

individual items or equipment such as ejection seats, radar systems, and communications equipment that are not included in the present system. In this regard, the system should provide for (1) the identification of alternate items of equipment and related costs for consideration by appropriate levels of management and (2) the continuous review and surveillance of procurements, particularly those made on a sole-source basis, in an effort to establish when cost savings may be realized on alternate sources of supply.

[Index No. 88—B-158469, Jan. 23, 1967]

REVIEW OF METHODS USED TO PROVIDE TELEPHONE SERVICE TO
MILITARY FAMILY HOUSING OCCUPANTS, DEPARTMENT OF DEFENSE

The General Accounting Office has made a review of the methods used to provide telephone service to military family housing occupants with a view to determining the reasons why different policies and procedures exist within the three military departments. We also examined into the economy of the methods of providing telephone service.

Congressional policy, as expressed in the United States Code (10 U.S.C. 2481), has not permitted the military departments to sell certain utility services unless it has been determined that the needed services were not available from another local source. Notwithstanding this policy, we found that the Departments of the Army, Navy and Air Force sold telephone service to a substantial number of the military family housing occupants although commercial service was available. We believe that this situation results in large part because the military departments differ in their interpretation of the law and because the Department of Defense has not provided definitive guidance to the military departments to ensure uniform interpretation and compliance with the law.

In a letter dated July 20, 1966, commenting on our findings, the Deputy Assistant Secretary of Defense (Logistics Services) stated that the Army, Navy, and Air Force had not been in accord in their interpretation of the law and that Government-operated telephone systems would be utilized only where commercial service was otherwise unavailable and when it was determined that it was "in the interest of national defense or in the public interest" to provide such service. He stated also that our proposal regarding the uniform application of the statute by all the military departments was accepted by the Department of Defense and would be implemented.

Under the procedures that the Department of Defense plans to follow, there is a potential for savings through the elimination of telephone lines, leased at Government expense, presently required where telephone service to housing occupants is provided through telephone company switchboards rather than directly through military installation switchboards. The Deputy Assistant Secretary of Defense stated that the Department of Defense, in order to secure the maximum economic advantage within the existing framework of the law, intends to examine in detail the possibility of allowing commercial companies to connect their systems serving base housing to the Government-controlled administrative systems. We agree that this