

services of the selected office machines through the use of local repair firms instead of the Federal Supply Schedule contractors.

Our review also showed that, although Government and independent studies indicated that the per-call basis was the least expensive method for obtaining services, most of the Federal expenditures had been for the more costly maintenance inspections and services at a fixed annual fee. The General Services Administration had, in July 1965, encouraged Federal agencies to study and analyze their office machine servicing needs as part of a project to establish Government-wide guidelines for obtaining service for office machines. However, because of the lack of agency responses, the General Services Administration had taken no further action.

In a letter dated August 15, 1966, the Deputy Administrator advised us that the General Services Administration was in accord with our proposals to (1) expand the use of regional contracts for servicing office machines and aggressively stimulate their use by Government agencies and (2) review the status of the project to establish criteria and guidelines to assist Government agencies in determining the best method to be used in obtaining services for office machines. The Deputy Administrator stated that, to give additional impetus to the regional contract program, it now appeared that a scheduled phaseout of the use of the national contracts in selected areas, especially where sufficient contractor capability was known to exist, was warranted. He stated also that the agency expects to have regional contracts in effect in all regions by June 30, 1967.

The Deputy Administrator advised us also that a revision to the Federal Property Management Regulations concerning the relative advantages and disadvantages of the per-call and annual maintenance contracts would be published and that more definite criteria and guidelines would be issued to Federal agencies at a future date. The first revision to the Federal Property Management Regulations was effective on November 4, 1966.

We believe that the proposed actions should result in a greatly expanded regional contract program with significant savings to the Government. We believe also that participation by the Department of Defense in the General Services Administration regional contract program, to the maximum extent possible, will result in the lowest overall prices to the Government.