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Federal No-Bid Contracts On Rise

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Use of Favored Firms A Common Shortcut

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Under pressure from the [White House](#) and Congress to deliver a long-delayed plan last year, officials at the [Department of Homeland Security](#)'s counter-narcotics office took a shortcut that has become common at federal agencies: They hired help through a no-bid contract.

And the firm they hired showed them how to do it.

Scott Chronister, a senior official in the Office of Counternarcotics Enforcement, reached out to a former colleague at a private consulting firm for advice. The consultant suggested that Chronister's office could avoid competition and get the work done quickly under an arrangement in which the firm "approached the government with a 'unique and innovative concept,' " documents and interviews show.

A contract worth up to \$579,000 was awarded to the consultant's firm in September.

Though small by government standards, the counter-narcotics contract illustrates the government's steady move away from relying on competition to secure the best deals for products and services.

A recent congressional report estimated that federal spending on contracts awarded without "full and open" competition has tripled, to \$207 billion, since 2000, with a \$60 billion increase last year alone. The category includes deals in which officials take advantage of provisions allowing them to sidestep competition for speed and convenience and cases in which the government sharply limits the number of bidders or expands work under open-ended contracts.

Government auditors say the result is often higher prices for taxpayers and an undue reliance on a limited number of contractors.

"The rapid growth in no-bid and limited-competition contracts has made full and open competition the exception, not the rule," according to the report, by the House Oversight and Government Reform Committee.

Keith Ashdown, chief investigator at Taxpayers for Common Sense, a nonpartisan watchdog group, said that in many cases, officials are simply choosing favored contractors as part of a "club mentality."

"Contracting officials are throwing out decades of work to develop fair and sensible rules to promote competition," Ashdown said. "Government officials are skirting the rules in favor of expediency or their favored contractors."

In the case of the counter-narcotics office, a spokesman for the Homeland Security Department said it was not unusual for a contractor to tell agency officials how to arrange no-bid contracts because contractors sometimes know federal procurement regulations better than federal program managers.

Chronister and the former colleague, consultant Ron Simeone, declined to be interviewed for this article. The director of the counter-narcotics office, Uttam Dhillon, defended his office's decision to use the consultants, saying ethics officials at the Department of Homeland Security had been informed of the arrangements and approved them, as long as Chronister did not supervise his former colleagues.

Contracting officials at the department also determined that the no-bid arrangement was okay because Simeone and his subcontractor were uniquely qualified to do the work, in part because they intended to replicate some work they had done for the White House drug office, he said.

"Every step of the way, we followed the advice and guidance of our ethics officer," Dhillon said. "We did everything we're required to do by law and then some."

Dhillon said he was comfortable hiring Simeone after Chronister and another office official described the consultant as a counter-narcotics expert. He said the firm performed well.

"My goal was to get this done as quickly and efficiently as possible," he said. "He obviously had experience with this and was knowledgeable about this."

Homeland Security's counter-narcotics office was formed in 2004 to develop policies that unify various drug-enforcement programs. With fewer than a dozen employees, the office has struggled with deadlines for its budget, annual reports and the development of a system for measuring the effectiveness of drug-control efforts, Dhillon said.

After Dhillon was confirmed as the office's director in May 2006, he made the development of the measure system "one of my highest priorities," he said. He said Congress and the White House had made multiple requests for information that the office could not provide.

A senior manager at the counter-narcotics office had been assigned to the task. But Dhillon said he "came to the conclusion the office was not really in a position" to finish the work.

In July, Chronister asked Simeone for help in developing a system to measure the impact of government interdiction efforts. Simeone in turn decided to hire another consultant, John Carnevale, for help.

Chronister, Simeone and Carnevale had worked together over the years, including at the White House's Office of National Drug Control Policy.

Chronister later worked as a senior policy analyst at Carnevale Associates, a policy consulting firm owned by Carnevale, before joining the counter-narcotics office.

Simeone, too, worked at Carnevale Associates. He is listed as chief scientist, on the firm's Web site. At the same time, Simeone ran his own company, Simeone Associates. Carnevale is listed on that company's Web site as a senior associate.

Carnevale said Chronister sought the meeting with Simeone last July "to explain the problems they were having related to pulling together a performance-measurement system and asked him for advice."

"Simeone suggested an approach, which he turned into a sole-source proposal," Carnevale said in an e-mail.

On Sept. 20, about a week before the contract was awarded, Chronister was given responsibility for overseeing the work, according to an e-mail obtained by [The Washington Post](#).

That changed five days later, when Chronister first told Dhillon about his ties to the consultants, Dhillon said in an interview. On advice from ethics officials at the department, Dhillon told Chronister not to work with Carnevale.

"Chronister was walled off from dealing with the contractor and subcontractor before the contract was signed," Dhillon said. "We made the decision with an abundance of caution."

But contact didn't cease between Chronister and the contractors.

Dhillon eased the prohibition on Chronister's contact with Simeone when the office expanded the demands of the contract, and Dhillon asked the contractor to also help prepare the office's annual report to Congress, which was months overdue. He said an ethics official approved the arrangement.

An Oct. 18 e-mail shows that Chronister was also included in communication involving the original project and a planned conference that included Simeone and Carnevale.

In November, the office organized a meeting with other drug enforcement agencies to present an outline of its plan, called "Performance Measures for United States Counternarcotics Enforcement Efforts." Both Simeone Associates and Carnevale Associates are listed on the documents.


Carnevale said he did not answer to Chronister for his work, which focused on budget matters. "Technically and legally speaking, Simeone was my supervisor," Carnevale said.

Chronister and Carnevale also maintained a close professional tie outside the office: They are listed as the authors of a March 2007 paper, "An Assessment of the U.S. Drug Control Budget." Chronister is listed on the paper as working at Carnevale Associates, and it includes an e-mail address for him at the firm.

Carnevale said the paper was actually written in 2004. He said Chronister was listed as a Carnevale employee because that was his job at the time. Carnevale said Chronister is no longer a paid employee.

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