



The Comptroller General  
of the United States

Washington, D.C. 20548

## Decision

Matter of: McGregor FSC, Inc.

File: B-224634

Date: November 7, 1986

### DIGEST

1. Agency contract for counseling services does not create illegal employer-employee relationship where the services will not be subject to direct government supervision and adequate direction is provided to the contractor through detailed written specifications contained in the solicitation's statement of work.
2. There is no basis for payment to protester of costs of filing and pursuing protests, including attorney's fees, where the General Accounting Office has not found any procurement impropriety committed by the contracting agency.

### DECISION

McGregor FSC, Inc. (McGregor), protests the issuance by the Department of the Navy, Fleet Contracting Center, Mayport, Florida, of request for quotations (RFQ) No. N68836-86-Q-0835 for the services of a young adult and adolescent specialist at the Navy's Family Service Center (FSC), Key West, Florida. McGregor contends that award under the RFQ would result in a prohibited personal services contract and that the Navy is improperly converting certain functions previously performed by McGregor to in-house performance in contravention of OMB Circular No. A-76. McGregor did not submit a quotation although it was furnished with a copy of the solicitation.

The protest grounds here raised by McGregor are virtually identical to protests McGregor filed on August 22, 1986, concerning three previous RFQs issued by this same Navy installation for various other counseling services. In our decision, McGregor FSC, Inc., B-224000, B-224001, B-224002, Oct. 30, 1986, 86-2 CPD ¶ \_\_\_, we dismissed and denied these protests. While a different RFQ is involved here, we reach the same conclusion with respect to the issues raised and, accordingly, we deny the protest.

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The RFQ was issued on August 25, 1986, for the services of a young adult and adolescent specialist in accordance with a detailed statement of work contained in the RFQ. McGregor, the incumbent contractor, previously performed a broad range of professional social and counseling services at FSC, and had on its employee staff a young adult and adolescent specialist. The Navy, however, did not exercise the second option year in McGregor's contract.<sup>1/</sup> While a new statement of work is currently being written for a future competitive solicitation for a broad range of social and counseling services, the Navy here issued the RFQ to provide interim coverage until December 31, 1986, for a small portion of the services previously performed by McGregor.

McGregor states that the counseling program which it established under its previous contract was of such magnitude that it could not operate without effective management and control. McGregor maintains that by contracting with a series of individuals (such as the young adult and adolescent specialist that this RFQ solicits), the Navy would displace McGregor's management and would have to provide its own "direction and management" of these individual contractors, thereby creating a prohibited personal services contract with them. In this regard, McGregor states that the individual contractors would work a 40-hour week and would have a performance evaluation by the Navy each week.

In response, the Navy says that while the contracting officer's representative will be required to monitor the individual's performance under the contract and grant certain approvals, he will have no authority to directly supervise or manage the individual. The individual contractor, rather, will be performing the work in accordance with the detailed specifications contained in the statement of work.

We again find no basis to conclude that the Navy's procurement will establish an employer-employee relationship between the government and the individual contractor so as to create an unauthorized personal services type contract. In order for such a situation to occur, the contract must provide for detailed government direction or supervision of the contractor's employees. Logistical Support, Inc., B-197488, Nov. 24, 1980, 80-2 CPD ¶ 391. As noted, the Navy has provided the future individual contractor with detailed written specifications for performance of the work. Our

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<sup>1/</sup> McGregor does not object to the Navy's failure to exercise the option and characterizes the Navy's failure to do so as a "non-issue" which should be "completely disregarded."

review indicates that the contract contains no terms permitting the Navy to give direct supervision or management of the individual contractor. We do not think that simple monitoring, such as establishing performance evaluations on a periodic basis, or routine approvals, creates a prohibited personal services contract between the government and the contractor. Accordingly, we deny this ground of protest.

Next, McGregor again alleges that management and supervisory functions previously performed by McGregor will now be performed by the Navy, thereby converting this work to an in-house function in contravention of the procedures of OMB Circular No. A-76. The Navy states that these social and counseling services have always been contracted out from their inception at this installation and will continue to be contracted out. Since, as we have already found, the subject RFQ is to fill an interim need and does not constitute a prohibited personal services contract, and since the Navy states that the RFQ was not issued with the intent of making an in-house/contractor determination under Circular No. A-76, we have no basis to disagree with the Navy that no work has been or will be converted to in-house performance within the meaning of Circular No. A-76. We therefore also deny this ground of protest.

Finally, McGregor has requested reimbursement for costs it incurred in pursuing this protest, including attorney's fees. However, such costs are not recoverable where, as here, we have not found any procurement impropriety.

Feinstein Construction, Inc., B-218317, June 6, 1985, 85-1  
CPD ¶ 648.

The protest is denied.



for  
Harry R. Van Cleve  
General Counsel