



INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
400 ARMY NAVY DRIVE
ARLINGTON, VIRGINIA 22202-4704

MAY - 3 2002

MEMORANDUM FOR DIRECTOR, DEFENSE ACQUISITION REGULATION COUNCIL

SUBJECT: Defense Federal Acquisition Regulation Supplement Case 2001-DO17,
Competition Requirements for Purchase of Services Under Multiple Award
Contracts

We have reviewed the proposed amendment to the Defense Federal Acquisition Regulation Supplement (DFARS) Parts **208** and **216** concerning the competition requirements for purchase of services under multiple award contracts. We generally agree with the proposed language in the subject DFARS case but would like to make the following recommendation.

The Federal Acquisition Regulation (FAR) provides that orders placed against General Services Administration multiple award schedule contracts using FAR Subpart **8.4** procedures are considered fair and reasonable. In the course of our audits, we have detected a lack of proposal and price analysis by contracting officers. Contracting officers will frequently rely upon the negotiated labor rates in the multiple award schedule contracts, and will not further analyze, in considering proposals, the mix of skills and services and prices to perform a **task**, and whether prices offered are fair and reasonable. Consequently, we recommend that both DFARS Subparts **208.4** and **216.5** be amended to provide that contracting officers should conduct appropriate proposal and price analysis of offers as described in FAR 15.404 before issuing orders over \$100,000.

Thank you for the opportunity to comment on the proposed revisions. If you have any questions, please contact Mr. **Eric D. Broderius** at (703) 604-8755 or ebroderius@dodig.osd.mil.

A handwritten signature in cursive script, reading "David K. Steensma".

David K. Steensma
Acting Assistant Inspector General
for Auditing