"Col. J. G. Bent, Jr., Deputy for Procurement, Materiel Agency (chairman).
"S. Rabinowitz, Assistant Deputy for Procurement, Materiel Agency (alternate chairman).
"J. W. Weseloh, Chief Engineer, Support Agency.
"Lt. Col. P. F. Balas, Assistant Deputy for Stock Control, Materiel Agency.
"L. A. Kapust, Assistant Deputy for Industrial Preparedness, Materiel Agency.
"J. H. Schroeter, Secretary, Procurement Planning Committee, Materiel Agency.

"On May 13, 1960, the Committee agreed that the proposed procurement should be made in accordance with the recommendations of the Support Agency's Chief Engineer. On June 15, 1960, however, in a request to the Chief Signal Officers for approval of the modification to contract –76361, the Deputy for Procurement of the Materiel Agency failed to disclose that negotiations had already been held with Sperry on June 2 and June 6, 1960, on the basis that the improvements would not be required to be made in the sets to be procured under the contract modifications. Further, on June 17, 1960, the Assistant Deputy for Procurement approved the Committee's request that the USCONARC-recommended improvements not be required in these sets. We were informed that this decision was made because previous negotiations with Sperry had been on that basis and that apparently this decision overrode the objections of the Support Agency's Chief Engineer. We could find no evidence that the Chief Signal Officer was subsequently informed of the decision not to make the improvements—considered mandatory by user and engineer organizations—to the 502 radar sets subsequently ordered.

"On June 30, 1960, the Materiel Agency procured an additional 502 partially transistorized radar sets from Sperry, at a cost to the Government of $3,267,016, under a modification to contract –76361. Subsequent modifications increased the cost to $3,358,270, or a unit price of $6,690. The records show that the sole-source *procurement of this additional quantity was justified by the Army on the basis that adequate procurement data were not available for use in soliciting competitive bids.* The contracting officer did not state that urgency was a factor in the decision to procure on a sole-source basis.

"Stop-work order

"On August 29, 1960, 2 months after the award for the 502 radar sets, the Materiel Agency issued an order to Sperry to stop all production. This stop-work order was issued so that improvements, modifications, and engineering changes could be incorporated into the 402 radar sets being produced under the basic contract. These changes were necessary to correct serious deficiencies identified by USCONARC in March 1960 in its service tests of the developmental and preproduction models. These are the same changes which, prior to procurement under the contract modification, the Support Agency's Chief Engineer had recommended be required to be incorporated in the 502 radar sets proposed for procurement.

"The stop-work order, which was in effect for 15 months, was canceled, and authority to proceed with production was issued by the contracting officer on November 29, 1961. This work stoppage resulted in unnecessary costs of $356,220, which were attributable to increased labor costs and to a loss in efficiency resulting from the 15-month gap in production. This amount increased the total price to he Government for the 502 sets to $3,714,490, the amount agreed upon with Sperry in a price redetermination made in March 1962.

"In October 1961 the Army completed service tests at the Tobyhanna Army Depot of the partially transistorized radar sets. The sets tested included the improvements that had been recommended by USCONARC and required improvements identified in subsequent tests. The Army then concluded, on the basis of these tests, that the partially transistorized radar sets would be accepted as suitable to the user and that the same improvements should be incorporated into all the 904 sets then being procurred under the contract –76361. These partially transistorized radar sets were subsequently shipped to Army units for use.

"Savings resulting from competition

"On March 23, 1962, the Materiel Agency received procurement data, in the form of Government specifications and a model from the Support Agency, that were determined to be suitable for use in soliciting competitive bids. On April 16,