

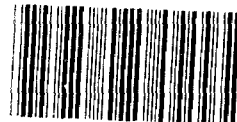
GAO

Report to the Honorable
Albert Gore, Jr., U.S. Senate

September 1987

NASA PROCUREMENT

The 1973 Space Shuttle Solid Rocket Motor Contractor Selection



134329

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National Security and
International Affairs Division

B-227523

September 23, 1987

The Honorable Albert Gore, Jr.
United States Senate

Dear Senator Gore:

In your December 17, 1986, letter and subsequent discussions with your office, you requested that we evaluate certain circumstances surrounding the National Aeronautics and Space Administration's (NASA's) 1973 shuttle solid rocket booster motor source selection. Specifically, we addressed the following three questions:

- Did NASA's reply to our bid protest decision on the 1973 source selection comply with applicable procurement regulations?
- Did NASA staff responsible for the source selection violate Executive Order 11222, which provides standards for federal employees to follow in avoiding conflicts of interest?
- Did the membership of NASA's Source Evaluation Board for the solid rocket booster motor comply with the Federal Advisory Committee Act?

We briefed your representatives on February 10, March 23, April 17, and August 6, 1987. At our final briefing, we agreed to provide you with a report summarizing our work. The results of our work are discussed below and in appendix I.

NASA's reply to our 1974 decision was not in violation of applicable bid protest regulations and procedures. Also, our review of the limited number of available documents and discussions with government and industry officials did not disclose violations of Executive Order 11222 or related statutes, regulations, and rulings concerning conflicts of interest on the part of the NASA Administrator or Source Evaluation Board members. Finally, the Federal Advisory Committee Act did not apply to the Source Evaluation Board.

Background

NASA assembled a Source Evaluation Board to evaluate proposals on the solid rocket motor from four prospective sources—Wasatch Division of Thiokol Chemical Corporation; Aerojet Solid Propulsion Company, a division of Aerojet General Corporation; Lockheed Propulsion Company; and United Technology Center. On November 20, 1973, NASA selected Thiokol Chemical Corporation's Wasatch Division in Utah. In December 1973, Lockheed filed a protest with us on the selection of Thiokol. We

conducted a bid protest evaluation and issued a decision on June 24, 1974, suggesting that, in light of our finding that the most probable cost differences between the proposals of Lockheed and Thiokol were significantly less than those reported by the Source Evaluation Board, the selection decision should be reconsidered. On June 26, 1974, NASA announced that it had decided to retain Thiokol as the source for the solid rocket motor.

NASA's Response to 1974 GAO Decision

Applicable bid protest regulations and procedures did not specify any procedure or time frame governing an agency's response to our bid protest decision. While NASA responded in a very short time, the issues in question had been known to NASA officials prior to the initial selection and had been thoroughly discussed by the parties during the course of the protest process. In our opinion, NASA's 2-day response time was not so brief as to have precluded a good-faith response to the particular concerns raised in our bid protest decision.

Compliance With Executive Order 11222

In determining whether NASA officials had complied with the standards of conduct for federal employees, we limited our evaluation to personnel directly responsible for the source selection, including the NASA Administrator who was the source selection official (SSO) and the Source Evaluation Board members who evaluated the four proposals. We found no violations of Executive Order 11222 or of related statutes, regulations, and rulings in effect at the time of the source selection process.

In accordance with established procedures, NASA assembled a 13-member Board for the solid rocket motor source selection. The Board was to evaluate the proposals received from the offerors and submit a written report accompanied by an oral presentation to the SSO. The Board evaluated the four proposals and made its presentations to the SSO, who selected Thiokol Chemical Corporation on November 20, 1973.

Based on financial and other information disclosed in connection with the Administrator's federal employment, we identified and evaluated several issues that could have presented potential conflicts of interest on his part. These were (1) his membership on the Board of Directors of Pro-Utah, Inc., a corporation established to bring industry to Utah, (2) his pensions resulting from employment with Aerojet General and the University of Utah, and (3) the possibility that scholarships, grants, or other financial assistance from the competing companies had been provided to his children while they attended the University of Utah.

Pro-Utah was established as a nonprofit corporation in 1964. Its purposes were to bring industry to Utah and promote and encourage the development and retention of businesses in the state. Pro-Utah documents dated October 8, 1965, indicated that the NASA Administrator was 1 of 150 board members. However, he informed us that he had orally resigned from Pro-Utah in 1971 prior to the selection of the solid rocket motor contractor. We determined from Utah State records that he was no longer listed as a Board member when Pro-Utah, Inc., was dissolved in 1976.

As a result of prior employment, the NASA Administrator had a vested interest in an Aerojet General pension fund at the time of his participation in the solid rocket motor source selection process. He also had a vested interest in a pension as a result of his tenure as President of the University of Utah. Because NASA's standards-of-conduct regulations exempt an employee's interest in pension plans other than stock-bonus or profit-sharing plans, neither pension would have constituted a financial interest that would have disqualified the Administrator from serving as the SSO.

The basic conflict-of-interest statute, 18 U.S.C. 208(a), prohibits an employee from participating in matters affecting certain financial interests, including those of the official's minor children. During his 1971 nomination hearings, the NASA Administrator stated that he had three children attending the University of Utah. The Family Education and Privacy Act (20 U.S.C. 1232(g)(b)) prevented the University from disclosing information regarding a student's financial or academic records. However, according to the NASA Administrator, none of his children received any financial assistance or compensation from any of the four competing companies.

We were informed by officials at NASA Headquarters and the Marshall Space Flight Center (where the Source Evaluation Board was located) that they had performed a conflict-of-interest evaluation of the Board members; however, documentation was available for only 3 of the 13 members. These documents indicated that two of these Board members reported potential conflicts of interest. The Center's Deputy Chief Counsel concluded that NASA regulations waived or exempted their financial interests. The third Board member did not report any potential conflict of interest. He was a former Thiokol employee with no continuing financial interest in the company.

Compliance With Federal Advisory Committee Act

The Federal Advisory Committee Act did not apply to the Source Evaluation Board. The act excludes from the definition of an "advisory committee" any committee that is composed wholly of full-time officers or employees of the federal government. All Board members were full-time federal employees.

Agency Comments

NASA agreed with the facts and conclusions in this report. NASA suggested a few minor technical changes, which have been incorporated where appropriate. NASA's comments are included as appendix II.

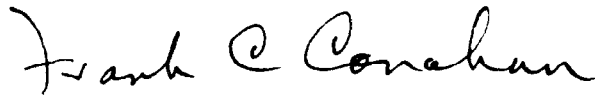
We developed the information in this report from a review of documents and discussions with officials at NASA Headquarters; NASA's Marshall Space Flight Center, Huntsville, Alabama; and the State of Utah, Salt Lake City, Utah. We also interviewed a number of officials at the University of Utah, Salt Lake City, Utah, as well as private businessmen in Salt Lake City. In addition, we interviewed the former Deputy Chief Counsel at Marshall Space Flight Center, who performed the conflict-of-interest analysis of the Board members. Because the events we evaluated happened more than 13 years ago, we had to rely solely on interviews to obtain some of our information. Other elements of our methodology are discussed in the report where appropriate.

Our evaluation was conducted between January and June 1987 in accordance with generally accepted government auditing standards.

As arranged with your office, unless you publicly announce its contents earlier, we plan no further distribution of this report until 30 days after its date. At that time we will send copies of this report to the Chairmen, House and Senate Committees on Appropriations; Senate Committee on Commerce, Science and Transportation, Subcommittee on Science, Technology and Space; House Committee on Science, Space and Technology; Senate Committee on Governmental Affairs; and House Committee on Government Operations; the Administrator, National Aeronautics and

Space Administration; and the Director, Office of Management and Budget. Copies will also be made available to other interested parties upon request.

Sincerely yours,



Frank C. Conahan
Assistant Comptroller General

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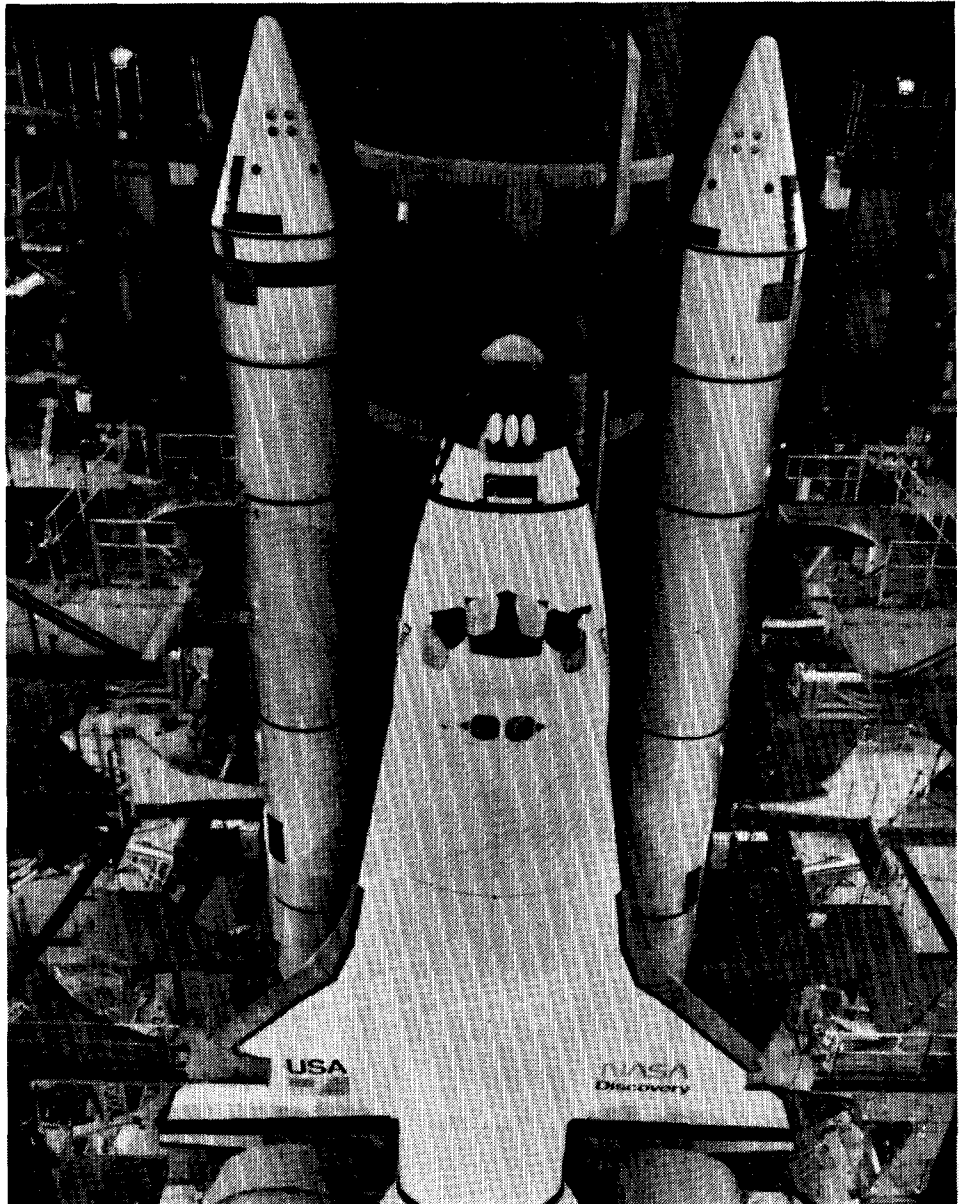
GAO	General Accounting Office
NASA	National Aeronautics and Space Administration
SRM	solid rocket motor
SSO	source selection official
UTC	United Technology Center

NASA's 1973 Selection of a Contractor for the Shuttle Solid Rocket Motor

Background

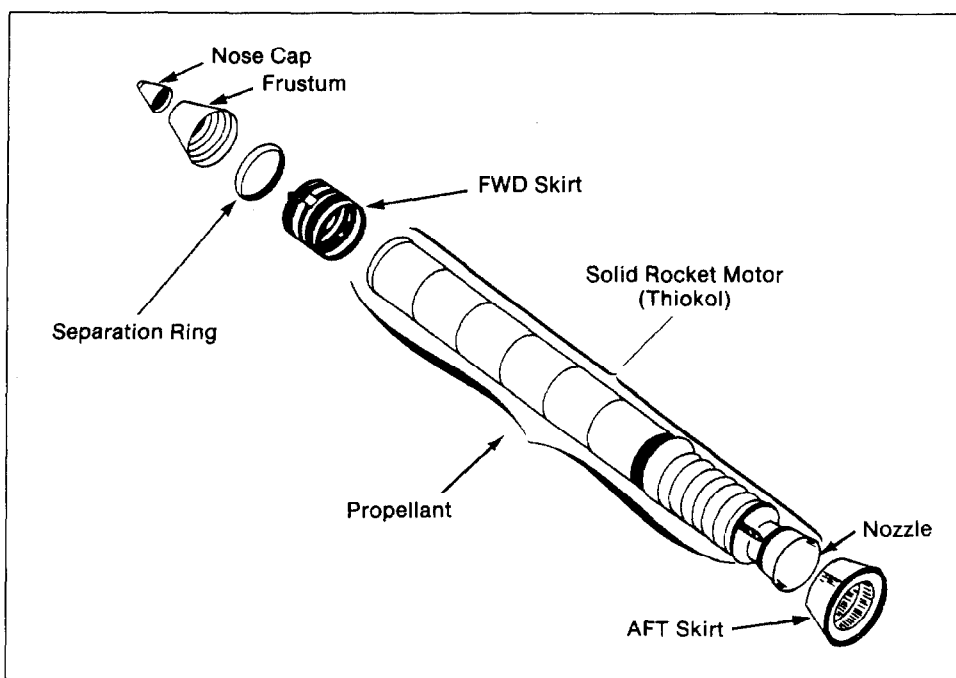
The solid rocket booster is part of the space shuttle. As shown in figure I.1, two boosters are attached to the shuttle's external tank, which is attached to the shuttle.

Figure I.1: Two Boosters Attached to the Shuttle Discovery



The boosters provide about 80 percent of the total thrust needed during the initial phases of flight. About 2 minutes after lift-off, the boosters exhaust their fuel and are separated from the rest of the shuttle by explosives. The boosters then fall into the ocean to be recovered and refurbished for use on future flights. Figure I.2 is a diagram of the solid rocket booster.

Figure I.2: Diagram of the Solid Rocket Booster



In accordance with established procedures, on June 15, 1973, NASA designated a Source Evaluation Board for the solid rocket motor (SRM), which is the major portion of the booster. The Board was to evaluate the proposals received from potential contractors, submit a written report, and provide an oral presentation to the NASA Administrator in his capacity as the source selection official (SSO).

Proposals for the SRM were received from four prospective sources: Wasatch Division of Thiokol Chemical Corporation (now called Morton Thiokol); Lockheed Propulsion Company; Aerojet Solid Propulsion Company, a division of Aerojet General Corporation; and United Technology Center (UTC). The four firms submitted technical and cost proposals on August 27 and 30, 1973. The firms filed best and final offers by the cutoff date of October 15, 1973. The Board compiled a report of its findings, which was presented to the SSO on November 19, 1973. The SSO,

selected Thiokol on November 20, 1973. The selection statement noted that Lockheed, UTC, and Thiokol had scored about the same on mission suitability. However, according to the selection statement, the Board's analysis of cost factors indicated that Thiokol could do a more economical job than any of the other proposers in both the development and production phases.

In December 1973, Lockheed filed notices of protest. In January 1974, Lockheed furnished protest details to us, which we forwarded to NASA with a request for a complete report responding to the protest. NASA responded to our request on March 11, 1974. On April 23, 1974, we held a bid protest conference attended by all interested parties, including NASA.

In the course of reaching our bid protest decision, 53 Comp. Gen. 977, issued on June 24, 1974, we reviewed the voluminous documentation submitted by Lockheed, Thiokol, and NASA. Also, shortly after the bid protest had been filed, we assembled an audit team at the Marshall Space Flight Center to review NASA's procurement file and related work papers and materials on the SRM. The audit team made site visits to Lockheed and Thiokol.

Our bid protest decision stated that NASA had defended the selection of Thiokol because Thiokol's cost proposal was about \$122 million lower than Lockheed's. NASA also maintained that the Source Evaluation Board's assessment, as adopted by the SSO, had properly concluded that Thiokol and Lockheed were essentially equal in the mission suitability scoring and other evaluation factors. We stated that our review had revealed no reasonable basis upon which to question the SSO's decision based on scored mission suitability and other unscored evaluation factors. We also noted that our review had not found that NASA's reliance on cost represented an unreasonable exercise of discretion. However, we did note that a more reasonable evaluation of certain fuel costs would have reduced the difference between Lockheed's and Thiokol's cost proposals by about \$68 million, or from approximately \$122 million to about \$56 million. We did recommend that the SSO determine whether the selection decision should be reconsidered, in light of our finding that the difference between Lockheed's and Thiokol's cost proposals was significantly less than what had been reported by the Source Evaluation Board.

On June 26, 1974, 2 days after we had issued our bid protest decision, NASA announced its decision to award a contract for the SRM development

to Thiokol. NASA stated that it was the Administrator's decision to proceed with Thiokol based on the conclusion that the initial rationale for the selection of Thiokol remained valid, even assuming, but without conceding, the correctness of the position we took on the cost differences.

NASA's 2-Day Response Time Did Not Violate Applicable Bid Protest Regulations and Procedures

NASA's response to our bid protest decision on the SRM did not violate applicable regulations or procedures. Applicable bid protest regulations and procedures did not, in fact, specify any particular procedure or time frame governing an agency's response to a bid protest decision. We nevertheless evaluated whether NASA's 2-day response time could be considered too brief to permit a good-faith consideration of the issues raised in the decision. We took into account the fact that the cost issues were known to NASA officials prior to the initial selection and were thoroughly discussed by the parties during the course of the protest process. Under these circumstances, we believe that a 2-day period was not too brief to permit NASA officials to arrive at an appropriate determination, in light of our findings, to award the contract to Thiokol.

No Conflicts of Interest Found

We found no violations of Executive Order 11222 or of related conflict-of-interest statutes, regulations, and rulings in effect at the time of the source selection process. We found no financial or other interest that would have disqualified the Administrator from serving as the SSO. In addition, some documents at Marshall Space Flight Center and our discussions with NASA officials indicate that NASA performed a conflict-of-interest evaluation of the Source Evaluation Board members.

Conflict-Of-Interest Statutes and Standards of Conduct

The general rules concerning conflicts of interest and standards of conduct for executive branch personnel are set forth in sections 201 through 209 of title 18 of the U.S. Code and in Executive Order 11222, as amended. The basic conflict-of-interest statute, 18 U.S.C. 208(a), prohibits an officer or employee from participating in his official capacity in any particular matter affecting his own or certain other specified interests. This prohibition extends to matters that affect the financial interests of his minor children or the financial interests of an organization for which he is serving as a director. The statute contains authority to waive the applicability of section 208(a) to a particular interest in an individual case or on an agency-wide basis. Subject to the requirement for publication in the Federal Register, agency-wide waivers may be granted based on the determination that a particular interest is too

remote or too inconsequential to affect the integrity of the services which the government may expect from such officers or employees.

Executive Order 11222 sets forth noncriminal standards of conduct for executive branch personnel. These include a broadly stated prohibition against taking any action that might result in or create even the appearance that the employee is using public office for private gain, giving preferential treatment to anyone, or losing independence or impartiality. The executive order also imposed a requirement for financial disclosure and directed each agency head to issue regulations of special applicability to the particular functions and activities of his agency. It delegates authority to grant agency-wide waivers to heads of departments and agencies.

NASA's standards-of-conduct regulations in effect at the time of the source selection process in 1973 contained agency-wide waivers for four categories of financial interests. These regulations, which were published in the Federal Register in 1967, specifically exempted ownership of shares of common or preferred stock worth no more than \$5,000, provided the shares were traded on the New York or American Stock Exchange. They also exempted a NASA employee's interest in a bona fide pension plan maintained by a business or nonprofit organization of which he was a former employee, unless it was a profit-sharing or stock-bonus plan. This exemption extended specifically to any financial interest the organization might have in other business activities.

Evaluation of Potential Conflicts of Interest on the Part of the NASA Administrator

Based on financial and other information disclosed in connection with the NASA Administrator's federal employment, we identified and evaluated three issues that could have represented potential conflicts of interest on his part in serving as the SRM source selection official. These included

- his membership on the Board of Directors of Pro-Utah, Inc., a nonprofit corporation established to promote economic growth and development in Utah;
- his vested rights in pension plans resulting from prior employment with Aerojet General and the University of Utah; and
- benefits, if any, provided to his children as students at the University of Utah, either from the University or any of the companies competing for the SRM award.

NASA Administrator's Former
Association With Pro-Utah, Inc.

Under 18 U.S.C. 208(a), a government official may not participate in a particular matter affecting the financial interest of an organization for which he serves as a member of the board of directors. We could not determine whether the NASA Administrator was a member of Pro-Utah's Board of Directors at the time he served as source selection official for the SRM.

Documents furnished by the NASA Administrator in connection with his initial nomination hearings before the Senate Committee on Aeronautical and Space Sciences on March 10, 1971, state that he was on the Executive Committee of Pro-Utah, Inc. Pro-Utah, Inc. documents received by the State of Utah on October 8, 1965, listed the NASA Administrator as a member of its Board of Directors.

Pro-Utah, Inc. was incorporated in Utah on June 26, 1964, as a nonprofit corporation. It was dissolved on August 17, 1976. Its purposes were:

"1. To promote and encourage the economic, commercial, financial, industrial, agricultural, and civic welfare of the State of Utah.

"2. To promote and encourage the development and retention of businesses, industries and commerce within the State of Utah and the development and utilization of the natural resources of the State of Utah.

"3. To promote, encourage and attract businesses, industries, and commercial activities to locate within the State of Utah for the betterment of the economy of the state.

"4. To research, investigate and study conditions affecting businesses, industries, and commerce within the State of Utah and the natural resources of the State of Utah; to collect and disseminate the findings and results thereof; and to engage in technical studies, scientific and statistical investigations and research and educational activities in connection with any of the foregoing purposes."

Pro-Utah documents dated October 8, 1965, indicated that the NASA Administrator was 1 of 150 Board members of Pro-Utah, Inc. A former director and others having knowledge of Pro-Utah's activities recalled that the corporation was funded through donations from Utah businesses. A former Pro-Utah executive also told us that Board members were not paid. According to a former Pro-Utah director, the NASA Administrator was not very active on Pro-Utah's Board of Directors. The NASA Administrator stated that he had no duties or responsibilities on the Board and had orally resigned sometime between March 10 and June 30, 1971. This was about the time that he initially assumed his

duties as NASA Administrator. Our review of Pro-Utah's August 17, 1976, dissolution papers showed that the NASA Administrator was no longer listed as a member of the Board of Directors. While we did not find any record of the NASA Administrator's resignation, we also did not find any record indicating that he served on Pro-Utah's Board of Directors after 1971. Under these circumstances, his role as SSO does not raise conflict-of-interest issues under 18 U.S.C. 208(a) or under the standards of conduct. In general, in the absence of some continuing financial interest in an organization, a prior affiliation with that entity is not viewed as raising an "appearance" problem that would warrant disqualification from official actions affecting that organization.

NASA Administrator's Pension Plans

Aerojet General Corporation was one of the four competitors for the SRM contract. During the SRM source selection process, the Administrator had a vested interest in an Aerojet General pension plan. NASA's standards-of-conduct regulations in effect at that time contained an exemption for an employee's interest in any pension plans, except profit-sharing and stock-bonus plans. This exemption permitted an employee to participate in matters affecting the organization from which he or she received or was to receive such a pension.

We obtained a copy of the Aerojet General pension plan in effect in 1973-74 and discussed the provisions of the plan with an Aerojet General official. According to this official, the pension plan was under the trusteeship of a large western bank. The plan was administered by a pension board composed entirely of Aerojet's employees. Investments of the pension plan were managed exclusively by employees of the General Tire and Rubber Company, the parent company of Aerojet General. The plan was funded by contributions from Aerojet and the employees of Aerojet who chose to participate in the plan. Employee contributions, as well as benefits paid to retirees, were calculated based on an employee's salary. The plan was not a profit-sharing or stock-bonus plan and thus would appear to fall within the broad exemption granted by NASA regulations, which would permit the NASA Administrator to participate in matters affecting Aerojet General and thus to be the SSO for the SRM.

The NASA Administrator was President of the University of Utah from July 1964 to April 1971 and, as a result of that service, had a vested interest in a Teachers Insurance and Annuity Association pension plan. University of Utah officials told us that, during his tenure as President, he had paid 5 percent of his salary into the pension fund, the percentage established by the Utah State Legislature. The University matched his

contribution with funds appropriated to the University by the State Legislature. The University terminated its contributions to his pension when he left the University in 1971. Because this pension plan was not a stock-bonus or profit-sharing plan, it was exempt under NASA's standards-of-conduct regulations.

In January 1983, the Office of Government Ethics issued a formal opinion discussing the circumstances under which an employee's vested rights in a private corporation's pension plan constitute a financial interest under 18 U.S.C. 208(a) so as to bar an employee's participation in a contract or other particular matter involving that corporation. In that opinion, the Office of Government Ethics recognized that an agency may grant a general waiver exempting certain kinds of pensions and that office has since approved NASA's recently revised regulations containing the same agency-wide exemption for pension interests as the one in effect in 1973.

Financial Interest of Children Attending the University of Utah

The basic conflict-of-interest statute, 18 U.S.C. 208(a), prohibits a federal employee from participating in a matter that affects the financial interest of his minor children. When he was initially nominated to be the NASA Administrator in 1971, three of the Administrator's children were enrolled in the University of Utah. We attempted to determine whether his children had received any scholarships, grants, or financial assistance from any of the aerospace firms that submitted proposals for the SRM source selection. The Family Education and Privacy Act (20 U.S.C. 1232(g)(b)) prevents the University from disclosing information regarding a student's financial or academic records. We asked University officials to provide us with information on the research grants that the University had received between 1965 and 1975, as this information is generally available to the public. We were told that none of the four aerospace firms that submitted proposals on the SRM had given grants to the University of Utah between 1965 and 1975.

University officials also gave us a list of gifts that the school had received from 1965 to 1987 from the four companies that submitted proposals for the SRM. Between 1971 and 1976, three of the four companies had given a total of \$37,000 for scholarships. Without access to student records, we were unable to determine the disposition of these funds. However, in correspondence with the Administrator, we requested information on any financial assistance his children had received from these four companies. He responded that his children had not received any financial assistance from these four firms. In addition, officials of

the four companies told us that they do not designate a particular student to be the recipient of a gift.

Marshall Space Flight Center's Conflict-Of-Interest Analysis

Some of the documents we reviewed at Marshall Space Flight Center, and our discussions with current and former NASA officials, indicate that NASA performed a conflict-of-interest analysis of the Source Evaluation Board members. However, we were able to find documentation on only 3 of the 13 voting members.

NASA's Source Evaluation Board Manual details the duties and responsibilities of Board members. An official at Marshall Space Flight Center who was involved in the Board selection process told us that each prospective Board member was required to complete the "Individual Certificate for Source Evaluation Board Participant." The certificate required the employees to certify that they had read and understood all regulations governing their duties and responsibilities in the source evaluation process and to certify that they had filed or would file NASA Form 1270, "Confidential Statement of Employment and Financial Interests." The completed certificates for those prospective Board members who reported any potential conflicts of interest were then reviewed by Marshall Space Flight Center's Deputy Chief Counsel. The results of the Deputy Chief Counsel's conflict-of-interest evaluations were transmitted to the Board Chairman, who notified prospective Board members of their appointment or disqualification. Also, the Marshall official stated that none of the Board members had access to contractor data or other proprietary information prior to their confirmation as Board members.

Results of Conflict-Of-Interest Analysis

A NASA official told us that two Board members were former Thiokol employees. In general, prior employment does not raise conflict-of-interest issues. Under 18 U.S.C. 208(a) and the standards of conduct, only current outside employment and certain current or ongoing benefits accruing from prior employment raise a potential conflict of interest. One of these two former Thiokol employees who served on the Board did not report any financial interest in the Thiokol Company. This former Thiokol employee told us that he had no Thiokol stocks or bonds and that he had not worked for Thiokol long enough to vest in any pension plan. Our examination of this Board member's personnel file confirmed that he had been employed by Thiokol more than 12 years prior to the SRM source evaluation for approximately 4 years. Under the terms of the Thiokol pension plan, an employee must have been employed by

the company for a minimum of 10 years to have been vested in the pension plan.

The other former Thiokol employee who served on the Board reported that he still participated in the Thiokol pension plan administered by the Connecticut General Life Insurance Company. Under NASA's standards-of-conduct regulations, the only pension plans that are disqualifying are those that are profit-sharing or stock-bonus plans. For other types of pension plans, the NASA regulations grant a general waiver. We obtained a copy of Morton Thiokol's pension plan and verified, through discussions with a Thiokol official, that the pension plan was an annuity-type fund and that benefits paid to retirees were independent of Thiokol's earnings. Because this is not a stock-bonus or profit-sharing plan, the pension interest of the Board member would not have disqualified him from participating in the selection process.

Our review of the files at the Marshall Space Flight Center indicated that one other Board member, in an effort to provide full disclosure, had reported that his wife owned four shares of stock in Chrysler Corporation. While the SRM procurement would not appear to have affected Chrysler, NASA's standards-of-conduct regulations nevertheless exempted ownership of shares of common or preferred stock worth no more than \$5,000, provided the shares were traded on the New York or American Stock Exchange.

Federal Advisory Committee Act Did Not Apply to the Source Evaluation Board

The Federal Advisory Committee Act (Public Law 92-463, Oct. 6, 1972) did not apply to the Board. The act requires the agency head responsible for a review committee to comply with certain administrative procedures to ensure that the committee's activities are visible to the Congress and the public. It states that "the term 'advisory committee' . . . excludes . . . any committee which is composed wholly of full-time officers or employees of the Federal Government." The Board was composed of 12 NASA employees and an Air Force officer. Given this membership, we concluded that the act did not apply to the Source Evaluation Board.

Objectives, Scope, and Methodology

Our objectives were to answer the specific questions stated on page 1 of this report. We developed the information for doing so from a review of documents and discussions with officials at NASA Headquarters; NASA's Marshall Space Flight Center, Huntsville, Alabama; the University of Utah, Salt Lake City, Utah; and the State of Utah, Salt Lake City.

Appendix I
NASA's 1973 Selection of a Contractor for the
Shuttle Solid Rocket Motor

Because the events that we evaluated occurred more than 13 years ago, we had to rely solely on interviews for some of our information. We also requested information from the NASA Administrator concerning his pensions and prior Pro-Utah affiliation. Officials of Morton Thiokol, Aerojet General, and the University of Utah provided us with additional information and documentation on the provisions of their pension plans. In addition, we requested information from the Administrator and the University of Utah concerning any financial assistance to the Administrator's children while they were students at the University of Utah. We also discussed with the four bidding contractors the types of records that they maintain of gifts and research grants to educational institutions. We reviewed the NASA standards-of-conduct regulations in effect in 1973-74, as well as bid protest procedures, conflict-of-interest statutes, and Executive Order 11222. Our evaluation was conducted between January and June 1987 in accordance with generally accepted government auditing standards.

Comments From NASA



National Aeronautics and
Space Administration

Washington, D.C.
20546

Reply to Attn of G

July 29, 1987

Mr. Frank C. Conahan
Assistant Comptroller General
National Security and International
Affairs Division
U.S. General Accounting Office
Washington, DC 20548

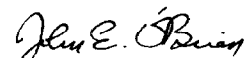
Dear Mr. Conahan:

We have reviewed your draft report entitled NASA PROCUREMENT: Circumstances Surrounding the 1973 Space Shuttle Solid Rocket Motor Contractor Selection (Code 392311). We are in agreement with your conclusions, offer no substantive comments, and are gratified by your conclusion that NASA's actions were in accordance with applicable laws and regulations. We do suggest two technical corrections, and we have noted one typographical error which you may wish to correct.

The first technical correction is that the legal office at the Marshall Space Flight Center is the Office of Chief Counsel, not the Office of General Counsel as is stated in the second and next-to-last lines of the second paragraph of page 6 of the report as well as the next to last line of page 25 and the first line of page 26 of Appendix I. The second technical correction is that while Dr. Fletcher receives pensions resulting from his employment with Aerojet and the University of Utah, neither pension comes directly from his former employer. Therefore, we suggest deleting the word "from" at the end of the seventh line of the last paragraph on page 4 and replacing it with the phrase "resulting from employment with." Finally, the typographical error is in the last paragraph of page 5 of the report. The word "on" in the seventh line of the paragraph should read "an."

Thank you for the opportunity to read and comment on the draft report. If you have any further questions, please do not hesitate to contact me.

Sincerely,


John E. O'Brien
General Counsel

See p. 3.
See p. 16.

See p. 2.

See p. 3.



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