

## **Druyun Fallout Hits Major Programs**

The Air Force in February announced that it will recompete the second set of Small Diameter Bomb contracts, which will develop an SDB variant with a seeker that can destroy moving targets.

The decision follows a Government Accountability Office finding that former Air Force official Darleen A. Druyun improperly influenced the first competition. GAO found that she may have helped to steer the work to Boeing. (Druyun pleaded guilty last fall to violations of federal regulations. See "Washington Watch: Acquisition Gets a Scrub Down," January, p. 9.)

According to a USAF statement, the new SDB phase, or Increment 2, will be worth approximately \$1.7 billion. The total includes research, development, and production funds. (The first SDB increment, developing a baseline near-precision weapon, is estimated to be worth \$1 billion. It will remain with Boeing.)

The Air Force "plans to award a competitively based contract ... in early FY06," officials stated. They said the new competition should not delay the program, which is developing a next generation, 250-pound guided weapon to complement the larger Joint Direct Attack Munition.

Also in February, the GAO recommended a new competition for a major portion of the \$970 million C-130 Avionics Modernization Program contract won by Boeing. The Congressional watchdogs suggested the Air Force recompete C-130 AMP installations and look into new competitions for the remainder of the program.

GAO determined that Druyun influenced the way competing proposals were evaluated, again in Boeing's favor. According to the GAO, Druyun "either expressly or implicitly ... directed revisions to ratings of Boeing's proposal" and to each of the losing competitors' proposals.

Druyun previously had acknowledged a bias, saying in her plea agreement last year that an objective source selector "may not have selected Boeing" for C-130 AMP. The 2001 decision was considered a major upset at the time, as Lockheed Martin had designed and built the C-130s.

GAO wrote that normally it would recommend that the entire program be recompeted, but this may be impossible as work has been under way for more than three years. The Air Force statement notes that the C-130 AMP production contract has yet to be awarded and production will run from 2006 to 2016.

Acting Pentagon acquisition chief Michael W. Wynne said Feb. 14 that DOD is also taking a closer look at eight other programs that may have problems. After reviewing 407 contracts, defense contracting officials identified eight cases that will be referred to the DOD inspector general for further consideration.

The problematic contracts included: a \$400 million National Polar-orbiting Operational Environmental Satellite System sensor won by Boeing; C-5 AMP, won by Lockheed Martin and worth \$561 million; the C-40, as a C-22 replacement (two Boeing contracts worth more than

\$300 million); KC-135 Programmed Depot Maintenance, won by Boeing and Pemco and worth \$1.5 billion; and 60K Tunner loader logistics, won by SEI and worth \$158 million.

Wynne told reporters that the eight contracts were flagged because “the process was either sped up, interrupted, or unduly influenced” by Druyun. He emphasized that these are process problems, and the IG will determine if there was actual wrongdoing.

—*Adam J. Hebert*