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MENSE

UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

PROCUREMENT AND SYSTEMS
ACQUISITION DIVISION

B-146700

October 26, 1979

Major General E. W. Bowers, USA
Commander, Defense Personnel Support Center
2800 S. 20th Street
Philadelphia, Pennsylvania 19101

AGC00882



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Dear General Bowers:

Subject: [Review of DOD's Pork Purchasing]
(PSAD-80-9)

We have completed a limited review of pork purchasing by the Defense Personnel Support Center in accordance with a congressional request (code 950561). The effort involved examining the competitive aspects of the procurement of pork chops, pork loin roasts, and bacon to try to determine whether Government purchases were made in accordance with the commercial-type products purchasing policy of the Government. The Office of Federal Procurement Policy issued a policy memorandum on May 24, 1976, stating: "*** The Government will purchase commercial, off-the-shelf, products when such products will adequately serve the Government's requirements, provided such products have an established commercial market acceptability. ***"

Although it is too early to tell the full effect of recent purchasing policy changes, we observed some additional competition for the chops and roasts, and significantly lower prices for the roasts resulting from a June 1979 changeover from military specifications to commercial-type specifications. On the other hand, more restrictive bacon specifications were introduced, effective with October 1979 deliveries, which resulted in increased prices to the Government.

FINDINGS

Pork chops--There were basically two, occasionally three, contractors submitting offers and receiving awards during 1979 under the military specifications. Under the commercial-type specifications, one contractor, who had not previously participated in the Support Center's request for offers, submitted several proposals during July 1979, 1 month after the introduction of commercial-type specifications, for this item. Since this contractor's offers were higher than the other two, there was no apparent savings.

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Pork loin roasts--While there were basically two and occasionally three contractors receiving awards under the military specifications during 1979, two additional contractors received awards during the first 3 months that the commercial-type specifications were in effect. Substantial savings were realized through one of these contractors receiving a contract award at a price of \$0.23 per pound below that paid during the previous week.

Bacon--As mentioned above, a new, more restrictive, bacon specification was used for October and subsequent deliveries. A Department of Agriculture official told us that the new specification was intended to improve the quality of the product used by the military and that it had been prepared at the request of the military. However, responsible Army, Navy, Air Force, and Marine representatives advised us that when the prior specification was complied with, the product received was satisfactory.

As of October 12, 1979, the same three contractors competed for awards under the new specification as had competed under the old specification. One of the three informed us, however, that he will cease bidding unless the new specification is modified. The plant superintendent for the contractor stated that the specification is more restrictive than the prior one. He also stated that he had offered lower prices to the Government under the former specification than he was offering under the current one.

CONCLUSIONS

Although it is too early to tell the full effect of the recently changed specifications, we believe that the specification changes for pork chops and pork loin roasts have resulted in additional competition and some lower prices.

The bacon specification changes have had the opposite effect and have led to higher prices to the Government.

RECOMMENDATION

To increase competition and help reduce bacon prices, we recommend that you direct the Defense Personnel Support Center staff to work with Department of Agriculture representatives to develop appropriate commercial-type specifications in accordance with the Government policy as stated in the May 24, 1976, Office of Federal Procurement Policy memorandum.

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We are sending copies of this letter to the Director, Office of Management and Budget; the Secretaries of Defense, Army, Navy, and Air Force; and the Director, Defense Logistics Agency. We would appreciate your response within 30 days.

Sincerely yours,

A handwritten signature in cursive script, reading "J. H. Stolarow". The signature is written in dark ink and is positioned above the printed name and title.

J. H. Stolarow
Director