

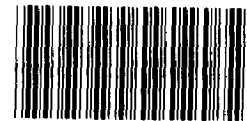
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UNITED STATES GENERAL ACCOUNTING OFFICE

Washington, D.C. 20548

FOR RELEASE ON DELIVERY
Expected at 9:30 a.m.
May 20, 1982

STATEMENT OF
ROBERT M. GILROY, SENIOR ASSOCIATE DIRECTOR OF GAO'S
PROCUREMENT, LOGISTICS AND READINESS DIVISION
BEFORE THE
SUBCOMMITTEE ON FEDERAL EXPENDITURES, RESEARCH, AND RULES
COMMITTEE ON GOVERNMENTAL AFFAIRS
UNITED STATES SENATE



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Mr. Chairman, at your request, the General Accounting Office is reviewing purchases of furniture and furnishings by the Federal Labor Relations Authority (FLRA). Your request stemmed from allegations of purchases of unusually high priced office furniture and furnishings by the FLRA for three Members of the Authority and its General Counsel. It is our understanding of the request that the Subcommittee wants an accounting of the type and cost of furniture and furnishings procured and an explanation of the procurement procedure used by the FLRA.

We reviewed the contract file under which the furniture in question was purchased. The contract was awarded June 5, 1981, for \$88,808, however, FLRA modified the contract several times and the final contract price was \$255,350 (see enclosure I). The distribution of the furniture and furnishings amounted to about \$159,000 for the three Members and about \$23,000 for the General Counsel's offices. The balance (about \$74,000) was used to furnish the agenda room, some Senior Executive Service (SES) offices, the Authority's Administrative Law Judges (ALJ's) offices, and about \$10,000 worth of furniture, at the time of our review, was undelivered or in storage (see enclosure II).

At the time this contract was awarded, a Presidentially directed moratorium on furniture procurement was in effect. On January 30, 1981, the Director, OMB issued Bulletin 81-9 to the heads of departments and establishments requiring a moratorium on furniture procurement unless an exemption was obtained from OMB. To obtain such an exemption, a justification letter was to be prepared and signed by the head of the agency explaining why the furniture procurement could not be postponed. We found no

indication that an exception was sought or obtained by FLRA as the Bulletin required. However, in discussions with top management at FLRA, it was apparent that they had been informed and were aware of the moratorium on furniture procurement.

Our review of the contract file disclosed a memo dated December 30, 1980, from one of the Members directing the contracting officer to order his (the Member's) furniture immediately. Attached to the memo was a list of the furniture, identified by specific brand name, to be ordered. The contract file also contains a document dated January 7, 1981, in which FLRA's Executive Director instructed the contracting officer to buy the furniture.

We believe that in the absence of a written waiver from the furniture moratorium that FLRA should not have initiated this procurement. In fact, had they followed procedures and processed their requisition through the GSA (without the required OMB waiver) the procurement would not have been authorized.

Our review is still in process and we will be comparing prices paid by FLRA under the June 1981 contract to prices they would have paid had the purchase made through GSA. There are a number of items purchased by FLRA which we will want to compare with GSA prices, e.g., two conference tables purchased for two FLRA Members, one for \$2,999 and the other for \$2,880, two sofas, one for \$2,009 and the other for \$1,450; a marbletop table for \$1,183; two Barcelona chairs for \$3,425; a muffin stand for \$390; two credenzas for \$4,095; and a basin stand for \$887. We also noted that \$2,492 was spent for patio furniture, but the FLRA later discovered that they were not allowed

to use the patio and placed the furniture in storage.

In addition to the matters previously cited in this testimony, we are reviewing the justification for certain fiscal 1981 year end procurements.

We also noted on examining transactions between FLRA and GSA and FLRA and the contractor, for the furniture and furnishings, that the funds utilized to purchase the furniture and furnishings were from a 1979 one year appropriation. They were initially obligated in their entirety to GSA in 1979. We found no indication that these funds were ever deobligated. The contract awarded in 1981 by FLRA obligated these same funds apparently without any available budget authority.

Finally, preliminary results indicate that while FLRA was only 2 years old at the time of the 1981 furniture contract, thousands of dollars of serviceable furniture was either in storage and/or was being surplusd.

That concludes my prepared statement, Mr. Chairman, I will attempt to answer any questions you may have.

PRESIDENTIAL APPOINTEEFURNITURE CONTRACT-FLRA #81-C-002

		<u>Value</u>
Basic contract (June 5, 1981) 115 pieces of office furniture		\$ 88,808.13
Modification #1 (July 16, 1981) -19 pieces +106 pieces	+\$ 50,758.59	139,566.72
Modification #2 (Aug. 17, 1981) Substitution of one piece	+ 61.00	139,627.72
Modification #3 (Sept. 18, 1981) Carpet, wallpaper, and drapes	+ 117,036.45	256,664.17
Modification #4 (Jan. 19, 1982) Substitution	- 1,313.50	<u>\$255,350.67</u>

Source: FLRA Contract File - April 1982

DISTRIBUTION OF FURNITURE UNDERFLRA CONTRACT 81-C-0002

		<u>Value</u>
CHMN.		
Furniture	\$ 32,063.70	
Carpet, drapes, wallpaper	23,064.47	\$ 55,128.17
MEMB. F.		
Furniture	40,712.67	
Carpet, drapes, wallpaper	16,808.13	57,520.80
MEMB. A.		
Furniture	30,332.79	
Carpet, drapes, wallpaper	15,200.33	45,533.12
GEN. COUNSEL		
Furniture	-0-	
Carpet, drapes, wallpaper	22,754.65	<u>22,754.65</u>
Subtotal		
AGENDA ROOM/OTHERS		
Furniture, carpets, drapes, and wallpaper	64,793.85	
UNDELIVERED, AND/OR IN STORAGE	\$ 9,620.08	
TOTAL		<u>\$255,350.67</u>

Source: GAO Inventory - April 1982.