

These kinds of things add up savings, although frankly, the vehicle savings are not in this estimate because any agency could have done the same thing. The statutory authority or limitation governs there, so we take no credit for savings there.

Mr. BROOKS. If the agency purchases items under the schedules, you take the credit for those?

Mr. ABERSFELLER. That is right. And all that we have tried to do is to show what we saved through volume procurement—savings that the agencies would not have been able to accomplish, because of lower volume. Of course, the savings also would not have been possible if we didn't have the warehouse space that we do and the specification and cataloging activities, because it is through these techniques that we are able to buy in volume.

Mr. BROOKS. Thank you very much, Mr. Abersfeller.

I will put exhibits J and K in the record at this point and ask for your comments on them.

(Exhibits J and K follow.)

EXHIBIT J—SUMMARY OF GAO AUDIT REPORT—"SAVINGS AVAILABLE THROUGH THE USE OF FORMAL ADVERTISING IN CONTRACTING FOR AUTOMOTIVE TIRES AND TUBES (B-160900, APRIL 28, 1967)

PROBLEM

GAO found that the use of negotiated contracts for the Government's automotive tire and tube requirements did not result in maximum price competition. It was noted that certain State and city governments were obtaining lower prices than GSA by using formally advertised contracts. GAO concluded that the Federal Government could also use this method of contracting since the essential elements for competitive bidding were present. On the basis of price comparisons, GAO estimated that the Government could realize annual savings of about \$1.4 million by contracting for these items through formal advertising.

RECOMMENDATION

GAO suggested that the formal advertising method of contracting be used for procuring the bulk of the Government's tire and tube requirements.

AGENCY RESPONSE

GSA advised that formal advertising would be used in establishing contracts for certain high-volume tire and tube items. GSA concluded, however, that maximum savings could be achieved by storing and distributing those tires and tubes representing the greatest dollar volume.

The GAO proposal did not contemplate the stocking of tires and tubes.

CURRENT STATUS

The implementation of formal advertising was delayed while GSA revised the Federal specifications for tires. The revisions have been completed and GSA is currently in the process of establishing a qualified products list to assist in the solicitation of competitive bids. In addition, GSA (1) is making preparations to formally advertise and stock selected tires and (2) plans to use formally advertised contracts coupled with the industry's distribution system for other items covered by specifications.

GSA COMMENTS

GSA is ready to award contracts for road testing, a necessary step toward establishing the qualified products list.

In their final report, GAO expressed essential agreement with our plan to stock the high dollar volume tire and tube items, which we had expressed in our reply to the GAO draft report.