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

B-174518

JAN 25 1972



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Dear Senator Proxmire:

This is in response to your letter of November 10, 1971, in which you referred to this Office a letter from the National Federation of Federal Employees (NFFE) concerning allegations of irregularities and possible conflict of interest in the award of a contract at Vandenberg Air Force Base, California. C. 143

As informally agreed with your office, we met with and interviewed Mrs. Marie Brogan, president of the local chapter of NFFE, and other union members on December 14, 1971, at Vandenberg, to determine whether they had any evidence supporting the complaints quoted in the NFFE letter. Neither Mrs. Brogan nor her associates could provide us with such evidence.

2 We discussed the operations at Vandenberg with contract management officials who informed us that the Space and Missile Test Center (SAMTEC) of the Air Force Systems Command administered the Western Test Range. Since 1966 the Federal Electric Corporation has been providing contractor services for the operation and maintenance of the range's technical facilities under a 3-year contract, extended for 2 additional years, at a cost of \$20 million to \$25 million a year. The contract expired on August 1, 1971, but was further extended on a sole-source basis for 11 months at an estimated cost of \$23.6 million. The contract for these services beginning on July 1, 1972, is in process of negotiation. D. 1134

The NFFE letter stated that the award of the operation and maintenance contract would be costly and wasteful to the Government and that it would be another example of contracting out when there were Federal civil service employees already on the payroll who were extremely highly qualified. Mrs. Brogan stated that an additional effect of contracting for these services was that, over the last 1-1/2 years, civil service positions at SAMTEC were reduced from 2,500 to 1,800 while there was a general increase in contractor personnel. Mrs. Brogan and her associates were unable to provide us with any documentation to support these statements. They indicated that they planned to compile additional evidence and forward it to the NFFE national headquarters.

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The NFFE letter stated also that a study made by TRW and other evidence showed that one of the three competitors for the contract award had an unfair advantage over the others. Our discussions with the NFFE local officials indicated that the other "evidence" consisted of their belief that there were strong possibilities of abuse of conflict of interest regulations by Government and contractor personnel.

Specifically they stated that the Federal Electric Corporation had an unfair advantage in that many former SAMTEC employees held influential positions in the corporation. Although the NFFE local officials had the names of several Federal Electric Corporation top employees who had previously worked at SAMTEC in military assignments dealing with similar operations, the NFFE officials did not indicate how these relationships could manifest themselves as an unethical or unfair advantage over other contractors bidding for the same work.

Our discussions with the SAMTEC contracts administration personnel and our review of their contract proposal procedures indicated that contract proposals were processed through a prescribed system of technical reviews and cost evaluations. It appears that this process should prevent a contract award from being influenced by personal bias.

The NFFE letter stated further that the bidder having the advantage over the others was the same contractor that has been paid \$75,000 to prepare a report in which the competency of the present civil service employees was criticized. The contract under which TRW furnished that report contained no prohibition against TRW's later participation as either a prime or a subcontractor in any additional work proposed in the report. TRW apparently is not a bidder for the large operation and maintenance contract; it may be a subcontractor if the Federal Electric Corporation is awarded the new contract.

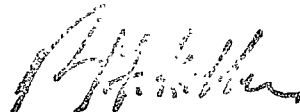
The question of the study's criticism of Federal civil service employees seems to be primarily the concern of one such employee who believes that the report is a personal attack on his professional reputation. His beliefs on the inadequacies of the study and the motives of those involved in preparing the study are contained in a series of written allegations that he has forwarded to the Federal Bureau of Investigation and to the U.S. Air Force Office of Security and Intelligence.

The NFFE letter stated that the TRW study appeared to be more of a contract proposal than a study to assist management. The only support for this statement was the beliefs of the civil service employee mentioned above, which have been referred to the cognizant agencies.

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We trust that this information is responsive to your request, and we plan no further inquiry into this matter.

Sincerely yours,



Deputy Comptroller General  
of the United States

The Honorable William Proxmire  
CI United States Senate

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