

Turning first to this March 1963 report, sir, you suggest that a significant saving can result from purchase rather than lease of ADP equipment needed by Federal agencies; is that correct?

Mr. CAMPBELL. Yes, sir.

POOR UTILIZATION PRACTICES OF FEDERAL AGENCIES

Mr. BROOKS. In this and other reports you pointed out that other poor ADP utilization practices exist; is that right?

Mr. CAMPBELL. Yes, sir.

Mr. BROOKS. Have you found that some agencies made overpayments under lease agreements?

Mr. CAMPBELL. Yes.

Mr. BROOKS. I am referring to your June report.

Mr. CAMPBELL. Yes, our spot reviews have indicated that, in some of the civil and defense using agencies, there had been overcharges. I think the amount was about \$125,000. I think that amount has been recovered.

Also in June 1962, the Department of Defense overcharge reported was about \$207,000, but these are very isolated instances and are no indication of what the total overcharges might have been.

Mr. BROOKS. But does it indicate at least \$375,000 was picked up just as a result of an incidental examination and report?

Mr. CAMPBELL. Yes, sir.

Mr. BROOKS. Have agencies on occasion failed to take advantage of discount sales prices available to them?

Mr. CAMPBELL. In some instances that happened. Offers to sell equipment at discount prices—on numerous occasions agencies such as FAA and Atomic Energy Commission have not taken advantage of these opportunities to obtain discounts, even though the purchase price was highly favorable as compared to annual rentals being paid on such equipment at that time.

Mr. BROOKS. Have agencies on occasion failed to take advantage of purchase provisions in the lease contracts when equipment involved would have had some continuing value to the Federal Government?

Mr. CAMPBELL. I would like Mr. Mahoney to answer that.

Mr. MAHONEY. Yes, Mr. Chairman. In these cases, as pointed out in our report, the idea is that the equipment is generally useful for many tasks, and it is general-purpose type equipment we are talking about. This means that in the final analysis, when one agency no longer has the need, we have in the Federal Government a successively lower level of need. If you should establish this organization in GSA, they could even use some of this equipment to help manage the program you are proposing to establish. This equipment can be used for long periods of time, no question about it.

Mr. BROOKS. I place in the record at this point a list of General Accounting Office reports on ADP equipment issued to the Congress.