

REPORTING ON SMALL PURCHASES

Chairman PROXMIRE. You have stated, Mr. Staats:

In addition, the Armed Services Procurement Regulations permits purchases of \$2,500 and under to be reported as competitive, even though many are not.

Then you go on to show that on the basis of your checking that 69 percent of a total of \$80 million in procurement actions were not competitive, were noncompetitive procurements. (See p. 9.)

It would seem to me that this is a regulation the Armed Services certainly ought to change, if, in fact, they are assuming that procurements of less than \$2,500 are competitive, and you say that about 70 percent, better than two-thirds, are not competitive. This is just a matter of deception, they are deceiving themselves, and deceiving the Congress, correct?

Mr. NEWMAN. Mr. Hammond, would you comment on that, please?

Chairman PROXMIRE. Would you identify yourself, please?

Mr. HAMMOND. James Hammond, Associate Director of Procurement.

Chairman PROXMIRE. Fine.

Mr. HAMMOND. The local contracting officials know that these items are purchased noncompetitively, and this information is recorded on local forms. But when the reports are made to Defense there is no provision for reporting these as noncompetitive, and the total is reported as competitive.

Chairman PROXMIRE. I am sure, as you indicate in your answer, nobody is trying deliberately to deceive. It is just a matter of complying with regulations, and the regulations are wrong.

What—would it be difficult, would it be onerous, to specify a competitive and a noncompetitive procurement when the procurements are this small? When they are this small would it be too much paper work?

Mr. HAMMOND. No. They are already identified. And it is just a matter of reporting them as two items instead of one. I think it would be a simple matter to get it corrected.

COMPETITIVE PROCUREMENT OF TIRES AND OTHER ITEMS

Chairman PROXMIRE. Mr. Comptroller General, in your statement you give this automobile tire example, and you point out that it has every element necessary for competitive bidding.

I wonder if you feel that this is an isolated situation which is being overlooked by the Defense Department or a fairly common one? In other words, if they would sit down and go over their procurement and try to classify them, those that meet these criteria that you have here, and those who do not, and then move into competitive bidding or where they met the criteria, do you think they would pick up a number of other procurements?

Mr. STAATS. Our impression is that they could. But as to the purpose of our pointing this up, it is a part of our program to go in and test other areas of this kind to be sure that the agency has thoroughly looked into the possibility of competitive procurement.

Chairman PROXMIRE. But, of course, the difficulty is you have a small staff and you have a whale of a big responsibility. Whereas you