



CIVIL DIVISION

UNITED STATES GENERAL ACCOUNTING OFFICE

WASHINGTON, D.C. 20548

JAN 21 1970

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Dear Mr. Cox:

We have made a survey of procurement of equipment and materials by local housing authorities (LHAs) in connection with the construction and operation of projects under the low-rent public housing program administered by the Department of Housing and Urban Development (HUD). Our survey was made pursuant to the Budget and Accounting Act, 1921 (31 U.S.C. 53), and the Housing Act of 1954 (42 U.S.C. 1435), and was performed at HUD headquarters in Washington, D. C.; at HUD regional offices in New York and Philadelphia; and at nine LHAs under the jurisdiction of these regional offices.

Our survey indicated a need for HUD to examine into whether sufficient justification exists for continuation of the HUD-administered consolidated supply (CS) program in view of the recent availability to LHAs of General Services Administration (GSA) sources of supply for the procurement of equipment and supplies used in administering the low-rent public housing program.

We found that most of the categories of equipment and materials available under the CS program either were now available, or probably could be made available, through GSA supply sources at generally comparable prices. Accordingly, the continued administration of the CS program by HUD may represent a duplication of Government procurement operations, and, consequently, an unnecessary expenditure of Government funds.

Prior to April 1969, LHAs generally were not authorized to use GSA sources of supply for the procurement of equipment and supplies required in the administration of the low-rent public housing program. To promote economy in procurement by LHAs, HUD has administered, since 1954, the CS program under which some 16 categories of equipment and supplies have been made available to LHAs at prices achieved through consolidated procurement contracts.

Since April 1969, however, GSA sources of supply, formerly available only to Federal agencies, were made available to LHAs for the procurement of equipment and supplies required in the administration of the low-rent public housing program. This new procurement authority not only significantly broadened the inventory of items available to LHAs at consolidated procurement prices, but also provided them with an additional economical source for procuring most of the categories of equipment and supplies already under the CS program.

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Our review showed that items included in 13 of the 16 categories of equipment and supplies available under the CS program were also available from GSA sources of supply. Since GSA supply sources did not always offer all of the items included in the CS program equipment and supplies categories, and because the specifications for similar items available under both the CS and GSA program frequently varied in some respects, we did not make a detailed comparison and evaluation of items and prices under the CS and GSA programs. However, for those items available from both CS and GSA sources which had similar specifications, we found that GSA prices for most items were either lower than, or generally comparable to, prices established under the CS program.

We understand that items offered under the CS program, but not currently available from GSA sources, could be made available through GSA consolidated procurement contracts at prices comparable to CS program prices if sufficient demand for such items were demonstrated by LHAs. A GSA official with whom we discussed this matter stated that, in his opinion, the procurement needs of LHAs could be satisfactorily met through the available GSA sources of supply.

The administration of the CS program is the primary undertaking of the Supply Management Section of the Tenant Services Division, Housing Assistance Administration, and entails (1) the annual preparation of bidding specifications and solicitation of competitive bids for some 16 categories of equipment and materials representing about 170 items, and the awarding of open-end contracts to about 180 suppliers, (2) publishing and distributing to some 2,400 LHAs supply catalogues reflecting items under contract with CS suppliers, and (3) performing various other functions pertinent to the operation of the program. At the HUD regional office level, the CS program is administered by the Tenant and Operations Services Division, Housing Assistance Office, whose primary responsibility in this regard is to administer the supply contracts and to advise and assist LHAs in their use of the program.

We believe that, under the circumstances discussed above, the procurement benefits available to LHAs under the CS program, when compared to the benefits available from using GSA sources of supply, may not fully justify the administrative workload and costs applicable to the operation of the CS program. In view of the possibility of overall savings to the Government, we recommend that HUD examine into whether continued operation of part or all of the CS program is needed.

We wish to acknowledge the cooperation given our representatives during the survey. Your advice as to the action taken or proposed on the matter discussed in this report will be appreciated.

A copy of this report is being furnished to the Secretary of  
Housing and Urban Development.

Sincerely yours,

*for Stanley S. Sargel*  
Max Hirschhorn  
Associate Director

The Honorable Lawrence M. Cox  
Assistant Secretary for  
Renewal and Housing Assistance  
Department of Housing and  
Urban Development  
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