



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

120184

B-162313

May 7, 1979

TO, 196

The Honorable Samuel S. Stratton  
Chairman, Subcommittee on  
Armed Services Investigation  
Committee on Armed Services  
House of Representatives

#SE 00501

Dear Mr. Chairman:

On February 5, 1979, you requested that we examine small purchases made by the Department of Defense (DOD), with particular emphasis on contracts awarded by the Defense Logistics Agency (DLA) to the Cardwell Condenser Corporation, <sup>DLG 01596</sup> Lindenhurst, New York, and its affiliates (hereafter referred to as Cardwell). As you requested, we met with your office on February 12, 1979, to discuss the specifics of your request. Based on your letter and this discussion, it was agreed we would:

- Review 50 contracts awarded during the first 4 months of fiscal year 1979 by each of the 6 DLA supply centers and 1 procurement office for each service (40 between \$500 and \$10,000 and 10 under \$500).
- Review a representative number of contracts awarded to Cardwell, in addition to the 50 contracts (10 from each of fiscal years 1978 and 1979).
- Evaluate DLA's study of awards made to Cardwell.
- Determine whether DOD's small purchase procedures insure that reasonable prices are being negotiated.

The supply centers and service procurement offices we visited are listed in enclosure I. We also visited the DLA Headquarters in Alexandria, Virginia.

AGC 00378

At each of the supply centers, we determined the universe of contracts available for review and selected the contracts for detailed review at random. Our primary



120184

Letter Report

PSAD-79-81  
(950535)

505322

120184

emphasis was to determine whether (1) proper procedures were followed and (2) the prices paid were fair and reasonable. Where only single bids were received, we tried to determine if other sources were available and if such sources would supply the items in the small quantities usually procured.

At the DLA Headquarters, we examined reports prepared by each of the supply centers on its review of Cardwell contracts. Also, we inquired as to the procedures employed in conducting the review.

A summary of our effort follows. Additional details are included in the enclosures. As you requested, we did not provide agency officials or Cardwell the opportunity to comment on this report.

REVIEW OF CONTRACTS AWARDED BY  
SUPPLY CENTERS AND SERVICE  
PROCUREMENT OFFICES (ENCLOSURE II)

Ninety of the contracts we reviewed were under \$500. We found six contracts (four DLA and two service procurement offices) where it appeared the price was not reasonable.

We reviewed 360 contracts valued between \$500 and \$10,000. About 60 percent of these were awarded under competitive procedures. The other 40 percent involved contracts where only a single bid was received, although in many cases more than one source was solicited. In total, we found 37 (21 DLA and 16 service procurement offices) where the price paid did not seem reasonable.

REVIEW OF CARDWELL CONTRACTS  
(ENCLOSURE III)

We randomly selected 57 contracts from a universe of 223 contracts awarded to Cardwell during the period October 1, 1977, to January 31, 1979.

Generally, while the buyers solicited more than one source, Cardwell was the only one that submitted a bid, and the contract was then awarded on a sole-source basis. Buyers often relied on previous buys to determine whether the price was reasonable when Cardwell was the only supplier. We determined that the price on one purchase order valued at \$693 was unreasonably high by finding another supplier for the item. We estimate the overpricing was \$403. The center has taken action to assure that this source will also be solicited on future buys and is attempting to obtain a refund from Cardwell.

Our sample showed 11 other cases where the buyer should have questioned the reasonableness of the price based on available data, such as previous buys.

DLA REVIEW OF CARDWELL CONTRACTS  
(ENCLOSURE IV)

We found that DLA's review of Cardwell contracts was reasonably thorough. While DLA identified some questionable cases, no systematic pattern of overpricing was found. Certain aspects of DLA's review are continuing.

CONCLUSIONS

The services and DLA are generally following prescribed procurement procedures to insure that prices are reasonable in awarding small purchases. Further, we found no consistent pattern of overpricing on contracts awarded to Cardwell. However, our review did reveal the need to correct minor deficiencies, recognizing that these may not necessarily be applicable to contracts under \$500. These deficiencies can be categorized as follows:

--Documentation problems.

1. Price reasonableness on noncompetitive purchases was often based on previous buys. Often these prices were those paid the same supplier also on a noncompetitive basis. When the price listing includes only prices paid the current supplier, the buyer should obtain additional data to document the reasonableness of the price offered or try to find additional suppliers.
2. Normally, buyers did not adequately document the basis for determining price reasonableness.
3. Buyers generally did not update source data in the central files when they identified errors.
4. Purchases were sometimes not recorded in the automated system. In a few instances, this resulted in the payment of excessive prices because the buyer did not know of the previous buy at a lower price.

--Inaccurate or inadequate data available to the buyers.

1. Reference data in central files or on bidders' lists was often inaccurate. It contained suppliers who no longer manufactured or supplied the item or were otherwise not interested in bidding on small purchases.
2. Standard prices were usually inaccurate. While not normally used to determine price reasonableness, standard prices, if accurate, could be a valuable aid in gaging the reasonableness of bids received.

--Miscellaneous.

1. Requirements were not consolidated. This increased prices and administrative costs.
2. Available sources were not always solicited. These sources would have provided the items at lower prices.

RECOMMENDATIONS X

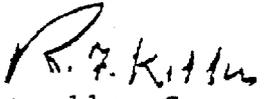
We are recommending that the Secretary of Defense insure that:

- Files are clearly documented to show the basis on which the price paid was determined to be reasonable.
- Suppliers are removed from source lists when it is found they are no longer a supplier for the particular item or are unwilling to quote prices on small purchases.
- Buyers do not rely on previous buys to the same source, also on a sole-source basis, to justify a new sole-source price.
- Standard prices are based on current and accurate data so that more reliance can be placed on these prices, particularly as a gage for determining price reasonableness.

--Reference files are properly annotated when  
a supplier has a minimum billing policy.

As arranged with your office, unless you publicly announce its contents earlier, we plan no further distribution of this report until 10 days from the date of the report. At that time, we will send copies to the Secretary of Defense to implement Section 236 of the Legislative Reorganization Act of 1970. We will also send copies to interested parties and make copies available to others upon request.

Sincerely yours,

  
DEPUTY Comptroller General  
of the United States

Enclosures - 7

LOCATIONS VISITED  
AND NUMBER AND DOLLAR AMOUNTS OF THEIR SMALL PURCHASES  
DURING FISCAL YEAR 1978

<u>Installations</u>	<u>Number of actions</u>	<u>Dollar amount</u>
<b>DEFENSE LOGISTICS AGENCY (DLA):</b>		
Defense Construction Supply Center, Columbus, Ohio	282,506	\$123,500,000
Defense Electronics Supply Center, Dayton, Ohio	130,758	176,800,000
Defense General Supply Center, Richmond, Virginia	111,711	90,700,000
Defense Industrial Supply Center, Philadelphia, Penn- sylvania	153,751	153,800,000
Defense Fuel Supply Center, Alexandria, Virginia	504	1,900,000
Defense Personnel Support Center, Philadelphia, Pennsylvania	62,671	53,700,000
<b>DEPARTMENT OF THE ARMY:</b>		
Troop Support and Aviation Readiness Command, St. Louis, Missouri	<u>a/5,606</u>	<u>a/13,200,000</u>
<b>DEPARTMENT OF THE NAVY:</b>		
Naval Regional Contracting Office, Long Beach, California	40,894	29,000,000
<b>DEPARTMENT OF THE AIR FORCE:</b>		
Ogden Air Logistics Center, Hill Air Force Base, Utah	10,430	45,000,000

---

a/Calendar year 1978 data.

REVIEW OFAWARDS UNDER \$10,000

Our random sample was taken from awards made at each of the nine locations in enclosure I. At each location, we selected 50 contracts (10 awards under \$500 and 40 between \$500 and \$10,000) valued at \$1.3 million out of a total universe of contracts valued at \$239.5 million. The value of our sample was .54 percent of the total value. The 450 contracts represented .16 percent of the 269,418 available for review. No Cardwell contracts were included in this sample.

We found 43 (25 DLA and 18 service) contracts valued at \$159,705 where we believe the buyers could have obtained better prices. There were also 79 other contracts where we were unable to determine whether the prices were reasonable for various reasons, but primarily because there was inadequate documentation to decide one way or the other.

Enclosure VI summarizes the procurement actions reviewed. Because not all locations kept their records by procurements under \$500, and those over \$500 to \$10,000, we did not break out the figures relating to the universe and sample size.

Of the 360 contracts between \$500 and \$10,000, 61.4 percent were awarded on a competitive basis. Of the 90 awards under \$500, 36 percent were awarded on a competitive basis.

The most prevalent procedural problem was that buyers used previous buys as a basis for price reasonableness when the only previous supplier was the one bidding or else it was the only known qualified supplier. The Defense Acquisition Regulations allow buyers to use previous buys to establish price reasonableness, but only if the prices previously paid were determined reasonable through such means as value analysis. When a single bid is received from the same company that the record shows was the supplier on all previous purchases, the buyer does not have a sound basis for relying on that information to determine price reasonableness.

There were instances where data available to buyers was not always accurate or complete. In one case, we noted that the previous buy data was incomplete. A purchase of 143 items was made at \$59 each but this was not entered into the previous buy data base. As a result, the next buy was

made at \$87.50 each for 93 items because the buyer was unaware that another supplier was only charging \$59. We confirmed this price with the supplier. In other cases, suppliers listed for particular items would submit a "no bid" for the item, would not respond, or would state it no longer supplied the item. In such cases, we found no attempt was made to assure that the data base was updated to reflect the information.

There were several instances where buyers would continue to solicit price quotes from the same suppliers rather than solicit additional sources that were available to them. For example, we called other suppliers of an item that the buyer was receiving quotes in the \$40 to \$50 range. The quotes we obtained were in the \$10 to \$20 range. In two other cases, we knew other sources were available but not being solicited. When we started to pursue these two cases, we were advised that they were already being investigated as being suspicious. Because of the possible legal implications, we did not pursue the matter. We were advised also that procedural changes had been made to stop such occurrences.

There were a few instances where consolidations could have been made on purchases. In one case, because of administrative delays, a purchase request reached the procurement section 10 days after a purchase order was awarded for the same item. The fact that these two purchase requests were for the same item was recognized about a month earlier, but no action was taken to assure that they were consolidated on one purchase order. Consolidation would have saved about \$1,400. Not all possible consolidations would have resulted in lower unit prices. However, administrative costs could probably have been reduced in all cases.

We found several instances where standard prices had little meaning. There were instances where prices paid were 3,200 percent, 700 percent, and 600 percent of the standard price. While standard prices are not normally used to determine price reasonableness, they could be used, if accurate, as an aid to buyers in gaging the reasonableness of bids received.

RANDOM SAMPLE REVIEW OF  
AWARDS MADE TO CARDWELL CONDENSER  
CORPORATION AND ITS AFFILIATES

We reviewed a random sample of 57 small purchases (under \$10,000) which the Defense Electronics Supply Center (DESC), the Defense General Supply Center (DGSC), the Defense Construction Supply Center (DCSC), and the Defense Industrial Supply Center (DISC) made with Cardwell Condenser Corporation in fiscal year 1978 and the first 4 months of fiscal year 1979. The four centers awarded Cardwell 223 purchase orders over this period totaling \$381,048. Our sample represented 26 percent of the value and 19 percent of the number of purchases from Cardwell during the period examined.

We found one procurement (in addition to those already found by DLA) which appears to have been overpriced. Cardwell, who was the only bidder, sold three switches to DESC FOR \$231 each. Through DESCs technical staff, we found that the switch was being manufactured by another company for Cardwell who then sold it to DESC. That other company will sell the switch to DESC for \$96.81 each. DESC has asked Cardwell to justify its price and refund any overcharge which may have been made.

DLA purchased 11 other items valued at \$25,376 at prices which we believe are high enough to question. The items appear overpriced either because DLA paid much more than the standard price (which is the price established by the item manager as an estimate for billing purposes) or because prices have increased at a high per annum rate. For example, one item increased 156 percent over a 3-month period without any documented justification. We did not attempt to find additional suppliers for these items because (1) Cardwell was often DLA's only known source of the item and (2) technical information necessary to describe the item for potential suppliers was either not sufficiently detailed or was not readily available. Consequently, we cannot reliably estimate the amount of overpricing.

We also found 13 other cases that appeared questionable, but there was insufficient data to determine price reasonableness. In each of these 24 cases Cardwell was either the sole source for the item or the only source willing to bid. Also, the files did not contain any additional information to assist in establishing a reasonable price (such as references to catalog price lists, prices of similar items, and so forth).

Most DLA small purchase procurements with Cardwell or its affiliates are noncompetitive. As shown in enclosure VII, 46 (81 percent) out of 57 procurements we examined were single-bid items. While the remaining 11 purchases had more than one firm bidding, the bids were not all competitive because:

- In at least five procurements the nearest bid to Cardwell's was from 40- to over 200-percent higher.
- In one procurement, two Cardwell companies were the only bidders.

Defense Acquisition Regulations stipulate that to have competition there must be at least two bidders who, among other things, are independent and offer prices close enough to indicate that they are competitive. Under these circumstances it is difficult for buyers to determine the reasonableness of prices offered by Cardwell because:

- The available previous buys show only prices charged by Cardwell.
- The buyers do not have Cardwell catalogs to document prices available to the general public, and Cardwell may not publish them.
- The items are not described precisely enough to identify what is being purchased to permit a buyer to make any value determination.
- The buyers generally do not have technical knowledge of the items, and the large number of varied items they purchase make it impractical for them to develop such knowledge.

Given these difficulties, it is often impractical for buyers to seek competition for items sold by Cardwell unless the value of the individual procurement or of repetitive procurements justifies it. Many of DLA's purchases from Cardwell are less than \$500. The average procurement at DISC, for example, was \$336 (28 of the 57 procurements reviewed are less than \$500). Under these circumstances, there is little potential to obtain the savings needed to justify additional time to find new sources (Cardwell appears to be the only known source willing to bid on these items) unless DLA repetitively purchases the item. This is generally not the case.

There were procedural problems evident from the review of purchase orders with Cardwell which, if not corrected, could result in overpricing. There were three instances where it appeared that buyers were paying a minimum billing price of \$35 without attempting to determine the unit prices of the items. We were able to confirm that one of the cases was a minimum billing, but were unable to determine the unit price. However, we did note in our sample of other contracts that \$50 was paid for one item which had a unit price of only \$1.71. Several other problems are evident in just one example.

DESC purchased three electrical switches at a cost of \$231 per switch from Cardwell. The automated bidders list was used to solicit the only sources which DLA recorded as manufacturers of the item--Cardwell and another firm. Cardwell was the only one who submitted a bid; the other firm stated it did not manufacture the switch. The buyer justified sole-source procurement of the switch on a comparison with previous procurements from Cardwell at \$225 per switch. There was nothing in the contract file indicating what kind of switch this was, and the buyer did not ask the center's technical staff to provide additional descriptive information or additional sources.

To verify price reasonableness, we identified another possible source for this item through DESC's technical staff. The manufacturer made the part for Cardwell, who then sold it to DESC. This manufacturer told DESC he would sell the item to them in quantities of one to four at \$96.81 per switch--42 percent of Cardwell's price. DESC officials added the manufacturer to its source list for the part and plans to deal directly with him on future buys.

This example and others like it illustrate that buyers often:

- Use previous buys to justify sole-source procurement. These data contain only prices of the single supplier and obviously cannot be used to determine the reasonableness of that supplier's prices.
- Do not consult their respective technical branches on sole-source procurements to identify what they are purchasing, whether the price bid/paid is consistent with its value, or whether other manufacturers/suppliers should be solicited.

--Do not initiate actions to remove known inaccuracies--  
such as invalid part numbers or companies who do not  
manufacture/supply the respective item--from the tech-  
nical information file.

DLA REVIEW OF CARDWELLCONDENSER CORPORATION CONTRACTS

On April 1, 1978, Congressman Thomas J. Downey wrote to the Director, DLA, bringing to his attention an allegation that used parts were being sold as new to the Government by Cardwell. In response to this letter, DLA had its centers review the allegations. On July 20, 1978, Congressman Downey again wrote to the Director citing further allegations and asked DLA to accelerate its investigation of Cardwell. As a result of this letter, DLA expanded its review to look at all the awards made to Cardwell in the last few years.

One of the first steps DLA took was to develop a list of all known companies affiliated with Cardwell. DLA started with the list of companies developed in 1967 when Cardwell was being investigated for overpricing and subsequently put on the ineligible list. They also checked DLA's data base, the Defense Contract Administrative Services Region for the New York area, and several other sources. Eventually 30 companies were identified as possibly being affiliated with Cardwell.

Using this list, DLA accelerated its review and requested each of its six centers to review all contracts that were awarded to Cardwell and its affiliates over the past 2 to 3 years. For each award, the DLA centers were asked to determine

- the amount of competition involved;
- the basis for determining price reasonableness;
- whether any quality problems were identified with the item purchased;
- whether new, used, or surplus material applied under the contracts; and
- corrective action taken or required to correct deficiencies identified.

Four DLA centers identified purchases from Cardwell during the period reviewed. These four centers had awarded 423 contracts to Cardwell valued at \$1.3 million. A 100-percent review of these contracts was undertaken to determine whether the price paid was reasonable. Where the parts were

available, they were also examined. In some cases, where the parts were not in stock at the center, buyers were told to request authority to purchase an additional part for examination on the next buy.

Based on this review, the prices charged on 14 purchase orders, valued at \$50,703, were questioned by the centers. Cardwell was sent letters on each item and asked, in effect, whether the price was correct. It should be noted that DLA, in the absence of fraud, has no legal recourse to require Cardwell to make a refund. The strongest action available is for the Director of DLA to ask Cardwell to make a voluntary refund. To date, the centers have obtained refunds of \$3,783 on six of the contracts in question. One of the purchase orders was canceled.

The amount of refunds obtained represent 19 percent of the value of the six purchase orders. On three contracts, Cardwell has advised the Government that it " \* \* \* can find no justification \* \* \* for lowering the price on any of your referenced purchase orders." A summary of the contracts reviewed at each center is on page 10.

On those purchase orders not questioned, the supply centers either determined that (1) the price was reasonable or (2) they had no basis for questioning the price. With regard to competition, DLA's review indicates that most of the contracts were awarded on the basis of single bids and the procurement was made sole source because Cardwell was the only known source of supply for the item. No significant quality problems were found.

None of the centers has reported any evidence that Cardwell provided surplus or used material, rather than new material, for any of the items purchased by the Government. However, DGSC is still investigating the possibility that Cardwell may have supplied another company's item--a motor--at a substantial markup without making any modifications other than changing the nameplate to include Cardwell references. Nonetheless, except for Cardwell, there does not appear to be any ready supplier of the motor because the manufacturer who produced it for Cardwell no longer does so.

The Defense Investigative Service (DIS) is also investigating Cardwell to determine whether it is fraudulently providing used and/or surplus items under contracts which stipulate new items. The DIS investigation includes only select large purchase procurements described by an informant who,

<u>Center</u>	<u>Purchase orders reviewed</u>	<u>Value</u>	<u>No. of questionable purchase orders</u>	<u>Value of purchase orders questioned by DLA</u>	<u>No. of questionable purchase orders resolved (note a)</u>	<u>Amount of refunds obtained</u>	<u>No. of questionable purchase orders unresolved</u>
DGSC	80	\$ 422,193	6	\$18,728	3	\$1,661	3
DCSC	52	77,580	1	5,957	0	0	1
DISC	11	7,400	0	0	0	0	0
DESC	<u>280</u>	<u>784,434</u>	<u>7</u>	<u>26,018</u>	<u>4</u>	<u>2,122</u>	<u>3</u>
Total	<u>423</u>	<u>\$1,291,607</u>	<u>14</u>	<u>\$50,703</u>	<u>7</u>	<u>\$3,783</u>	<u>7</u>

a/One purchase order was canceled.

we were advised, reports through Congressman Downey's office. DLA's General Counsel is acting as the liaison between Congressman Downey's staff and DIS, and between DIS and the DLA procurement directorate which is performing the overpricing review. We did not seek information on this investigation because of the possible legal implications which of necessity must be kept confidential by DIS.

One avenue of investigation that DLA did not pursue was how Cardwell companies were listed in its files and how many parts it was listed for as a supplier. During the 1967 investigation of Cardwell, the questions that came up were how did Cardwell get eight companies listed in DLA (then Defense Supply Agency) files as its affiliates and how was a small firm like Cardwell manufacturing such a varied product line.

Our review also showed that DLA records list Cardwell and its affiliates as a source for over 5,000 parts. We were unable to determine what specific benefits Cardwell could derive by being listed for this number of parts under 14 companies. In any event, we did not identify any misrepresentations on the part of Cardwell or mismanagement of the data base by DLA personnel.

Our evaluation of the DLA review indicates that DLA has performed a thorough review of Cardwell contracts and is still continuing its review on some aspects. At the time of our evaluation, while they have found some purchase orders where the prices are questionable, they had not found a systematic pattern of overpricing.

CARDWELL CONDENSER CORPORATION, AFFILIATES, AND  
POSSIBLE RELATED COMPANIES AS INDICATED BY ADDRESS  
AND KNOWN (note a) TO BE IN DEFENSE LOGISTICS SERVICE

CENTER COMPUTER

<u>FSCM</u> (note b)	<u>Name</u>	<u>National stock numbers (NSN) identified with each company</u>	<u>Part numbers identified with each company</u>
c/71313	Cardwell Condenser Corp. 80 E. Montauk Hwy. P.O. Box 517 Lindenhurst, Long Island, N.Y. 11757	1,844	2,078
c/09131	Burmac Electronics Co. Div. Cardwell Condenser Corp. 80 E. Montauk Hwy. Lindenhurst, Long Island, N.Y. 11757	26	26
c/82204	Henry Products Div. Cardwell Condenser Corp. 80 E. Montauk Hwy. Lindenhurst, Long Island, N.Y. 11757	212	225
c/88356	Cardwell, Allen D. Mfg. Corp. Div. of Cardwell Condenser Corp. 80 E. Montauk Hwy. Lindenhurst, Long Island, N.Y. 11757	143	150
c/95937	Federal Television Div. Cardwell Condenser Corp. 80 E. Montauk Hwy. Lindenhurst, Long Island, N.Y. 11757	422	463
c/98732	Leico, Inc. 80 E. Montauk Hwy. Lindenhurst, Long Island, N.Y. 11757	34	35
04582	Pax Electronics Div. of Pax Mfg. Corp. 100 E. Montauk Hwy. Lindenhurst, Long Island, N.Y. 11757	737	746
31966	Selectar Industries Div. Pickard & Burns, Inc. 80 E. Montauk Hwy. Lindenhurst, Long Island, N.Y. 11757	15	20
56394	Hammarlund Mfg. Co.	952	1,083
80583	Div. Pax Mfg. Corp. 100 E. Montauk Hwy. Lindenhurst, Long Island, N.Y. 11757		
89244	Pickard & Burns 90 E. Montauk Hwy. Lindenhurst, Long Island, N.Y. 11757	354	387
17797	Victory Electronics 80 E. Montauk Hwy. Lindenhurst, Long Island, N.Y. 11757	3	3
08990	Belz Industries Div. of Victory Electronics 80 E. Montauk Hwy. Lindenhurst, Long Island, N.Y. 11757	1	1
92149	Strux Corp. 100 E. Montauk Hwy. Lindenhurst, Long Island, N.Y. 11757	0	0
Total NSN line items assigned by company and related part numbers--nonadd as to total NSNs and parts (note d)		<u>4,743</u>	<u>5,217</u>
3P543	Pax Manufacturing, Inc. 100 E. Montauk Hwy. Lindenhurst, Long Island, N.Y. 11757	(e)	(e)

a/Based upon DLA's and our review, it appears that these are the Cardwell companies doing business with DLA.

b/Federal Supply Code for Manufacturers. This is a misnomer, since a manufacturer can also be a vendor in DLA's system.

c/Listed as affiliates in the Defense Logistics Service Center computer. Other companies are not listed as affiliated with any company except one, which is miscoded in the computer.

d/The net number of NSNs and part numbers is unknown. Some NSNs are assigned to at least two FSCMs; some NSNs have more than one part number for the same FSCM; and, conversely, some identical part numbers are assigned to different NSNs.

e/Alpha-numeric codes (3P543 and such) are not assigned NSNs. They are identified as vendors for companies with FSCMs.

RANDOM SAMPLE OF

DOD SMALL PURCHASES

OCTOBER 1, 1978 TO JANUARY 31, 1979

<u>Department of Defense's (DOD's) small purchases</u>	<u>Contracts to \$10,000</u>	<u>Contracts under \$500</u>	<u>Contracts \$500 to \$10,000</u>
Universe	269,418		
Universe value	\$239,463,935		
Sample selected	450 (.16%)		
Sample value	\$1,305,147 (.54%)		
Competitive procurements value		32 (35.56%) \$6,310	221 (61.38%) \$816,053
Single bid procurements value		58 (64.44%) \$13,391	139 (38.62%) \$503,179
Oral solicitations		43	152
Written solicitations		47	208
Unsolicited suppliers on single bid contracts		18	27
Additional sources we identi- fied		12	36
Standard prices available		56	264
Award price was 110 percent of:			
Standard price		25	25
Most recent procurement		12	158
Commercial or DOD peculiar item:			
Commercial		55	163
DOD peculiar		18	114
Unknown		17	83
Consolidation possible but not attempted		10	23
Prescribed procedures followed		87	261
Prescribed procedures not fol- lowed		3	99
Price appeared reasonable		66	262
Price did not appear reasonable		6	37

RANDOM SAMPLE OF DODSMALL PURCHASES FROMCARDWELL CONDENSER CORP. AND AFFILIATESOCTOBER 1, 1977, TO JANUARY 31, 1979

	<u>Total</u>	
Universe	223	
Universe value	\$381,048	
Sample selected	57	
Sample value	\$71,894	
Competitive procurements	11	(19.3%)
value	\$24,674	
Single bid procurement	46	(80.7%)
value	\$36,058	
Oral solicitations	4	
Written solicitations	53	
Unsolicited known suppliers on		
single bid contract	3	
Additional sources we identified	4	
Standard prices available	48	
Award price was 110 percent of		
standard price or most recent		
procurement	30	
Commercial or DOD peculiar item:		
Commercial	20	
DOD peculiar	14	
Unknown	23	
Consolidation possible but not attempted	6	
Prescribed procedures followed	47	
Prescribed procedures not followed	10	
Price appeared reasonable	32	
Price did not appear reasonable	12	

(950535)