DEPARTMENT OF DEFENSE

AUDIT REPORT

RESEARCH AND DEVELOPMENT CONTRACTING
AT DOD LABORATORIES

No. 91-033 January 25, 1991

Office of the
Inspector General

INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
400 ARMY NAVY DRIVE
ARLINGTON, VIRGINIA 22202-2884

January 25, 1991

MEMORANDUM FOR UNDER SECRETARY OF DEFENSE FOR ACQUISITION
ASSISTANT SECRETARY OF THE ARMY (FINANCIAL MANAGEMENT)
ASSISTANT SECRETARY OF THE NAVY (FINANCIAL MANAGEMENT)

SUBJECT: Report on the Audit of Research and Development Contracting at DoD Laboratories (Report No. 91-033)

This is our final report on the Audit of Research and Development Contracting at DoD Laboratories for your information and use. Comments on a draft of this report were considered in preparing the final report. We performed the audit from December 1989 through July 1990. The objectives were to evaluate compliance with Public Law 98-369, "Competition in Contracting Act" (the Act), and to determine whether appropriate contract types were used. We also evaluated the effectiveness of applicable internal controls. In FY 1989, 66 DoD laboratories awarded $4.6 billion in research and development contracts. Of the $4.6 billion, $2.0 billion was obligated to new contracts.

Internal controls were generally adequate. The results of the audit are summarized in the following paragraphs, and the details, audit recommendations, and management comments are in Part II of this report..

Broad Agency Announcement procedures were viable and efficient for awarding research and development contracts. The laboratories effectively used Broad Agency Announcements as a contracting method. However, additional opportunities for their use can be exploited.

For the most part, the DoD laboratories effectively limited the award of sole source contracts to those circumstances specifically permitted by the Act. However, six of the eight Army and Navy laboratories visited awarded some sole source contracts based on purported urgency, when no urgent requirement existed. In addition, procurement lead times were excessive for the contracts awarded. Also, the potential for competition was unduly restricted, and genuinely urgent contracts were delayed. We recommended that the Assistant Secretary of the Army (Research, Development and Acquisition) issue clarifying guidance specifying what constitutes urgency within the criteria of the Act. The Commander, Naval Supply Systems Command, issued guidance during our audit that clarified the definition of urgency (Appendix A). Therefore, we made no recommendation to the Navy. We also recommended that the Assistant Secretary of

the Army (Research, Development and Acquisition) and the Commander, Naval Supply Systems Command, assign top priority to the processing of urgent contracts (page 5).

The management responses to a draft of this report conformed to the provisions of DoD Directive 7650.3. No unresolved issues existed on the audit recommendations. Accordingly, additional management comments on the final report are not required.

Neither recommendation in this report will result in readily quantifiable monetary benefits. However, other significant benefits would be derived from implementing the recommendations, as summarized in Appendix D.

The courtesies extended to the audit staff are appreciated. If you have any questions on this audit, please contact Mr. Raymond A. Spencer at (703) 614-3995 (AUTOVON 224-3995) or Mr. Nicholas Como at (703) 693-0355 (AUTOVON 223-0355). A list of the audit team members is in Appendix F. Copies of this report are being provided to the activities listed in Appendix G.

Robert J. Lieberman
Assistant Inspector General
for Auditing

Enclosure

cc:
Secretary of the Army
Secretary of the Navy
Secretary of the Air Force

REPORT ON THE AUDIT OF RESEARCH AND DEVELOPMENT CONTRACTING AT DOD LABORATORIES

TABLE OF CONTENTS

	Page
TRANSMITTAL MEMORANDUM/EXECUTIVE SUMMARY	i
PART I - INTRODUCTION	1
Background	1
Objectives and Scope	1
Internal Controls	2
Prior Audit Coverage	2
Other Matters of Interest	3
PART II - FINDING AND RECOMMENDATIONS	
Sole Source Contracts Awarded Claiming Urgency Requirement	5
APPENDIX A - Commander, Naval Supply Systems Command, Memorandum	9
APPENDIX B - Department of the Army Comments	11
APPENDIX C - Department of the Navy Comments	13
APPENDIX D - Summary of Potential Monetary and Other Benefits Resulting from Audit	15
APPENDIX E - Activities Visited or Contacted	17
APPENDIX F - Audit Team Members	19
APPENDIX G - Final Report Distribution	21

Prepared by:
Acquisition Management Directorate
Project No. 0AB-0030

REPORT ON THE AUDIT OF RESEARCH AND DEVELOPMENT CONTRACTING AT DOD LABORATORIES

PART I - INTRODUCTION

Background

DoD laboratories award contracts for DoD sponsored research and development to private industry and educational institutions. In FY 1989, the 66 DoD laboratories awarded contracts valued at $4.6 billion, of which $2.0 billion was obligated on 6,132 new contracts. Of the 6,132 contracts, 833 contracts (14 percent) were noncompetitively awarded. The DoD-wide average of noncompetitive contracts awarded was approximately 40 percent.

Public Law 98-369, "Competition in Contracting Act" (the Act), as implemented in the Federal Acquisition Regulation (FAR), requires the use of full and open competition for contracts valued at over $25,000. The Act limits the use of other than competitive procedures to seven specified circumstances. In addition, the Act requires contracting officials to justify, and obtain approval from other specified agency officials for, the use of other than competitive procedures. The Act has streamlined contracting for research and development by exempting unique and innovative unsolicited research proposals and by providing for the use of Broad Agency Announcements (BAA). A BAA permits a Defense agency to use a general solicitation, under competitive procedures, while retaining the wide latitude needed for the review of research and development proposals.

Objectives and Scope

Our objectives were to evaluate compliance with the Act, and to determine whether the appropriate contract types were used. In addition, we evaluated the effectiveness of applicable internal management controls.

We identified a universe of 6,132 contracts with an obligated value of $2.0 billion for FY 1989 in the Individual Contracting Action Report (DD Form 350) of September 30, 1989. We judgmentally selected 11 of the 66 DoD laboratories for review. We reviewed 100 sole source contracts and 145 competitive contracts, collectively valued at $438 million, awarded during FY 1989. We reviewed contract files and determined if the appropriate contract types were used and if contracts were awarded in compliance with the Act.

On May 3, 1990, the Office of the Assistant Inspector General for Auditing issued Report No. 90-063, "Quick-Reaction Report on the Audit of Research and Development Contracting at DoD Laboratories." The report noted that the U.S. Army Materiel

Command was planning to award a noncompetitive follow-on contract for $9.2 million on the basis of "unusual and compelling urgency," for services that could have been provided competitively. The audit showed that the use of urgency as a basis for the noncompetitive award was not justified. The Commander, U.S. Army Materiel Command, fully concurred with the recommendation to suspend all procurement action until a competitive acquisition package could be prepared for use in soliciting competitive proposals.

This economy and efficiency audit was made from December 1989 through July 1990 in accordance with auditing standards issued by the Comptroller General of the United States, as implemented by the Inspector General, DoD, and accordingly included such tests of internal controls as were considered necessary. The activities visited or contacted during the audit are listed in Appendix E.

Internal Controls

We assessed the internal controls applicable to compliance with the Act, FAR provisions, and required internal management controls. We reviewed periodic vulnerability assessments to verify that they were evaluated. We also reviewed prior audit recommendations to ensure that they were implemented. Procedures were in place to prevent contracts from being awarded to suspended or debarred contractors. We also assessed the Competition Advocacy Program at each activity visited. The Program was generally well placed, functional, and effective in promoting competition in contracting. The internal controls were deemed to be effective in that no material deficiencies were disclosed.

Prior Audit Coverage

Department of Defense, Office of the Assistant Inspector General for Auditing, Report No. 88-197, "Audit of Sole-Source Procurements Resulting from Unsolicited Proposals," August 25, 1988, reported that DoD program officials accepted unsolicited proposals that were not innovative or unique. In addition, sole source contracts were awarded based on inadequate justification and ineffective market surveys. The report recommended that DoD program officials return unsolicited proposals when they are not innovative or unique. DoD nonconcurred with the report and stated that present guidance was adequate. As of July 1990, DoD laboratories had substantially reduced the use of unsolicited proposals as a contracting method. BAA's had, for the most part, replaced the requirement to use unsolicited proposals. In addition, DoD laboratories have awarded sole source contracts with adequate justifications and effective market surveys.

General Accounting Office (GAO) Report No. GAO/NSIAD 87-145, (OSD Case Number 7422) "Procurement: Better Compliance with the Competition in Contracting Act is Needed," August 26, 1987, reported that:

- duties of the Competition Advocate varied at different activities,

- Agency procedures resulted in decisions to award noncompetitive contracts, and

- noncompliance with the Act affected 80 percent of the noncompetitive awards.

GAO recommended that Agency heads ensure that procurement personnel understand and comply with statutory and FAR requirements. GAO did not request Agency comments.

As of July 1990, the duties of the Competition Advocate at DoD laboratories were in compliance with the Act. With the exception of the misuse of the "unusual and compelling urgency" provision of the Act that is presented in Part II of this report, DoD laboratories properly awarded sole source contracts.

Army Audit Agency Report No. NE 89-1, "Acquisition and Contract Administration," November 7, 1988, reported that the Procurement Division of the U.S. Army Natick Research, Development and Engineering Center did not respond quickly enough to award contracts for urgent requirements. The Army Audit Agency recommended that guidance be issued emphasizing prompt award of contracts for urgent requirements. Management concurred with the recommendation.

We found the same condition at the U.S. Army Natick Research, Development and Engineering Center and at four other DoD laboratories that we visited. This issue is addressed in Part II of this report.

Other Matters of Interest

Broad Agency Announcements. This method of procurement for research and development was authorized by the Act and implemented by the FAR. Research contracts awarded under a BAA satisfy the full and open competition requirements of the Act. The BAA is a general solicitation for basic research, scientific study, and experimentation directed toward advancing the "state of the art and scientific knowledge." The BAA procedure offers a streamlined method of soliciting innovative research ideas from those sources that were previously only available on a limited basis from unsolicited proposals. The use of BAA's has been expanded to apply to any basic or exploratory research effort not related to the development of a specific weapon system or

hardware procurement. Acquisition lead time can be reduced by about 30 percent through the use of BAA procurement procedures.

We reviewed the DoD laboratories' use of, and compliance with, BAA procurement procedures. Our review of 111 BAA contracts valued at $169.6 million showed that laboratories were in compliance with required BAA procedures. Of these 111 contracts, 25 contracts valued at $116.9 million were Air Force Program Research and Development Announcement (PRDA) contracts. A PRDA is a variant of the BAA procedure that is used exclusively by the Air Force and solicits creative research or development solutions to scientific or engineering problems.

We also reviewed the potential for use of the BAA procedures at the laboratories visited during our review. We noted that 3 of the 11 laboratories visited could have used BAA procedures. Contracting personnel at these laboratories agreed that use of BAA procedures could potentially increase the number and quality of research proposals received as well as expedite the procurement process.

Both the BAA and PRDA procurement procedures offer a streamlined method of identifying and exploiting innovative research. Our review disclosed that the use of BAA and PRDA procedures has also generated innovative ideas from a number of sources. The Air Force, for the most part, has aggressively promoted the use of BAA's and PRDA's. We encourage both the Army and Navy to increase laboratory procurement personnel's awareness and use of BAA procurement procedures.

PART II - FINDING AND RECOMMENDATIONS

Sole Source Contracts Awarded Claiming Urgency Requirement

FINDING

Contracting officers at Army and Navy laboratories cited "unusual and compelling urgency" (urgency exception) to justify awarding sole source contracts although no urgent requirement existed in 58 percent of the sample contracts reviewed. In addition, sole source contracts with a justified urgency required excessive administrative lead time. This occurred because contracting officers misinterpreted the definition of urgency in the "Competition in Contracting Act" (the Act). Also, contracts containing a justified urgent requirement were not given top priority or expeditious processing. As a result, the potential savings that were achievable through competition were lost. In addition, contracts that were genuinely urgent were not awarded in time to meet urgent needs.

DISCUSSION OF DETAILS

Background. The Federal Acquisition Regulation (FAR), chapter 6, and the Act permit a sole source contract to be awarded using the urgency exception if delays associated with normal award procedures would cause "serious injury, financial or other" to the Government. Urgent needs caused by scheduling considerations and deadlines are not included as a basis for urgency. The FAR and the Act also waive the requirements that urgent awards be published in a synopsized form in the Commerce Business Daily and that market surveys be performed to identify potential competitive sources. The purpose of these waivers is to permit rapid processing of the contract.

A contract claiming an urgent requirement permits assigning the highest priority and providing expeditious treatment at all stages of the acquisition process. Failure to do so negates the provisions of the Act that were designed to permit expeditious processing of urgent contracts.

Of the 100 sole source contracts, valued at $74.0 million, we reviewed, 24 contracts, valued at $15.7 million, were awarded using the urgency exception. During the review of these contracts, we found that contracts claiming urgency did not fit the criteria in the Act, and procurement administrative lead time was excessive. Details of our review are as follows.

Urgency as Incorrect Citation. Contracting officers incorrectly cited urgency as the justification for sole source procurements on 14 of the 24 contracts reviewed. The contracting officers misinterpreted urgency to include scheduling considerations, potential expiration of funds, and pressure from

senior officials. For example, the Army Tank-Automotive Research, Development and Engineering Center (TARDEC) issued a contract for an Advanced Technology Transition Demonstrator. This device is a modified M1-A1 tank hull, which is used to test new tank technologies. TARDEC cited urgency to meet test program schedules. The contracting officer did not cite serious financial or other injury to justify the exception for this contract.

As a result of the inappropriate use of the urgency exception, potential opportunities for competition were lost. Because the contract proposals were not published in the Commerce Business Daily, potential competitors did not have the opportunity to respond. In addition, nonuse of market surveys denied laboratory officials the opportunity to identify potential sources for future contracts.

DoD laboratories did award research and development contracts with a genuine urgent justification. Examples of urgency within the criteria of the Act included financial and safety risks.

Financial. We reviewed one Naval Weapons Center contract that was urgent because delay would have increased the risk of substantial compensation to a contractor for additional downtime during the test period. This contract was also considered urgent for national security reasons because it was for test support of a strategic weapon program of highest priority.

Safety. The Army Natick Research, Development and Engineering Center (Natick) issued three contracts for development and delivery of lip and finger controlled lights for helicopter pilots wearing night vision goggles. Use of regular cockpit lights was blinding the pilots and may have contributed to helicopter crashes.

Procurement Administrative Lead Time. Contracting officers took excessive time to issue sole source contracts for which urgency was cited. Of the 24 contracts we reviewed, 16 contracts required more than 90 days of Procurement Administrative Lead Time (PALT). Six of the sixteen contracts contained a genuinely urgent requirement, as defined by the Act. The overall range for those contracts exceeding 90 days of lead time was 98 to 288 days. The award of urgent contracts was delayed because:

- Contracts did not receive top priority and expeditious processing. For example, Natick issued three contracts for lip and finger controlled lights to satisfy a genuinely urgent requirement. The contracts took 159, 226, and 205 days, respectively, to award. This excessive time frame lengthened the exposure of Army pilots and helicopters to potential hazards.

- Solicitations were not used in a timely manner once the requirement was known. One solicitation issued by the Naval Weapons Center was not issued until 4 months after the Center knew of the requirement.

As a result, contracts that were awarded based on urgent requirements either were not genuinely urgent or, if they were genuinely urgent, were not awarded in a timely manner.

RECOMMENDATIONS FOR CORRECTIVE ACTION

1. We recommend that the Assistant Secretary of the Army (Research, Development and Acquisition) prepare an operating instruction to clarify the use of the "unusual and compelling urgency" exception, as required in Public Law 98-369, "Competition in Contracting Act."

2. We recommend that the Assistant Secretary of the Army (Research, Development and Acquisition) and the Commander, Naval Supply Systems Command, prepare an operating instruction that requires that urgent procurements receive top priority and that contracts at all acquisition stages be expeditiously processed.

MANAGEMENT COMMENTS

The Assistant Secretary of the Army, U.S. Army Contracting Support Agency, concurred with Recommendations 1. and 2. and stated that the Agency will issue guidance clarifying the use of the "unusual and compelling urgency" exception and the need for expeditious processing of requirements so designated. The estimated completion date was December 31, 1990.

The Assistant Secretary of the Army, U.S. Army Contracting Support Agency, also stated that we overstated the PALT for the three lip and finger controlled light contracts mentioned in this report. The Army contended that the number of days between the purchase request and contract issuance was not excessive and was written within Natick's goal of filling urgent requirements.

The Assistant Secretary of the Navy (Research, Development and Acquisition) concurred with Recommendation 2. and stated that the Naval Supply Systems Command will update its Instruction 4200.83, "Delegation of Approval Authority for Business Clearances," June 22, 1990. The update will require that urgent procurements receive top priority and that contracts at all acquisition stages be expeditiously processed. The estimated completion date is March 30, 1991.

AUDIT RESPONSE TO MANAGEMENT COMMENTS

PALT is measured from the date the purchase request is issued to the date the contract is issued. However, we elected to measure PALT as the time required to issue the contract from the date the laboratory was informed of the urgent requirement. We did so because a contract containing an urgent requirement and initiated at a DoD laboratory requires expedient and coordinated effort from both technical and procurement personnel. The lead times listed in the Army example in this report reflect the total delay encountered after the laboratory was informed of the urgent requirement. We contend that this is a fair way of measuring the time that it took the urgent contracts to receive top priority and expeditious processing. Therefore, we have not revised the estimate contained in this report.

DEPARTMENT OF THE NAVY
NAVAL SUPPLY SYSTEMS COMMAND
WASHINGTON D C 20376 5000

TELEPHONE NUMBER
COMMERCIAL
AUTOVON
IN REPLY REFER TO:

4284.3
02A6/CAL
90-20
14 MAY 1990

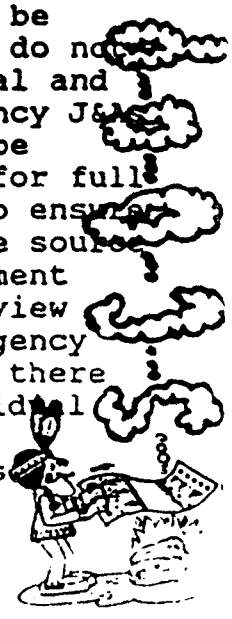
From: Commander, Naval Supply Systems Command

Subj: IMPROPER USE OF FAR 6.302 - UNUSUAL AND COMPELLING URGENCY CITATIONS WHEN CONTRACTING WITHOUT FULL AND OPEN COMPETITION

Ref: (a) NAVSUPSYSCOM ltr 88-39 dtd 22 Apr 88
(b) FAR 6.302
(c) SUPARS 6.302-2(c)

1. The purpose of this letter is to expand on the guidance provided in reference (a) and remind activities of the proper use of the authority 10 USC 2304(c)(2). We are receiving a large number of Justification and Approvals (J&As) for review and approval which improperly cite the authority 10 USC 2304(c)(2), "Unusual and Compelling Urgency." This appears to be a continuing problem which is particularly prevalent in justifications for bridge contract modifications and requests for approval of actions after award.

2. Reference (b) authorizes the limiting of sources from which to solicit bids and proposals when an unusual and compelling urgency precludes full and open competition; and, when the delay in award of a contract would result in serious injury, financial or otherwise to the Government. Many of the J&As received in this office citing unusual and compelling urgency appear to be the result of administrative delays due primarily to inadequate procurement planning or problems encountered during the procurement cycle which prohibit timely award of a follow-on contract. In fact, in reviewing these J&As, we have noticed a number of instances when time was available, in view of earlier identification of the need, to synopsize the requirement in the Commerce Business Daily and use the authority, "Only One Responsible Source...," to justify award of a bridge contract. Activities should be reminded that while an acquisition may be urgent now, the administrative delays leading up to the J&A do not sufficiently demonstrate and support the criteria for unusual and compelling urgency. In accordance with reference (b), urgency J&As should clearly demonstrate the harm to the Navy that would be experienced if contract award is delayed in order to allow for full and open competition. Care should be taken by activities to ensure that the appropriate J&A authority is used to justify a sole source requirement. Activities are reminded that advance procurement planning and regularly scheduled meetings to develop and review milestone plans are fundamental in keeping the number of urgency J&As submitted to an absolute minimum. Also, be aware that there are situations that can be legitimately handled on an individual basis rather than through the use of urgent J&As for bridge contract modifications to Indefinite Type Delivery contracts



Subj: IMPROPER USE OF FAR 6.302A - UNUSUAL AND COMPELLING URGENCY CITATIONS WHEN CONRACTING WITHOUT FULL AND OPEN COMPETITION

3. We are also concerned with the lack of pre-award coordination with NAVSUP 02 prior to extending contracts using the urgency exception. Reference (c) authorizes contract award prior to J&A preparation and approval provided that for acquisitions over $1,000,000, oral coordination with the cognizant NAVSUP 02 Field Support Division takes place prior to contract award and that written confirmation is forwarded to NAVSUP 02 within fifteen days following oral coordination. Many activities are not complying with this requirement. Continued abuse will result in the loss of authority to utilize urgency J&As without prior written approval by NAVSUP 02.

4. Activities submitting J&As prompting concerns similar to those expressed here should be aware that such J&As will be returned without approval. In addition, where it appears that the acquisition became urgent as a direct result of poor acquisition planning, activities will be required to substantiate why advance planning was not done and explain the steps taken to avoid the resulting situation.

5. Procurement Management Review Divisions and Detachments are requested to further disseminate this information as appropriate within their respective regions.

6. Questions or comments concerning this policy are to be directed to the cognizant NAVSUP 02 Field Support Division.

William A. Mackinson
Assistant Deputy Commander
Contracting Management Directorate

Distribution:
List "C"

DEPARTMENT OF THE ARMY
OFFICE OF THE ASSISTANT SECRETARY
U.S. ARMY CONTRACTING SUPPORT AGENCY
5109 LEESBURG PIKE
FALLS CHURCH, VIRGINIA 22041-3201

5 DEC 1990

Final Report
Page Number

REPLY TO
ATTENTION OF

SFRD-KP

MEMORANDUM FOR INSPECTOR GENERAL, DEPARTMENT OF DEFENSE
ATTN: AFU, 400 ARMY NAVY DRIVE, ARLINGTON, VIRGINIA 22202-2884

SUBJECT: Report on the Audit of Research and Development Contracting at DoD Laboratories (Project No. 0AB-0030)

1. We reviewed subject draft report and concur, in general, with the findings and recommendations except as noted below.

a. The third paragraph on page 2 is misleading. It refers to Report No. 90-063, "Quick Reaction Report on the Audit of Research and Development Contracting at DoD Laboratories" which noted that - 2

> "the U.S. Army Materiel Command awarded a noncompetitive follow-on contract for $9.2 million on the basis of unusual and compelling urgency, for services that could have been provided competitively."

To be consistent with the Quick Reaction Report, this statement should be revised to state that the Army Materiel Command (AMC) "was planning to award" a noncompetitive follow-on contract. You should also note that the contract was subsequently awarded on the basis of full and open competition.

b. The first paragraph on page 13 erroneously states that the Procurement Administrative Leadtime (PALT) for the lip and finger controlled lights contracts was "159, 226, and 205 days." The correct PALT for these actions is "98, 119, and 126 days." We do not believe this to be excessive. These figures compare favorably with the Command's goal of filling urgent requirements, on a definitive basis, within 120 days of receipt of a purchase request. 6

2. With regard to recommendations 1 and 2, we will issue guidance clarifying the use of the exception for "Unusual and Compelling Urgency" and the need for expeditious processing of requirements so designated. This will be completed not later than 31 December 1990.

SFRD-KP
SUBJECT: Report on the Audit of Research and Development Contracting at DoD Laboratories (Project No. 0AB-0030)

3. The point of contact for this action is Mr. Thomas W. Colangelo, SFRD-KP, who may be reached at (703) 756-7564.

NICHOLAS R. HURST
Brigadier General, GS
Director, U.S. Army Contracting
Support Agency

CF:
SARD-DER (Ms. Willey)
SAIG-PA (Ms. Flanagan)
AMCIR-A (Mr. Kurzer)

THE ASSISTANT SECRETARY OF THE NAVY
(Research, Development and Acquisition)
WASHINGTON, D.C. 20350-1000

DEC 12 1990

MEMORANDUM FOR DEPARTMENT OF DEFENSE ASSISTANT INSPECTOR GENERAL
FOR AUDITING (DIRECTOR, ACQUISITION MANAGEMENT)

Subj: DODIG DRAFT REPORT ON RESEARCH AND DEVELOPMENT CONTRACTING AT DOD LABORATORIES (PROJECT NO. OAB-0030)

In response to your memorandum of 3 October 1990, we have reviewed the subject draft report.

The Department of the Navy concurs with recommendation II(2) to prepare an operating instruction. The Naval Supply Systems Command will update its NAVSUPINST 4200.83, Delegation of Approval Authority for Business Clearances, dated 22 June 90, to require that urgent procurements receive top priority and that contracts at all acquisition stages be expeditiously processed. The estimated completion date is 30 March 1991.

Gerald A. Cann

Copy to:
NAVINSGEN (04)
NAVCOMPT (NCB-53)

SUMMARY OF POTENTIAL MONETARY AND OTHER BENEFITS RESULTING FROM AUDIT

Recommendation Reference	Description of Benefits	Amount and/or Type of Benefit
1.	Compliance with Public Law-- The review of the procedures supporting contracts claiming urgency is a requirement of Public Law 98-369, "Competition in Contracting Act."	Nonmonetary 1/
2.	Compliance with Public Law -- The review of the procedures supporting contracts claiming urgency is a requirement of Public Law 98-369, "Competition in Contracting Act."	Nonmonetary 1/

1/ Although we classify improved compliance with Public Law 98-369 as a nonmonetary benefit, it should be recognized that the underlying goals of that statute are to improve fairness and decrease costs in the acquisition effort. While significant savings could conceivably be achieved through increased competition, the amounts are not readily quantifiable.

ACTIVITIES VISITED OR CONTACTED

Office of the Secretary of Defense

Under Secretary of Defense for Acquisition, Washington, DC

Department of the Army

Headquarters, Army Materiel Command, Alexandria, VA
Headquarters, U.S. Army Laboratory Command, Adelphi, MD
Headquarters, U.S. Army Troop Support Command, St. Louis, MO
Headquarters, U.S. Army Medical Research and Development Command, Fort Dietrick, MD
Belvoir Research, Development and Engineering Center, Fort Belvoir, VA
Engineering Topographic Laboratory, Fort Belvoir, VA
Missile Research and Development and Engineering Center, Huntsville, AL
Natick Research, Development and Engineering Center, Natick, MA
Tank-Automotive Research, Development and Engineering Center, Warren, MI

Department of the Navy

Office of the Comptroller, Washington, DC
Headquarters, Space and Warfare Systems Command, Washington, DC
Office of the Chief of Naval Research, Arlington, VA
Naval Air Development Center, Warminster, PA
Naval Research Laboratory, Washington, DC
Naval Medical Research and Development Command, Bethesda, MD
Naval Sea Systems Command, Washington, DC
Naval Supply Systems Command, Arlington, VA
Naval Surface Warfare Center, Dahlgren, VA
Naval Surface Warfare Center, White Oak, MD
Naval Weapons Center, China Lake, CA
David Taylor Research Center, Bethesda, MD
Navy Strategic Systems Program Office, Arlington, VA

ACTIVITIES VISITED OR CONTACTED
(continued)

Department of the Air Force

Assistant Secretary of the Air Force (Acquisition),
Washington, DC
Headquarters, Air Force Systems Command, Andrews Air Force Base, MD
Directorate of Contracting, Eglin Air Force Base, FL
Engineering and Services Center, Tyndall Air Force Base, FL
Flight Test Center, Edwards Air Force Base, CA
Geophysics Laboratory, Hanscom Air Force Base, MA
Rome Air Development Center, Griffiss Air Force Base, NY
Space Technology Center, Kirtland Air Force Base, NM
Weapons Laboratory, Kirtland Air Force Base, NM

Defense Agency

Defense Advanced Research Projects Agency, Arlington, VA

AUDIT TEAM MEMBERS

Donald E. Reed, Director, Acquisition Management Directorate
Raymond A. Spencer, Program Director
Nicholas E. Como, Project Manager
Geraldine M. Edwards, Team Leader
Jonathan M. Rabben, Team Leader
James D. Wells, Auditor
Bucceroni Mason, Auditor
Gopal K. Jain, Auditor
Robert T. Briggs, Auditor

FINAL REPORT DISTRIBUTION

Office of the Secretary of Defense

Under Secretary of Defense for Acquisition
Assistant Secretary of Defense (Public Affairs)
Comptroller of the Department of Defense

Department of the Army

Secretary of the Army
Assistant Secretary of the Army (Financial Management)
Assistant Secretary of the Army (Research, Development and Acquisition)
Auditor General, U.S. Army Audit Agency
Director, U.S. Army Contracting Support Agency

Department of the Navy

Secretary of the Navy
Assistant Secretary of the Navy (Financial Management)
Assistant Secretary of the Navy (Research, Development and Acquisition)
Auditor General, Naval Audit Service
Headquarters, Space and Naval Warfare Systems Command

Department of the Air Force

Secretary of the Air Force
Assistant Secretary of the Air Force (Financial Management and Comptroller)
Assistant Secretary of the Air Force (Acquisition)
Headquarters, Air Force Systems Command
Air Force Audit Agency

Non-DoD

Office of Management and Budget
U.S. General Accounting Office,
NSIAD Technical Information Center

Congressional Committees:

Senate Subcommittee on Defense, Committee on Appropriations
Senate Committee on Armed Services
Senate Committee on Governmental Affairs
Senate Ranking Minority Member, Committee on Armed Services
House Committee on Appropriations
House Subcommittee on Defense, Committee on Appropriations
House Ranking Minority Member, Committee on Appropriations
House Committee on Armed Services

FINAL REPORT DISTRIBUTION
(continued)

House Committee on Government Operations
House Subcommittee on Legislation and National Security,
Committee on Government Operations