

GAO

Fact Sheet for the Chairman,
Subcommittee on Merchant Marine,
Committee on Merchant Marine and
Fisheries, House of Representatives

November 1988

NAVY CONTRACTING

Alleged Improprieties of a Contractor Operating Navy Ships





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

National Security and
International Affairs Division

B-226840

November 1, 1988

The Honorable Walter B. Jones
Chairman, Subcommittee on Merchant Marine
Committee on Merchant Marine and Fisheries
House of Representatives

Dear Mr. Chairman:

As part of our work in response to your request for a review of the policies and procedures of the Military Sealift Command (MSC), your Office requested that we obtain information on allegations that were made in a February 9, 1988, letter to the House Committee on Government Operations and that were referred to your Committee. As agreed with your Office, our work focused on allegations of crew shortages and improper travel charges. Although other allegations were cited in this letter, we addressed only these two because the others were outside the scope of our ongoing MSC review.

To assess the merits of the allegations, we obtained contractor and MSC correspondence, contracts, and other relevant records. We also talked with both MSC and contractor officials.

This fact sheet summarizes information provided to your staff on September 14, 1988.

BACKGROUND

One of the missions of MSC is to provide and operate ships for specialized military purposes, such as oceanographic ships to support the Navy's deep ocean survey program. MSC contracted with LSC Marine, Inc. to operate 12 oceanographic ships for 3 years. These operations began on May 21, 1986. LSC currently operates 11 of these ships; 1 ship had an accident and was withdrawn from service.

The allegations you referred to us were made by a former crew member on an oceanographic ship--the USNS Harkness. The two allegations we investigated charged that (1) the number of crew members and certain crew specialties required by the contract were not provided on the Harkness and (2) the contractor misused a Government Travel Request.

CREW SHORTAGES

Although this allegation has some factual basis, crew shortages were for valid reasons such as unexpected resignations or failure to secure required clearances. Also, according to MSC, the oceanographic ships may still operate effectively with crew shortages. MSC resolved this issue by accepting an LSC plan to minimize future crew shortages.

Our comparison of the alleged under-crewing for the USNS Harkness with MSC's crewing requirements for the ship disclosed that two alleged crew specialties, deck engine mechanics and machinists, were not required by MSC; in addition, MSC required only one electrician on board the ship versus the three electricians mentioned in the allegation. The total crew required by MSC aboard this ship is 50 crew members. Our comparison of this total for the Harkness with the actual numbers of crewmen sailing disclosed that from March to November 1987 crew shortages amounted to 112 crew days--or less than 1 percent of the 11,750 total crew days required during this period. These shortages were mainly for steward assistants, able seamen, and bosuns; no electrician shortages were noted.

We reviewed deductions made by MSC from payments due LSC for not providing the required Harkness crew members and for the 10 other oceanographic ships during the period. Our review disclosed deductions of \$21,593 for the 112 crew day shortages for the Harkness and \$146,158 for shortages of 1,025 crew days for the other ships, each of which also experienced crew shortages.

LSC contested MSC's deductions, and on November 25, 1987, submitted a formal crew replacement plan. The plan identifies specific procedures for replacing crew members in a timely manner, thus minimizing future crew shortages. Among these procedures are the use of (1) emergency lists of union personnel available for assignment on short notice when normal dispatch procedures cannot be followed and (2) 24-hour telephone numbers to contact key union dispatch personnel.

The plan also recognizes that valid and unavoidable reasons for crew shortages sometimes exist, such as crew injury, illness, personal emergency, or desertion, and presents a formal way to minimize these shortages. Furthermore, the plan assigns the master of each ship the sole responsibility for assuring that total crewing is adequate for safe ship operations.

MSC concurred with LSC's plan and agreed that the oceanographic ships can be operated safely and effectively with fewer than the total number of crew members required by the contract. MSC believes that LSC's plan will minimize future crew shortages and does not intend to make routine contract deductions for crew shortages as long as LSC adheres to the plan. As a result, for the period we reviewed, MSC reinstated \$105,386 of the \$167,751 it had withheld because of crew shortages for the 11 oceanographic ships.

TRAVEL PRACTICES

The crew member also alleged that LSC had misused a Government Travel Request because he was required to pay \$1,000 for his air fare to the United States. But, according to terms of the employment contract he signed, the crew member was not entitled to a transportation allowance because he had resigned by "mutual consent."

We obtained a copy of the crew member's contract which provided for a "...transportation allowance of \$2.50 for each day of shipboard employment." However, the contract also provided that crew "...who depart by mutual consent prior to completion of assignment shall not be entitled to any amount accrued during such assignment." Moreover, the contract stated that LSC would have no obligation for any other transportation costs.

LSC officials told us the crew member resigned by mutual consent while the ship was in Djibouti, Djibouti. Since he was not entitled to a transportation allowance, the master of the ship withheld from the crew member's pay LSC's estimated cost for his return to the United States. This amount was the \$1,000 the crew member refers to in his allegation. LSC's actual cost for his return ticket was \$1,946. Based on our discussions with LSC and MSC officials, we also determined that LSC does not have access to Government Travel Requests and that none have been issued to it by MSC.

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As agreed with your Office, unless you publicly announce its contents earlier, we plan no further distribution of this fact sheet until 7 days from its date. At that time we will

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send copies to interested parties and make copies available to others upon request.

If you have any questions, please contact me at 275-6504.

Sincerely yours,


John Landicho
Senior Associate Director

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