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GAO

United States General Accounting Office
Washington, DC 20548

Office of
General Counsel

In Reply
Refer to: B-194506

MAY 21 1979

Mr. Strat Valakis
FAR Project Review Coordinator
Office of Federal Procurement Policy
Office of Management and Budget
Executive Office of the President

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Dear Mr. Valakis:

By letter of March 30, 1979, you requested our
comments on proposed Federal Acquisition Regulation
(FAR) Section 15.106 - Examination of Records Clause,
Subpart 17.1 - Multi-Year Contracting, Part 24 -
Protection of Privacy and Freedom of Information and
Part 44 - Subcontracting Policies and Procedures.

Part 44 contains the following major policy
changes:

(a) Government surveillance may be waived
under certain conditions. In these instances,
a contractor will be treated as if the
contractor has an approved purchasing system
and the government will not conduct surveillance
reviews during the period for which the waiver
is in effect.

(b) Instructions for use of the fixed-price
subcontracts clause have been changed to make
the clause mandatory only for fixed-price type
contracts over the \$100,000 threshold. This is
being proposed in FAR because lower dollar value
contracts are unlikely to result in subcontracts
for which the clause requires consent.

We have no objection to these changes.

Subpart 17.1 - Multi-year Contracting contains
no prohibition against the noncompetitive award of
multi-year contracts. In this regard we note that



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proposed FAR 17.102-1 which replaces the current DAR 1-322.2(a) omits DAR 1-322.2(a)(ii) which provided that a reasonable expectation of effective competition be obtained prior to conducting a multi-year procurement.

We believe the subject should include a provision prohibiting the noncompetitive award of multi-year contracts as the objective of awarding multi-year contracts should be to stimulate competition while sole source multi-year contracting would foreclose potential sources from competing for such procurements for several years.

Sincerely yours,

~~MILTON SOCOLAR~~

Milton J. Socolar
General Counsel