

B-157421 ✓



REPORT TO
THE CONGRESS OF THE UNITED STATES

PROCUREMENT OF LOCOMOTIVES
FOR THAILAND
UNDER THE MILITARY ASSISTANCE PROGRAM

DEPARTMENT OF DEFENSE



LAW BRANCH
THE ARMY LIBRARY

BY
THE COMPTROLLER GENERAL
OF THE UNITED STATES

JANUARY 1967

770220
087492

1/31/67

REPORT TO
THE CONGRESS OF THE UNITED STATES

PROCUREMENT OF LOCOMOTIVES
FOR THAILAND
UNDER THE MILITARY ASSISTANCE PROGRAM

DEPARTMENT OF DEFENSE



BY
THE COMPTROLLER GENERAL
OF THE UNITED STATES

JANUARY 1967



COMPTROLLER GENERAL OF THE UNITED STATES

WASHINGTON, O.C. 20548

JAN 31 1967

B- 157421

To the President of the Senate and the
Speaker of the House of Representatives

The General Accounting Office has examined into the Department of the Army's procurement of locomotives for Thailand under the military assistance program. Our findings are summarized in this letter and described in more detail in the accompanying report.

We found that the Department of the Army had incurred costs of about \$1 million to buy for and deliver to Thailand, locomotives which were **unable** to meet Thailand's specific requirements for main-line **use**, the purpose for which furnished. We found **also** that Department of the Army officials had not obtained clarification of contradictory technical requirements but, instead, had prepared a purchase description and initiated procurement of the locomotives before ascertaining whether the locomotives would be able to perform the function for which they were intended. Therefore the locomotives procured, which are adequate only for switching and yard work, are being replaced with main-line locomotives costing about \$2,305,000. The replacement locomotives were expected to be delivered to Thailand in December 1966.

In our opinion, locomotives which were unsuitable for the specific needs of the user would not have been procured if Department of the Army officials had obtained clarification of the contradictory technical requirements. We believe that such clarifications would have been facilitated by management procedures requiring the user's review and approval of a purchase description for complex nonstandard items prior to the award of a contract,

In view of significant unnecessary costs that could be incurred in similar cases throughout the Defense establishment, we proposed that **the Secretary of Defense require the military departments to establish** procedures requiring that purchase descriptions for complex equipment be submitted to interested review and user activities **for** comment and approval prior to procurement. **We** proposed also that the Secretary of Defense direct the Department of the Army to consider using the locomotives now in Thailand, which are adequate only for switching and yard work, for satisfying potential requirements or, in the absence of such valid requirements, to consider selling the locomotives to Thailand.

B- 157421

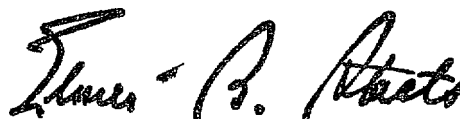
The Department of the Army, on behalf of the Department of Defense, advised us that then-current policies and procedures within the Defense establishment were responsive to our proposals, and that applicable Army Regulations direct that supplying agencies correspond directly with military assistance advisory groups and unified commands when clarification is essential for ensuring that the equipment to be procured will meet the user's requirements. As discussed in this report, however, even though direct contact had been established between the requisitioning and procuring activities, locomotives were procured that were not suitable for performing the passenger and freight-hauling functions required.

Accordingly, we are recommending that the Secretary of Defense require the military departments to establish procedures providing for user activity review and approval of a purchase description for complex nonstandard equipment when there is doubt as to the exact nature of the intended equipment. This review should be made prior to the award of a contract for the equipment and should be documented in the contract file covering such procurement.

The Department of the Army also advised us that it was exploring potential outlets for the locomotives which were unsuitable for the purposes for which provided. We intend to inquire further into the disposition of or uses made of the switching locomotives by United States activities.

We are reporting this matter to the Congress because, in our opinion, there is a need for management procedures that will preclude the occurrence of deficiencies similar to those discussed in this report.

Copies of this report are being sent to the Director, Bureau of the Budget; the Secretary of Defense; and the Secretary of the Army.

A handwritten signature in black ink, appearing to read "James B. Aronson". The signature is written in a cursive, somewhat stylized script.

Comptroller General
of the United States

C o n t e n t s

	<u>Page</u>
INTRODUCTION	1
BACKGROUND	2
FINDING AND RECOMMENDATION	4
Procurement of locomotives that could not perform the job for which intended	4
Requirement for locomotives	4
Conflicting locomotive technical requirements not re- solved	6
Need for strengthening management procedures by re- quiring user's approval of purchase descriptions	10
Procurement of replacement locomotives	12
Result of agency investigations	12
Agency comments	14
Conclusions	15
Recommendation	16
SCOPE OF REVIEW	17
	<u>Appendix</u>
APPENDIXES	
Letter dated September 22, 1966, from the Deputy Assistant Secretary of the Army (Installations and Logistics) to the General Accounting Of- fice	I 19
Principal officials of the Department of Defense and the Department of the Army responsible for the administration of activities discussed in this report	II 21

REPORT ON
PROCUREMENT OF LOCOMOTIVES
FOR THAILAND
UNDER THE MILITARY ASSISTANCE PROGRAM

INTRODUCTION

The General Accounting Office, pursuant to the Budget and Accounting Act, 1921 (31 U.S.C. 53), and the Accounting and Auditing Act of 1950 (31 U.S.C. 67), has made a review of the procurement of certain locomotives by the Department of the Army for the Royal State Railway of Thailand.

The locomotives were procured under the Military Assistance Program (*MAP*) for Thailand. The review was directed primarily to an examination into the consideration given to the user's requirements by the Department of the Army prior to its entering into a contract for the locomotives and not to an overall evaluation of the MAP for Thailand. **O**ur review was initiated as a result of the interest in the procurement of the locomotives for Thailand expressed by a member of the Congress. The scope of our review is described on page 17.

At the completion of our review, we submitted our findings, conclusions, and proposals to the Secretary of Defense. By letter dated September 22, 1966, the Deputy Assistant Secretary of the Army (Installations and Logistics) furnished us with comments on behalf of the Department of Defense (DOD). These comments are presented as appendix I and have been included, as appropriate, in the report.

BACKGROUND

The *MAP* for Thailand is based on a bilateral agreement dated October 17, 1950, and various supplementary agreements between the Government of the United States and the Government of Thailand. The authority for the *MAP* is contained in the Foreign Assistance Act of 1961, as amended.

The United States Government agreed to furnish rail equipment, including 10 locomotives, to the Government of Thailand as grant aid. The locomotives were to be used in main-line service for the specific purpose of providing increased freight-hauling capacity in Thailand. The Government of Thailand, in turn, agreed to fully maintain the locomotives.

Pursuant to the authority contained in DOD Directive 2110.24, dated January 10, 1957, the Assistant Secretary of Defense (International Security Affairs) prepared a *MAP* order, in June 1962, authorizing the Department of the Army to furnish rail equipment for Thailand. On June 30, 1962, the Army Aviation Materiel Command (AVCOM), a subordinate command of the Army Materiel Command, with responsibility for supply management of rail equipment for DOD, was requested to effect the necessary action for supplying the rail equipment under *MAP*. AVCOM's responsibility included the preparation of procurement specifications for the rail equipment required to be purchased.

AVCOM completed the purchase description for the locomotives by September 7, 1962, and awarded a contract on October 17, 1962, for the 10 locomotives and spare parts at a cost of \$987,364. The locomotives were delivered to Thailand by August 1963.

In May 1964, during a major reorganization of the Army Mobility Command, the responsibility for supply management of rail

equipment, including the preparation of specifications and the procurement, was transferred from AVCOM to the Army Mobility Equipment Center.

A listing of the principal officials of the Department of Defense and the Department of the Army responsible for the administration of activities discussed in this report is included as appendix 11.

FINDING AND RECOMMENDATION

PROCUREMENT OF LOCOMOTIVES THAT COULD NOT PERFORM THE JOB FOR WHICH INTENDED

The Department of the Army spent about \$1 million under MAP to buy and deliver to Thailand 10 locomotives, and accompanying spare parts, that could not perform the job for which they were intended. Therefore, in order for the United States to obtain locomotives which would meet Thailand's specific requirements, the Army entered into a contract for 10 replacement locomotives costing about \$2,305,000.

We believe that this costly error occurred because responsible personnel of AVCOM had not obtained clarification of contradictory technical requirements but, instead, had prepared a purchase description for and initiated procurement of the locomotives before ascertaining whether the locomotives would be able to perform the job for which they were intended. We believe that this error could have been avoided had AVCOM obtained clarification of the contradictory requirements. In our opinion, such clarification would have been facilitated by management controls requiring the user's review and approval of a purchase description for specialized equipment prior to the award of contract for the equipment.

Requirement for locomotives

In December 1961, the Deputy Chief of Staff for Logistics (DCSLOG), Department of the Army, in response to an inquiry by the Commander in Chief, Pacific (CINCPAC), requested the Army Chief of Transportation to furnish information on the availability of 10 shunting locomotives (locomotives used to switch cars from one track to another), including procurement costs, lead time, and maintenance problems which might be encountered by locomotives used in

Thailand. The Chief of Transportation provided DCSLOG with information on locomotives that could be procured from United States and overseas sources. This information showed that various types and sizes of locomotives were available, ranging from an 80-ton, non-standard, diesel-electric locomotive which was in operation in Thailand to a 25-ton, standard, diesel-mechanical locomotive.

A *MAP* order for locomotives dated June 23, 1962, which included ten 60-ton shunting locomotives, was approved by the Deputy Director of Military Assistance, Office of the Secretary of Defense, for implementation by the Department of the Army. Accordingly, DCSLOG instructed the Chief of Transportation to issue a *MAP* requisition for the locomotives, specifying an overseas terminal arrival date of February 28, 1963.

We could not ascertain the reason that CINCPAC had requested information on shunting locomotives. We were, however, able to obtain documentation that, as early as January 1962, the Transportation Materiel Command, which preceded AVCOM as the organization responsible for supply management of rail equipment, had been aware that the locomotives were to be used over long distances. Furthermore, information furnished to AVCOM by the Chief, Joint United States Military Advisory Group (JUSMAG), Thailand, prior to the award of the contract for the shunting locomotives, clearly specified the requirements for freight and passenger service and indicated the speed, tonnage, grade, and operating environment for these services.

Conflicting locomotive technical requirements not resolved

AVCOM engineers did not resolve the conflicting locomotive technical requirements that AVCOM had received from JUSMAG, Thailand. The contradictory data was disregarded so as to expedite procurement in order to meet delivery target dates. As a result, the locomotives that were procured and delivered to Thailand could not be used for the purposes specified.

To determine the exact type and size of the locomotives needed, the Chief of Transportation, on July 12, 1962, submitted to the Chief, JUSMAG, Thailand, a list of available locomotives of the following four types and sizes, together with pertinent data.

Type	Weight (tons)	Procurement lead time (months)	Operational suitability
Diesel electric, standard A	76	12	Line hauling and switching
Diesel electric, nonstandard	45	6	Switching
Diesel hydraulic, nonstandard	54	5	Switching
Diesel mechanical, standard A	25	3	Light switching

The Chief, JUSMAG, Thailand, replied on July 20, 1962, that the 54-ton switching locomotive was desired. Accordingly, the Chief of Transportation directed AVCOM to fill the JUSMAG requirement and furnished AVCOM with the specification data. The Chief of Transportation advised AVCOM that this data was to be used only as an aid for preparing the locomotive specifications and the procurement package. On August 8, 1962, in an apparent attempt to obtain further clarification of the user's locomotive requirement, AVCOM engineers requested JUSMAG, Thailand, to furnish additional information. This information was furnished to AVCOM by the Chief, JUSMAG, on August 15, 1962. The information requested by AVCOM and that furnished by JUSMAG, Thailand, was as follows:

Information
requested by AVCOM

Information
furnished by JUSMAG, Thailand

- | | |
|---|--|
| 1. Would locomotive weight of 57-tons be satisfactory for use on Royal State Railway (RSR)? | 1. Locomotive weight suggested was satisfactory, provided that certain criteria shown in the RSR specifications were not exceeded. |
| 2. Would locomotives be used for freight or passenger services or both? hauling tonnage at what speeds? | 2. Locomotives would be used for both freight and passenger service, hauling tonnage at speeds shown in RSR specifications. |
| 3. Copy of RSR specifications. | 3. Copy of RSR specifications was prepared and forwarded. |
| 4. Did RSR specifications cover locomotive requirements? | 4. RSR specifications covered locomotive requirements. |

We were advised that, on the basis of specifications of the Royal State Railway of Thailand received from JUSMAG on August 24, 1962, AVCOM engineers had calculated that approximately an 80-ton, 1,200-horsepower locomotive would be needed to meet the performance requirements. Nevertheless, AVCOM prepared a purchase description, dated September 7, 1962, for a 57-ton, 788-horsepower locomotive on the basis (1) that the Chief, JUSMAG, had stated earlier that the 57-ton locomotive suggested would be satisfactory and (2) that the purchase description for the 57-ton locomotive, although not finalized, had been drafted and that any change would cause a delay in procurement.

AVCOM engineers advised us that they thought that higher commands had been aware of this conflicting information and that they therefore had made no attempt to clarify the requirement.

On August 28, 1962, AVCOM advised the Commanding General, Army Materiel Command (AMC), that the "contract for locomotives will be negotiated sole source as there is only one manufacturer presently set up to produce this type [57-ton] locomotive." AVCOM, however, did not advise AMC that its most recent calculations had shown that an 80-ton locomotive would be required to meet the performance requirements furnished by JUSMAG. We believe that the difference in the purchase description performance requirements and the requirements calculated by AVCOM on the basis of the Royal State Railway specifications should have prompted responsible officials to resolve these differences prior to their negotiating a procurement contract.

Utilizing the September 7, 1962, purchase description prepared by AVCOM engineers, AVCOM awarded a contract on October 17, 1962, for ten 57-ton shunting locomotives and spare parts at a cost of \$987,364. All of these locomotives were delivered to Thailand by August 1963 at an estimated freight cost of \$76,410.

On November 16, 1962, a month after the contract was awarded, the purchase description prepared by AVCOM for use by the locomotive manufacturer was submitted to CINCPAC for review. Shortly thereafter the contracting officer was advised by AMC that DCSLOG was discussing the need for a drastic increase in the horsepower requirements for locomotives for Thailand. The contracting officer advised AMC that, if the horsepower requirements in the then-existing contract were increased, the contract would probably have to be terminated or amended and that, in either case, substantial cancellation charges would be incurred and new delivery dates would have to be established. The contracting officer also stated that termination of the contract would undoubtedly cause quite a furor,

AMC officials then stated that they intended to discourage the change as being unnecessary, expensive, and time consuming.

Early in December 1962, CINCPAC, on the basis of discussions with Thailand representatives, determined that the locomotives being procured were inadequate and requested that the locomotives' horsepower be increased so that the locomotives would meet the needs of Thailand. CINCPAC was advised by AVCOM that there would be a cost increase of \$35,090 a unit and a delivery delay of 6 months if the locomotives were modified. On December 21, 1962, CINCPAC agreed to accept the locomotives already contracted for, in view of the advanced stage of procurement and the 6-month delay in delivery and the increase in cost inherent in any modification.

Immediately after being placed in operation on the Royal State Railway of Thailand in August 1963, the locomotives experienced a considerable number of mechanical problems. Some of the more serious problems were (1) transmission failures, (2) diesel engines overheating, (3) insufficient power, and (4) drive failures.

The Chief, JUSMAG, reported that road tests conducted on October 15, 1963, disclosed that the locomotives did not meet the Royal State Railway specifications for passenger service because the locomotives accelerated too slowly and because they were unable to maintain the desired speed due to overheating. Later in October 1963, it was determined that the locomotives did not meet the requirements for freight service. Consequently, CINCPAC requested that the Army replace the locomotives with locomotives that could provide the required freight-hauling capability. The Department of the Army finally decided that the locomotives were suitable only for switching and yard work and that replacement locomotives would be procured to meet the specifications of the Royal State Railway.

Need for strengthening management procedures by requiring user's approval of purchase descriptions

In our opinion, the procurement of locomotives which could not perform the job for which they were intended could have been avoided had AVCOM obtained clarification of the contradictory requirements. We believe that such clarification would have been greatly facilitated by management procedures requiring that a purchase description for complex nonstandard equipment be submitted for the user's review and approval when there is doubt as to the identification of the equipment intended. This review should be made prior to the award of a contract.

AVCOM engineers advised us that they were not aware of any DOD procedures requiring that purchase descriptions be coordinated and approved and that they therefore had not submitted the purchase description to higher commands or to the user for review and approval prior to the award of the contract for the locomotives.

While a purchase description may be used in lieu of specifications for one-time procurement of special equipment, AVCOM engineers advised us that procedures requiring comment by user activities applied only to military specifications. We found that this was set forth in Defense Standardization Manual M 200A which prescribes the policies and procedures applicable to specifications to be used by all Defense activities. The manual prescribes procedures for the coordination of military specifications and requires that the preparing activities submit drafts of the military specifications to all review and user activities for comment. The manual does not require the preparing activity to submit purchase descriptions for review and approval.

In our opinion, AVCOM would not have awarded the contract for locomotives which could not perform the job for which they were

intended had the purchase description prepared by AVCOM for the 57-ton shunting locomotives been submitted for the user's comment prior to the award of the contract. **As** previously stated, when the purchase description was submitted for review and comment (after the contract had been awarded), the contracting officer was advised of the user's need for locomotives of greater horsepower.

Procurement of replacement locomotives

To furnish Thailand with locomotives which would be adequate to perform the job required, the Army Mobility Equipment Center (MEC), which replaced AVCOM as the organization responsible for the supply management of rail equipment, was directed by AMC on March 10, 1965, to buy ten 80-ton, 1,200-horsepower locomotives as replacements. MEC engineers, utilizing performance specifications furnished by the Royal State Railway of Thailand, prepared a purchase description for the replacement locomotives, which was reviewed and approved during April 1965 by CINCPAC, JUSMAG, and officials of the Royal State Railway, prior to the award of a contract for the replacement locomotives. MEC, utilizing this purchase description, awarded a contract on August 3, 1965, for 10 locomotives at a total cost of \$2,305,150. Delivery was expected within 17 months after the date of the award.

Since the Royal State Railway, utilizing the performance specifications provided to MEC, had previously procured 40 locomotives of the same type from a United States supplier and since these 40 locomotives had proven to be satisfactory, MEC was directed to buy the 10 replacement locomotive from the same supplier.

Result of agency investigations

The Army conducted several investigations into the reason for procurement of locomotives which could not perform the job for which they were intended. The Deputy Commanding General, AMC, stated, on the basis of these investigations, that the requirement of the customer had been virtually ignored and that the referral of the purchase description to CINCPAC for comment after the award of the contract had been untimely. The Commanding General, AMC, concluded that a major cause of the deficiency had been the failure of

interested parties to sit down in a face-to-face meeting to ensure that all parties understood the requirements. On the basis of the result of the investigations, the Army stated that it had initiated disciplinary action against the employees who had been responsible for procuring the locomotives which did not meet the specific requirements for Thailand.

In an apparent attempt to preclude the occurrence of similar deficiencies, AMC issued a circular letter on April 12, 1965, reemphasizing the need for ensuring that nonstandard equipment to be procured would meet the user's requirements. The circular letter provided that any discrepancies existing between the user's requirements and the procurement specifications or purchase description for the equipment be resolved before the award of a procurement contract. The circular letter also required that the contract files covering the procurement of nonstandard equipment contain evidence of appropriate coordination of the specifications or purchase description with the user.

We were advised by Department of the Army officials that a change 5 to Army Regulations 795-17, which was issued on July 23, 1965, had superseded the circular letter. The change directs that supplying agencies correspond directly with the military assistance advisory groups and unified commands when clarification is essential for ensuring that the equipment to be procured will meet the user's requirements. However, this change does not require, as did the circular letter, that the purchase description for nonstandard equipment be submitted for the user's review and approval prior to the award of the procurement contract.

Agency comments

Upon completion of our review, we submitted a draft of our report to the Secretary of Defense. The Deputy Assistant Secretary of the Army (Installations and Logistics) furnished us with comments on behalf of the Department of Defense by letter dated September 22, 1966.

In our draft report, we proposed that the Secretary of Defense (1) require the military departments to establish procedures providing for user activity review and approval of a purchase description for specialized equipment prior to the award of a contract and (2) direct the Department of the Army to consider using the shunting locomotives for satisfying potential requirements. We suggested that consideration be given to selling the locomotives to Thailand in the event that requirements for the shunting locomotives did not develop or if the cost of removing the locomotives from Thailand proved to be prohibitive.

In commenting on our draft report, the Deputy Assistant Secretary stated that, in exceptional cases where there is doubt as to the identifications of the items intended, there was no question but that greater effort must be exercised by engineering and other technical personnel as well as by personnel engaged directly in the procurement process, to ensure that an item will satisfy the needs of the foreign government to which such item will be furnished. He stated also that it was the Army's view, however, that then-current policy and procedures within the Defense establishment were responsive to our proposal relating to **coordination of purchase descriptions** with user activities.

The Deputy Assistant Secretary stated further that it was the **Army's** view **also** that change 5, which was issued subsequent to the locomotive procurement, **was** adequate for precluding the occurrence of deficiencies similar to those cited in this report. The Deputy

Assistant Secretary stated also that no routine procedures for general application could substitute for the prudent judgment which is required to be exercised in exceptional cases. As discussed in this report, however, even though direct contact had been established between the requisitioning and procuring activities, locomotives were procured that were not suitable for performing the passenger and freight-hauling functions required.

We believe that the procedures should require that, when there is doubt as to the exact nature of the nonstandard equipment intended, the purchase description be submitted for the user's review and approval prior to the award of a contract for the equipment. As stated above, after the purchase description for the locomotives for Thailand was submitted for the user's review, the contracting officer was advised that the locomotives did not meet the user's requirements.

The Deputy Assistant Secretary stated also that the Army was exploring potential outlets for the shunting locomotives.

Conclusions

We believe that the procurement of locomotives which could not meet the user's needs could have been avoided if the Department of the Army had obtained clarification of the contradictory technical requirements. In our opinion, such clarification would have been facilitated by management procedures requiring that a purchase description be submitted for the user's review and approval before the award of a contract for the equipment. Although the provisions of change 5, to Army Regulations 795-17, improved procedures for furnishing equipment to recipient countries, we believe that procedures governing all Defense procurement activities should be established requiring that a purchase description for complex non-standard equipment be submitted to interested review and user

activities for comment and approval when there is a need for clarifying the exact nature of the equipment intended. This type of review should be made and documented prior to the awarding of a contract for the equipment.

In this regard, the Defense Standardization Manual M 200A requires that all specifications be coordinated and submitted for review of user activities. However, the manual does not have this same requirement for purchase descriptions since these are normally used for only one-time procurement items or for items for which it is impractical or uneconomical to prepare specifications.

Recommendation

We recommend that the Secretary of Defense require the military departments to establish procedures providing for user activity review and approval of a purchase description for complex nonstandard equipment when there is doubt as to the exact nature of the intended equipment. This review should be made prior to the award of a contract for the equipment and should be documented in the contract file covering such procurement.

Since the Department of the Army has advised us that it is exploring potential outlets for the shunting locomotives, we are making no recommendation in this regard. We intend, however, to inquire further into the disposition of or uses made of the shunting locomotives by United States activities.

SCOPE OF REVIEW

Our review was directed primarily to an examination into the consideration given to the user's requirements prior to the award of the contract *for* the locomotives. We examined applicable locomotive specifications, contract files, and correspondence files and interviewed responsible officials of the Department of the Army. Our field work, which was completed in February 1966, was performed at the Army Materiel Command, Washington, D.C., and at the Army Mobility Equipment Center and the Army Aviation Materiel Command, St. Louis, Missouri.

APPENDIX



DEPARTMENT OF THE ARMY
OFFICE OF THE ASSISTANT SECRETARY
WASHINGTON, D.C.

22 SEP 1966

Mr. James A. Duff
Assistant Director
International Operations Division
U. S. General Accounting Office
Washington, D. C. 20548

Dear Mr. Duff:

This is in response to your letter of 29 June 1966, to the Secretary of Defense requesting comments on your Draft Report titled, "Procurement of Deficient Locomotives Under the Military Assistance Program for Thailand" (OSD Case No, 2484).

As noted in the draft report, the Army investigated this matter, and disciplinary action was taken against the employees responsible for the referenced locomotive procurement.

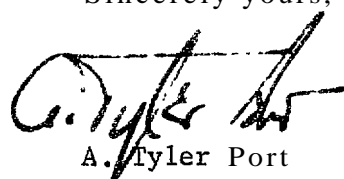
Reference is also made to the recommendation ". . .that the Secretary of Defense require that procedures be established to provide for user activity review and approval of a purchase description for specialized equipment prior to the award of a procurement contract". The Army has always stressed the need for assuring that the procurement meets the user requirements. This same degree of emphasis is placed upon the procurement of specialized equipment as it is for standard items. In exceptional cases where there is doubt as to the identification of the item intended, there is no question that greater effort must be exercised by engineering and other technical personnel as well as personnel engaged directly in the procurement process in order to assure that the item to be furnished will satisfy the needs of the foreign government.

It is the Army view that current policy and procedures within the Defense establishment are responsive to the GAO recommendation. In connection with international logistics, **Army** procedures authorize direct contact with Military Assistance Advisory Groups (MAAG) and unified commands when clarification is necessary to assure that the equipment **provided will** meet user requirements (C.5, 23 July 1965, AR 795-17). It is observed that no routine procedures for general application can provide a substitute for the exercise of prudent judgment which is required in exceptional cases.

The Army is exploring potential outlets for these shunting locomotives pending the arrival of the replacement locomotives.

In accordance with your request, the Army has reviewed your report from a security standpoint. The tentative security classifications assigned to each paragraph by your office have been changed as required; other classified information has been underlined with the security classification specifically noted. This reply is submitted on behalf of the Department of Defense.

Sincerely yours,

A handwritten signature in black ink, appearing to read "A. Tyler Port", written over a horizontal line.

A. Tyler Port

Deputy Assistant Secretary of the Army
(Installations and Logistics)

1 Incl
2 cys of Draft
GAO Report

PRINCIPAL OFFICIALS
OF
THE DEPARTMENT OF DEFENSE
AND THE DEPARTMENT OF THE ARMY
RESPONSIBLE FOR THE ADMINISTRATION OF ACTIVITIES
DISCUSSED IN THIS REPORT

	<u>Tenure of office</u>	
	<u>From</u>	<u>To</u>
<u>DEPARTMENT OF DEFENSE</u>		
SECRETARY OF DEFENSE:		
Robert S. McNamara	Jan. 1961	Present
ASSISTANT SECRETARY OF DEFENSE (INSTALLATIONS AND LOGISTICS) :		
Paul R. Ignatius	Dec. 1964	Present
Thomas D. Morris	Jan. 1961	Dec. 1964
ASSISTANT SECRETARY OF DEFENSE (INTERNATIONAL SECURITY AFFAIRS) :		
John T. McNaughton	Mar. 1964	Present
William P. Bundy	Nov. 1963	Mar. 1964
Paul H. Nitze	Jan. 1961	Nov. 1963
DIRECTOR OF MILITARY ASSISTANCE:		
Vice Adm. Luther C. Heinz	Sept. 1965	Present
Gen. Robert J. Wood	Sept. 1962	Sept. 1965
COMMANDER IN CHIEF, PACIFIC:		
Adm. U. S. G. Sharp	July 1964	Present
Adm. Harry D. Felt	July 1958	July 1964

PRINCIPAL OFFICIALS
OF
THE DEPARTMENT OF DEFENSE
AND THE DEPARTMENT OF THE ARMY
RESPONSIBLE FOR THE ADMINISTRATION OF ACTIVITIES
DISCUSSED IN THIS REPORT (continued)

-- Tenure of office
From To

DEPARTMENT OF DEFENSE (continued)

CHIEF, JOINT UNITED STATES MILITARY ADVISORY GROUP, THAILAND:

Maj. Gen. Richard G. Stilwell	Aug. 1965	Present
Maj. Gen. Ernest F. Easterbrook	Apr. 1963	Aug. 1965
Lt. Gen. Theodore J. Conway	Aug. 1962	Mar. 1963
Maj. Gen. Briad P. Johnson	July 1959	Aug. 1962

DEPARTMENT OF THE ARMY

SECRETARY OF THE ARMY:

Stanley R. Resor	July 1965	Present
Stephen Ailes	Jan. 1964	June 1965
Cyrus R. Vance	July 1962	Jan. 1964
Elvis J. Stahr, Jr.	Jan. 1961	June 1962

ASSISTANT SECRETARY OF THE ARMY (INSTALLATIONS AND LOGISTICS):

Robert A. Brooks	Oct. 1965	Present
Daniel M. Luevano	June 1964	Oct. 1965
A. Tyler Port (acting)	Mar. 1964	June 1964
Paul R. Ignatius	May 1961	Mar. 1964

PRINCIPAL OFFICIALS
OF
THE DEPARTMENT OF DEFENSE
AND THE DEPARTMENT OF THE ARMY
RESPONSIBLE FOR THE ADMINISTRATION OF ACTIVITIES
DISCUSSED IN THIS REPORT (continued)

	<u>Tenure of office</u>	
	From	To
<u>DEPARTMENT OF THE ARMY</u> (continued)		
CHIEF OF STAFF, UNITED STATES ARMY:		
Gen. Harold K. Johnson	July 1964	Present
Gen. Earle G. Wheeler	Oct. 1962	June 1964
Gen. George H. Decker	Sept. 1960	Sept. 1962
COMMANDING GENERAL, ARMY MATERIEL COMMAND:		
Lt. Gen. Frank S. Besson, Jr.	July 1962	Present
COMMANDING GENERAL, MOBILITY COMMAND :		
Maj. Gen. William W. Lapsley	Jan. 1965	Present
Brig. Gen. B. J. Leon Hirshorn (act- ing)	Nov. 1964	Jan. 1965
Maj. Gen. Alden K. Sibley	July 1962	Nov. 1964
COMMANDING GENERAL, MOBILITY EQUIPMENT CENTER (prior to February 1, 1964, COM- MANDING OFFICER, ENGINEER SUPPLY CON- TROL OFFICE) :		
Brig. Gen. Thomas B. Simpson	Aug. 1964	Present
Col. Thomas B. Simpson	Aug. 1961	Aug. 1964

PRINCIPAL OFFICIALS
OF
THE DEPARTMENT OF DEFENSE
AND THE DEPARTMENT OF THE ARMY
RESPONSIBLE FOR THE ADMINISTRATION OF ACTIVITIES
DISCUSSED IN THIS REPORT (continued)

<u>Tenure of office</u>	
<u>From</u>	<u>To</u>

DEPARTMENT OF THE ARMY (continued)

COMMANDER, U.S. ARMY AVIATION MATERIEL
COMMAND :

Brig. Gen. Howard F. Schiltz	Apr. 1964	Present
Col. Earl H. Hauschultz	Jan. 1964	Apr. 1964
Brig. Gen. David B. Parker	Aug. 1962	Jan. 1964
Col. A. A. Wilson	June 1962	Aug. 1962
Col. William L. Calhoun	June 1962	June 1962
Maj. Gen. William B. Bunker	Oct. 1955	May 1962