

correct this situation. We recommended that the Secretary of Defense review these corrective efforts within the next year.

3. Defense auditors ordinarily were not receiving information from procurement officials on the usefulness of their audits in negotiations or on ways that their services could be more effective in future negotiations. The Department has acted on our proposal to provide this type of "feedback" to its auditors.

4. Defense auditors have experienced difficulties, when reviewing proposed contract prices, in obtaining what they considered to be sufficient access to contractors' records. The Department informed us that new guidelines had been issued to help resolve these access-to-records problems. If this action is supported by continuous assistance from procurement officials, at all levels, it should improve the situation.

In a prior report to the Congress (E-158193, February 1966), we recommended that the Defense Department establish a regularly scheduled program to administer the defective pricing provisions required in certain types of negotiated contracts by Public Law 87-653—"The Truth in Negotiation Act." This law provides for price adjustments in favor of the Government when it is found that established prices have been increased significantly because of defective data used in negotiations. A program for these reviews was established by the Defense Contract Audit Agency during 1966.

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POTENTIAL SAVINGS THROUGH CONSTRUCTING RATHER THAN LEASING HOUSING AT BREWERVILLE, LIBERIA, UNITED STATES INFORMATION AGENCY

The General Accounting Office has examined into the economical aspects of the construction of housing rather than the planned and current leasing of housing by the United States Information Agency at Brewerville, Liberia.

We believe that savings of upwards of \$2 million would have been obtainable over the period of the 33-year country-to-country agreement if the United States Information Agency, at the appropriate time, had sought and obtained from the Congress the necessary funds and had constructed houses required at Brewerville, Liberia, rather than leasing from private owners. Although the total potential savings are diminishing each year, we believe that substantial savings are still possible by constructing housing. Moreover, the potential savings could be much higher if the Agency African Program Center in Brewerville, Liberia, is staffed to the level that the Agency has planned and if the number of houses constructed are increased to meet the full level of planned staffing.

The Agency requested funds from the Congress in its fiscal year 1964 budget to construct the African Program Center, but no information was furnished to the Congress as to how the Agency planned to meet housing needs for employees required to operate this facility. The Agency did not request funds for construction of housing in either its fiscal year 1964 or fiscal year 1965 budget submissions,