



UNITED STATES GENERAL ACCOUNTING OFFICE  
REGIONAL OFFICE

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DENVER, COLORADO 80211

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Mr. Jeff M. Sirmon  
Regional Forester  
Intermountain Region  
Federal Office Building  
324 25th Street  
Ogden, Utah 84401

DEC 23 1980

Dear Mr. Sirmon:

The General Accounting Office recently completed a limited survey of the procurement practices and procedures of the Intermountain Region. This included procedures for determining needs, obtaining competition, making the purchase, and receiving and controlling the material or service acquired. Our survey was performed at the Regional Office, the Boise and Wasatch National Forests, the Wasatch Zone Office, and the Ogden and Idaho City Ranger Districts. We reviewed contracts for construction, maintenance and repair, tree thinning, tree planting, land appraisal, refuse removal, and vehicle rental. We also reviewed open market, over-the-counter, and imprest fund purchases.

Our survey showed that adequate competition was obtained, and although we found a breakdown of the procurement process on a small number of contracts, generally the Region's procurement practices and procedures were satisfactory. Specific contract deficiencies are discussed below.

Aircraft Maintenance and Repair

Under one contract (Contract No. 53-84M8-0-811) awarded by the Regional Office for aircraft maintenance and repair, payments were made for charges at a flat rate even though the contract did not authorize flat rate charges.

According to the Director of Administrative Services (Director), it was their original intent to include provisions in the contract for some maintenance at a flat rate, but the provisions were inadvertently omitted. Since the contract will be in force until January 18, 1981, the contract was modified to include a provision for flat rate charges for certain repairs. Although no flat rate charges were incurred under two other Region aircraft maintenance and repair contracts, the Director stated that these contracts will also be modified to include the same provision.

Under the same contract (-811), the contractor subcontracted for the installation of an autopilot without the authorization of the Contracting Officer (CO). According to the Director, this was an administrative oversight which has been resolved by counseling the Contracting Officer's Representative and inspector on the requirements to obtain authorization from the CO before subcontracting is permitted. In addition, the Director stated that future contracts will be supplemented to give special emphasis to subcontracting and how it relates to repairs of components.



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## Pineview Trailhead Project

Our review of contracts for construction of the Pineview Trailhead in Utah indicated a need for responsible USFS officials to follow-up on indicated construction deficiencies to assure they are resolved.

Contracts 50-84M8-9-585 and 50-84M8-9-681, totaling \$48,688 were awarded by the Regional Office for construction of a gravel surface parking lot with one gate, a livestock loading ramp, livestock tie racks, a 2-unit comfort station, culinary water lines, and a livestock water trough.

Specifications for the comfort station under contract 50-84M8-9-681 included a requirement for three steel rebars in the vault top and floor of the comfort station to anchor the walls. The Forest Service inspector reported in the July 6, 1979, to July 11, 1979, contract daily diaries that these rebars were not installed and that he had informed the contractor that he would have to drill and grout them in before the masons could build the masonry walls. Apparently no work was done on the contract between July 12, 1979, and August 13, 1979. The daily diaries for August 14, 1979, and subsequent dates were prepared by a different inspector and no comments were made about the missing rebars. The Contracting Officers Representative (COR) did not know if the rebars had been installed and it is not feasible to determine this at this time as construction is complete. Although the COR agreed the rebars should have been installed because the contract required them, he considered the building to be structurally sound without them.

## Rewiring of the Farmington Guard Station

The Wasatch Zone Office awarded a \$6,655 contract on April 15, 1980, for the rewiring of the Farmington Guard Station. The Request for Contract Action cited a Forest Service cost estimate of \$6,500, but the cost estimate was not supported by a detailed engineering estimate. An engineering estimate for the project, which was not in the contract file, was provided to our staff by the Engineering Section of the Wasatch National Forest; however, the estimate was for \$4,500.

Region and Zone officials were unable to provide justification or support for awarding this contract in an amount that exceeded the engineering estimate by almost 48 percent.

## Land Appraisal Services

Our review of two contracts for land appraisal services disclosed that the Forest Service was not always making a timely review of the contractor's land appraisal reports as required and contract files did not always contain evaluation criteria for contractor selection.

Contract 53-8490-9-44

The Wasatch Zone Office awarded a contract in the amount of \$7,200 for preparation of appraisals for 130 Forest Service summer home sites. Such appraisals are required every 5 years to determine the fair market rental value. The CO extended the required delivery date by 120 days because the COR had directed the contractor to delay work on this contract to accelerate completion of other higher priority work. The contractor provided the Forest Service with the appraisal reports on April 12, 1980, which was within the extended time period. Due to the COR's work backlog at the time, responsibility for reviewing the reports was transferred to a regional realty specialist. The reviewer considered these appraisal reports to be unsatisfactory, apparently due to differences in professional judgment between the contractor and the reviewer regarding the method for averaging values of sites used for comparative purposes. The contractor provided additional information on July 3, 1980, to respond to review objections that had been raised by the reviewer. The reviewer still considered the appraisal reports unacceptable, but did not provide the contractor with a list of deficiencies until the week of September 22, 1980--over 5 months after the reports were originally furnished. During this time the contractor had not received any payments. The CO said appraisal contractors are told in negotiations that it is the region's policy to review appraisal reports within 30 days, and if a longer period is expected to be required this is agreed upon during the negotiations. This contract was not an exception to the 30-day general policy.

Purchase Order 40-8490-0-818

The Wasatch Zone awarded a contract in July 1980 in the amount of \$9,900 for appraisal of a number of organizational sites and clubs (such as Boy Scouts, YMCA, and American Legion) on Forest Service land. Award of this contract was based 70 percent on the technical aspects--as determined by a Forest Service realty specialist--and 30 percent on price--as determined by the CO. Proposals were provided by four appraisers for this work--with the successful contractor's quote being third lowest--\$3,650 higher than the lowest bidder and \$1,900 higher than the second lowest bidder. Although the items considered for the technical aspect of the evaluation, and the ratings given each bidder were documented in the contract file, the basis for the analysis of the cost factor was not documented. Without a pre-established determination of criteria to be used in the evaluation, a CO could be subject to charges by unsuccessful bidders of biased selection.

Open Market Purchase of Snowmobiles

Snowmobiles were purchased from a local supplier for \$412 more than if purchased from the Federal Supply Schedule (FSS) contractor.

The Wasatch National Forest purchased two snowmobiles from a local dealer providing the lowest quote. The cost was \$1,250 plus \$75 freight each, or \$2,600 for the two.

FSS Class 23, which includes snowmobiles is not a mandatory source of supply for the U.S. Department of Agriculture. A FSS contract was in effect with a Duluth, Minnesota, corporation for identical snowmobiles at a cost of \$1,019 each plus freight. The Forest could have saved \$412 by screening the FSS catalog and purchasing from that contractor. The local supplier actually obtained the snowmobiles from the Duluth, Minnesota, FSS contractor after the Forest Service ordered them.

#### Recommendations

With respect to the procurement of appraisal services under purchase order 40-8490-0-818 and the lack of a basis for the analysis of the cost factor, we recommend that, in order to provide a fair, defensible method of evaluating the cost factor, responsible officials specify in detail and document how this factor will be evaluated.

The Director of Administrative Services has taken or agreed to take corrective action to resolve the problems of unauthorized flat rate charges and subcontracting found in the aircraft maintenance and repair contract; therefore, we are making no recommendations.

Because our overall survey indicated that the problems found on the other procurements were isolated instances, we are making no recommendations with respect to these procurements.

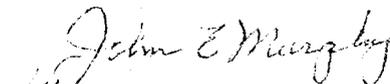
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Copies of this letter are being sent to Forest Service headquarters and the Department of Agriculture office of Inspector General.

We appreciate the cooperation and courtesies extended to our staff during this survey.

Your comments, including any additional corrective actions, will be appreciated.

Sincerely yours,

  
Robert W. Hanlon  
Regional Manager