Bureau has established is that temporary loans shall be recorded on a receipt for property. We found no Bureau policy or procedures covering such loans which would indicate when they are appropriate, the maximum period of the loan, or who should authorize and monitor them.

In the absence of any Bureau-wide guidelines, loan policies and procedures vary greatly among laboratories. For example, we found that policies may vary from the Research Director authorizing and maintaining control over loans to having them arranged and monitored by research personnel.

Several agency personnel agreed that the Bureau should not make long-term or open-ended loans to universities and other non-Federal research groups that are not necessary for specific grant or contract work. Officials said that equipment loaned on a long-term basis is usually no longer needed by the laboratory and should be declared excess. An official at the Albany Research Center said that equipment involved in such loans is usually in good condition and would be more likely to be picked up by another Bureau laboratory or Federal agency than other items on an excess list. Although several laboratories still had indefinite loans on record, officials at these laboratories said that such loans should no longer occur.

INADEQUATE STORAGE CONDITIONS

Interior Property Management Regulations in 41 CFR 114-60.4 state in part that:

"* * * maximum protection of property against all causes of deterioration or destruction must be considered in selecting proper storage locations."

* * * * *

"Storage yards for items not requiring covered protection shall be protected by locked fenced enclosures to the extent necessary to protect the Government's interest. * * * Entrance to such areas should be restricted to authorized personnel only."

We found that Bureau laboratories are not always meeting these conditions. We observed all five laboratories storing equipment outside, exposed to the weather. The Boulder City, Twin Cities, and Spokane laboratories all had major outdoor storage areas. While the Albany and Reno Research Centers were storing only a few items outside, past property listings indicated that other equipment had been stored outside also.

Exposure to weather has deteriorated and eventually destroyed equipment at the Spokane and Twin Cities Research Centers. During our visit to the Twin Cities Research Center, we observed several items in a field that were buried in snow. Many of these items appeared to be badly rusted. Reports of survey at this laboratory provide several examples of equipment lost due to poor storage conditions. Documentation at Spokane also shows, and an official confirmed, that equipment has deteriorated because of being exposed to the weather.

Officials at Albany said that storing equipment outside is not a good idea and has caused deterioration in some of their equipment.

We noted that equipment storage areas at several laboratories were often uncontrolled or unfenced. This gives all persons at the laboratories free access to the equipment in these areas. Under such conditions, we were told that research personnel take equipment they want without notifying property personnel. At other times, people will cannibalize equipment for parts they need.

The Spokane and Twin Cities Research Centers at one time had storage areas in which equipment was piled randomly. The property clerk at Twin Cities said that the problem was so bad that someone would occasionally take a forklift into one such area and push the pile back to make more room. At both laboratories, examining some equipment was difficult without climbing over the pile.

These problems result in equipment that can no longer be used by anyone at the laboratory. Research personnel may find that the equipment they need cannot be found, is incomplete because it was cannibalized, or cannot be used because it has deteriorated. Several property clerks said that they spend a lot of time looking for equipment that someone has moved without notifying them.

It appears that these problems exist largely for two reasons. First, some research personnel tend to store all equipment they are not currently using regardless of its potential for future use, and thereby help create a shortage of adequate storage space. Second, the Bureau does not

emphasize strict access controls to storage areas. Some laboratories are starting to change their policies on equipment storage, but several laboratories still have uncontrolled storage areas.

Agency personnel agree that equipment should be protected from the weather to prevent deterioration, and that storage areas should be controlled by property personnel to prevent cannibalizing or unauthorized removal of equipment. Property clerks said that equipment scrapped due to deterioration in storage would generally still be useable if it had been properly protected. However, property clerks said they have little authority to enforce proper equipment management practices. Such direction must come from laboratory management.

QUESTIONABLE CONDITION CODES

Federal Property Management Regulations in 41 CFR 101-43.48 provide definitions of condition codes to be used in declaring excess equipment. These regulations also provide a table listing various types of research equipment and the minimum condition codes they must have to be "reportable" to the General Services Administration (GSA). Listings of reportable excess property are circulated to other Bureau laboratories and Federal agencies to give them a chance to obtain the equipment before GSA makes it available outside the Federal sector. Lower condition, "nonreportable" items bypass the Federal sector and are offered for sale to the general public. Equipment of the lowest condition--"scrap"--is not offered to other users at all, but it is disposed of by the laboratory.

Our review of excess property listings shows that many items are given a low condition code and thus classified as nonreportable. For example, at the time of our visit, the latest excess property list from Twin Cities Research Center carried 20 items, 16 (80 percent) of which were nonreportable. Meanwhile, the Albany Research Center declared a total of 88 items excess during 1981, 63 (72 percent) of which were nonreportable.

At some laboratories, an even larger number of items are disposed of as scrap. For example, documents of the Spokane Research Center show that officials scrapped 140 equipment items in 1981 and declared four items to be excess. The Boulder City Engineering laboratory also scrapped more equipment items than it declared excess.

The large number of nonreportable and scrap items means that most of the equipment items no longer needed by laboratories are not made available to other users in the Bureau or in other Federal agencies. If condition codes are accurately assessed, then these items are of low value and,

properly, should bypass the Federal sector. However, our review indicated that the accuracy of the condition codes assigned may be in doubt.

The basis for giving some equipment a nonreportable or scrap condition code appears to be questionable. We found that property clerks do not always obtain adequate information on equipment condition and cost of repair from the proper technical personnel before assigning condition codes.

--At one laboratory, the property clerk sometimes gave equipment a low rating to "protect the agency." He said that equipment often looks worn-out but it is hard for him to tell its true condition. He gives it a low rating to prevent the agency from being accused of exaggerating an item's utility.

--At another laboratory, the property clerk did not always obtain adequate information and classified some equipment as scrap based only on its appearance. Sometimes this amounted to the property clerk made what amounted to a guess at the cost of repair.

--At one laboratory visited, research personnel asked the property clerk to reclaim items previously classified as scrap for further use, thus indicating that the items had been erroneously classified.

We also found that property officials at some laboratories were not using GSA's current condition codes or were not familiar with the code definitions. This could make a significant difference in condition codes assigned to equipment since definitions of some of the newer codes are different, and require quantitative judgments (i.e., repair cost as a percentage of original acquisition cost) not needed in the past.

In some cases, agency personnel have incentive to place low condition codes on equipment. Officials said that the time required for a reportable item to be disposed of through the excess equipment process can take from 1 to 3 years. During this time, the laboratory must continue to store the equipment which ties up storage space. An official at Bureau headquarters confirmed that this problem tends to make people want to give equipment a nonreportable condition code or scrap it to get rid of it faster. Officials at three of the laboratories indicated that they have insufficient storage space for such equipment.

CHAPTER 5

CONCLUSIONS, RECOMMENDATIONS AND

AGENCY COMMENTS

CONCLUSIONS

Assuring proper control, adequate safeguarding, and maximum use of research equipment is important to the overall economy and effectiveness of the Bureau of Mines' research programs. Sound property management may prove vital to the Bureau as its budget declines, threatening its ability to purchase new equipment. Yet, despite making some improvements in property control since 1979, the Bureau has not made the needed commitment to property management at its research laboratories. As a result, laboratory directors have not given it proper attention and the property management problems discussed in preceding chapters have been perpetuated.

The importance of property control--thorough attention to marking equipment, making complete physical inventories, adjusting records in a timely manner, and complying with other property control regulations--is demonstrated by the loss of expensive equipment which occurred at some of the Bureau's research laboratories. Also, even if equipment is not permanently lost, lax property control encourages its temporary appropriation for personal use as we observed at one laboratory. The Bureau has made some property control improvements since 1979 which, if continued, could significantly reduce such problems. However, it appears that at some laboratories staff assigned property management responsibilities may not have sufficient time to assure that property control gains are maintained. Laboratory directors should assure that an accountable staff person with adequate time for thorough property management is designated at each laboratory.

Ability to control and safeguard some research equipment is lost when laboratories make long-term or open-ended equipment loans to universities and other non-Federal entities. Also lost is the opportunity to maximize use of such equipment. In the absence of any Bureau-wide policies and procedures covering such loans, practices have varied greatly among laboratories concerning when such loans are appropriate, who should authorize and monitor them, and how they should be documented. Some loans have not been adequately documented or not documented at all. The Bureau should assure that laboratories cease making long-term equipment loans for uses not authorized under a specific Bureau grant or contract. Laboratories should also regain physical control of all equipment loaned for non-grant or non-contract purposes in the past, and, where appropriate, report it as excess to their

needs. Finally, the Bureau should determine whether there are any appropriate circumstances for making short-term, non-grant/contract loans outside the Federal sector when research equipment is temporarily idle. If so, the Bureau should establish formal policies and procedures for first determining whether other Bureau units could use the equipment, and for making and documenting such loans.

Controlling and safeguarding some equipment at Bureau laboratories has been a problem because of inadequate storage conditions. Lack of controlled access to some storage areas and lengthy storage of some equipment outdoors have led to lost equipment, cannibalized equipment that cannot be used because it is incomplete, and equipment that has deteriorated or been destroyed by the elements. The Bureau should assure that laboratories take necessary measures to properly control and safeguard all equipment while it is awaiting further use within the laboratory or transfer to other users.

Efforts to achieve maximum use of Bureau research equipment have been limited. The Bureau has not directed laboratories to implement the inspection tour and pooling regulations of 41 CFR 101-25.109, which are aimed at greater use of Federal research equipment. None of the five laboratories we visited have formal inspection procedures which assure top management evaluation of equipment use levels, reports of inspection results, and proper disposition of idle and unneeded equipment identified. Informal procedures offer little to counteract some researchers' tendency to store equipment for long periods with no future use planned. Also, such procedures have not prevented research groups at some laboratories from essentially hoarding equipment and barring evaluation of equipment availability and use by property clerks or anyone else outside the group.

We found that failure to identify and make idle equipment available to other users may have resulted in unnecessary purchases of new equipment by Bureau laboratories. Properly implemented, the inspection tour regulations would reduce the chances of laboratories purchasing equipment when suitable items are idle and could be transferred by other laboratories. Bureau laboratories should be required to implement the inspection tour requirements of 41 CFR 101-25.109, and the Department's Office of Inspector General should provide the periodic independent review of laboratories' compliance required under the regulations. Also, since 41 CFR 101-25.109 does not address temporarily idle equipment available for inter-laboratory loan but not permanent transfer, the Bureau should develop formal procedures for circulating lists of such equipment agencywide.

None of the laboratories we visited have formally pooled any of their equipment, either physically or through equipment listings, and none have studied and reported on the potential for such pools as required by 41 CFR 101-25.109. Where appropriate, such pools could help assure maximum use of certain types of equipment commonly used at Bureau laboratories. Bureau laboratories should implement the pooling regulations in order to identify and realize such opportunities.

A final problem which could affect the use of Bureau research equipment is the questionable basis for classifying the condition of unneeded items reported by some laboratories. Property clerks do not always obtain necessary technical input on equipment condition and cost of repair before assigning condition codes. Also, some property management personnel were not using current condition codes or were not familiar with code definitions. Additionally, agency personnel have incentive to give unneeded equipment low condition codes in order to get rid of it sooner. These factors could lead to equipment being classified so low that it bypasses potential users in the Bureau and other Federal agencies. The Bureau should assure that property management personnel use updated condition codes and obtain adequate technical input and data to make proper classification decisions.

Correcting the various property management problems noted in our review will require a high-level commitment to sound property management within the Bureau. This commitment must be conveyed to and implemented through laboratory directors in managing their facilities.

RECOMMENDATIONS

We recommend that you direct the Bureau to provide the needed management attention aimed at proper control, adequate safeguarding, and maximum use of equipment in managing Bureau programs. Second, in order to help implement this objective, we recommend that you require the Bureau to assure that

- an accountable staff person(s) with adequate time for thorough attention to property management is designated at each Bureau laboratory;
- laboratories cease making long-term equipment loans to non-Federal entities for uses which are not authorized under a Bureau grant or contract;

- laboratories regain physical control of all equipment loaned for non-grant or non-contract uses, determine their need for such equipment, and where appropriate, report it as excess to their needs;
- Bureau property management officials establish formal policies and procedures for justifying and documenting short-term loans of temporarily idle equipment to non-Federal entities.
- laboratories take necessary steps to protect idle equipment from unauthorized removal or cannibalization and from deterioration due to weather while being stored;
- Bureau property management officials (1) establish formal procedures to implement 41 CFR 101-25.109, requiring inspection tours and establishment of equipment pools where appropriate, and (2) establish formal Bureau procedures, in conjunction with implementation of 41 CFR 101-25.109, for circulating Bureau-wide lists of under-used and idle equipment available for loan or transfer;
- laboratory property management personnel have updated criteria for classifying the condition of unneeded equipment reported to the General Services Administration, and obtain adequate technical input and cost data to make proper classification decisions.

Finally, we recommend that Interior's Inspector General conduct periodic independent reviews of laboratories' compliance with the inspection tour provisions of 41 CFR 101-25.109.

AGENCY COMMENTS

Interior officials indicated that they were in general agreement with our findings. Further, they indicated that the Bureau is now developing formal procedures that should accommodate most of the concern addressed in our recommendations. (See app. I.) In a separate letter the Office of Inspector General recognized personal property management as a vulnerable area and agreed with our recommendation for periodic followup reviews. A bureau-wide, personal property management audit will be initiated in the Bureau of Mines by the Office of the Inspector General in the very near future. (See app. II.)



United States Department of the Interior

OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20240

JUL 20 1982

Mr. John W. Sprague
Associate Director, Energy
and Minerals Division
General Accounting Office
Washington, D.C. 20548

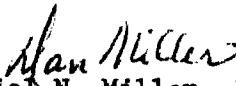
Dear Mr. Sprague:

Thank you for sending for comment the draft proposed report "Research Equipment in the Bureau of Mines: Commitment to Sound Management Needed."

The findings noted in the report have been reviewed by the Bureau of Mines. In general, most were found to be reasonably accurate. A 1979 review by the Office of the Inspector General found similar problems in many of the areas covered in this report. At that time steps were taken to improve the situation. Much progress has already been made.

The Bureau of Mines is now developing formal procedures that should accommodate most of the concerns addressed in the recommendations. These procedures should be in place by the time the final report is distributed for comment. No comments are offered regarding the recommendation for action by the Inspector General.

Sincerely,


Daniel N. Miller, Jr.
Assistant Secretary
for Energy and Minerals



United States Department of the Interior

OFFICE OF INSPECTOR GENERAL
WASHINGTON, D.C. 20240

Mr. John W. Sprague
Associate Director, Energy
and Minerals Division
General Accounting Office
Washington, D.C. 20548

APR 20 1982

Dear Mr. Sprague:

We have reviewed the draft report, "Research Equipment in the Bureau of Mines: Commitment to Sound Management Needed." The report recommends that the Office of Inspector General (OIG) conduct periodic reviews of Bureau of Mines (BOM) research laboratories' compliance with inspection tour provisions.

The Office of Inspector General realizes that property is an extremely vulnerable area and, in conjunction with the Office of Acquisition and Property Management, requested all Departmental property managers to evaluate the existing controls over property. Where control weaknesses were disclosed, managers were requested to prepare action plans to correct the problem areas. A copy of the report covering the Bureau of Mines is enclosed.

We continually schedule property audits in all of Interior's bureaus and offices, considering available resources and other priorities. Our Central Region plans to begin a bureau-wide audit of personal property management in the Bureau of Mines starting next month. Your concerns will be forwarded to the Region for a followup review.

We appreciate the opportunity to comment on your report. If you have questions or need additional information you may contact me or Robert W. Beuley at (202) 343-4252.

Sincerely,

Richard W. Beuley
Richard Mulberry
Inspector General

Enclosure

cc: Office of Budget, Waite Waller

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