

military assistance program. Our findings are summarized in this letter add described in more detail in the accompanying report.

We found that the Department of the Army had incurred costs of about \$1 million to buy for and deliver to Thailand, locomotives which were unable to meet Thailand's specific requirements for main-line use, the purpose for which furnished. We found also that Department of the Army officials had not obtained clarification of contradictory technical requirements but, instead, had prepared a purchase description and initiated procurement of the locomotives before ascertaining whether the locomotives would be able to perform the function for which they were intended. Therefore the locomotives procured, which are adequate only for switching and yard work, are being replaced with main-line locomotives costing about \$2,305,000. The replacement locomotives were expected to be delivered to Thailand in December 1966.

In our opinion, locomotives which were unsuitable for the specific needs of the user would not have been procured if Department of the Army officials had obtained clarification of the contradictory technical requirements. We believe that such clarifications would have been facilitated by management procedures requiring the user's review and approval of a purchase description for complex nonstandard items prior to the award of a contract.

In view of significant unnecessary costs that could be incurred in similar cases throughout the Defense establishment, we proposed that the Secretary of Defense require the military departments to establish procedures requiring that purchase descriptions for complex equipment be submitted to interested review and user activities for comment and approval prior to procurement. We proposed also that the Secretary of Defense direct the Department of the Army to consider using the locomotives now in Thailand, which are adequate only for switching and yard work, for satisfying potential requirements or, in the absence of such valid requirements, to consider selling the locomotives to Thailand.

The Department of the Army, on behalf of the Department of Defense, advised us that then-current policies and procedures within the Defense establishment were responsive to our proposals, and that applicable Army Regulations direct that supplying agencies correspond directly with military assistance advisory groups and unified commands when clarification is essential for ensuring that the equipment to be procured will meet the user's requirements. As discussed in this report, however, even though direct contact had been established between the requisitioning and procuring activities, locomotives were procured that were not suitable for performing the passenger and freight-hauling functions required.

Accordingly, we are recommending that the Secretary of Defense require the military departments to establish procedures providing for user activity review and approval of a purchase description for complex nonstandard equipment when there is doubt as to the exact nature of the intended equipment. This review should be made prior to the award of a contract for the equipment and should be documented in the contract file covering such procurement.

The Department of the Army also advised us that it was exploring potential outlets for the locomotives which were unsuitable for the purposes for which provided. We intend to inquire further into the