

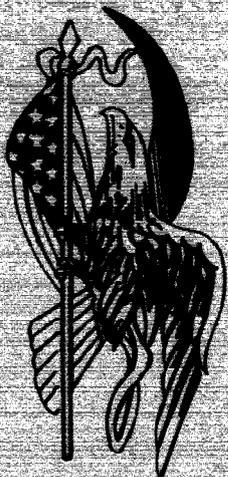
United States General Accounting Office

145624

GAO

Office of Special Investigations

SPECIAL REPORT



145624

GAO/OSI-91-12

SS2403



Office of Special Investigations

September 6, 1991

The Honorable George E. Brown, Jr.
Chairman, Committee on Science, Space,
and Technology
House of Representatives

Dear Mr. Chairman:

In your letter of February 4, 1991, you requested that we investigate potential wrongdoing that was brought to our attention during the GAO audit of the U.S. Department of Agriculture's (USDA) 1987-88 Nationwide Food Consumption Survey (NFCS). The NFCS, considered a major government survey on food and nutrient consumption, is a decennial survey conducted by the Human Nutrition Information Service of USDA. The multiyear contract to conduct this survey was awarded in September 1986 to National Analysts (a division of Booz-Allen and Hamilton, Inc.), a commercial survey research firm in Philadelphia, Pennsylvania. You requested that we investigate (1) whether any conflicts of interest exist between USDA personnel and the contractor and (2) whether charges submitted by the contractor for payment under the NFCS contract were proper.

GAO's July 1991 report to you entitled Nutrition Monitoring: Mismanagement of Nutrition Survey Has Resulted in Questionable Data (GAO/RCED-91-117, July 26, 1991) addresses USDA's mismanagement of the NFCS contract. The lack of documentation on a part of the NFCS contract, specifically a follow-up survey of those who did not respond to the NFCS (a nonresponse follow-up survey¹), led GAO to question whether the follow-up survey had actually been conducted.

Our investigation failed to develop documentary or testimonial evidence to suggest that any conflicts of

¹The nonresponse follow-up survey, a deliverable under the 1987-88 NFCS, required National Analysts to develop a profile of nonrespondents through a mail-out questionnaire and interviews. The profile was to contain subsamples of (1) households that would not participate in a complete interview, (2) their neighbors, or (3) other proxy sources. The aim of the profile was to determine whether nonrespondents were systematically different from respondents.

interest exist between USDA personnel and the contractor, National Analysts. However, according to its attorneys, Booz-Allen and Hamilton, Inc. concluded that the nonresponse follow-up survey had never been done and that some charges for work done on the NFCS contract had been applied to the billings of another USDA contract.²

The Officer in Charge of the NFCS at National Analysts informed both USDA and the GAO audit team that the nonresponse follow-up survey had been completed but that the documentation to support the survey was lost during a physical relocation of the firm's Philadelphia office. During the course of our investigation, however, National Analysts' Assistant Project Director of the NFCS told us that although she was responsible for NFCS data at National Analysts, she had not been involved in a nonresponse follow-up, was unaware the contract called for a follow-up, and did not know if a follow-up had been done. We asked the Officer in Charge of the NFCS about this conflicting information, but no explanation was provided. On June 19, 1991, an attorney for Booz-Allen and Hamilton, Inc. informed us that he had been tasked with making a determination regarding the nonresponse follow-up issue.

On August 13, 1991, attorneys representing Booz-Allen and Hamilton, Inc. met with us to discuss their findings about National Analysts' handling of the 1987-88 NFCS. The attorneys concluded that National Analysts had not done the nonresponse follow-up survey. They also informed us that the Officer in Charge of the NFCS had "selectively" used the story of lost documentation to explain why the data were not available rather than "suffer professional embarrassment" by acknowledging that the contractually required task had not been performed. The attorneys acknowledged that the Officer in Charge told National Analysts management, USDA, and GAO's audit team that the data had been lost.

At the August 13 meeting, the attorneys told us that Booz-Allen and Hamilton, Inc. had conducted an internal audit that revealed that some charges, "inconsistent with the manner in which Booz-Allen and Hamilton, Inc. normally conducts business," were found relating to the 1987-88 NFCS and the other contract. The attorneys stated that during May/June 1990, several National Analysts employees had been ordered to cease charging work on the NFCS and apply those charges inappropriately to the other USDA contract. The

²The other contract is the Continuing Survey of Food Intake by Individuals, another survey being conducted by National Analysts under contract to USDA.

attorneys refused to identify the employees providing information at National Analysts, including the employee who ordered the cessation of charges to the NFCS. The attorneys stated, however, that Booz-Allen and Hamilton, Inc. believes that some of the charges applied to the other USDA contract should have been applied to the NFCS.

In addition, the attorneys indicated that Booz-Allen and Hamilton, Inc. had provided this same information regarding the NFCS nonresponse follow-up survey and mischarging to USDA's Office of the General Counsel on August 7, 1991. According to the attorneys, Booz-Allen and Hamilton, Inc. is willing to cooperate with any ongoing investigation. The USDA's Office of the Inspector General is currently investigating this matter.

- - - - -

We conducted our investigation from March 7, 1991, through July 22, 1991. We reviewed personnel files at USDA and public records in Fairfax, Virginia, related to the possibility of conflicts of interest; contract files at USDA; and financial billing statements and other contract documents at National Analysts. We interviewed both USDA and National Analysts employees to determine whether any fraud had occurred during the management of the NFCS contract.

As agreed, we will make this report and other case documents available to USDA's Office of the Inspector General for its follow-up investigation. We are making no further distribution of this report at this time. If you have questions concerning this report, please contact me, or Houston Fuller of my staff, at (202) 272-5500.

Sincerely yours,

Mary W. Carbone

for Richard C. Stiener
Director

