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PROCUREMENT OF PRINTING OF TECHNICAL MANUALS FROM EQUIPMENT CONTRACTORS, DEPARTMENT OF DEFENSE

We made a review of the opportunity for savings by the Department of Defense in the procurement of the printing of technical manuals from equipment contractors. We conducted this review in cooperation with the Joint Committee on Printing, Congress of the United States, which, as part of its overall study of the Federal printing program, had requested us to review the practices followed by the military departments in the procurement of printing. On the basis of our review, we believe that, in most cases, the military departments can achieve significant savings by procuring the printing of technical manuals from commercial printers under formally advertised contracts awarded by the Government Printing Office in lieu of procuring such printing from the manufacturers of equipment.

The Joint Committee on Printing, as part of its authority under title 44 of the United States Code, promulgates and publishes the Government printing and binding regulations. The regulations state that, when printing is authorized as part of an equipment contract, the cost thereof must be identified in the contract and a record of the cost thereof must be maintained for review.

Our examination covering the fiscal year ended June 30, 1964, disclosed that (1) information on the total expenditures for printing technical manuals procured from equipment contractors was not maintained by the military departments and (2) costs for printing technical manuals generally were not identified in the individual equipment contracts. Therefore, we made a review of Government expenditures for the printing of technical manuals at selected contractor locations. Our detailed examination of the contractors' records disclosed that the cost to the Government for printing technical manuals furnished to the military departments under equipment contracts held by these contractors amounted to approximately \$2.2 million in fiscal year 1964. Also, we obtained from the Government Printing Office estimates of the prices that could have been obtained for printing certain manuals furnished by these contractors if the printing had been procured from commercial printing sources under contracts awarded by the Office. On the basis of data obtained from the contractors and the Government Printing Office, we estimate that the military departments could have saved about \$770,000, or 35 percent of the \$2.2 million.

On the basis of our limited test, we estimated that, during fiscal year 1964, the military departments spent between \$25 million and \$30 million for printing manuals procured through equipment contractors and that the military departments could save about 35 percent of such costs annually.

For fiscal year 1964, this savings could have amounted to about \$8 million. In our opinion, adequate cost information would have furnished a sound basis on which the military departments could have determined the most economical method of procurement and thereby realized significant savings.

In reply to our draft report on this matter, the Department of Defense concurred with our findings that information on the total