

tives, that the General Accounting Office make a review of electronics equipment with particular emphasis on sole-source procurements. This review was made pursuant to the Budget and Accounting Act, 1921 (31 U.S.C. 53), and the Accounting and Auditing Act of 1950 (31 U.S.C. 67). The scope of our review is shown on page 15 of this report.

"BACKGROUND

"The general policy of the Department of Defense, as set forth in the Armed Services Procurement Regulation (ASPR), section 1-300.1, provides that all procurements, whether by formal advertising or by negotiation, shall be made on a competitive basis to the maximum practicable extent. The responsibility for implementing these provisions is assigned to each military department. The Department of the Army has assigned this responsibility to each major subcommand of the United States Army Materiel Command (AMC).

"The United States Army Electronics Command, a major subcommand of AMC, was established in August 1962 and assumed most of the logistic functions previously performed by the Office of the Chief Signal Officer, United States Army. This command has the responsibility for the research, design, development, testing, and supply management of electronic equipment.

"In a recent reorganization of the major agencies within the Electronics Command, the United States Army Electronics Materiel Agency (referred to in this report as the Materiel Agency) and the United States Army Electronics Materiel Support Agency (referred to in this report as the Support Agency) have been replaced by various directorates. The responsibility for the procurements discussed in this report now rests with the Philadelphia Division of the Procurement and Production Directorate, United States Army Electronics Command.

"The duties formerly performed by the Materiel and Support Agencies and presently being performed by the newly established directorates include computation of requirements, control of inventories, award and administration of contracts, provision of engineering specifications for procurement of electronic equipment, performance or monitoring of preproduction testing and qualification, and approval of equipment.

"In order to determine whether newly developed equipment is acceptable for Army use, the Department of Defense procedures require the cognizant military department to test such equipment prior to authorizing a contractor to commence production. These tests are generally referred to as service tests. The purpose of the tests is to determine the physical and operational characteristics, organizational maintenance requirements, and whether the equipment will be accurate, durable, and reliable when subjected to use by troops in the field.

"The AN/PPS-4, developed by Sperry, is a silent, lightweight, portable, forward-area, combat-surveillance radar set used by infantry troops. This set is capable of detecting and locating moving targets and certain fixed targets under conditions of poor visibility. The Army procured 10 radar sets in June 1955 for experimental tests and evaluations. In August 1956 the Army procured eight additional sets with various modifications for further testing. The service tests of the developmental and preproduction models were conducted for the Electronics Command by the United States Continental Army Command (USCONARC) under actual field conditions. Subsequent to the Army reorganization in August 1962, the United States Army Test and Evaluation Command was given the responsibility for performing service tests on newly developed equipment.

"Since June 1958, a total of 1,437 radar sets and related items have been procured by the Materiel Agency for about \$10.9 million.

"A list of principal management officials of the Department of Defense and the Department of the Army responsible for the administration of activities discussed in this report is shown as appendix I.

"FINDING AND CONCLUSIONS

"Unnecessary costs incurred in the sole-source procurement of portable radar sets

"The Government has incurred unnecessary costs of more than \$2.2 million in the sole-source procurement of 502 AN/PPS-4 portable radar sets by the Department of the Army. 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