

DOCUMENT RESUME

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[Planning for the Bureau of Naval Personnel's Proposed Advanced Information System]. LCD-78-103; E-140864. November 21, 1977. 6 pp.

Report to Rep. Jack Brooks, Chairman, House Committee on Government Operations; by Elmer B. Staats, Comptroller General.

Issue Area: Automatic Data Processing (100).

Contact: Logistics and Communications Div.

Budget Function: National Defense: Department of Defense - Military (except procurement & contracts) (051).

Organization Concerned: Department of the Navy: Bureau of Naval Personnel.

Congressional Relevance: House Committee on Government Operations.

The Department of the Navy is committed to the development of a "total force" personnel management system which will enable it to more effectively control personnel resources--civilian and military, active and reserve--from recruitment to retirement. The Bureau of Naval Personnel is developing an automated system called the Advanced Information System to assist in this objective. This system is intended to provide a remote, interactive processing capability, which is expected to be a substantial improvement over the current batch-processing-oriented system. Findings/Conclusions. As of September 30, 1977, the system was being developed and implemented without an adequate long-range plan. The proposed upgrading of computer equipment was found to be unwarranted at the present time; and, although consolidation of the Bureau's capabilities appeared sound, locating these capabilities in New Orleans, as proposed, would involve more managerial and technical risks than would locating them at the Bureau's computer center in Washington, D.C., and would be more costly. Bureau officials concurred in these observations and agreed to suspend development of new system modules until an adequate long-range plan is developed, to continue to operate on its current computers without interim upgrading until competitively produced equipment is available, and to consider consolidating computer facilities in Washington rather than New Orleans. According to Navy data, this revised development effort will cost about \$5.3 million less than the proposed interim upgrading and the consolidation of computer capabilities in New Orleans.

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21 NOV 1977

The Honorable Charles H. Percy
United States Senate

Released
12/21/77

Dear Senator Percy:

This is in response to your July 27, 1977, request for our consideration of a letter concerning the difficulties of U3M, Inc., a minority-owned small business, in obtaining Government contracts. UBM has been attempting to obtain Government contracts and promote the interests of minority firms in the construction management, construction consultant, and value engineering fields, areas in which UBM claims expertise.

We met with headquarters officials and reviewed some contract files at the Veterans Administration (VA) and the General Services Administration--agencies that award these kinds of contracts. In four contract awards that we reviewed, we found that UBM scored relatively low as to its qualifications to perform the work involved. VA and General Services small and minority business representatives informed us that they have no formal programs for set-asides or section 8(a) assistance to small and minority firms in these fields.

VA's VIEWS

UBM identified VA as the worst offender in terms of being nonresponsive to UBM attempts to obtain a contract. We therefore reviewed VA's files relating to three "Commerce Business Daily" notices to which UBM responded. These notices, published February 7, 1977, concerned value engineering services. Interested firms were requested to submit a statement of qualifications to VA for evaluation. The following chart illustrates evaluation scores for those firms that responded, along with UBM's score position.

Statement of Qualification Scores for Value Engineering Services

<u>Solicitation</u>	<u>Number of responses evaluated</u>	<u>Range of scores</u>	<u>UBM, Inc.</u>	<u>Rank of UBM's score (highest to lowest)</u>
A	21	116-204	128	18
B	14	146-191	153	12
C	10	125-174	132	9

A VA official on the Architect-Engineer Selection Board, which evaluates and scores these statements of qualifications, informed us that on the basis of submitted information, UBM is not one of the more qualified firms in this competitive field. He also said that this selection board has indicated its willingness to discuss with UBM the strengths and weaknesses of its qualifications.

According to VA officials, VA has no formal program, such as small business set-asides or section 8(a) procurements, in the fields of value engineering services or construction consulting and management because they believe that such programs would be contrary to the Brooks Act (Public Law 92-582). The Brooks Act, enacted in 1972, establishes Federal policy regarding competition in the selection of firms and individuals to perform architectural, engineering, and related services for the Federal Government. The act provides that the agency head shall negotiate a contract with the best qualified firm. VA, however, is currently reconsidering its policy concerning set-asides in light of our October 14, 1976, decision (B-129707) which states that the Brooks Act does not preclude small business set-asides.

VA is interested in encouraging joint ventures with minority firms. It is developing plans to put this policy into effect and will notify the public in this regard when its new policy becomes operational. Most likely, a scoring adjustment factor will be included in the evaluation for such joint ventures, according to a VA official.

GENERAL SERVICES ADMINISTRATION'S VIEWS

A General Services official informed us that over 90 percent of the approximately 35 construction management contracts awarded since 1971 have been awarded to medium- and large-size firms having gross receipts over \$7 million. He indicated that smaller firms may have difficulties in competing for construction management contracts because they (1) lack qualifying experience and (2) may not have sufficient capital to sustain the cost of submitting proposals estimated to be from \$5,000 to \$10,000 each.

General Services small and minority business officials informed us that General Services has not instituted any formal programs to assist small and minority firms in obtaining contracts in the areas of construction management. However, these officials did state that there was an overall policy to utilize small and minority firms whenever possible in procurement actions.

We were informed that General Services does not separately record the number of minority firms involved in these 35 construction management contracts; but at least one minority firm, Parametric, Inc., through a joint venture, has obtained a construction management contract. In addition, General Services has recently issued a construction management contract under the section 8(a) procurement program to Parametric, Inc. A General Services project official said that this minority firm demonstrated its ability to perform by its past experience related to construction management and its proposed management plan for the construction management contract.

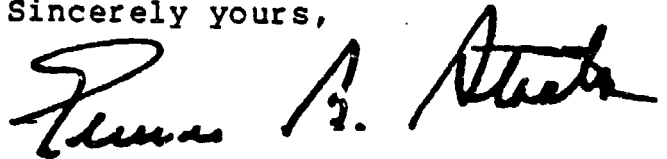
In UBM's statement of its attempts to obtain work, two General Services projects were mentioned. We reviewed the contract files for one of these projects and found that a qualifications review panel ranked UBM eighth out of a field of 13, and we were told that UBM had not taken advantage of available debriefings at which time the strengths and weaknesses of UBM's proposal could have been discussed.

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We discussed our findings with the agencies involved and their comments are reflected in this letter. As arranged with your office, we are sending copies of this report to the General Services Administration and VA, and unless you publicly announce its contents earlier, no further distribution of this report will be made until 30 days from the date of the report. Unless you notify us otherwise, at that time we will send copies to other interested parties upon request.

As requested, we are returning the correspondence you received on this matter.

Sincerely yours,



Comptroller General
of the United States

Enclosure