million in the sole-source procurement of 502 AN/PPS-4 portable radar sets. These unnecessary costs were incurred because agency officials procured the radar sets without waiting until known deficiencies in the sets had been corrected and technical data suitable for use in competitive procurement had become available. The deficiencies known prior to procurement were that the radar sets were not consistently accurate in determining the range of a target, were unable to detect a target satisfactorily, and were cumbersome to operate. After the contract for the sole-source procurement was awarded, it was necessary to stop production for 15 months while modifications were being made to correct these deficiencies. This delay unnecessarily increased the cost of the corrected units by $356,220. In addition, we estimated that, on the basis of competitive prices obtained in a subsequent procurement, unnecessary costs of about $1.86 million had been incurred because these sets had been procured without competition. In fact the successful bidder's price under the competitive procurement was more than 55 percent below the price paid to the sole-source producer.

"The Acting Assistant Secretary of the Army (Installations and Logistics) agreed with the facts presented in the report and advised us that the report would be brought to the attention of procuring commands. He also indicated that, subsequent to the procurement in question, more extensive controls were instituted regarding procurement of new equipment that included the requirement that a summary of all objections to a proposed procurement be submitted to higher authority. This summary is to include engineer- and service-test results.

"The Acting Assistant Secretary also stated that disciplinary action was not believed to be warranted because the decisions with respect to this procurement were made in accordance with the then accepted policy and that, when considered in light of the then prevailing policy, the facts presented were considered proper justification for these decisions. Officials in the Office of the Assistant Secretary of the Army (Installations and Logistics) subsequently advised us that, at the time of this procurement, there was an absence of guidance and control over the procurement of new equipment, generally, but that the Army's policy was that development and production of an item could be effectively accomplished simultaneously. Procuring officials in this instance, however, had been aware of the user and engineer objections prior to awarding this contract but had requested approval from higher authority for the award without disclosing this information. We believe, therefore, that these actions should be noted in the personnel records of responsible officials, for consideration in the future promotions, reassignments, and other personal actions.

"The management weaknesses disclosed in this report have occurred in the past and have been identified in other General Accounting Office reports. We reported on the Department of the Army's procurement of defective radiation-measuring instruments (B-146834, dated December 17, 1963). Under 5 contracts for this equipment the Army spent $3.8 million even though it knew prior to each contract that the equipment was defective. We recently reported also on the noncompetitive procurement of military ¾-ton trucks (B-146921, dated August 12, 1964). By procuring these vehicles without competition, the Army incurred unnecessary costs estimated at $12.1 million even though it could have obtained the information sufficient for competitive procurement purposes. As stated in this report and in previous reports, action has been taken by the Department of the Army to promulgate policies and regulations controlling the procurement of new equipment and to intensify its efforts to promptly obtain technical data for competitive procurement purposes. We will evaluate the effectiveness of these actions in future reviews.

"Copies of this report are being sent to the President of the United States, the Secretary of Defense, and the Secretary of the Army.

"JOSEPH CAMPBELL,
"Comptroller General of the United States."

"INTRODUCTION

"The General Accounting Office has made a review of the procurement of AN/PPS-4 portable radar sets by the Department of the Army. The purpose of our review was to inquire into the reasonableness of the award of a contract for these sets to Sperry Gyroscope Company (Sperry), Great Neck, Long Island, New York, on a sole-source basis. This review was initiated in connection with a request dated May 13, 1963, from Congressman George H. Mahon on behalf of the Subcommittee on Defense, Committee on Appropriations, House of Representa-