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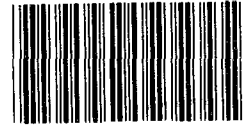
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JUN 1 1979

CSL

Colonel John A. Doglione
 Commander, 375th Aeromedical Airlift Wing
 Scott Air Force Base, Illinois 62225

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Dear Colonel Doglione:

The General Accounting Office has completed a limited survey of the base level procurement activities of the 375th Aeromedical Airlift Wing, Scott Air Force Base, Illinois. The purpose of our survey was to determine how the procurement system operated at Scott Air Force Base and to evaluate whether there were potential weaknesses or deficiencies warranting detail review. Based on review of a limited number of procurement actions, we did not identify deficiency areas of the magnitude to warrant further detail review, however, we believe some improvements can be made in the 375th Aeromedical Airlift Wing's procurement process. This letter sets forth the scope of our survey and those areas we believe can be improved.

Background and Scope

Recent publicity resulting from findings of unethical procurement practices in the Government has caused the public and members of Congress to feel that there is need to emphasize auditing and investigation of agencies procurement processes. The General Accounting Office has selected several agencies, including the 375th Aeromedical Airlift Wing, to survey base level procurement practices and controls.

Local procurement at Scott Air Force Base included 64,446 procurement actions totaling \$58.2 million in fiscal year 1978. Of that amount approximately 69 percent was awarded non-competitively.

During this survey we evaluated the adequacy of internal control procedures established for procurements of more than \$10,000 as well as for small purchases. This involved a review of fiscal year 1978 and 1979 contracts and purchase orders to ascertain the basis for the award and a review of the solicitation, bid, award, administration and payment. We examined four contracts totaling about \$883,000 for services, supplies and equipment. We also examined several small purchases of varying dollar value. We did not review a maintenance contract for family housing that was currently under investigation by the Air Force Audit Agency and the Air Force Office of Special Investigation for alleged improprieties by the contractor.

Rod
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Group II
 Letter Report

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Contract Work Requirements Need to be
Strengthened for Requirements Type Contracts

Contract work requirements did not clearly define the scope of renovation work to be accomplished on 76 military housing project carpports. Some of the painting workmanship was inferior and daily inspection reports did not provide evidence as to the adequacy and completeness of the work.

The Base Contracting Office awarded a contract in October 1977 for about \$213,000 to renovate 76 carpports. The contract required installation of a specified number of lineal and square feet of lumber, roofing, and painting. The estimated requirements were based on on-site inspections of a portion of the carpports by the Civil Engineering Office. The contract was modified during performance, increasing the scope and the amount to about \$299,000. The contract requirements did not specify which buildings were to receive new roofs nor the specific buildings to be repaired. With the exception of repair of a carpport that had burned, work requirements were left to the discretion of the contractor to repair and/or replace the rotted or damaged sections as needed. The contractor told us that after he started the work it was necessary for him to seek direction from the Civil Engineering inspector due to the poor condition of the carpports and the amount of work that could have been performed. He said the carpports were in such bad condition, he could have expended his total effort on the first 10 carpports.

We inspected several of the carpports that had been renovated by the contractor and noted that while the carpentry work was satisfactory, paint that was applied to metal gravel stops at the roof of the carpports was chipping and some of the carpport columns were either poorly painted or not painted. Some concrete blocks had not been painted. The contractor stated that the unpainted parts were probably not installed by his company. We could not determine from inspection records what work had been done to each building nor the adequacy of the workmanship.

In our opinion contract requirements should be more definite so that both the contractor and government inspector are certain as to the requirements. Also, we believe inspection reports should be more specific as to what work has been accomplished including the adequacy and completeness of the work.

Controls Over Assignment of High Priority
To Purchase Requests Need Strengthening

High priority purchase requests have resulted in urgent procurements of items that do not appear to be the type items that would impair mission capability if they were not bought on an urgent basis. The urgent

requirements were routed through the Base Supply or Base Engineering offices to the Base Procurement Office or the contractor operated civil engineering supply store. The requirements were generally initiated by Headquarters Military Airlift Command, the 375th Aeromedical group and residents of the base.

During fiscal year 1978 approximately \$12.2 million or 21 percent of the procurement awarded by the Base Procurement Office was processed on an urgent basis. We were advised by Civil Engineering officials that 20 to 40 percent of the approximate 1200 monthly requisitions submitted to the contractor operated engineer store were high priority.

Our examination of urgent procurements showed that high priority purchase requisitions were issued for items that did not appear to be mission essential. Such items as fireplace screens, award plaques, street signs, lawn shrubbery, a free standing fireplace, and a china nut dish were ordered under high priority conditions reserved for urgent requirements for mission essential items. For example, on February 1, 1979, Civil Engineering ordered a free standing fireplace and related installations materials from the contractor operated supply store for the Rod and Gun Club. The purchase request required delivery within 8 days and referenced a national chain store supply catalog where the fireplace should be purchased. The purchase was made and the fireplace received, however, at the time we completed our survey in April 1979, the installation had not been made.

Air Force regulations provide high priority or "walk through processing" must be held to an absolute minimum. Urgent requirements do not allow sufficient time to obtain competition and could result in higher prices and other potential abuse. Further, high priority walk through requisitions for items not in stock bought from the contractor operated supply store are assessed an additional fee ranging from \$12.50 to \$21.00 per line item plus transportation cost.

Conclusions

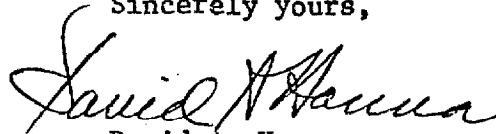
As a result of our work, we believe that the following improvements can be made in the 375th Aeromedical Airlift Wing's procurement process:

- Contract specifications and requirements should be made specific to assure that there is no question as to the work to be accomplished by the contractor. Also clearly defined work requirements would provide a better basis for Civil Engineering inspectors to prepare more meaningful inspection reports.

—In view of the large percentage of urgent procurement and nature of some of the items purchased under high priority conditions it is evident that assignment of priorities to purchase requests should be closely monitored so that only mission essential items are procured on a priority basis. Further, close management scrutiny of high priority requests is necessary until the abuses of the priority system are corrected.

Copies of this letter will be distributed to appropriate officials at Air Force and Department of Defense Headquarters. We appreciate the courtesies and excellent cooperation extended to our representatives during this survey.

Sincerely yours,



David A. Hanna
Regional Manager