

by the Air Force Logistics Command. Consequently, available substitute engines were still not being utilized to the maximum extent possible in order to release engines needed by other commands. When we brought this to the attention of Air Training Command officials, 37 engines valued at about \$3,100,000 were released by the Air Training Command for use by other commands.

In commenting on our report in a letter dated July 6, 1966, the Air Force stated that some shortcomings had existed in the program and that our follow-up review had generated a revitalization of its procedures so that effective management could be achieved. In addition, the Air Force stated that the Air Force Inspector General would include in his inspections the matter of control and utilization of aircraft engines by the technical training centers to ensure that effective management procedures would be followed.

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PROCUREMENT OF THRUST VECTOR CONTROL NOZZLES FOR THE  
MINUTEMAN MISSILE PROGRAM, DEPARTMENT OF THE AIR FORCE

The General Accounting Office reviewed the procurement of thrust vector control nozzles used in the production of first-stage motors of the MINUTEMAN intercontinental ballistic missile by the Department of the Air Force.

In our review of selected components procured by prime contractors for the weapon system, we found that, in establishing a firm price for thrust vector control nozzles purchased by Thiokol Chemical Corporation for use in producing first-stage MINUTEMAN missile motors under negotiated purchased order P62-08432, Arde-Portland, Inc., (1) had not advised the contractor that it had received lower price quotations from, and had placed orders at lower prices with, suppliers of certain components and (2) had used direct labor cost data which, in our opinion, were unrealistic. In our opinion the costs incurred for the purchased components were about \$592,800 less than the amount that had been estimated in negotiating the purchase order price due to reductions in price that had been obtained by Arde-Portland prior to definitizing the purchase order but which it had not made known to Thiokol. Also, the lack of realistic cost data for production labor had resulted in the costs' having been overestimated by an indeterminable amount.

Thiokol, by requests included in several teletypes sent to Arde-Portland during September and October 1962, attempted to determine the new prices that Arde-Portland had obtained from its suppliers for the components it proposed to purchase. Arde-Portland's response to the effect that it had incurred increases of substance in these costs was apparently interpreted by Thiokol to mean that Arde-Portland's costs for obtaining the components had increased relative to the estimated costs considered in the initial price negotiations held in August 1962. In actuality, however, Arde-Portland's reply was not responsive, for, as a result of its negotiations with its suppliers during the period September 7 to October 15, 1962, Arde-Portland had negotiated subcontracts with its suppliers for virtually all of its requirements and had been quoted prices for the small remaining balance of its require-