



UNITED STATES GENERAL ACCOUNTING OFFICE

WASHINGTON, D.C. 20548

CIVIL DIVISION

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RDT

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Dear Mr. Spangler:

The General Accounting Office has reviewed selected aspects of the procurement of office furniture by the Federal Supply Service (FSS). Our work mainly covered (1) an examination of 28 office furniture procurement contracts totaling about \$37 million, of which \$21 million represented competitive awards and \$16 million represented noncompetitive awards; (2) a review of FSS records, reports, and files; (3) a review of the applicable Federal Procurement Regulations (FPR); and (4) interviews with FSS officials, office furniture manufacturers, and procurement officials of State governments.

As part of our review, we communicated with about 90 manufacturers and suppliers of metal office furniture in order to appraise competitive conditions in the industry. We found that many manufacturers, whose standard product lines do not reflect Federal specifications, are not interested in producing "special order" furniture that would meet Federal specifications. Competition, therefore, is often limited and, at times, sole-source negotiations are the result.

Our review disclosed that a need exists for FSS to employ the cost information provisions of the FPR when office furniture procurements are negotiated. Our review also disclosed that FSS has negotiated substantial amendments to its office furniture contracts without supporting these negotiations with determinations and findings statements as required by the FPR.

COST-BASED NEGOTIATING  
TECHNIQUES

In view of the limited competition for the Federal Government's office furniture needs, we believe it becomes increasingly important that FSS use sound cost-based negotiating techniques as prescribed

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