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

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RELEASED

B-182771

SEP 30 1975

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The Honorable William A. Steiger
House of Representatives

Dear Mr. Steiger:

This follows up our May 23 and May 30, 1975, reports to you and is in response to your letter of June 3, 1975. Therein you requested us to provide you with additional information about the contract let by the Selective Service System to Mr. Kenneth J. Coffey. In developing our answers to the questions in your June 3 letter, we conferred with Selective Service officials and with Mr. Coffey. Following are the questions and our responses.

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1. Did the Selective Service System determine whether other Government agencies had made comparable studies? Did any other agency have materials relating to the proposed study?

A Selective Service official advised us that, although there had been no written requests for information, there had been a number of oral requests. He said the need for such a study was not really identified until the President began suggesting changes to the draft law and indicating the possibility of adopting an All-Volunteer Force. As this alternative became more realistic, Selective Service officials began getting inquiries concerning their possible role in an All-Volunteer Force and their plans for returning to conscription if the need arose. In conversations with Library of Congress and Department of Defense officials, Selective Service officials found that there was very little information on this subject. Although studies had been made about conscription and about the All-Volunteer Force concept and its feasibility, none dealt with how to return to conscription (in a standby status) from an All-Volunteer Force atmosphere. Selective Service officials felt that a study outlining the successes and failures of other countries in this area would aid the United States in smoothly making this transition if it ever needed to return to conscription, especially in an emergency.

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They also felt this report could be valuable because it would deal with other issues about which only limited information was available--women in the service and women and conscription.

2. Basically, what are the legal uses of Mr. Coffey's study? Is it available to the public?

Article I of the contract stated that the scope of work consisted of preparing "a research study and report." In addition, the performance provisions in the February 26, 1974, amendment to the contract stated in part:

"(4) The Contractor expressly recognizes its obligation to make available to the System all factual materials discovered and made a part of its files as a result of efforts undertaken in pursuance of the commitment made by it under the project chapter outline, as originally proposed, and as amended, and the Contractor expressly agrees, represents and will undertake to make all such information fully available in the completed research study to be submitted in fulfillment of its obligation under the contract. If not otherwise fully and expressly included in the proposed substituted chapter outline, the Contractor agrees, represents and hereby commits itself to include as additional to the content of the substituted chapters an additional chapter or appendix, appropriately titled and annotated, if necessary, to include all such information and material not otherwise included in the content of the substituted chapters."

Under these provisions, Selective Service purchased the report and the right to have available all the "factual materials" underlying it. We were advised that Selective Service considers the report to be a public document available to anyone upon request. Under these circumstances, any member of the public could apparently obtain and use the report.

Regarding Mr. Coffey's information sources, the February 26 amendment provided that:

"(5) In addition to its commitment under item 5(d) of the Contract Proposal to make its resources available as needed for consultation for a 90 day period following submission of the final report, the Contractor expressly agrees to make available to the System, without restriction as to time, the names and locations of all sources

and source material including the names of specific persons or agencies, private or governmental, from whom or from which such source material is derived, unless in a particular case or cases, for good and sufficient purpose determined to be acceptable by the Contracting Officer, the System determines that it will not insist upon the disclosure of such sources." (Underscoring supplied.)

This provision obligates the contractor only to "make available" to Selective Service the identities of its information sources. Since the right to that information was not reserved exclusively to the Government, we believe the contractor or its employees could use it for their own purposes.

3. Provide a breakdown of the use of the contract sum and an analysis in terms of any statutory violation.

There was no contractual or statutory obligation for Mr. Coffey to supply Selective Service with any breakdown of how he had spent the money received under the contract, and Selective Service did not request or have this information available. Agencies do not normally require such data to be provided under fixed-price contracts. However, at our request, Mr. Coffey supplied us with a summary of his expenditures; he also made available backup data, which we briefly reviewed but did not audit. Because this summary may be considered proprietary in nature, we are sending you a copy under separate cover.

The principal costs incurred under the contract were for (1) salary and other personnel costs of Mr. Coffey and one assistant he hired to help with the study, (2) travel costs and per diem payments, primarily to Mr. Coffey and his assistant, and (3) living expenses of Mr. Coffey and his family in England. Other expenses included consultants; translation-clerical service; legal, tax, and bookkeeping services; office; and heat and electricity.

The contract was fairly typical of fixed-priced contracts in not requiring an accounting of how the money was spent or placing any restrictions on the expenditures. Our brief analysis did not disclose any violations, statutory or otherwise.

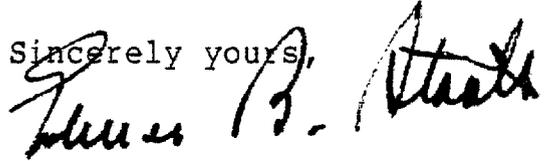
4. What remedies are available to the Federal Government "in a problem such as this"?

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We interpret the "problem" to which you refer as any conflict of interest which may have existed in awarding this contract. There are Federal penal statutes relating to conflicts of interest, 18 U.S.C. 203, 205, 207-09 (1970 ed.), which are enforced by the Department of Justice. Because we do not have this responsibility, we deem it inappropriate to comment as to whether a violation of these statutes may have occurred in the award of this contract.

Sincerely yours,

A handwritten signature in black ink, appearing to read "James B. Stewart". The signature is written in a cursive style with a large, prominent initial "J".

Comptroller General
of the United States

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

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SEP 30 1975

The Honorable William A. Steiger
House of Representatives

Dear Mr Steiger:

In your letter of June 3, 1975, you requested us to provide you with a breakdown of the use of the monetary sum contracted to Mr. Kenneth J. Coffey by the Selective Service System.

We have enclosed a copy of Mr. Coffey's summary of expenditures as provided by him. He also made available backup data, which we briefly reviewed but did not audit. Our brief analysis did not disclose any violations, statutory or otherwise.

Under 18 U.S.C. 1905, which deals with the disclosure of contractors' business information, this summary may be considered proprietary information and further release of it may be prohibited by law.

Sincerely yours,

A handwritten signature in black ink that reads "James A. Heath".

Comptroller General
of the United States

Enclosure

SUMMARY OF EXPENDITURES UNDER CONTRACT #0073-981,ISSUED BY THE SELECTIVE SERVICE SYSTEMTO KENNETH J. COFFEY, DOING BUSINESS2 AS P.C.S. COMPANY, ON JUNE 15, 1973 D.4130

Personnel:

Salaries:

Project director (K. J. Coffey) (12 months)	\$32,034.00
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Research assistant (A. L. Stovitz) (13-1/2 months)	14,193.70
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Secretary (O. D. Coffey) (10 months part time)	2,760.00
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Fringe benefits:

Insurance	1,596.73
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F.I.C.A. (company share)	2,064.58
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Leave payments:

K. J. Coffey	\$2,510.00
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A. L. Stovitz	1,137.75
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O. D. Coffey	240.00
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	<u>3,887.75</u>
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Total	<u><u>\$56,536.76</u></u>
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Administrative overhead:

Consultants	\$ 1,841.18
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Translation-clerical services	3,070.32
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Legal, tax, and bookkeeping services	1,006.97
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Office, heat, and electricity	3,282.82
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Equipment, phone, telegraph, postage, supplies, and printing	3,556.06
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Unemployment compensation payments	452.27
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Automobile expenses	1,182.28
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Interest on delayed salary payments	1,208.75
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Freight charges	475.17
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Miscellaneous expenses	<u>171.24</u>
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Total	<u><u>\$16,247.06</u></u>
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Travel, per diem, and overseas living expenses:

Travel (tourist class) and per diem (at G.T.R. or lower rates)	\$10,342.60
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Overseas living expenses (at 90% of rate paid to U.S Government employees)	<u>7,480.00</u>
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Total	<u><u>\$17,822.60</u></u>
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Profit distribution:

K. J. Coffey

\$4,725.00

A. L. Stovitz

3,150.00

Total

\$7,875.00

Summary of Expenditures and Receipts

Expenditures:

Personnel

\$56,536.76

Administrative overhead

16,247.06

Travel, per diem, and overseas

living expenses

17,822.60

Profit distribution

7,875.00

Total

\$98,481.42

Receipts:

From Contract #0073-981

\$98,029.00

Interest

428.42

Sale of equipment

24.00

Total

\$98,481.42