

that the procurement policies that had been followed in evaluating offers for the communications system be revised. Our proposal was considered in a study made for and approved by the Cabinet Committee on Balance of Payments.

In commenting on our report, the Cabinet Committee advised us that it recognized the need to consider the United States and foreign source elements included in domestic source and foreign source bids, so as to avoid premium prices that result in little or no advantage to the United States balance of payments. The Committee advised us that the Department of Defense had adopted a modified procedure which would help to ensure that the higher price paid for a domestic product is compensated for by an acceptable amount of balance-of-payments advantage. The Committee pointed out, however, that it is generally not possible to identify the value of the foreign component and that the magnitude of procurement may not justify the administrative burden involved; thus this procedure has limited application.

The Cabinet Committee has advised us also of its conclusion that the total overall volume of procurement through barter of surplus commodities is at an appropriate level and that any increase in the volume of barter procurement, as suggested in our report, probably would result in the disposal of agricultural surpluses at the expense of normal commercial sales. The Committee commented that there is no practical way to determine specifically, on a percentage basis, the extent to which a particular barter transaction might displace commercial sales.

In commenting on our findings, the Cabinet Committee advised us that it did not plan to recommend changes in current procurement policies of the executive branch. In view of this position, we are not making any recommendation to the executive branch. We are issuing this report to the Congress in the event that it may wish to inquire further into the basis of the judgmental decisions made by the executive branch and their consistency with congressional purpose.

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REVIEW OF CONTROLS OVER UTILIZATION AND PROCUREMENT OF PHOTOGRAPHIC EQUIPMENT AT THE SANDIA LABORATORY, ALBUQUERQUE, N. MEX., ATOMIC ENERGY COMMISSION

We found that, because of inadequate management controls over the procurement, utilization, and retention of cameras at the Sandia Laboratory, certain organizational units had retained cameras, costing about \$274,000, which were excess to their needs and that certain organizational units had purchased new cameras costing about \$62,000 although it appeared that the requirements could have been fulfilled by reassigning the cameras on hand. We found also that Sandia generally did not realize the benefits that might have been obtained through competitive procurement because cameras had been requisitioned and procured by brand name and model without adequate consideration as to whether other brands or models would meet the requirements.

The laboratory is operated by the Sandia Corporation under a cost-type contract with the Atomic Energy Commission.