

although the Agency was already well aware of the desirability of constructing its own housing rather than leasing. We were informed that the Agency subsequently attempted to request funds for housing construction in its fiscal year 1966 submission but that this request was deleted by the Agency from the budget submission to the Congress when the Bureau of the Budget required the Agency to reduce the total budgetary funds being requested. No request for funds for this purpose appeared in the fiscal year 1967 budget submission to the Congress.

We submitted a draft report on this subject to the United States Information Agency. The Agency's response indicated general agreement with the facts presented in our report.

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POTENTIAL SAVINGS IN THE PROCUREMENT OF SPARE AIRCRAFT PARTS FOR OUTFITTING AIRCRAFT CARRIERS, DEPARTMENT OF THE NAVY

The General Accounting Office has examined into the noncompetitive purchase of spare parts by the Department of the Navy for use on aircraft placed aboard aircraft carriers.

The purchase of parts competitively or directly from parts manufacturers whenever feasible is a stated policy of the Department of Defense. We found, however, that spare parts for the initial support of certain aircraft weapon systems were being purchased by the Navy from the airframe manufacturer on a sole-source basis although the majority of the parts were manufactured by other sources from which the Government could have obtained the parts at a significant reduction in price. We were informed that the Navy purchased the parts from the airframe manufacturers because sufficient time was not available to permit purchase of the parts competitively or directly from parts manufacturers.

With adequate advance planning, we believe that this problem can be overcome and that the Navy can realize the savings obtainable by purchasing from other sources. For example, we estimate that savings of as much as \$2.3 million on the RA-5C and A-6A types of aircraft might have been realized if the procurement method we are advocating had been followed in the outfitting of certain aircraft carriers. We estimate also that future savings of about \$1.5 million can be obtained on the A-7A type of aircraft by adoption of this procurement method before the carrier outfittings and that comparable savings can be realized on other aircraft to be purchased in the future.

On the basis of the information obtained during our review, we believe that it is practicable to buy a substantial portion, if not all, of the parts for carrier outfittings from parts manufacturers on a competitive or direct basis instead of through the airframe manufacturer on a sole-source basis. This is exclusive of those parts manufactured in whole or significant part by the airframe manufacturer itself.

Therefore, we proposed that the Secretary of the Navy take the necessary steps to increase the quantities of parts that will be purchased competitively or directly from parts manufacturers for carrier outfittings. In this connection, we proposed that the Navy identify