

development activities can be standardized to effect savings and efficiency.

Procurement of ADPE for command and control from off-the-shelf commercial sources to standardize computers and obtain savings by a single large buy.

In addition to the above items now under examination we have completed a study of DoD management of publications and printing. Actions on the recommendations of this study were deferred at the request of the chairman of the Joint Committee on Printing (JCP) in March 1966, pending the outcome of a JCP survey of the Federal printing program. To date, the JCP study findings have not been made available.

#### CONCLUSION

Mr. Chairman, we deeply appreciate the counsel we have received from your committee in the past and solicit your continuing advice and support. With me are Mr. Paul H. Riley, my Deputy for Supply and Services, Mr. John M. Malloy, my Deputy for Procurement, Vice Admiral Joseph M. Lyle, Director of the Defense Supply Agency, and other key departmental officials. We are prepared now to respond to questions or comments that you or the members of your committee may wish to direct to our attention.

Chairman PROXMIRE. Thank you very much, Mr. Ignatius. As you know, the report of the Comptroller General and the statement that he made yesterday were critical in some very, very important respects. I would like to start off with what you started off with in your statement.

#### CONFLICTING STATEMENTS ON COMPETITIVE BIDDING BY GAO AND DOD

You emphasized the increase in competitive bidding as an indication of the more efficient procurement in reducing the cost of procurement. It seems to me that any reading at all of the Comptroller General's statement yesterday would tend to challenge the argument that this competitive bidding is competitive—is really effective competition. I would like to read just one part of what the Comptroller General said yesterday, and then ask for your comments. He said:

Our survey showed that of about \$2 billion worth of aeronautical spare parts bought in fiscal year 1966 by four major purchasing centers, about \$425 million or 21.5 percent was reported to have been purchased competitively. Of this amount \$114 million, or less than 6 percent of the total was accomplished by use of advertising while \$311 million or 16 percent was procured by competitive negotiation wherein the number of firms requested to bid was somewhat limited.

A large percentage of the actions which were classified and reported to higher management levels within the Department of Defense as competitive procurements, in our opinion, were in fact made without competition.

The primary cause for misclassifying procurements as having been awarded on the basis of price competition appears to stem from the criteria in the Armed Services Procurement Regulation. The regulation permits a contract award to be classified as competitively priced, even when only one response is received, as long as two or more proposals were solicited and the accepted proposal meets certain other evaluation tests. (See p. 9, supra.)

Then they went on to point out that you have a situation of procurement of less than \$2,500, which are automatically classed as competitive, whereas their study of a typical amount of \$80 million of pro-