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

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Dear Senator Boggs:

Your letter of October 10, 1972, requested information on the attempts by the General Services Administration (GSA) to use more permissible peripheral attachment clauses in computer lease contracts for fiscal year 1973 and information on monitoring efforts by our Office. 17

For several months we have been conducting further research on the acquisition and use of peripheral equipment as well as on other problems mentioned in our 1969 report. We expect to issue a followup report on these matters soon and will send you a copy when the report is available. Also, through personal contacts, we have been kept informed of GSA's progress in the area of your specific interest.

GSA is making a concerted effort to include new clauses in the fiscal year 1973 Federal Supply Schedule contracts with major automatic data processing equipment manufacturers. These clauses will clarify the Government's right to attach peripheral equipment to leased computers. We anticipate that these new contract clauses, if successfully negotiated by GSA, will insure the Government's right to (1) substitute or add peripheral equipment when the system is being leased under a Schedule contract and (2) obtain technical information needed to facilitate installation of the substituted or added equipment. The new clauses are shown in the enclosure.

Negotiations are currently underway with major equipment manufacturers for the fiscal year 1973 Schedule contracts. GSA has succeeded in negotiating the new contract clauses, with minor changes, into the Schedule contracts with the Control Data Corporation and the UNIVAC Division of Sperry Rand Corporation. As of November 10, 1972, these two contracts were the only fiscal year 1973 Schedule contracts awarded to major equipment manufacturers. GSA has assured us, however, that the new provisions are being given primary consideration in the negotiations with the other major equipment manufacturers.

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However, not all automatic data processing equipment is procured under Schedule contracts. Inclusion of the new clauses in the Schedule contracts does not preclude the negotiation of more restrictive clauses in contracts outside of the Schedules. GSA has advised us that action to include the new clauses in outside contracts is being deferred pending assessment of its success in getting the clauses into the Schedule contracts.

We will be informed of GSA's progress in obtaining more permissive attachment clauses in computer lease contracts through our periodic contacts with GSA officials.

Sincerely yours,



Comptroller General
of the United States

Enclosure

JP
cl The Honorable J. Caleb Boggs
United States Senate

7. SUBSTITUTIONS AND ADDITIONS.a. Substitutions.

- (1) The Government, or its authorized agent(s) may replace any equipment components of a system or sub-system with substitute equipment which is similar or identical to the equipment being replaced, whether or not the substitute equipment is obtained from or manufactured by the system (or sub-system) supplier. Equipment being replaced by substitutions shall be discontinued in accordance with the provisions of the contract under which it is rented.
- (2) When equipment substitutions are made by the Government or its agents: (i) The Government shall be responsible for damage caused to the system or sub-system contractor's equipment provided the damage results solely and directly from the use of substitute equipment obtained from another supplier. (ii) The system or sub-system contractor shall be relieved of the obligation(s), if any, specified elsewhere in this Item 132-1, to provide credits to the Government for equipment malfunctions, provided the downtime condition which would otherwise have resulted in credits was caused by or resulted solely and directly from the use of substitute equipment obtained from a different supplier. (iii) The system or sub-system contractor shall not be held responsible for defects in software if such defects are caused by or result solely and directly from the use of substitute machines obtained from a different supplier.

b. Additions.

- (1) The Government or its authorized agent(s) may add equipment (such as additional memory, tape drives, etc.) to systems (or sub-systems), whether or not the additions are obtained from or manufactured by the supplier of the system or sub-system.
- (2) When additions are made by the Government or its agent(s) (i) The Government shall be responsible for damage caused to the system or sub-system contractor's equipment provided the damage results solely and directly from use of additional equipment obtained from another supplier. (ii) The system or sub-system contractor shall be relieved of the obligation(s) if any, specified elsewhere in this Item 132-1, to provide credits to the Government for equipment malfunctions, provided the downtime conditions which would otherwise have resulted in credits were caused by or resulted directly and solely from use of additional equipment obtained from another supplier. (iii) The system or sub-system contractor shall not be held responsible for defects in software, provided such defects are caused by or result solely and directly from the use of additional equipment obtained from another supplier.

Enclosure

- c. The system or sub-system contractor agrees to provide the Government, or its authorized agent(s), with any detailed technical information that may be requested by the Government or its agent(s), to ensure that the contemplated equipment additions and/or substitutions can be installed and used safely and efficiently, without jeopardy to personnel, equipment or operational missions of the installation.