

GAO

September 1986

PROCUREMENT

Analysis of DLA's Dealings With the Pines Corporation During 1985



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United States
General Accounting Office
Washington, D.C. 20548

National Security and
International Affairs Division

B-222991

September 23, 1986

The Honorable Alfonse M. D'Amato
United States Senate

Dear Senator D'Amato.

In your February 4, 1986, letter, you asked us whether one of your constituents, Mr. Robert H. Pines, President of the R. H. Pines Corporation, was dealt with fairly and equitably by the Defense Logistics Agency (DLA). You asked whether the rules by which the Pines Corporation was judged tardy make sense and whether the same rules have been applied to everyone.

In reviewing and analyzing the actions of DLA personnel in their dealings with the Pines Corporation, we found no evidence that led us to question the rules. Also, we found that the same processes and procedures were used in evaluating the Pines Corporation's performance and that of its competitors. However, the manner in which DLA generated and used some of its data raises some concerns. We briefed your staff on the results of our work, and this report summarizes the results of our effort. Appendix I discusses our observations involving five areas of concern identified by the Pines Corporation's attorney in a letter to you which accompanied your request to us.

Background

DLA, through its supply centers, procures a wide variety of goods needed by the Department of Defense. The Defense Industrial Supply Center (DISC) is one such center and has been the primary focus of the Pines Corporation's complaints. Within the policy guidelines established by DLA, DISC is responsible for procuring industrial products, such as steel plates and aluminum pipes. To carry out this function, DISC relies on individual contractors to provide quality products at competitive prices in the quantities needed, and in a timely manner.

In May 1985, DISC determined that the Pines Corporation was nonresponsible for a contract—that is, it should not be awarded a contract—for which it had submitted the lowest bid. As a result, DISC awarded the contract to another contractor. The Pines Corporation believes there was no basis for such a determination. Subsequently, the Corporation communicated its concerns to some Members of Congress,

resulting in congressional correspondence with DLA which raised additional questions and concerns. The unresolved issues eventually led to your request to us.

DLA Treated Pines Corporation Fairly in the Award Process

DISC personnel involved in awarding contracts follow established rules or procedures for identifying and selecting responsible potential contractors. These procedures implement appropriate Federal Acquisition Regulations and are tailored to meet DISC's individual needs. Specifically, DISC is required to obtain competitive bids from private industry, analyze the bids, and make awards to responsible contractors. In analyzing the bids, DISC examines the contractor's ability to perform as required by the contract. DISC must be assured that the contractor has the desired production capability, the necessary financial resources, an acceptable accounting system, an acceptable quality assurance program, and an acceptable record for meeting its delivery commitments. The contracting officer, the individual who actually makes the contract award, needs help to do this. To obtain current information on the contractor's capability, a preaward survey may be requested. We noted that the individual requesting the preaward survey is not necessarily the same contracting officer who makes the award decision. Such surveys are performed by personnel from another DLA component, the Defense Contract Administration Services (DCAS). The preaward survey team visits the contractor to assess the contractor's capability. During these visits, the contractor can provide any information the firm deems pertinent. After its review, the survey team summarizes its analysis and submits a report. This report either recommends awarding or not awarding the contract to the contractor. If the contracting officer acts contrary to the survey team's recommendation, additional approvals are necessary.

The contracting officer can request additional information to support or to override the survey team's recommendation. For example, at DISC, the contracting officer can request a contractor performance analysis (CPA) report. This report summarizes the contractor's performance in meeting delivery schedules over a specific period of time. Using the preaward survey, the CPA report, and the contracting officer's general knowledge, the contracting officer can decide which of the competing contractors will receive the award. The contracting rules allow the contracting officer to use his or her judgment in determining whether it is in the best interest of the government to award a particular contract to a bidder irrespective of whether the bidder has made the lowest offer.

As previously mentioned, in May 1985, DISC determined that the Pines Corporation was nonresponsible for a contract on which it submitted the lowest bid. Before this determination, DISC received the first of three negative preaward surveys in which the survey team had concluded the Corporation's delivery record was unacceptable. The contracting officer, however, questioned the survey team's recommendation since many of the delinquent items were not on DISC contracts. Accordingly, the contracting officer requested a CPA report which summarized the Corporation's delivery record on DISC contracts. Before receiving this CPA, DISC received two additional negative preaward surveys on the Pines Corporation, again citing an unacceptable delivery record. The CPA report showed the Pines Corporation was over 30 days late in delivering 22 percent, or 64 out of 287 open contract line items. According to DLA officials, there is no written criteria identifying what level of delinquency is acceptable. However, in monitoring a contractor's performance, being late on less than 10 percent of open line items is considered acceptable, being late on more than 20 percent is considered unacceptable, and percentages in between 10 and 20 are subject to additional analysis. Therefore, based on the results of the three preaward surveys, the CPA report and his general knowledge, the contracting officer found the Pines Corporation nonresponsible.

Since the process allows contracting officers to use data furnished by different individuals from separate DLA components along with their own knowledge, we believe the process followed by DLA to identify and select a responsible contractor was reasonable and consistent with applicable Federal Acquisition Regulations. Although unfair application or deliberate misuse of the rules can be applied in any judgment situation, we believe that the rules make sense.

Pines Corporation Treated Equitably

In analyzing the equity issue, we examined how the Pines Corporation and its competitors were treated during the contract award process as well as how progress was monitored after contracts were awarded. We looked at the award process because the Pines Corporation alleged improprieties in the process. We included the monitoring process in our review because (1) contractor performance is the basis for subsequent preaward survey evaluations which play a part in future determinations of whether a contractor is responsible and (2) the reports used to monitor performance were alleged by the Pines Corporation to be unreliable.

We found that DLA treated the Pines Corporation and its competitors equitably during the contract award process. During calendar year 1985,

DCAS conducted seven preaward surveys on the Pines Corporation. For three of these surveys the Corporation was found to have an unacceptable delivery record. In these three cases, DISC also requested preaward surveys on the next most competitive contractors. Preaward surveys were actually performed on the winning contractors in two of the three cases. In the case in which a preaward survey was not performed, DISC waived the survey because a survey on similar items for that contractor had been completed recently. In each case, the survey team's report was positive and recommended awarding the contract. On the first contract in 1985 for which the Pines Corporation was determined nonresponsible, the contracting officer also requested a CPA on the winning contractor. The winning contractor's CPA showed the contractor over 30 days late on 12 percent, or 80 of 684 open contract line items.

After contract award, DISC and DCAS monitor the contractor's progress. In signing the contract, the contractor agrees to provide specific goods at a specific place by a specific date. DISC and DCAS track each contractor's performance. The primary method used by DISC is a computerized printout of a contractor's active contract file. This printout lists each contract and line item for which some action is open and yet to be completed. More specifically, an item which has not been shipped or has not been accepted by the government is considered open. This particular computerized printout, referred to as a PF-71-3 report (Active Contract File Interrogation), groups all unshipped line items in terms of the total number of days past the contract due date. DISC personnel use this report as an indicator of potential delinquency problems and it serves as a basis for discussions with the contractors. The primary method used by DCAS is the Mechanization of Contract Administration Services system. This system, which collects the data necessary to ensure adequate control while the contracts are being administered, enables DCAS to monitor items such as delivery schedules. This data provides a basis for subsequent discussions with the contractor during preaward surveys.

Although PF-71-3 and the Mechanization of Contract Administration Services data are used for monitoring a contractor's performance during the administration of a contract, they are not the only basis for determining whether or not a contractor is responsible. However, the PF-71-3 data became the basis for the dispute between DISC and the Pines Corporation and the concern on the part of several Members of Congress.

We found that the Pines Corporation and its competitors were evaluated under the same processes and procedures. Therefore, we believe that the Pines Corporation was treated equitably in the award process and

during the administration of the contracts. We found no evidence that any contractor was given preferential treatment.

Concerns About Computer Data

Our review of some of the allegations by the Pines Corporation raised concerns about some of the computer generated reports and their usage. Our analysis of the allegations and additional concerns are briefly discussed below. We discussed these concerns with DLA officials and, where noted, they have agreed to look into the matter more closely. These concerns, along with additional matters raised by the Pines Corporation's attorney, are discussed in greater detail in appendix I.

Two of the Pines Corporation's allegations concerned the use of computer generated data in the award process and the reliability of such data. Our analysis showed that award decisions are not based solely on computer generated data. However, to address the adequacy of computer generated data as an indicator of potential delinquency problems, we verified, to the extent records were available, the accuracy of the data contained in the computer files with the records in the contract files. Our analysis showed the computer data agreed with the supporting documentation for 76 percent of the 97 cases we examined. In our opinion, the 24 percent disagreement does not detract from the general conclusion regarding the Pines Corporation's delinquency status.

During our analysis, we also noted flaws in the programming logic used to generate computer based reports such as the PF-71-3s and the CPAs. While these flaws cause line items which are within the contract's requirements to be listed as overdue, they did not substantially alter the outcome. DLA officials agreed that the logic is suspect and are taking steps to make necessary corrections.

In examining how DLA uses computer generated reports, we observed that DISC officials did not review and correct computer generated listings of contractor records (PF-71-3) before sending them to the Pines Corporation for comment. For example, such a review of the computer data would involve deleting those contract line items, such as items under litigation, that should not influence contractor delinquency rates. DLA officials agreed that computer generated delinquency data should be reviewed to correct obvious errors before discussing the data with the contractors. They also stated that they would take steps to correct this situation.

We also noted that DLA congressional correspondence on the Pines Corporation did not include all events or facts related to delinquency calculations. For example, uncorrected data reflected in computer printouts was included. In effect, this presented the Pines Corporation's delinquency rate as worse than it actually was, and therefore raised serious questions about the data's credibility and fairness of the process. We believe DLA should have been more careful in preparing the letters and should have included all events and data regarding contractor delinquency determinations in the letter. DLA should have either verified the data or stated that the data was preliminary.

We have discussed a draft of this report with agency officials and have incorporated their comments where appropriate. However, as requested, we did not obtain official agency comments. Our objective, scope, and methodology are summarized in appendix I.

As arranged with your office, we are sending copies of this report to Senators Denton, Gramm, and Humphrey who have also expressed interest in these concerns. In addition, we are sending copies to other interested parties and are making copies available to others upon request.

Sincerely yours,



Frank C. Conahan
Assistant Comptroller General

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Abbreviations

CPA	contractor performance analysis
DCAS	Defense Contract Administration Services
DISC	Defense Industrial Supply Center
DLA	Defense Logistics Agency

Pines Corporation's Areas of Concern

In a letter to Senator D'Amato, the Pines Corporation's attorney set forth five areas of concern. Each of these areas, along with our observations, is discussed in the following sections.

Computer Data Used to Evaluate Delinquency Rates

The Pines Corporation alleged that the computer data was inherently unreliable since some contract line items previously discussed with DISC officials reappeared on subsequent computer generated lists. On several occasions, the Pines Corporation reviewed computer generated listings (PF-71-3s) based on the active contract file maintained by DISC. These listings were generated at the request of DISC personnel and listed only those contract line items for DISC contracts. On each occasion the Pines Corporation provided support to show that some items should not be included on the listing nor used to calculate delinquency rates.

The computer files used to generate the listing of the Pines Corporation's contract line items are part of DLA's Standard Automated Materials Management System. Within this system, the active contract file is used to record data on contract delivery dates, shipping dates, receipt dates, quantities received, and payment dates. Other contract information is also maintained in the active contract file. We noted the following characteristics about the active contract file.

- The active contract file serves as the basis for the computer generated listing known as the PF-71-3 report (Active Contract File Interrogation).
- Data elements within the active contract file may change based on events regarding delivery, shipment, or payment being completed.
- Changes to the active contract file require documentary evidence of a transaction being completed before changing the file. Data entry regarding shipment, delivery, and payment is through communications with other systems that are the responsibility of various units, such as the nine DCAS regions
- A contract will remain in the active contract file until each line item has been received and paid for within the contract terms
- When all line items within a contract have been completed, the data becomes part of a contract history file
- Data from the active contract file and the contract history file serve as the basis for the CPA report

In analyzing the DISC computer printouts which were the basis for discussions with contractors, we found

- the data presented in the PF-71-3 reports was not reviewed before being sent to the contractor,
- the data files on shipping dates agreed with the supporting documents for 76 percent of the 97 cases we examined, and
- flaws in the logic used to generate the PF-71-3 and CPA reports.

The DLA officials responsible for evaluating contractor performance use the active contract computer file listing (PF-71-3 report) to discuss delinquencies with the contractor. We found that the listings the Pines Corporation received were not reviewed by DLA officials either to correct obvious errors or to reflect more current information before being sent to the contractor. As a result, subsequent PF-71-3 reports sent to the Pines Corporation contained items listed as unshipped which the Pines Corporation had already shown had been shipped. In addition, the Pines Corporation and DLA officials met to discuss which line items should be included in the calculation of delinquency. The results of these sessions did not become part of the active contract file because internal controls built into the Standard Automated Materials Management System limit DISC's direct access. Even in instances involving shipments already made for which the Pines Corporation could provide documents, the file cannot be updated without proof of receipt from the port of delivery and payment data from the payment center. Therefore, for example, some items on the listing may have been shipped while the listing would reflect them as unshipped.

DISC officials used the above printout and the data provided by the Pines Corporation to calculate delinquency rates for both open and completed contract line items. DISC officials also told us they compare the shipping date with the contract due date in order to calculate delinquency rates. This approach avoids penalizing the contractor for delays regarding acceptance or delays in route. Therefore, according to DISC criteria, if the item is shipped on or before the contract due date, the item is not considered delinquent. The R.H. Pines Corporation alleged that the dates shown on the printouts as shipped were not correct and therefore the data was inherently unreliable.

In order to validate the reliability of the computer data, we obtained a computer printout of contract line items from the Pines Corporation's active contract file dated March 5, 1986. For each contract line item that listed both a contract due date and a shipping date, we determined if the item was shipped past the due date. Of 379 items listed on the printout, 298 had a shipping date listed. The remaining items that did not have a shipping date listed were either not yet due or the date was missing. Of

the 298 items with shipping dates, 125, or 41.9 percent showed a shipping date past the contract due date.

We further examined records at the DCAS New York region and DISC to determine the accuracy of the 125 shipping dates that showed the Pines Corporation had shipped late. Of these 125 cases, we were able to locate the shipping documents in 97 instances. Our examination of shipping documents and invoices submitted by the R.H. Pines Corporation showed that 74 or about 76 percent of the 97 line items agreed with the computer printout. In our opinion, the 24 percent disagreement does not detract from the overall conclusion regarding the Pines Corporation's delinquency status.

We also found flaws in the logic used to generate the computer generated PF-71-3 and CPA reports. For example, the PF-71-3 lists items as open and unshipped that have been shipped and are within the quantity allowed under the terms of the contracts. DLA officials agreed that these variances in quantity items should not be listed as open and unshipped. While their inclusion as open and unshipped inflates the rates of delinquency, this did not substantially alter the outcome. The CPA report also is based in part on open and unshipped items. DLA officials also agreed that the logic used to generate the reports is suspect and they are taking steps to make necessary corrections.

Actions of DISC Personnel

The events surrounding the Pines Corporation dispute with DISC personnel concerned individuals involved with awarding contracts. The Pines Corporation's analysis of the events has led them to believe DISC personnel dealt with them in a less than forthright manner. The events cited include actions of DISC officials regarding:

- Nonresponsibility determinations by the contracting officers leading to awards to the Pines Corporation's competitors on three separate contract bids for steel products on which the Pines Corporation was the lowest bidder.
- A contracting officer's reluctance to issue a delivery order for steel products under an existing contract with the Pines Corporation.
- Alleged statements made about the performance of the Pines Corporation and its competitors during various meetings

Contracting officers play a critical role in each contract award. They decide, based on the information available, whether or not to award a

contract. Before making that determination, they review existing information such as preaward surveys. Contracting officers can request additional information if they believe it is necessary for them to make their decision. For example, the contracting officer requested a CPA report after receiving the Pines Corporation's first negative preaward survey.

In reviewing the activities and files, we found no evidence that the contracting officers or other officials had performed their duties in an inappropriate manner in any of the instances cited. Our review showed that:

- Existing documents and memoranda in the contract files about nonresponsibility determinations comply with established procedures and adequately document the judgments made on the three contracts in question. In particular, we found no instance where the Pines Corporation was judged during the award process as nonresponsible based solely on uncorrected computer data.
- Existing records and files indicate the contracting officer's reluctance to issue the delivery order in question to the Pines Corporation stemmed from a misunderstanding of DISC's existing contractual obligations with the Pines Corporation. After DISC attorneys explained DISC's obligations under the existing contract, the contracting officer issued the order in a timely manner and the product was subsequently obtained from the Pines Corporation.
- Statements made at various meetings involving both DLA and Pines Corporation personnel were not always recorded by the parties involved. The participants recall the events somewhat differently. Lacking additional evidence, we cannot conclude which statements most accurately reflect the events as they occurred.

DLA Policy Implementation

In late 1984, DLA Headquarters reemphasized an existing policy requiring contractors to deliver quality products on time and in the desired quantities. The Pines Corporation, a small business, alleged that DCAS officials in the New York region applied the policy guidance regarding delinquency in a mechanical fashion. In addition, the Pines Corporation alleged that this policy was adversely affecting small businesses within the New York region. According to the Pines Corporation, as a result of applying the revised policy in such a mechanical fashion, the following events occurred:

- Statements were made by an official conducting a preaward survey and by DCAS counsel that suggested two or more delinquencies would result in a negative preaward survey.

- Preaward surveys with negative results were performed in February and April 1985 on the Pines Corporation under the revised guidance. These surveys included steel products on which the Pines Corporation was the lowest bidder.

Data provided by DLA Headquarters officials show an increase in negative preaward surveys during 1985. For example, nationwide negative preaward surveys increased as a percentage of total surveys from 23 percent of 10,622 surveys in 1983, to 42 percent of 12,177 surveys in 1985. Table I.1 summarizes the data nationwide compared to the New York DCAS office. The Pines Corporation falls under the New York office's jurisdiction.

Table I.1: Negative Preaward Surveys as a Percentage of Total Number of Preaward Surveys Performed Nationwide and for the DCAS New York Region

Figures in percent			
Fiscal year	Range for all regions	Average for all regions	New York region
1983	16–28	23	23
1984	19–40	28	25
1985	30–56	42	56

The New York region is at the high end of the range for fiscal year 1985, but two other regions—Los Angeles and Cleveland—also had high rates of 49 percent and 52 percent, respectively. We noted that such surveys are not performed when the contracting officer believes sufficient information already exists for an informed decision.

We also reviewed seven of the preaward surveys performed by the DCAS New York office on the Pines Corporation during 1985. Based on discussions with DCAS officials and a review of existing documents involving the Pines Corporation, we found that the DCAS New York office applied DLA policy appropriately. We found no evidence supporting the allegation that two or more delinquencies would result in a negative survey recommendation. In addition, in each of the three surveys with a negative recommendation, the records showed the decision was based on an analysis of information provided by the contractor in conjunction with data from DCAS files.

To address policy issues about preaward surveys and the Pines Corporation's concerns, we obtained data from the New York office about small and large businesses receiving negative preaward surveys during calendar year 1985. During this period, the New York region performed 1,623 preaward surveys.

DLA officials noted that preaward surveys are requested when the contracting officers need additional information and that large companies often have on-site Defense personnel assigned which obviates the need for preaward surveys. Consequently, the number of preaward surveys performed on small businesses is usually larger than big businesses. When compared with large businesses, the data shows small businesses received a higher percentage of negative preaward surveys for the first half of 1985, but the rates were much closer to one another during the second half of 1985. Table I.2 provides additional detail.

Table I.2: Negative Preaward Surveys as a Percentage of Total Number of Preaward Surveys: DCAS New York, 1985

Figures in percent

1985 period	Large business	Small business	Overall
January-June	29	56	55
July-December	50	56	56
January-December	38	56	55

We also attempted to determine the effect the enforcement of this policy was having on experienced (10 or more previous government contracts) small businesses in the New York region. DCAS officials stated that the data base does not maintain information to determine with certainty how many small businesses could be classified as experienced. Their judgment was that approximately 90 percent of the surveys performed on small businesses involved experienced small businesses.

Communications With the Congress

The Pines Corporation contacted several Members of Congress to express its concern over DLA's actions. In turn, numerous requests for information were received by DLA regarding the events surrounding the delinquency calculations and nonresponsibility determinations. DLA responded to each request. However, the Pines Corporation alleges that DLA has not fully disclosed all documents or facts surrounding the instances.

Our examination of the files and memoranda in question, along with discussions with the officials involved, disclosed that the letters in response to the congressional inquiries did not include all events or details which others may deem pertinent. For example, when discussing delinquency rates, the DLA letters often referred to numbers extracted from uncorrected data without mentioning that contractor and DLA officials had met to discuss the data or that the data had not been checked for accuracy. As a result, the delinquency rates cited were higher than

the actual rates. We believe DLA should have been more careful in preparing these letters and should have included all events and facts regarding delinquency calculations. This is particularly important in this case because omitting these facts has led to questions about the validity of the responses. This is especially sensitive because subsequent analysis of the uncorrected delinquency rates show them to be different and lower than what was reported to the Members of Congress. We did not find evidence that memoranda or other data were intentionally withheld or not provided when specifically requested.

Competition and Prices

The Pines Corporation provided data to show that DISC is receiving higher bid prices for the same items which the Pines Corporation had previously supplied at lower cost. The data provided by the Pines Corporation compares its bid prices from 1983 and 1984 to those bid prices DLA has received for solicitations in 1985.

The DLA policy on awarding contracts is not based solely on price. The policy is to award contracts to responsible contractors who provide quality products when needed, at a reasonable price. If the lowest bidder is found nonresponsible for any reason, including delinquency, the next lowest responsible bidder is selected.

Although the Pines Corporation's data shows that DISC received higher bid prices in 1985 than in 1983 and 1984 for those selected items, we cannot conclude that additional competition in the form of the Pines Corporation would have altered these results. We note, that even without the Pines Corporation bidding, competition for these products still existed. For example, DISC received proposals from at least two qualified bidders in each case.

Objective, Scope, and Methodology

Our objective was to determine whether or not the Pines Corporation had been treated fairly and equitably by DLA. To address this question, we used the documents and materials supplied by the Pines Corporation as a starting point. We also met with representatives of the Pines Corporation to discuss the allegations and obtain additional information. We reviewed contract files and pertinent documents and interviewed personnel knowledgeable about the events at DLA Headquarters in Alexandria, Virginia, DISC in Philadelphia, and the DCAS region in New York.

We did not compute a delinquency rate for the Pines Corporation or its competitors. We did, however, attempt to ascertain the usefulness of

percentages computed to identify potential problems, and to trace shipping dates listed on a computer printout back to the source documents.

The criteria we used for evaluating fairness and equity were the established policies and procedures of DLA. Our review was performed in accordance with generally accepted government auditing standards.

Request Letter From Senator D'Amato

ALFONSE M. D'AMATO
NEW YORK

United States Senate
WASHINGTON, DC 20510

February 4, 1986

The Honorable Charles A. Bowsher
Comptroller General of the United States
General Accounting Office
441 G Street, N.W.
Washington, D.C. 20548

Dear Mr. Bowsher:

Over the past year, I have been involved in a continuing correspondence with the Defense Logistics Agency with respect to a problem experienced by one of my constituents, Bob Pines, President of the R. H. Pines Corporation. Several of my colleagues in the Senate have shared my continuing interest in this question and have demonstrated their support by frequently cosigning my letters and by authoring inquiries of their own.

While I readily admit that I am not an expert in the defense procurement process, there does seem to be a serious inequity in this matter. I would appreciate it, therefore, if your agency could review this matter and report back to me on a timely basis.

The dispute between the Pines Corporation and the DLA can be reduced to the simple question of whether this particular small business contractor has been dealt with fairly and equitably. I see this question, however, as twofold: by "fairness," I mean whether or not the rules by which the Pines Corporation was judged tardy in its delivery schedules and, thus, unworthy of positive pre-award surveys make sense; by "equity," I mean whether or not the same rules have been applied in all such circumstances.

Fairness is clearly the more important issue to the Pines Corporation. Your ruling that they have been judged unfairly would remove the impediment now standing in the way of their continued contracting activities for DLA. Equity, however, may be considerably more important with respect to Congress' long-term review of the procurement process. If rules and regulations are not applied uniformly, this would be a matter that definitely needs to be addressed. Your specific recommendations on this point would be appreciated.

Appendix II
Request Letter From Senator D'Amato

The Honorable Charles A. Bowsher
February 4, 1986
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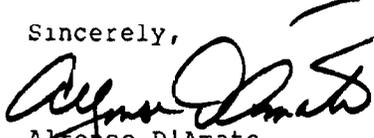
The Pines Corporation sets forth its case in the enclosed letter of January 14, 1986. This letter has as an appendix (in the white binder) a voluminously documented memorandum dated January 13, and authored by the firm's counsel, David Dempsey. I have not edited these documents, and I cannot personally attest to the veracity of all statements made in them. However, I have found Mr. Pines' case to be well documented, and I give his statements substantial credence.

The Dempsey memorandum divides the Pines case into five sections. In each section, there are a number of specific questions. In addition to your general conclusions on the claims made in each of the five sections, I would appreciate receiving specific responses to each of Mr. Dempsey's questions.

Due to the potential impact of this case on Congress' review of the procurement process, I would appreciate your response by the end of March. I am certain that both Mr. Pines and Mr. Dempsey would be willing to meet with your staff to answer any questions you may have on a moment's notice. Given the invitation for a GAO review in the November 25, 1985, letter to me from DLA, I assume that they, too, are willing to share any information with you without hesitation. Should your staff need any more information from my office, please have them contact my Legislative Director, Bruce Ray.

I thank you for your assistance in this matter and for all the fine work the General Accounting Office has performed both for me and for others.

Sincerely,



Alfonse D'Amato
United States Senator

AD:brf

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