"APPENDIX II

"HEADQUARTERS, DEPARTMENT OF THE ARMY,
OFFICE OF THE ASSISTANT SECRETARY,
Washington, D.C., June 26, 1964.

"Mr. R. W. GUTMANN,
"*Associate Director, Defense Accounting and Auditing Division, U.S. General Accounting Office, Washington, D.C.*

"DEAR MR. GUTMANN: The following comments are provided on behalf of the Secretary of Defense in reply to your draft report of April 1964 concerning 'Unnecessary Costs Incurred in the Sole-Source Procurement of Portable Radar Sets' (OSD Case No. 2004).

"The facts presented in the GAO report are agreed with. Classified Army studies and reports on combat surveillance and target acquisition equipment covering the period FY 1958 to FY 1963 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.

"A review of the circumstances as they existed at the time cannot establish that the procuring agency was in haste to obligate these procurement funds before Army obligational authority lapsed. A required delivery schedule for this radar set commencing in April 1961 had been established. This factor coupled with an estimated minimum production lead time for the contractor of 9 months and a minimum administrative lead time of 2 months to negotiate an award, indicated a requirement for an award in May 1960. However, subsequent refinements in the plan, negotiations with the contractor, and approval cycles extended the actual award date to 30 June.

"It is agreed that all objections in connection with a proposed procurement which may be raised by interested parties, such as using organizations and engineering agencies, should be included in the facts presented to approving officials for this consideration.

"Under the Army reorganization, more extensive controls come into play in the event that urgency justifies procurement for troop issue before completion of development and adoption as a standard item. The major commands, particularly those overseas, make recommendations relative to the need for new equipment. The Combat Development Command is responsible for making recommendation to the Department of the Army on the urgency of a requirement of this nature. Further, the provisions of AR 700–20, 25 July 1963 require the satisfaction of 25 criteria before initiating production in a situation of this type.

"The disciplinary action recommended by your office is not believed to be warranted. The decisions with respect to the award in question were made in accordance with what was then, accepted policy. The facts as presented, when considered in the light of the prevailing policy, are considered proper justification for the decisions.

"You recommended that this report be brought to the attention of procuring commands. Present procedures within the Department of the Army provide for distribution of a digest of all GAO reports of this type to procuring commands; a digest of this report will be included in this distribution.

"Sincerely yours,

"A. TYLER PORT,
Acting Assistant Secretary of the Army (Installations and Logistics)."

"PROCUREMENT OF INACCURATE RADIATION MEASURING INSTRUMENTS, DEPARTMENT OF THE ARMY

"(Report to the Congress of the United States, by the Comptroller General of the United States, December 1963)

"COMPTROLLER GENERAL OF THE UNITED STATES,
Washington, D.C.

"[B–146834]

"*To the Speaker of the House of Representatives and the President pro tempore of the Senate:*

"Enclosed is our report on the procurement of inaccurate radiation measuring instruments by the Department of the Army.

"Our view disclosed that the Army awarded five contracts for a total of 59,776 radiacmeters at a cost of about $2.9 million even though it was aware,