United States General Accounting Office

GAO

Testimony

Before the Subcommittee on Department Operations, Nutrition, and Foreign Agriculture, Committee on Agriculture, House of Representatives

For Release on Delivery
Expected at
1:00 p.m. EDT
Wednesday
September 18,1996

TEAM NUTRITION

Some Procurement and Personnel Management Requirements Not Followed

Statement of Robert A. Robinson, Director
Food and Agriculture Issues,
Resources, Community, and Economic
Development Division

GAO/T-RCED-96-247

Mr. Chairman and Members of the Subcommittee:

We are pleased to be here today to discuss our findings on the U.S. Department of Agriculture's (USDA) Team Nutrition initiative. The goal of this nationwide initiative is to improve the nutrition and health education of American schoolchildren. USDA is attempting to achieve this goal through a two-pronged approach: (1) a training and technical assistance program for schools' food service workers to help them provide lunches that are nutritious and appealing and (2) a multimedia nutrition education campaign designed to promote healthy food choices among schoolchildren.

At this Subcommittee's request, we reviewed the initiative from two perspectives—procurement and personnel management. Our testimony today provides our observations on two contracts, a cooperative agreement, and a grant that USDA entered into to support the nutrition education element of the initiative. These efforts we examined accounted for about two-thirds of the funds available to the nutrition education component of the initiative since 1994. In addition, our testimony today summarizes information on Team Nutrition provided earlier.[1] We did not examine, nor do we draw any conclusions about, the merits of the Team Nutrition initiative itself.

In summary, the Team Nutrition contracts, cooperative agreement, grant, and personnel management practices we examined exhibited a pattern of poor management and, in some cases, violated federal procurement law and ethics regulations. Each contract, cooperative agreement, and grant that we examined had some problems, such as tasks assigned that were beyond the scope of the contract, unauthorized individuals providing direction to a contractor, inattention to the agency's obligations under the terms of the cooperative agreement, and the violation of the federal ethics regulations pertaining to a grant. Furthermore, as we reported earlier, we identified several concerns with the manner in which the position of the former Team Nutrition Project Manager was filled and the salary set. The problems in the management of those aspects of the Team Nutrition initiative we examined can be attributed largely to the failure to adhere to the agency's procedures and the lack of a documented strategic plan for the initiative. USDA has acknowledged and is taking steps to address some

[1]On May 8, 1996, we testified on the results of our review of one subcontract under a Team Nutrition contract before the House Committee on Agriculture (Food Stamp Program: Focus Group Research and Procurement Problems (GAO/T-RCED-96-157). On Aug. 8, 1996, we reported on several issues related to the employment of three key members of the Team Nutrition management team (Team Nutrition Personnel and Under Secretary's Travel (GAO/RCED-96-229R).

of the weaknesses we identified, but it is too soon to determine whether its actions are sufficient to correct these problems.

Background

Seeking to improve the health and nutrition education of American schoolchildren, USDA began the Team Nutrition initiative (commonly known as Team Nutrition) in fiscal year 1995 by seeking and obtaining $20.3 million in funding. The Congress made another $10.5 million available for Team Nutrition in fiscal year 1996 and $10 million for fiscal year 1997. Elementary and secondary schools can participate in the initiative—and become Team Nutrition schools—by agreeing to support the initiative's mission and principles and by making a commitment to meet USDA's dietary guidelines for Americans.[2] Once a school joins the "team," it can obtain nutrition education materials on healthy eating habits. As of August 16, 1996, over 14,000 schools spread across all 50 states, the District of Columbia, Puerto Rico, and the U.S. Virgin Islands had become Team Nutrition schools. The Secretary of Agriculture is encouraging the remaining 80,000 schools across the nation to become Team Nutrition schools so that they can also obtain the materials being developed under the initiative.

USDA considers Team Nutrition to be a key vehicle for promoting one of its top priorities: integrating the latest nutrition knowledge into each of USDA's food assistance programs.[3] At Team Nutrition's inception, the Under Secretary for Food, Nutrition and Consumer Services decided that Team Nutrition would be administered by USDA's Food and Consumer Service (FCS). Until August 1996, when it was placed in FCS' Special Nutrition Programs, Team Nutrition was managed by the Office of the FCS Administrator. The initiative is composed of two basic components: (1) training and technical assistance, which is managed by the Associate Administrator for Food and Consumer Services, and (2) nutrition education, which is managed by Team Nutrition's Acting Project Manager.

Much of Team Nutrition's efforts are carried out through contracts and cooperative agreements. These contracts and agreements support both of Team Nutrition's components. Each component received approximately half of the funds appropriated for Team Nutrition. We reviewed two

[2]Among other things, these guidelines, which represent the official nutritional policy of the U.S. government, recommend diets that are low in fat, saturated fat, and cholesterol.

[3]These 15 food assistance programs include the Food Stamp Program, the National School Lunch Program, and the Special Supplemental Nutrition Program for Women, Infants, and Children. Responsibility for these programs in USDA rests with the Under Secretary for Food, Nutrition and Consumer Services.

contracts for support services, one with Global Exchange, Inc. (Global), and one with Prospect Associates, Ltd. (Prospect); a cooperative agreement with Buena Vista Pictures Distribution, Inc., a subsidiary of the Walt Disney Company (Disney), to use animated characters to promote healthy eating; and a grant to an author to write a children's book about nutrition. Table 1 provides details on these activities.

Table 1: Team Nutrition's Activities to Support Nutrition Education, as of September 13, 1996

Awardee	Type of action	Amount obligated	Expiration date
Global	Support services contract	$1,310,000	9/30/98
Prospect	Support services contract	6,698,733	2/28/98
Disney	Cooperative agreement	395,000	9/30/96
Children's author	Grant	25,000	3/16/96

FCS obtains support services for Team Nutrition from Global and Prospect through task order contracts. A task order contract is used when the procuring agency knows the type, but not the precise quantities, of services that will be required during the contract period. These contracts permit flexibility in (1) scheduling tasks and (2) ordering services after the requirements materialize. The Federal Acquisition Regulation stipulates that task order contracts may be used when the agency anticipates a recurring need for the contractor's services.

FCS awarded the Global and Prospect contracts to provide (1) marketing and consumer research on how to best market nutrition education; (2) message development, design, and production services for multimedia nutrition education materials; and (3) ways to create and maintain partnerships with organizations concerned about nutrition education. The cooperative agreement with Disney allows FCS to use two of Disney's popular animated characters in Team Nutrition's media campaigns. In accordance with the agreement, Disney developed and distributed four animated public service announcements and additional nutrition education materials featuring Pumbaa and Timon, characters from its recent film, The Lion King. Finally, FCS awarded a $25,000 grant to an author to write a children's book promoting good nutrition.

Team Nutrition's Contracts, Cooperative Agreement, and Grant That GAO Reviewed Reveal Poor Management

Our review of two contracts, a cooperative agreement, and a grant under the Team Nutrition initiative revealed poor management and, in some cases, a violation of federal procurement law and ethics regulations. The problems we found with each of these efforts are discussed below.

Global

We found no irregularities in the manner in which FCS awarded the contract to Global. However, we believe that Team Nutrition officials acted improperly in assigning tasks under the Global contract that were beyond the contract's scope of work. These officials also did not follow normal contracting procedures in dealing with subcontractors under the Global contract.

Federal procurement law requires that an agency conduct a separate procurement when it wishes to acquire services that are beyond the scope of an existing contract. A matter is outside the scope of the original contract when it is materially different from the original purpose or nature of the contract. In our view, Team Nutrition officials assigned Global two tasks—tasks 9 and 10—under its contract that materially deviated from the original contract's overall scope of work.

Under its contract with FCS, Global was to provide support services to assist Team Nutrition in conducting a national nutrition education campaign, including the planning and development of educational materials and communication efforts related to nutrition. As we discussed in our May 1996 testimony, task 9 was to conduct focus group research to assess the reactions of the general public and food stamp recipients to USDA's proposals to change the Food Stamp Program. We concluded that this work, which cost FCS about $33,000, was outside the scope of Global's support services contract.

Similarly, task 10—to evaluate the success of the San Francisco County Jail's garden project and to develop a guidebook on the project to show other communities how to implement similar programs—has no substantive relationship to nutrition education or the dissemination of sound nutrition information. The garden project is a program to rehabilitate former prisoners by having them grow produce that is either

donated to the needy or sold to restaurants. This evaluation, for which FCS has budgeted about $49,000, differs materially from the subject matter of the Global contract, which is to assist FCS in its efforts to provide "effective nutrition education" and to communicate "sound nutrition information."

Furthermore, contrary to normal contracting practices, Team Nutrition officials directed Global to hire specific subcontractors and did not give Global the opportunity to perform the work itself. Generally, once an agency awards a contract, the contractor is responsible for performing the work, either by using its own resources or by hiring a subcontractor. Team Nutrition officials negotiated directly with five firms to perform work for certain elements of its nutrition education campaign before the five firms signed subcontract agreements with Global.[4] Representatives from three of these firms also met with the Under Secretary to discuss their work before any contractual arrangement had been made between these firms and Global. All five firms then started work for Team Nutrition without the knowledge of, or any signed agreements with, Global. These firms were later added as subcontractors to the Global contract.

Because Team Nutrition officials directed Global to hire these firms, Global did not obtain competitive offers, nor did it conduct a cost-reasonableness analysis of their proposed budgets. After they signed subcontract agreements with Global, these subcontractors continued to be directed by Team Nutrition officials instead of Global. These officials often did not include Global in planning meetings with the subcontractors and did not provide the subcontractors with well-defined tasks that had specific deliverables. As a result, Global had little control over its subcontractors' work and costs. Furthermore, Global and FCS officials told us that they did not understand what work one of the subcontractors had done to justify the $40,000 payment it had received. Only after the subcontractor had been paid did Global and FCS officials ask the subcontractor to document the tasks it had performed.

Prospect

As with Global, we found that FCS' contract with Prospect was awarded in a fashion consistent with applicable procurement regulations.[5] However, the history of the Prospect contract indicates a pattern of careless

[4]These firms, the duties they performed, their payments, and the effective dates of their subcontracts are provided as an appendix.

[5]When FCS awarded this contract to Prospect, a competing firm protested the award. In Feb. 1995, GAO upheld the agency's award. (Porter/Novelli, B-258831, Feb. 21, 1995).

management. This careless management may have reduced the contract's contributions to Team Nutrition.

When the Prospect contract was awarded, Team Nutrition officials provided only minimal technical direction for the contract's tasks. The Contracting Officer's Representative (COR),[6] who was not the Team Nutrition Project Manager, did not have a clear understanding of how Prospect was to support the Team Nutrition mission. Therefore, the COR did not provide the technical direction that Prospect needed to effectively perform several tasks. Moreover, without notifying the Contracting Officer, and without having the authority to do so, the COR allowed a number of unauthorized individuals to provide technical direction to Prospect and/or to change the scope of the work defined in at least two tasks. In one instance, the director of a USDA division unrelated to Team Nutrition directed Prospect to conduct focus group research worth about $78,000 without the Contracting Officer's approval. In another instance, a Contracting Officer's Technical Representative directed a significant change in a task's scope of work without authorization. The Contracting Officer and the COR did not become aware of this directed change until Prospect submitted a revised cost proposal to increase the cost of the task by about $500,000.

Furthermore, a change to one effort under the Prospect contract, while within the scope of the contract, involved work that was more complex than anticipated, given the statement of work and the projected budget in the contract's task orders. Team Nutrition officials expanded a relatively basic $173,000 evaluation of the effectiveness of Team Nutrition to a more comprehensive $2.3 million effort. FCS contracting officials told us that while this work was within the scope of the contract, it would have been preferable for the agency to obtain this expanded work through a separate, competitive procurement. They believed that a separate procurement was preferable because of the magnitude of the change and the addition of work that required a higher degree of technical expertise than was originally specified. However, FCS contracting officials told us that, given Team Nutrition's desire to move quickly in initiating the work,

[6]Responsibility for contract administration rests with the Contracting Officer (CO) who awarded the contract. However, the CO may delegate contract administration responsibilities to other individuals. The CO may authorize a COR to perform specifically delegated functions, generally to monitor the contractor's cost, schedule, and technical performance against the contract's specifications or statement of work. Also, FCS' policy allows a COR to designate a Contracting Officer's Technical Representative (COTR) to provide technical guidance to a contractor. Any communication between a COTR and a contractor must be memorialized in writing and any specific direction must be coordinated with the COR. Neither the COR nor the COTR can direct the contractor to deviate from the contract's terms. The CO alone has the authority to make changes in the contract's terms.

they did not have sufficient time to solicit and award a new competitive contract.

Cooperative Agreement With Disney

We found no problem with the process FCS used to award the cooperative agreement to Disney. However, once again, we found weaknesses in FCS' performance in managing this cooperative agreement.

FCS entered into this agreement, which allows it to use two Disney characters from The Lion King to promote good nutrition, while these characters were also being used in advertisements and in-store promotions for a national fast food restaurant chain. To assess the impact of these characters on the Team Nutrition nutrition education campaign, FCS had Global conduct focus groups to determine what messages children were receiving from these characters. However, in conducting this evaluation, FCS did not test the possible messages children could receive from the fast food advertisements. Therefore, the information gathered from this research may be inconclusive.

Furthermore, the Disney agreement, originally scheduled to expire on September 30, 1996, required Team Nutrition to return to Disney all materials that used the animated characters at the expiration of the agreement. These materials are included in the nutrition education kits that FCS is distributing to Team Nutrition schools. When we questioned the potential impact of this requirement on Team Nutrition's goals, we discovered that Team Nutrition officials had not been attentive to the fact that the agreement was about to expire. They acknowledged our concerns, subsequently contacted Disney, and sought Disney's consent to extend the agreement's expiration date. On August 8, 1996, Team Nutrition officials told us that Disney had agreed to a 1-year extension; but as of September 16, 1996, no contract extension had been executed. Even with this extension, under the current terms of the agreement, FCS will be required to return the materials in September 1997. Since Team Nutrition officials had planned to distribute these materials to schools through February 1998, the requirement to return the Disney materials before that date may curtail some elements of the nutrition education campaign.

Grant for a Children's Book

We found that the process FCS followed in the award of a $25,000 sole-source grant to an author to write a children's book on nutrition was consistent with departmental criteria. These criteria allow sole-source grant awards for amounts less than $75,000, and FCS contracting officials

exercised their authority under these criteria. However, the Under Secretary for Food, Nutrition and Consumer Services, through her involvement in the administration of this grant, violated federal ethics regulations.

These regulations prohibit employees from using public office for the private gain of their friends.[7] Specifically, to ensure that an employee's actions do not create the appearance of the use of public office for private gain, or of giving preferential treatment, these regulations require the employee whose official duties would affect the financial interests of a friend to comply with certain other regulations. These latter regulations prohibit an employee from participating in a specific matter likely to have a direct and predictable effect on the financial interests of the friend, unless that employee has informed the agency's designated ethics official of the appearance problem and received authorization from that official to participate in the matter.[8]

The grantee and the Under Secretary have known one another for 15 years and are close personal friends. Despite this relationship, the Under Secretary did not inform USDA's ethics officials about her friendship with the author, nor did she recuse herself from approving the grantee's performance before payment was made to the author, or from other actions that would financially benefit the author. The Under Secretary maintained close personal involvement throughout the period of the grantee's performance. For example, her staff regularly kept her informed of the discussions and developments between FCS and the author's agent, and the Under Secretary provided comments to her staff on these matters.

In addition, under the terms of the grant, the author was to receive interim payments based on her performance in writing the book. These interim payments depended upon the Department's review and approval of the author's manuscript. Our review showed that the Under Secretary was given the manuscript for her approval and that her Executive Assistant—although not the COR for this effort—personally conveyed the Department's final approval to the author's agent. Moreover, during the development of the manuscript, the Under Secretary met in person with the author at USDA to convey the Department's comments on the manuscript.

[7]This regulation is found at 5 C.F.R. 2635.702.

[8]This regulation is found at 5 C.F.R. 2635.502.

To date, FCS has paid the author $11,250. The final payment of $13,750 will be made, as specified by the terms of the grant, when the book is published. Furthermore, the author's grant application explicitly stated that the author hoped and expected to earn "considerably more" through sales of the book. Thus, the publication of the book would provide income to the author in two ways: (1) the final payment under the grant and (2) the sales of the book. In this connection, at least as early as February 1994, the author's agent raised the idea with the Under Secretary's office that USDA would at some point purchase a significant quantity of the published books.

During the period in which the manuscript was being developed, there were frequent and insistent communications from the author's agent to USDA about the need for a purchase commitment from USDA for a large quantity of these books as part of the initial production run. The Under Secretary's staff informed her several times about this issue. These developments culminated in October 1995, shortly after USDA gave final approval to the manuscript. The Team Nutrition Project Manager and the COR prepared a procurement request on October 2, 1995, for approximately 25,000 copies of the book, at a cost of approximately $50,000. However, the FCS Budget Division questioned the request because, in less than 1 year, FCS would be able to copy the books itself. When informed of these concerns, the Under Secretary replied, in writing, that "the Need in Schools is Now" and advised that "If [the] justification is adequate, we proceed." However, when told of the circumstances, the FCS Administrator directed that this procurement not go forward. To date, the book has not been published.

Previous Work Revealed Irregularities in Personnel Actions

In our August 1996 report, we identified a number of irregularities in the process used to hire the former Project Manager, set her salary, and collect financial disclosure statements from her and the former Assistant Project Manager.[9] As we previously reported, FCS complied with the federal regulatory procedures for establishing, advertising, and considering applicants for the positions to which the Project Manager, Assistant Project Manager, and Project Coordinator were subsequently appointed. FCS judged each of these employees as qualified for the positions for which they applied, and the Office of Personnel Management certified that these applicants met the general standards for the positions

[9]The Project Manager resigned on July 12, 1996, and the position is currently occupied by an Acting Project Manager. The Assistant Project Manager resigned on July 31, 1996.

for which they applied.[10] However, our review of the former Project Manager's employment application raised several concerns about her qualifications for the position she held. These concerns included the very short period of time she had spent in a previous job that FCS considered to be crucial experience in judging her qualifications, her apparent misrepresentation of her academic credentials, and her lack of answers to some questions on her application and her incomplete answers to others. Because FCS performed only a perfunctory review of the former Manager's paperwork, it was unaware of the potential problems with her experience and her academic credentials.

In addition, we found that FCS did not have an adequate basis for establishing the former Project Manager's salary. FCS did not require her to submit documentation sufficient for it to assess her salary history, as required by USDA's procedures. The former Project Manager may have overstated her prior salary by including in it the estimated value of pro bono consulting work, payments allegedly made to her husband, and projected earnings for several months in which she did not earn a salary. FCS was unaware of the former Manager's apparent overstatement of her prior salary. As a result of her representation of her prior salary, FCS appointed her to a significantly higher pay level than might have otherwise been justified.

Finally, although the former Project Manager and the former Assistant Project Manager were required to submit financial disclosure statements within the first 30 days of their employment at FCS, neither employee did so. The former Project Manager did not submit a statement until a year after it was due, and the statement covered only a small portion of the period in which she was employed at FCS. The former Assistant Manager submitted a completed form 5 months after being hired, but only after the threat of disciplinary action.

[10]The Office of Personnel Management's review of an application is designed to determine whether the applicant's qualifications meet the general standards associated with the appropriate federal job series and grade for the open position. The Office also compares the application with the requirements detailed in the vacancy announcement to assess the applicant's qualifications for the position. However, the Office does not replicate the in-depth review that should be conducted by the hiring agency.

Failure to Comply With Agency's Procedures and Poor Planning Resulted in Procurement and Personnel Problems

USDA's problems in managing its Team Nutrition procurement and personnel hiring practices can be attributed largely to the failure to follow the agency's procedures and the lack of a strategic plan for the Team Nutrition initiative. From Team Nutrition's inception, the Under Secretary has provided continual and specific direction of the initiative. The Under Secretary suggested the hiring of the former Project Manager and made decisions on procurements and a grant that demonstrated poor judgment and, in some cases, violated federal procurement law and ethics regulations. In addition, even though the initiative has been in effect and operating for nearly 2 years, there is no documented strategic plan to guide its operations. Without a strategic plan in place, FCS has had difficulty in determining how its contracts would be used to support Team Nutrition's goals.

Agency's Procedures Not Followed

The Under Secretary for Food, Nutrition and Consumer Services considers Team Nutrition to be an important initiative that requires her personal leadership. Therefore, from its inception, the Team Nutrition initiative did not operate within FCS' existing program management structure. Instead, the Under Secretary placed the initiative within the Office of the FCS Administrator. According to the Under Secretary, she made this decision so that the new initiative would not be lost among the agency's competing priorities and so that it could benefit from high-level support and attention. The Under Secretary required all Team Nutrition managers to take programmatic direction from her through meetings and weekly reports. She made specific recommendations about whom to hire and how funds should be spent.

The agency's normal internal controls and reporting and review processes were not followed for decisions on Team Nutrition. For example, contractors typically select their own subcontractors and monitor their subcontractors' performance. This situation did not occur in the Global contract because the Under Secretary selected some subcontractors and, in some cases, directly managed their work. Consequently, Global had little control over these subcontractors' work and costs. As we noted earlier, FCS and Global officials did not understand what work one subcontractor had done to justify his $40,000 payment.

Planning for the Team Nutrition Initiative Was Not Adequate

Team Nutrition officials were hampered in their efforts to manage the contracts, cooperative agreement, and grant because they had no documented strategic plan to guide these actions and measure their

progress. Without a strategic plan, Team Nutrition officials had little understanding of the specific tasks that should be performed, the order in which these tasks should occur, and the way in which these tasks should be integrated to support Team Nutrition's goals. For example, the COR told us that he was unable to provide Prospect with meaningful, substantive work because Team Nutrition had no documented strategic plan.

With no strategic plan to guide their decision-making, Team Nutrition officials added tasks and funds to the Prospect contract in a haphazard fashion. For example, the Team Nutrition Project Manager decided to add six new tasks totaling $3 million to the contract 1 week before its expiration date for adding new work. She requested the work despite the fact that she had informed the FCS contracting officials 14 days earlier that no new work would be added to the contract. According to the FCS contracting officials, they had to rush to complete the modification before the expiration date for adding new work. This time pressure precluded any meaningful price negotiations with the contractor before work began.

Similarly, under the Global contract, Team Nutrition officials directed Global to hire five subcontractors but did not clearly define the tasks these subcontractors were to perform, including the products that were to result from these tasks. This lack of clear instructions resulted in duplication of effort and uncertain contributions to the Team Nutrition mission. For example, duplication occurred when FCS asked Global to hire two different firms to develop plans for the June 1995 launch of Team Nutrition. These two subcontracts totaled about $50,000, but neither plan was ever used, according to an FCS official.

FCS Taking Actions to Improve Procurement and Personnel Practices

FCS recognized that it had a number of problems with its procurement administration and personnel management and has begun improvement efforts. In June 1995, FCS took steps to improve its management of the Global and Prospect contracts. These steps included establishing new operational procedures and increasing reporting responsibilities.

Nearly a year later, FCS formed a Contract Management Review Task Force that assessed FCS' policies and procedures for contract management. The task force recommended changes to improve FCS' contract management. On June 21, 1996, the FCS Administrator issued numerous directives resulting from the task force's recommendations. Several of these directives recommend that the agency adhere to existing policies. New policies include training requirements for all staff involved with

procurement and the establishment of an agency ombudsman for staff to contact about potential procurement improprieties.

To sustain the Team Nutrition initiative, on July 26, 1996, the FCS Administrator recommended to the Under Secretary that, in the short term, Team Nutrition's activities be placed in FCS' existing programmatic structure—as part of Special Nutrition Programs. Until a new director for the Nutrition and Technical Services Division is appointed, the Deputy Administrator of Special Nutrition Programs will oversee the initiative's day-to-day operations. She will report to the Associate Administrator for Food and Consumer Services, who will, in turn, report to the FCS Administrator. However, according to the Associate Administrator, although the Under Secretary approved this recommendation on August 8, 1996, the Under Secretary has continued to provide programmatic direction to Team Nutrition managers.

With respect to personnel management, as we reported earlier, FCS plans to (1) tighten procedures for examining the qualifications of applicants for senior-level positions; (2) strengthen its procedures for obtaining and properly reviewing documentation submitted by applicants that is sufficient for making appointments at salaries above the minimum rate; and (3) intensify its efforts to collect financial disclosure statements by aggressively following through with disciplinary action if its requests are not successful. In addition, the Administrator told us that he has directed the Human Resources Division to conduct an internal review of its personnel practices and that the Under Secretary had directed the Regional Administrator for FCS' Mid-Atlantic Region to conduct a similar review.

The actions FCS has taken so far to address procurement and personnel problems are steps in the right direction. However, it is too soon to determine whether these actions are sufficient to correct the problems that we identified.

In conclusion, we found that the Team Nutrition contracts, cooperative agreement, grant, and personnel management practices we examined demonstrate a pattern of poor management and, in some cases, violated federal procurement law and ethics regulations. The problems in the management of the Team Nutrition initiative can be attributed largely to the failure to follow the agency's procedures and the lack of a strategic plan for the initiative. FCS has taken some actions to address its procurement and personnel problems. However, unless better

management judgment is exercised and the agency's procedures are adhered to, these problems are likely to persist.

Mr. Chairman, this completes my prepared statement. I would be pleased to respond to any questions you or Members of the Subcommittee may have.

Selected Subcontractors to the Global Exchange Contract

Subcontractor	Statement of work	Payment	Effective dates of subcontract
Donna Bojarsky	Provide support for the Team Nutrition launch, including strategic counsel and management of the event.	$45,589	4/8/95 thru 6/20/95
The Burkett Group	Provide strategic planning for Team Nutrition's public relations campaign and for coordinating the entertainment industry's participation in Team Nutrition.	$40,000	1/15/95 thru 4/15/95
Edelman Public Relations	Provide research and development for the Team Nutrition launch, participation in strategic planning, development of press materials, and coordination of invitation mailing lists for the launch.	$48,442	3/1/95 thru 5/31/95
Lake Research, Inc.	Conduct focus group research to assess the reactions of the general public and food stamp recipients to the U.S. Department of Agriculture's proposals to change the Food Stamp Program.	$25,000	3/7/95 thru 4/30/95
Podesta Associates, Inc.	Develop and execute the U.S. Department of Agriculture's Great Nutrition Adventure, including strategic development, organization of national events, press relations, preparation of press materials, and follow-up contacts.	$26,503	3/1/95 thru 5/15/95

Ordering Information

The first copy of each GAO report and testimony is free. Additional copies are $2 each. Orders should be sent to the following address, accompanied by a check or money order made out to the Superintendent of Documents, when necessary. VISA and MasterCard credit cards are accepted, also. Orders for 100 or more copies to be mailed to a single address are discounted 25 percent.

Orders by mail:

U.S. General Accounting Office
P.O. Box 6015
Gaithersburg, MD 20884-6015

or visit:

Room 1100
700 4th St. NW (corner of 4th and G Sts. NW)
U.S. General Accounting Office
Washington, DC

Orders may also be placed by calling (202) 512-6000 or by using fax number (301) 258-4066, or TDD (301) 413-0006.

Each day, GAO issues a list of newly available reports and testimony. To receive facsimile copies of the daily list or any list from the past 30 days, please call (202) 512-6000 using a touchtone phone. A recorded menu will provide information on how to obtain these lists.

For information on how to access GAO reports on the INTERNET, send an e-mail message with "info" in the body to:

info@www.gao.gov

or visit GAO's World Wide Web Home Page at:

http://www.gao.gov

PRINTED ON RECYCLED PAPER

United States
General Accounting Office
Washington, D.C. 20548-0001

Bulk Rate
Postage & Fees Paid
GAO
Permit No. G100

Official Business
Penalty for Private Use $300

Address Correction Requested