

In a letter to us dated May 10, 1966, the Administrator of the Federal Aviation Agency stated that he agreed with our findings and our proposals for corrective action. He informed us that the Agency had issued, during the past 2 years, three directives designed to provide stopgap corrective action until such time as more comprehensive system improvements could be implemented. The Administrator informed us also that, on November 2, 1965, the Agency issued the more comprehensive system improvements for the management of project material, which would be fully implemented in the Agency by December 31, 1966, and would provide for the constant comparison of requirements and assets, the reassignment of assets to meet changing requirements, and the early identification and prompt disposal of excesses to ensure their availability to other Government agencies.

The Administrator added that (1) an Agency directive would be issued to give formal status to informal instructions now in existence which provide for miscellaneous construction supplies to be procured on a more realistic basis, (2) every effort was being made to buy equipment nearer to the actual need date, and (3) Agency internal audit follow-up and future management reviews would determine the effectiveness of all the corrective actions taken.

We believe that the comprehensive system improvements, when they are fully in effect, should significantly enhance the coordination between the purchase and ultimate use of equipment. In the interim, however, we believe that, for effective management of project material now on hand, definitive criteria are needed as to when material reserved for a future project may be considered available for current use on another project with an earlier start date, and we are recommending that such criteria be included as an amendment to the Agency's November 1965 directive.

---

[Index No. 79—B-146700, Nov. 29, 1966]

#### SAVINGS ATTAINABLE IN THE USE AND PRICING OF CERTAIN NON-PERISHABLE FOODS, DEPARTMENT OF DEFENSE

The General Accounting Office has made a review of certain aspects of the use and pricing of specification nonperishable foods within the Department of Defense.

We believe that significant savings will be realized by the military services in the future through maximizing the use of food items packaged in large-size containers. We believe also that significant savings will be achieved by the services, in connection with the sale of food items to military commissary stores, as a result of establishing prices for food items on the basis of their actual cost in each size of container rather than on the basis of the average cost in all container sizes. In this connection, our review indicated that, during fiscal year 1964, annual savings of as much as \$2 million could have been realized had maximum use been made of foods packaged in large-size containers and had food items sold to commissary stores been priced at actual cost.

At the time of our review, policies and procedures had not been established to determine and/or encourage the use by military services of the most appropriate size or type of container of food. In