

However, the Center was instructed by Headquarters, Defense Supply Agency, to comply with the request of the customer and not issue substitute items without prior concurrence of the requisitioning services. Consequently, action was taken to dispose of 521,700 excess Army beds valued at \$9.9 million. Meanwhile, 165,000 preferred beds and related bedding were procured at a cost of \$8 million.

Following our inquiries into this matter, 271,500 of the excess Army beds were withdrawn from disposal. These beds were subsequently requisitioned by the military services, including the Air Force and Navy, for use in southeast Asia and supporting areas, at a savings of about \$10.6 million. In our opinion, additional procurement savings of \$9.4 million could have been realized if the 250,200 beds previously disposed of had been used to fill Air Force and Navy requirements.

A similar matter was previously reported to the Congress on April 27, 1965, concerning the refusal of the military services to use excess 4,000-pound warehouse platform trailers to avoid procurement of similar equipment. The Deputy Assistant Secretary of Defense (Materiel Requirements) commented on our report by stating that significant disagreements between the services and the Defense Supply Agency should be referred to the Office of the Secretary of Defense. However, he did not agree with our proposal that the services be required to justify their refusals of substitutes in writing.

The Air Force and the Navy reasons for nonacceptance of the excess Army beds were not clearly documented and evidently were based on other than technical considerations, while the decision by Defense Supply Agency to acquiesce to the services' desires was based to a substantial degree on its desire to maintain good customer relationships. In view of the significant amount of potential savings, we believe that, had this matter been referred to the Secretary of Defense, a different decision might have been reached.

The Department of Defense expressed general concurrence with our findings. The Department further concurred in principle with our proposals that refusals by the military services to accept substitute non-tactical-type items be supported by written justifications in instances where significant potential savings can be realized and that acquiescence by the Defense Supply Agency to such refusals be documented showing the basis for such decisions.

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OPPORTUNITY TO REDUCE COSTS OF PROVIDING PROTECTION FROM
HEAT AND COLD ON SHIPMENTS OF CERTAIN PERISHABLE COM-
MODITIES, COMMODITY CREDIT CORPORATION, DEPARTMENT OF
AGRICULTURE

Our review disclosed that costs could be reduced by, and savings to the Government would result from the Corporation's eliminating excessive protection on shipments of butter and cheese without risking spoilage or deterioration of these commodities. We examined into past shipments made by the Corporation of butter and cheese and compared the protective services furnished with those which commercial firms would have furnished such shipments. On the basis of information developed in our review, we estimate that the