

DOCUMENT RESUME

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[Procurement Procedures Used by the Consumer Product Safety Commission]. HRD-79-6; B-139310. October 19, 1978. 5 pp.

Report to Rep. Robert E. Badham; by Gregory J. Ahart, Director, Human Resources Div.

Issue Area: Consumer and Worker Protection (900).

Contact: Human Resources Div.

Budget Function: Health: Prevention and Control of Health Problems (553); Financial Management Information Systems: Review and Approval of Accounting Systems (1007).

Organization Concerned: Consumer Product Safety Commission; Morel International Export Management Services.

Congressional Relevance: Rep. Robert E. Badham.

Authority: Consumer Product Safety Act (15 U.S.C. 2058).

National Environmental Policy Act of 1969, as amended (42 U.S.C. 4332). Federal Hazardous Substances Act, as amended (15 U.S.C. 1261). Poison Prevention Packaging Act of 1970 (15 U.S.C. 1471). Flammable Fabrics Act, as amended. 15 U.S.C. 1191.

Morel International Export Management Services objected to procurement procedures used by the Consumer Product Safety Commission for obtaining economic and environmental data and to the Commission's evaluation of Morel's proposal. Morel stated that: its proposal showed that it had personnel with the appropriate consumer product knowledge and capability of performing the work; its proposed subcontractors would provide quicker response than would be provided by employees; the solicitation did not identify the consumer products to be investigated; its proposal addressed the impact of standards on economic and environmental factors; it had geographic proximity to data sources; and the contract awardee was preselected. A review showed that the Commission's procedures were proper and that it properly determined that Morel did not offer the appropriate expertise and capabilities. (HTW)



UNITED STATES GENERAL ACCOUNTING OFFICE
WASHINGTON, D.C. 20548

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HUMAN RESOURCES
DIVISION

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B-139310

October 19, 1978

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The Honorable Robert E. Badham
House of Representatives

Dear Congressman Badham:

In response to your June 12, 1978, inquiry concerning Morel International Export Management Services' contract proposal to the Consumer Product Safety Commission, we reviewed the request for proposals (RFP) on this contract, examined the Commission's evaluation of the proposals received, and discussed Morel's proposal and the Commission's evaluation of it with agency representatives. We also looked into the various allegations made by Morel in its June 5, 1978, letter to the Commission.

The objective of the RFP for which Morel and 12 other firms submitted proposals was to obtain timely economic and environmental data and analyses to assist the Commission in regulating various consumer products. The level of effort was for up to 20,000 hours of clerical and professional time during the period June 1978 through March 31, 1979, with an option to extend the contract for an additional 10,000 hours through the end of fiscal year 1979. Seventy percent of the time was estimated for economic analyses and the remaining 30 percent was for environmental analyses.

Morel's proposal was the most costly of the 13 the Commission received, and it received the lowest technical evaluation by the Commission's rating panel. Proposals for the basic contract, including the option for 1979, ranged from the lowest cost proposal of \$615,170, to Morel's \$1,168,278 proposal--the highest.

NEED FOR CONTRACT

Prior to the issuance of a consumer product rule (e.g., to issue a safety standard or ban a consumer product), the Commission is required under section 9 of the Consumer Product Safety Act (15 U.S.C. 2058) to consider and make a finding on such things as the number or types of products affected by a rule, the public need for the products involved, and the probable effect of a rule on the utility, cost, or availability of such products.

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The Commission is also required by the National Environmental Policy Act of 1969, as amended (42 U.S.C. 4332) to determine the environmental effects of its proposed actions and alternatives prior to taking such actions. The Commission makes similar economic and environmental analyses for actions it plans to take under the other laws it administers: the Federal Hazardous Substances Act, as amended (15 U.S.C. 1261); the Poison Prevention Packaging Act of 1970 (15 U.S.C. 1471); and the Flammable Fabrics Act, as amended (15 U.S.C. 1191).

A Commission rating panel evaluated the 13 proposals received in response to the RFP. The proposals were rated on five factors with different point values, with a total possible score of 100 points: technical skills--30 points possible; accessibility of staff and timeliness of response--20 points possible; product knowledge and capability to provide this knowledge--20 points possible; contractor experience with similar type work--20 points possible; and the availability of facilities and equipment such as a computer--10 points possible.

Morel's proposal received an evaluation of only 4 points. The firm which eventually was awarded the contract received an 85 point evaluation, and the average evaluation score for the 13 proposals was 47.1 points.

EXPERTISE IN SUBJECT AREA

Morel's June 5, 1978, letter to the Commission stated that its proposal clearly showed Morel's personnel had the capability to perform the work required. The RFP stated that the most important rating factor was the contractor's ability to furnish expert knowledge and capabilities in the field of economics, especially in the field of micro-economics.

The Commission's rating panel concluded that Morel's proposal did not demonstrate the firm's capability to perform the work required. The panel further stated that although Morel planned to hire the necessary people, none of the resumes included in the proposal showed a relevant background in economics.

Our review showed that only one individual identified in Morel's proposal had a degree in economics, and that his area of expertise was urban/economic geography. The other individuals identified in the proposal were primarily physical scientists or engineers.

QUICK RESPONSE CAPABILITY

Morel also pointed out in its letter that it proposed to use personal service subcontractors, and that they would provide quicker responses than normally would be provided by company employees.

The Commission rating panel concluded that the number of Morel employees would be totally insufficient to ensure timely responses. Under Commission deadlines, the firm operating under this contract would generally not have the time to acquire, hire, and make available personnel with the skills necessary to perform a task.

We noted that the RFP stated that in some cases responses were to be developed in a few days or weeks, and that Morel's proposal stated that it would take a minimum of 4 days on quick reaction requests to develop the information. Because Morel staff would be employed on an "as-needed" basis, they would not be available for interaction with Commission staff for defining and planning quick responses.

CONSUMER PRODUCT KNOWLEDGE

Morel's June 5, 1978, letter stated that (1) the RFP did not identify the consumer products to be investigated; (2) the personnel identified in Morel's proposal had the necessary qualifications and expertise to study an indeterminately broad variety of families and types of consumer products; and (3) the proposal did address the impact of standards on manufacturing costs, consumer demand, and other economic and environmental factors.

The Commission's panel concluded that personnel identified in Morel's proposal showed no appropriate consumer product knowledge, and that although some environmental and engineering experience was listed, no relevant economic experience was shown. Also, Morel did not demonstrate any experience with similar large task-order projects.

We noted that the Commission's RFP included lists of both high priority products and projects, and other projects of undetermined priority. Therefore, Morel's concern that the proposal did not identify products to be investigated appears to be erroneous. Further, it was the Commission's opinion that the information Morel provided on its personnel showed they had little familiarity with consumer products.

GEOGRAPHIC PROXIMITY TO DATA SOURCES

Morel's letter stated that the kind of facilities mentioned in the RFP were thoroughly addressed in its proposal and that no firm, regardless of size, had its own data banks with up-to-date research findings, libraries and test labs, and that all firms depend on the National Technical Information Service for their information.

Although Morel's proposal stressed the firm's geographic proximity to various data services, Morel said that its proximity to the data had little or nothing to do with access. Morel pointed out that the important factors were the firm's extensive experience in using the many data banks and applying this information to practical ends.

Morel's proposal stressed that within the geographic area in which it would perform this contract, there is one of the most complete set of reference sources that exist anywhere--computers and computer services abound. The Commission's rating panel, however, concluded that Morel did not demonstrate that it had the facilities necessary to service this contract. The Commission informed Morel that the fact that Morel is located in the general vicinity of major research centers does not guarantee its access to and use of the facilities and equipment.

We noted that Morel did not identify the reference sources it would use, nor did it state that it had access to them. The proposal did not state whether Morel had any existing or pending contractual arrangements for these services, or if these services could be made available to Morel.

COMMISSION PROCEDURES TO AWARD CONTRACT

In its June 5, 1978, letter to you, Morel said that in its opinion the contract was "wired"--i.e., preselected--for award to someone else.

After the Commission's contract evaluation panel reviewed each of 13 proposals submitted, it categorized them as acceptable and unacceptable. The 4 proposals with the highest technical scores (ranging from 62 to 85 points) were considered by the Commission's rating panel as acceptable. The other 9 proposals were rated unacceptable. Morel was notified on May 25, 1978, that its proposal was outside the competitive range and that no revision to the firm's proposal would be considered.

During the period May 8-16, 1978, written comments were solicited and oral technical discussions were held with the four firms submitting the acceptable proposals. As a result of the comments and discussions, the rating panel reevaluated and ranked the proposals.

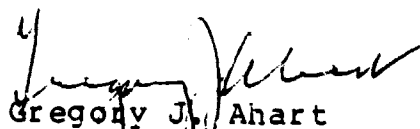
On May 30, 1978, the rating panel reviewed the costs of each acceptable proposal, and on May 31, 1978, requested the four firms to submit their best and final offers. After these offers were received in June 1978, the Commission evaluated them based on a formula that considered both the cost and technical evaluation of each proposal and selected the Battelle Memorial Institute.

After Battelle's indirect cost rates were reviewed and approved by the Defense Contract Audit Agency, the Commission entered final negotiations with Battelle on June 29, 1978, and awarded it the contract on July 14, 1978.

Our review of the procedures used by the Commission in making this contract award did not disclose any evidence that the award was improper.

As arranged with your office, unless you announce its contents earlier, we plan no further distribution of this letter until 30 days from the date of the letter. At that time, we will send copies to interested parties and make copies available to others upon request.

Sincerely yours,


Gregory J. Ahart
Director

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