

can step in in a tire situation and save a lot of money and get them moving in there unless it is suggested to the agency itself, to assume the responsibility for seeing what else they can pull in, it is going to be an endless job for you.

Mr. STAATS. That is right. We cannot do the whole job. We have to look at these things on a highly selective basis, and we do it sometimes, well, many times, we do it because a problem will come up in another connection. We, in effect, stumble into some of these situations.

But also we deliberately try to go in and test different situations that either involve heavy procurement or lots of dollars, hoping that as a result the agency will, if our report is correct and accepted, extend it to other areas themselves.

ADEQUATE INTERNAL AUDITS

This gets back again to the importance of adequate internal audit in these agencies which many of them do not now have.

I must say that in the General Services Administration, Mr. Knott came over to see me not so long ago on the basis of a report we did, and he is going to develop a strong internal audit in the GSA. In my mind, this gets at the heart of the problem.

Chairman PROXMIRE. Fine.

Mr. WEITZEL. Mr. Chairman, to give credit, I believe, where credit is due, we might point out that in the tire area several years ago we did a survey in which we made recommendations that GSA have more competition. We felt they could lower the prices they paid partly based on findings in the case of some contracts in the Defense Department where they were getting lower prices than the Federal supply schedule prices GSA had. That was aircraft tires.

This particular report that you are just now mentioning happened also to be a GSA report on the Federal supply schedule. But your point is a good one, that it takes a case by case review of these situations to see if things can be bought competitively.

Mr. NEWMAN. When we had our conference with the big tire manufacturers several years ago we had problems in getting the report out, because each one of them wanted a separate conference.

At an overall conference we asked them, "How can the Government buy tires cheaper?" And the spokesman for the group said, "Yes, they could offer them cheaper." That is, commercial tires that are used by the Post Office Department, Department of Agriculture, Department of Defense, and other agencies. The tires could be built during off-seasons, and he said, "We would give them a third under the regular price."

So here we have procurement of commercial tires where, if we got everybody in the Government to combine all their requirements, we could buy them, and the companies said they would store them until needed at a third less than what we were paying. So much for the tire area—I imagine there are other commodities, too.

ARCHITECT-ENGINEER FEES

Chairman PROXMIRE. You have a very constructive analysis, I think, of the architect engineer fees that are paid, and in your statement you say: