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WASHINGTON, D.C. 20548



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JUL 6 1973

C1 The Honorable Charles A. Percy  
United States Senate

R Dear Senator Percy:

In response to your October 18, 1972, request and subsequent discussions with the minority counsel of the Senate Committee on Government Operations, we examined (1) the steps being taken to implement the provision of Public Law 92-582 to publicly announce architectural and engineering (A-E) requirements and (2) ways to improve the announcement.

We met with officials of the General Services Administration (GSA), the Department of Commerce, and the Department of Defense (DOD) but did not obtain their formal comments on the matters discussed in this report. We reviewed several Federal agencies' methods for publicly announcing A-E requirements and also contacted a number of A-E firms and professional organizations.

#### BACKGROUND

Public Law 92-582 enacted October 27, 1972, amended the Federal Property and Administrative Services Act of 1949 to establish a policy for selecting firms and individuals to perform A-E services for the Government. Section 902 of the law declares, in part, it will be the Government's policy to publicly announce all A-E requirements.

Before the law was enacted, agencies were not required to announce A-E requirements and generally selected a firm for A-E services by analyzing information already on file. Now they must publicly announce all A-E requirements as a part of the selection process. Thus agencies will consider, for selection, firms that respond to an announcement in addition to firms which previously submitted qualification information.

#### CIVIL AGENCIES' IMPLEMENTATION OF PUBLIC LAW 92-582

Since enactment of the law, civil agencies have taken several actions to implement the public announcement policy.

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- A proposed revision of the Federal Procurement Regulations has been circulated for comments; the target date for final release is December 1973.
- On March 29, 1973, the Federal Register published a temporary regulation mandatory for GSA and optional for other civil agencies which generally parallels the proposed regulation.
- Several civil agencies have revised their A-E procurement procedures to conform with the law.

### Proposed regulation

The proposed regulation calls for publishing all A-E requirements with fees expected to exceed \$25,000 in the Commerce Business Daily. The purpose of the publication is to solicit qualification information from persons or firms that are eligible for consideration but do not have current information on file with the procuring agency or office. The announcement is to be published sufficiently in advance to enable A-E firms to prepare and submit qualification information to the procurement office.

According to the proposed revision, the announcement would include a statement of project location, scope of required services, and, when applicable, construction cost limitation. The announcement would also describe qualifications or performance data required from A-E firms.

Under the proposed revision, announcement in the Commerce Business Daily is optional for A-E requirements with fees expected to be \$25,000 or under. As an alternative these may be publicized only in the area where the service is required.

### Comments on proposed regulation

Because the proposed regulation is subject to change, our comments may not apply to the final regulation. However, we question the criterion for required Commerce Business Daily announcements. By setting the required announcement level at \$25,000, the majority of requirements will probably not appear in the Commerce Business Daily. Statistics for civil agencies are not available, but the Commission on Government Procurement estimated that 80 percent of DOD's A-E awards were for \$25,000 or less.

According to a GSA official, awards under \$25,000 generally are made in a project's local geographical area and

announcing these awards in the Commerce Business Daily, which has nationwide circulation, would not be necessary.

The Government's policy is to award a fair portion of procurements to small businesses and one way to promote this is to announce requirements in the Commerce Business Daily. Limiting announcements to only large requirements which might exceed the capacity of most small firms could be detrimental to small-business participation in A-E awards. We recognize that the proposed regulation provides for local publicity of awards under \$25,000. However, publishing smaller awards in the Commerce Business Daily according to current criteria-- \$5,000 for announcing civil agency procurements--may better serve the needs of small business.

Besides our analysis of proposed changes to implement the public announcement policy of Section 902, our Office of the General Counsel is reviewing the entire proposed regulation and will issue comments to GSA on its provisions. We will send you a copy of these comments when they are released to GSA.

Revision of procedures  
by civil agencies

Several civil agencies have already revised their procedures to conform with the law's policy. For example, on December 1, 1972, the Department of the Interior published proposed new regulations for A-E service procurement in the Federal Register. GSA and the Veterans Administration issued revised instructions to their contracting officers adopting the law's provisions on a mandatory basis and also stipulated announcement of all A-E requirements in the Commerce Business Daily. As of February 15, 1973, GSA had prepared three A-E project notices for publication; the Veterans Administration had prepared five.

Officials of the Atomic Energy Commission and the National Aeronautics and Space Administration informed us that they would wait until the Federal Procurement Regulations are amended before formally revising their procedures.

DOD CONFORMANCE WITH PUBLIC LAW 92-582

Although the law does not specifically apply to DOD, the Department has amended its procurement regulations to conform with the law. On March 5, 1973, a change to the Armed Services Procurement Regulation was approved providing for publicly announcing A-E requirements.

--Each A-E procurement expected to exceed \$10,000 will be announced in the Commerce Business Daily. The notice will include a statement of the project's location, scope of required services, and when applicable, the estimated construction cost range. The announcement will invite firms meeting the stated requirements to submit their qualification information to the office responsible for the project.

--A-E projects for which the total fee is not expected to exceed \$10,000 need not be announced in the Commerce Business Daily but can be publicly announced by displaying a notice at the procurement contracting office.

The \$10,000 criterion for announcing A-E requirements parallels the existing criterion for Commerce Business Daily announcement of other proposed DOD procurements.

#### COMMERCE BUSINESS DAILY ANNOUNCEMENT

Representatives of A-E firms we contacted indicated that the major difficulty is that Federal agencies have not sufficiently used the Commerce Business Daily for announcing A-E requirements. In the past, announcements for A-E services generally were not required by regulations and therefore often did not appear in the publication. A-E firms feel that, if notices of such services were published, they would be aware of upcoming projects.

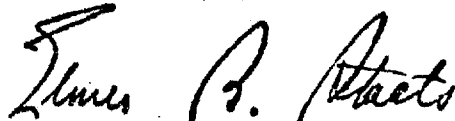
We noted that A-E announcements published in the Commerce Business Daily are not separately listed. Instead, solicitations for consultant, computer, and other similar services are included under the same heading as A-E announcements. This has made it difficult for A-E firms to readily identify projects for which they may be qualified and interested in performing. According to a Department of Commerce official, A-E announcements could be easily grouped under a separate heading if this change were desired. According to GSA officials, GSA is considering this in connection with the final revision to the regulation. Such a change would enhance the usefulness of Commerce Business Daily announcements.

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We hope you find this information helpful. We do not plan to distribute this report further unless you agree or publicly announce its contents.

Sincerely yours,

A handwritten signature in black ink, appearing to read "James P. Stacks". The signature is written in a cursive style with a large initial "J".

Comptroller General  
of the United States