



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

CED-77-33

3-1-77

**RESTRICTED** **RELEASED**  
Accounting Office except on the basis of specific approval  
by the Office of Congressional Relations.

B-156219

MAR 1 1977

The Honorable John D. Dingell  
Chairman, Subcommittee on Energy  
and Power  
Committee on Interstate and Foreign  
Commerce  
House of Representatives

H 7808

Dear Mr. Chairman:

R  
1

In accordance with your request of March 12, 1976, we reviewed the manner in which the National Commission on Water Quality's final report to the Congress was developed. Specifically, we examined the Commission's procedures for selecting contractors, reviewing contractor reports, and developing the final report to determine whether these procedures were consistent with objective reporting.

523

The procedures established and followed by the Commission were consistent with objective reporting. These procedures included evaluating proposals and qualifications of prospective contractors, reviewing and approving contractor work plans, and monitoring work progress. In addition, the Commission staff, consultants, governmental bodies, affected parties, and environmental groups reviewed and commented on contractor and Commission report drafts. Finally, the Commission held public hearings before issuing the final report, and the Commissioners reviewed and approved the findings and recommendations which were reported to the Congress.

During our review, we interviewed Commission staff, examined pertinent records, and reviewed four contracts which were entered into by the Commission. We did not evaluate the methodology contractors followed to develop their reports, or assess whether conclusions and recommendations in the final report were supported by contractor findings.

BACKGROUND

The Federal Water Pollution Control Act Amendments of 1972 (Public Law 92-500) (33 U.S.C. 1251) created the Commission and required a study of all technological aspects and all

CED-77-33

economic, social, and environmental effects of achieving the act's 1983 water quality goals and effluent limitations. The act required the Commission to report its findings and recommendations to the Congress by October 18, 1975. The Commission submitted its report on March 18, 1976, and was subsequently terminated.

Fifteen Commissioners from industry, State and local governments, and the Congress comprised the Commission which was chaired by the Vice President. The Commission was organized by functional areas--technological, economic, environmental impact, institutional assessment, and regional assessment--and staffed by full-time professionals. Several members of the professional staff were also aides to the Commissioners to keep them informed of Commission activities.

To develop information for the final report, the Commission awarded about 90 contracts, which totaled about \$11 million, for various studies in the functional areas. These contracts included

- technological and economic analyses of about 48 industrial categories, including the iron and steel, petroleum refining, and pulp and paper processing industries;
- 41 environmental assessments of various rivers and bays; and
- assessments involving the technological, economic, environmental, and institutional effects of the act in 11 geographical regions.

The contractors submitted final reports to the Commission which were generally published for public access.

Published Commission reports included the final report of recommendations to the Congress (March 1976), a staff report on issues and findings (April 1976), and four technical volumes--technology assessment, economic impact, environmental impact, and regional assessment--(April 1976). Commission staff told us that the information developed by the contractors formed the basis for preparation of these reports.

CONTRACTOR SELECTION PROCEDURES

We did not find any inconsistency between Commission procedures for selecting contractors and the objectivity of Commission reports. The procedures which were established in December 1973 included:

- Announcement in the Commerce Business Daily of a work plan for studies and a request for names and qualifications of interested contractors.
- Commission staff screening of contractor qualifications, which included developing a list of contractors which should be requested to submit proposed plans of study.
- Staff evaluation of proposals based on such factors as experience, personnel, facilities, and quality of study plan. The highest rated contractor would be recommended for negotiations.
- Negotiation with the proposed contractor on contract requirements and terms, and submission of a final recommendation to Commission members for selection.
- Selection by the Commissioners.

During this process the staff conducted meetings to inform the Commissioners and their aides of the results of each step. Thus, the Commissioners were involved or had an opportunity to be involved before they made a final selection. All staff recommendations for the selection of contractors were approved by the Commissioners, although, in some instances, some Commissioners abstained from voting for various reasons, such as not feeling qualified to vote on a particular contract.

Commission officials said that the selection procedures established were adequate and were followed in the selection of contractors. Selecting contractors was often difficult because some applicants had substantial ties with the industries being evaluated; however, officials said time constraints for completion of work necessitated selecting firms which had some expertise or background in the study area. In cases involving the potential for contractor bias, the Commission established committees to help the Commission staff monitor

contractor work. For example, the Commission established an advisory committee to monitor the study of the National Pollutant Discharge Elimination System, a permit program. The potential existed for contractor bias on this study because it was done by a firm which had recently completed a study of the permit program for the Environmental Protection Agency and because the firm was headed by a former Environmental Protection Agency official.

Other controls in the contractor selection process to protect the public interest included the direct involvement of the Commissioners' aides and the large number of people involved in making a final selection. The aides, who were responsible for keeping the Commissioners informed of Commission activities, had the opportunity to compare contractor qualifications and sometimes directly participated in the selection process as a member of one of the functional staffs. The functional staffs assisted the contracting officer in performing the various steps to select contractors for their respective areas. In all, the Commissioners and their aides; the Commission's executive staff, which included the executive director, the contracting officer, and his assistants; and the functional staffs were involved in selecting contractors.

Our examination of documentation for the four contracts, which totaled \$905,000, showed that the Commission followed established contractor selection procedures for three of the contracts. The remaining contract, which was for the collection of water quality management data, was awarded without competition in June 1973 prior to the establishment of selection procedures in December 1973. The contract was awarded for \$75,000. According to the Chairman's aide, the contractor was recommended for selection by the Chairman of the Commission based on previous work for New York State; the Commissioners approved the selection.

#### PROCEDURES FOR REVIEWING CONTRACTOR WORK PROGRESS AND REPORT DEVELOPMENT

As discussed above, procedures to assure the integrity and quality of contractor reports started with the selection of the best qualified contractor, which included negotiation of an acceptable study plan between the Commission and contractor. To monitor contractor progress, the staff for the functional area in which the contractor was working provided a project officer who assisted the contracting officer in the administration of the contract. The project officer was the

principal contact between the Commission and the contractor, and the effectiveness of contractor monitoring depended on how well the various project officers carried out their jobs. A review of the project files showed that these officers visited contractors and that contractors were required to submit progress reports.

Contractor report drafts underwent numerous reviews before being accepted in final and, according to Commission officials, drafts were revised by contractors as many as three times. Reviews of contractor report drafts were done by the appropriate functional staff and by other Commission staff, paid consultants, and one or more of seven advisory committees which were established to monitor contract performance or to review reports. For example, a committee comprised of members from the National Academy of Sciences and the National Academy of Engineering reviewed most reports. In addition, contractor report drafts were circulated to others having an interest in the reports, such as affected industries and their associations, environmental groups, and Federal and State environmental protection agencies.

Reports from three of the four contracts we reviewed underwent this extensive review procedure. For example, our review of the contract for a study of the organic chemical industry showed that the Commission's project officer prepared and submitted comments, including changes to be made to the report. In addition, comments on the draft were received from two consultants, the National Academy of Sciences, the Environmental Protection Agency, chemical industries, and a trade association.

The report which did not undergo an extensive review procedure involved the contract which, as previously discussed, was awarded when the Commission was just beginning to organize. Furthermore, this report did not involve an analysis of a subject covered by the five functional areas, but rather was intended to develop a broad data base on water quality.

We believe that the report review process was adequate and provided an opportunity for review and comment by public and private groups. Its effectiveness depended on the ability of the Commission staff to assure that legitimate review comments were adequately considered by the contractor. We did not evaluate the technical accuracy of comments submitted on specific contractor reports.

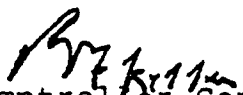
DEVELOPMENT OF COMMISSION REPORTS

As stated above, the Commission prepared four technical volumes, a staff report of issues and findings, and the final report of recommendations to the Congress. The heads of the functional areas were responsible for preparation of the technical volumes, whereas the Commission's executive staff coordinated the preparation of the latter reports. Before issuing the final report, the Commissioners met to consider and modify the report's recommendations as prepared by the staff. Although the Commissioners unanimously voted to submit the final report to the Congress, dated March 18, 1976, most Commissioners submitted separate views which were included with the final report; many of these views opposed parts of the final report. According to Commission officials, the Commissioners substantially changed the draft report presented to them by the staff.

Before issuing the final report in March 1976 and the staff report in April 1976, public hearings were held in Chicago, San Francisco, Fort Worth, Boston, and Washington, D.C., during January 1976, to consider progress and problems in achieving the goals of Public Law 92-500. In addition, public notice was given in the Federal Register requesting comments on the third draft of the staff report. Comments were received from private citizens; public officials at the Federal, State, and local levels; environmental groups; industries; and industrial associations. Many of these comments were summarized to help others analyze them, and the Commission maintained a library of comments which was available to the public.

In general, the Commission developed its reports on the basis of studies made by contractors and examined by public and private groups. Commission reports, in turn, were widely disseminated in draft and reviewed by persons with varied backgrounds. We believe that the report review process afforded the opportunity for close scrutiny by interested parties and constituted reasonable methods for achieving the Commission's mandate.

Sincerely yours,

  
ACTING Comptroller General  
of the United States

2  
LINES

REVIEW OF THE NATIONAL COMMISSION  
ON WATER QUALITY'S REPORT  
REVIEW PROCEDURES

CED-77-33

E-156219

3- March 15 1977

~~RESTRICTED~~

*Report to the*  
Chairman, ~~John D. Dingell~~ of the ~~House~~ Subcommittee on Energy  
*House* and Power, *Committee on Interstate and Foreign Commerce*, *asked us*  
*to review* the manner in which the National Commission on Water  
*contained information concerning*

Quality developed its final report to the Congress. ~~Specifically,~~  
we examined whether the procedures established and followed by the  
Commission for developing and reviewing the report were consistent  
with objective reporting. Issued on March 18, 1976, this report  
was the culmination of about 90 contractor studies which were  
undertaken to assess progress in achieving National water quality  
goals.

The Commission established contractor selection procedures which  
included evaluating qualifications and proposals of prospective con-  
tractors and monitoring contractor work progress. Contractor and  
Commission reports were reviewed by Commission staff, consultants,  
industry, environmental groups, and public officials. We believed  
the contracting procedures and report review process constituted  
reasonable methods for achieving the Commission's mandate.

~~No index prepared.~~

Dugy  
100176  
U91509  
709106