

In January 1967, we proposed to the Secretary of Defense and the Administrator of General Services that certain steps be taken in future stock transfers to eliminate these difficulties. We proposed that detailed physical inventories be taken of all stocks to be transferred, the inventory records be reconciled to the physical counts, and the warehouse stock locator records be updated. We proposed also that, prior to the transfer of management responsibility, a joint committee be made responsible for providing operating procedures to carry out the transfers, acting as liaison and coordinators, and settling promptly any problems relating to inventory shortages during the transfers. Defense and GSA have agreed with our proposals.

COMPETITION IN PROCUREMENT

Further on competition in procurement, and this on the civilian side, as in the case of the aeronautical spare parts procured by the Defense Department, we have noted several instances where competition—in this case, formal advertising—could have been used to an advantage in the procurement of common use items and services by the General Services Administration.

For example, about \$17 million worth of automobile tires and tubes are purchased annually under negotiated Federal supply schedule contracts. We suggested to GSA that the formal advertising method of contracting could be used for procuring the bulk of the Government's requirements since the essential elements for advertised contracts are present, that is, Federal specifications have been established, items meeting such specifications are widely sold on the commercial market, and there are a sufficient number of potential suppliers to permit effective competition for the bulk of the Government's requirements.

The GSA has now advised us that formal advertising will be used for high volume tire and tube items and that consideration would be given to advertising for other tires and tubes. We estimate that savings in this case will amount to a million dollars a year.

In another case, we found that the prices paid for repair and maintenance of office machines under national contracts negotiated by GSA with machine manufacturers were higher than the prices charged for the same type of services under regional contracts awarded on an advertised basis.

The administration agreed to expand the use of regional contracts and to encourage their use by Government agencies. We estimate that savings of up to \$1.2 million annually will result from the actions being taken here.

Also, we found that the Government incurs costs of about \$1.9 million for short-term rental of cars under informal arrangements made by Government agencies with commercial rental firms. Similar cars are rented by GSA under contracts awarded generally through formal advertising. We estimated that savings as much as \$350,000 annually could be realized if cars being rented under informal arrangements were rented at GSA contract rates.

The Administration is studying the matter with a view to increasing the relative share of such rentals made under GSA formally advertised contracts. We intend to continue to follow this work.