

1962, the Procurement Planning Committee approved the plan to procure about 436 portable radar sets by formal advertising.

"On April 26, 1962, the Materiel Agency issued an invitation for bids for various quantities of the radar sets. Twenty bids were received, 10 of which were lower than the bid of \$4,489 a set submitted by the sole-source producer, Sperry. The unit prices in these 10 bids ranged from \$2,978 to \$4,280. The lowest acceptable bid by quantity and unit price was submitted by Aeronca Manufacturing Corporation for 454 radar sets at \$2,978 each. The Materiel Agency awarded contract DA-36-039-AMC-01087 (E) to Aeronca on August 24, 1962, for the 454 radar sets at a price of \$1,372,873.

"The lowest acceptable bid price of \$2,978 a unit was a reduction of \$3,712, or 55.5 percent, from the unit price of \$6,690 previously paid the sole-source producer under the modification to contract -76361, or a total reduction of about \$1.86 million. Further, personnel of the Materiel Agency advised us that Aeronca's performance under the contract was satisfactory and records indicate that, during December 1963 and January 1964, 73 radar sets were accepted by the Army, 45 of which were shipped overseas for use in the field.

"Agency comments and our evaluation

"On April 30, 1964, we brought these findings to the attention of the Department of Defense and proposed that the Commanding General, United States Army Materiel Command, bring this report to the attention of procuring commands, to emphasize the need to (1) develop equipment, prior to procurement, to a point where major modifications would not be required and (2) accumulate the procurement data necessary to permit timely solicitation of bids for competitive procurement. We proposed further that the procuring agencies be required to bring to the attention of higher authority all objections to planned procurements raised by interested parties, including the using and engineering organizations, so that the approving officials would be in a position to consider these objections in their evaluation of the proposed contract. *We proposed also that the Secretary of the Army take disciplinary action in this matter against those individuals who did not properly perform their duties and exercise prudent judgment in expending significant amounts of Government funds.*

"By letter dated June 26, 1964 (see appendix II), the Acting Assistant Secretary of the Army (Installations and Logistics) commented on our findings and proposals. He agreed with the facts presented in this report and advised us that a digest of this report would be brought to the attention of procuring commands. He agreed also that all objections in connection with a proposed procurement which might be raised by interested parties should be included in the facts presented to approving officials for their consideration, and he 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 such information be submitted to higher authority. This summary is to include engineer- and service-test results. His additional comments are summarized as follows:

"1. Army studies and reports on combat-surveillance and target-acquisition equipment covering the period fiscal years 1958-63 reflected continual emphasis upon the urgent need for this type of equipment. There was a concerted effort on the part of the Army to acquire a combat-surveillance capability as quickly as possible during that period of time. Under the Army reorganization, more extensive controls come into play in the event that urgency justifies procurement for troop issue before completion of the development and adoption as a standard item. The Combat Development Command is responsible for making recommendations to the Department of the Army on the urgency of a requirement of this nature. Further, the provisions of AR 700-20, dated July 25, 1963, require the satisfaction of 25 criteria before initiating production in a situation of this type.

"Although there was a need for equipment of this type, the fact remains that the using forces did not want the particular equipment then being considered for procurement until major deficiencies in the equipment had been corrected. On the basis of the previous negotiations with Sperry, the contract modification—contrary to the Procurement Planning Committee's initial agreement—did not provide that corrections be made when the sets were produced.