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Mr. Pogany
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DECISION



**THE COMPTROLLER GENERAL
OF THE UNITED STATES**
WASHINGTON, D. C. 20548

FILE: B-148581, B-189651, DATE: September 2, 1980
B-190650

MATTER OF: Army Request for Advance Decision

DIGEST: Addressee should be Dept of ARMY

Fact that Army and Air Force Exchange Service, a nonappropriated fund instrumentality (NAFI), has regular supply channel and established transportation and warehouse system for items to be procured by Army is not itself sufficient to justify sole-source procurement from NAFI.

This is in response to a request for an advance decision from the Director for Procurement, Sacramento Army Depot, as to the propriety of the proposed purchase by the Army of certain items from the Army and Air Force Exchange Service (AAFES), a nonappropriated fund instrumentality (NAFI).

The Director explains that 7,240 Republic of Korea (ROK) soldiers are attached as augmentation units to the Eighth U.S. Army and are provided logistical support. As part of this logistical support, each ROK soldier is issued initially, monthly, and semi-annually a "health and comfort kit" to provide "the basic health and comfort items required in an American environment." (The kit is composed of such items as shampoo, razor blades, chewing gum, and shoe polish.) Presently the various items making up the kit are acquired by three activities located in Korea, Hawaii and Sacramento, California. The items are then shipped to Korea for assembly into kits. The Director explains that AAFES is capable of supplying all items through its regular supply channels since all items are in its normal stockage. AAFES, the Director states,

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would therefore be an ideal source of supply because of its ability to buy in large quantities, and its established transportation and warehouse system in Korea.) The Director thus proposes to initiate a Basic Ordering Agreement with AAFES with each order to be issued on a DD Form 1155, with the Army continuing to assemble the individual items into kits.

In our decision, 58 Comp. Gen. 94 (1978), 78-2 CPD 353, we specifically stated that obtaining goods and services from a NAFI is tantamount to obtaining them from non-Governmental, commercial sources. Although we indicated that the sale of goods and services by NAFIGs to regular Government operating activities is generally outside the scope of proper NAFI function we also stated:

"We recognize, however, that there may be circumstances where, as a practical matter, procurement through a NAFI may be necessary. For example, there may be organizational or functional reasons which dictate the impracticability of having services furnished by other than a NAFI. There may also be extreme exigency situations where only a NAFI can provide urgently required goods or services. In such cases, appropriate sole-source justifications should be prepared, and in light of the discussions above, regular purchase orders, i.e., DD Form 1155, should be utilized rather than intra-agency orders." (Emphasis added.)

The question, therefore, is whether a sole-source procurement can be justified under the facts presented. We do not believe so. Although the Director suggests that there are organizational considerations which warrant purchase from the AAFES, he does not state that other sources are not capable of furnishing the required items. In fact, the record shows that other sources are currently supplying these items. In this regard, we have consistently held that the fact that a particular concern may be able to perform a contract with greater ease or at less cost than any other concern does not justify a non-competitive procurement to the exclusion

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of others. See Environmental Protection Agency sole source procurements, 54 Comp. Gen. 58 (1974), 74-2 CPD 59; Olivetti Corporation of America, B-187369, February 28, 1977, 77-1 CPD 146.

Accordingly, we find the Director's explanation to be an inadequate basis for a procurement of the items from AAFES.

Harry R. Van Cleave

For The Comptroller General
of the United States