of contractors at Vandenberg Air Force Base and (2) which the Department of Defense plans to take to modify regulations and policies in the Departments of the Army, Navy, and Air Force with respect to the interpretation of 5. U.S.C. 78.

Because of problems that arose from having many contractors making independent arrangements for their own intrabase transportation, beginning in August 1962 the Air Force Systems Command—through its Ballistic Systems Division and Space Systems Division—awarded contracts to firms for leasing vehicles for the use of contractors in performing Government contracts at Vandenberg Air Force Base. We estimate that savings of about $800,000 could have been realized over the 3-year period of the current contracts if the Government had purchased the vehicles and furnished them to the contractors for their use on the base.

It has been the opinion of the Department of Defense that it is the intent of the Congress to control the purchase of passenger vehicles by the Department of Defense, regardless of whether the vehicles are to be used by Government or contractor personnel, and that 5 U.S.C. 78 precludes acquisition by the Department of Defense of vehicles other than those specifically authorized by the Congress in the annual Department of Defense Appropriation Acts. In our view, the restrictions on procurement of vehicles included in 5 U.S.C. 78 pertain only to vehicles to be procured for use by Government agencies and departments. We believe, for example, as stated in our report dated October 2, 1964 (B–146876), that funds appropriated for procurement of missiles can be used to purchase vehicles needed by contractors in the performance of contracts financed with such funds and that it is not necessary for the Air Force to obtain congressional approval to purchase vehicles for use of contractors to perform work under Government contracts.

In commenting on our report, the Deputy Assistant Secretary of Defense (Logistics Services) advised us that the Air Force in March 1965 initiated a program to replace with Government-owned vehicles, to the maximum feasible extent, the vehicles then leased for contractor use at Vandenberg Air Force Base. The Deputy Assistant Secretary stated that 101 of the 425 vehicles discussed in our report were programmed for replacement in 1966 and that the Air Force was attempting to program procurement of the remaining 324 vehicles so that they would be on hand when the leasing contract for vehicles for Vandenberg expired in February 1967.

With respect to 5 U.S.C. 78, the Deputy Assistant Secretary indicated that, although he still felt that this legislation was intended to impose rigid congressional control over the acquisition of passenger vehicles for use of both agency and contractor personnel, he recognized that potential savings might be realized in certain circumstances by procuring rather than leasing such vehicles and he was accepting our interpretation that the statute applied only to vehicles acquired for use by agency personnel. He stated that a memorandum to the Assistant Secretaries of the Army, Navy, and Air Force for Installations and Logistics was being issued, requesting that applicable regulations and policies be modified as soon as possible to include the revised policy. We believe that this revised policy should make it possible to realize savings in transportation costs at other military installations where substantial numbers of passenger vehicles and trucks may be leased for extended periods for use by Government contractors.