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

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C1 Dear Mr. Gross:

In a letter dated February 26, 1971, Congressman Robert J. Corbett transmitted to our Office correspondence on a Postal Service contract with the Southwest Research Institute Corporation of San Antonio, Texas, for a study of interior finishes suitable for postal use. He requested that we examine this contract and advise him of the Postal Service's reasons for awarding the contract to Southwest, the total cost involved, and the process by which Southwest was chosen.

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The House Post Office and Civil Service Committee staff advised us that, because of the Congressman's recent death, we should report on the results of our examination to your office. In accordance with arrangements made with the Committee staff, we are furnishing you with information on (1) the process by which Southwest was chosen to make the study, (2) how the Postal Service determined that Southwest was capable of performing the study, (3) the reasons for awarding the contract to Southwest, (4) the total costs involved, and (5) where and to what extent the results of the study were implemented.

Because the records which the Postal Service furnished to us were not complete, we had to reconstruct, to the extent possible, the requested information from the available records and through interviews with Postal Service officials.

In February 1967 the Postal Service's Research and Engineering Department initiated a project, estimated to cost \$94,090, for the purpose of studying and evaluating workroom flooring materials; wall finishes; workroom wainscots and various latex, acrylic, and enamel compositions to determine the most economical materials and methods of installation in post office buildings. The intent of the project was to investigate all available materials and hardware which would have possible application to postal installations and to develop recommendations for the most efficient and economical interior finishes for use in post office buildings.

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The Postal Service placed a notice in the February 14, 1967, Commerce Business Daily (a Government publication which includes lists of proposed procurements) inviting firms interested in the project to submit information on their capabilities for performing the project. The records indicate that 11 firms responded to the Commerce Business Daily notice. The Postal Service was unable to locate the responses.

The records indicate that the capabilities of the 11 firms, as well as two additional firms, were evaluated by the Research and Engineering Department. The evaluation showed that five firms had the capabilities for conducting the project. On this basis the Research and Engineering Department requested that the five firms submit proposals. A Postal Service official advised us that, at the time of the evaluation, the Research and Engineering Department did not have detailed or elaborate evaluation and scoring techniques. Therefore we could not determine whether the Postal Service's evaluation of the capabilities of the various contractors was adequate or whether Southwest was qualified to perform the contract.

Southwest was the only firm that responded to the request for proposals. The cost estimate submitted by Southwest was \$64,359, about \$30,000 less than the Research and Engineering Department's estimate. The files do not indicate why there was such a large variance between the Department's estimate and Southwest's proposal.

Research and Engineering Department officials advised us that they did not readvertise or negotiate with any other firms because they had determined that Southwest was fully responsive to the request for proposals. The officials stated that their investigation had shown that Southwest was a highly respected and competent organization. The records indicate that the investigation consisted of a visit to Southwest to evaluate the firm's facilities and personnel before the contract was awarded. Documentation pertaining to the evaluations made during the investigation was not available.

A cost-plus-fixed-fee contract was awarded to Southwest on June 30, 1967, at an estimated cost of \$64,359 with a

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completion date of December 31, 1968. The completion date was extended to July 5, 1969, to permit sufficient time to conduct an evaluation of various materials which were being tested in several postal facilities. Research and Engineering Department officials advised us that the original completion date was not critical because other research and engineering projects were not dependent upon the completion of Southwest's contract.

Southwest issued its final report to the Postal Service on June 20, 1969. The contract had not been closed as of May 1971 pending a final audit.

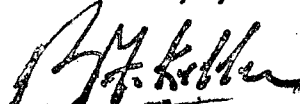
The records indicate that Southwest completed all phases of the work as required. We could not determine from available records the extent that products tested by Southwest were being utilized by the Postal Service. Research and Engineering Department officials advised us, however, that the work performed by Southwest was satisfactory and that some of the materials recommended for postal application were being used. For example, the recommended carpeting has been installed in the Cincinnati and Kansas City postal facilities and is scheduled to be installed in the St. Louis postal facility. According to Postal Service officials, an abrasive vinyl flooring tested in Boston proved to be excellent and is scheduled to be installed in the Chicago and Detroit postal facilities.

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In accordance with our agreement with the Committee staff, we have not requested the Postal Service to review or formally comment on the information in this report.

Sincerely yours,

Assistant



Comptroller General
of the United States

C, The Honorable H. R. Gross
House of Representatives