

**GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE INSPECTOR GENERAL**

**AUDIT OF THE DISTRICT OF COLUMBIA
PUBLIC SCHOOLS' PROCUREMENT OF
SCHOOL SECURITY SERVICES**



**AUSTIN A. ANDERSEN
Interim Inspector General**

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Inspector General

Inspector General



August 6, 2004

Dr. Robert C. Rice
Interim Superintendent
District of Columbia Public Schools
825 North Capitol Street, N.E., 9th Floor
Washington, D.C. 20001

Dear Dr. Rice:

Enclosed is the final audit report summarizing the results of the Office of the Inspector General's (OIG) *Audit of the District of Columbia Public Schools' Procurement of School Security Services* (OIG No. 03-2-14GA(e)).

Our report contains seven recommendations for necessary actions to correct the described deficiencies. We received a response dated August 2, 2004, to the draft report from the Interim Superintendent, D.C. Public Schools (DCPS). The DCPS comments set forth corrective actions and strategic changes within the DCPS procurement process that should improve operations. We consider actions taken and planned by DCPS to be fully responsive to our recommendations. The full text of the DCPS response is included at Exhibit B.

We appreciate the cooperation and courtesies extended to our staff during the audit. If you have questions, please contact William J. DiVello, Assistant Inspector General for Audits, at (202) 727-2540.

Sincerely,

A handwritten signature in black ink, appearing to read "Austin A. Andersen".

Austin A. Andersen
Interim Inspector General

AAA/ws

cc: See distribution list

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Dr. Robert C. Rice, Interim Superintendent, DCPS
OIG No. 03-2-14GA(e) – Final
August 6, 2004
Page 3 of 3

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Mr. Richard A. Hamilton, President and Chief Executive Officer, Watkins Security Agency
of the District of Columbia, Inc.

**AUDIT OF THE DISTRICT OF COLUMBIA
PUBLIC SCHOOLS' PROCUREMENT OF
SCHOOL SECURITY SERVICES**

TABLE OF CONTENTS

	<u>PAGE</u>
EXECUTIVE DIGEST.....	i
INTRODUCTION	1
BACKGROUND.....	1
OBJECTIVES, SCOPE, AND METHODOLOGY	2
FINDINGS AND RECOMMENDATIONS	3
FINDING 1: SCHOOL SECURITY SERVICES CONTRACTOR SELECTION	3
FINDING 2: LAPSE OF CONTRACT COVERAGE	15
FINDING 3: CONTRACT APPROVAL.....	19
EXHIBIT A - SUMMARY OF POTENTIAL BENEFITS RESULTING FROM AUDIT	23
EXHIBIT B - DCPS RESPONSE TO DRAFT REPORT	25

EXECUTIVE DIGEST

OVERVIEW

This audit is the third in a series of audits by the District of Columbia Office of the Inspector General (OIG) that evaluates the District of Columbia Public Schools' (DCPS) management and operation of the school security program. This report summarizes our review of the solicitation and award of the school security services contract with the Watkins Security Agency of the District of Columbia, Inc. (Watkins Security, Inc.). The first two reports covered DCPS's management of Homeland Security funds and procurement of school security services for the period October 1996 to July 2003. We plan to issue additional reports that will focus on the following issues: incident reporting, physical security at District public schools; the adequacy of training and background investigations for school security personnel; and a comparison of school security services, benchmarking statistics within DCPS (internally) and with comparable school districts in other jurisdictions.

CONCLUSION

Our report includes three findings that discuss four deficiencies. We found that the DCPS: (1) expended approximately \$1.2 to \$ 8.8 million more for school security services than could have been obtained from lower-priced offerors who were more technically competent; (2) allowed Watkins Security, Inc. to provide school security services for a brief period without a valid contract mechanism in place and attempted to ratify the lapsed period without the requisite District of Columbia Council (Council) approval; (3) awarded a \$45¹ million contract to Watkins Security, Inc. without the Board of Education (BOE) conducting a thorough review and without obtaining the BOE and the Council's approval; and (4) failed to definitize the letter contract within 120 days of award as required by Title 27 of the District of Columbia Municipal Regulations (DCMR).

¹ \$45,648,967 was the contract price that DCPS evaluated for Watkins Security, Inc. However, in March 2004, DCPS discovered a \$3,059,221.06 mathematical error in Contract No. GAGA-2002-C-0012. The revised cost of Contract No. GAGA-2002-C-0012 is \$42,589,746.16.

EXECUTIVE DIGEST

CORRECTIVE ACTIONS

We made seven recommendations to DCPS to assist them in developing and implementing policies and procedures for the DCPS Office of Contracts and Acquisitions (OCA) procurement activities, to include quality assurance over the solicitation and award process and the development of advanced procurement plans, and the process for submitting and obtaining approvals from the BOE, when required. A summary of potential benefits resulting from this audit is included at Exhibit A.

MANAGEMENT RESPONSE

On August 4, 2004, DCPS provided a written response to the recommendations in the draft report. DCPS concurred with the report, its conclusions, and its recommendations, and stated that it will comply with all recommendations to improve its procurement operations. We consider DCPS' comments and actions taken to be responsive to the audit recommendations. The complete text of DCPS' response is included at Exhibit B.

INTRODUCTION

BACKGROUND

DCPS is an independent agency with its own procurement authority. However, DCPS uses Title 27 of the DCMR as guidance for conducting its procurements.

The District of Columbia School Reform Act of 1995, Pub. L. No. 104-134, § 2751, 110 Stat. 1321 (1996), requires the D.C. Board of Education (BOE) to enter into a security services contract on behalf of the District schools for academic year 1995-96 and each academic year thereafter.

On May 15, 2002, the District of Columbia Public Schools (DCPS) issued a Request for Proposal (RFP), Solicitation No. GAGA-2002-R-0012, by placing a 1-day advertisement with the *Washington Times* requesting bids for security and related services. The solicitation was also listed on the District of Columbia's Office of Contracting and Procurement's website. DCPS amended the solicitation seven times to change or clarify the solicitation requirements and extended the solicitation closing date twice. The first extension moved the solicitation closing date from June 17, 2002, to July 1, 2002. The second extension moved the solicitation closing date from July 1, 2002, to July 8, 2002. In total, DCPS held the solicitation open for a total of 54 days. Approximately 17 offerors expressed an interest in bidding on the solicitation.

On May 30, 2002, DCPS held a pre-proposal conference and eight prospective offerors attended. A total of five offerors eventually submitted proposals in response to the solicitation.

On July 8, 2002, the DCPS Interim Security Director (Security Director), the Technology Chief of the DCPS Division of School Security, and the Assistant Principal, Birney Elementary School (Assistant Principal) were selected to participate on the Technical Evaluation Committee (Committee) for the school security services Solicitation. The Security Director was designated as the Committee's Chairman. On July 22, 2002, the Committee members met at the Division of Security Office and completed evaluation sheets detailing their technical evaluations of the five submissions. On July 25, 2002, the Committee presented its Technical Evaluation Report (Technical Report) to the Office of Contracts and Acquisitions (OCA).

On August 16, 2002, DCPS requested the first of two best and final offers (BAFO) from the five prospective offerors. On September 12, 2002, the Committee submitted its BAFO Evaluations/Recommendations Report. On October 22, 2002, DCPS requested a second BAFO from the five offerors because language in one offeror's proposal was not acceptable to DCPS.

INTRODUCTION

On July 8, 2003, DCPS awarded a 3-year with two 1-year options, letter contract (Contract No. GAGA 2002-C-0012) valued at \$45,648,687, to Watkins Security, Inc.

OBJECTIVES, SCOPE, AND METHODOLOGY

The announced objectives of the audit were to: (1) evaluate the adequacy of the internal controls over security; (2) determine whether laws, policies, regulations, and directives are correctly interpreted and applied in the administration of the security function; and (3) evaluate the operation's performance with regard to economy, efficiency, and effectiveness in accomplishing the security function. During the audit, we became concerned about the way in which DCPS awarded the school security services contract. Consequently, we added an audit objective to determine whether DCPS contracting and procurement activities for the contract were carried out in accordance with the requirements of District procurement regulations.

To accomplish our objectives, we examined the contract files and documents pertaining to DCPS's solicitation and award of the contract. We also conducted interviews with the Board of Education (BOE), DCPS Office of Contracts and Acquisitions (OCA) personnel, and other DCPS representatives. We did not rely on computer-generated data in the performance of our audit.

Our audit was conducted in accordance with generally accepted auditing standards and included such tests as we considered necessary under the circumstances.

FINDINGS AND RECOMMENDATIONS

FINDING 1: SCHOOL SECURITY SERVICES CONTRACTOR SELECTION

SYNOPSIS:

The DCPS awarded Contract No. GAGA 2002-C-0012 (the Contract) to Watkins Security, Inc. The award to Watkins Security, Inc. was made even though the Technical Evaluation Committee (Committee) evaluated Watkins Security, Inc. as the least technically competent, and the OCA determined that Watkins Security, Inc. was the most expensive. The award to Watkins Security Inc. apparently resulted from a lack of effective procurement operational policies and procedures, a flawed technical evaluation process, and the absence of a clearly articulated rational basis for the selection. As a result, DCPS expended approximately \$1.2 to \$ 8.8 million dollars more for school security services than should have been expended had the award been made to a more technically competent and lower-priced offeror.

DISCUSSION:

Based on our review of the Committee members' individual technical evaluation sheets; the Committee's July 25, 2002, Technical Evaluation Report; the offerors' first and second BAFO; the Contracting Officer's Independent Assessment; and the Pre- and Post-Negotiation Business Clearance Memoranda²; we determined that the basis and process for selecting the current school security services contractor was flawed. We found that: (1) the Committee members' technical evaluation sheets were incomplete and contained mathematical errors; (2) there was no uniformity among the technical scores reported in the Committee's individual technical evaluations, the Technical Evaluation Report, and the Pre- and Post-Negotiation Business Clearance Memoranda; (3) there was no uniformity among the Contracting Officer's Technical Evaluation sheet scores and the Contracting Officer's Independent Assessment technical scores reported in the Pre- and Post-Negotiation Business Clearance Memoranda; and (4) the contracting officer's undocumented and unjustified independent assessment was the basis for selecting the current school security services provider despite the fact that it was contrary to the Committee's recommendation.

Technical Evaluation Criteria - Section M.5 of the Solicitation required the Committee to use a numerical scoring process to evaluate the offerors' technical proposal in regard to the following technical rating areas: (1) Management and Technical Plan;

² The D.C. Office of Contracting and Procurement (OCP) Directive No. 4000.00, section 4.2.6 provides "[t]he term 'business clearance memorandum' means the document that is completed by contracting personnel that describes the history or relevant phases of a proposed contractual action or activity. The purpose of a business clearance memorandum is to illustrate that a proposed contractual action represents good business judgment, conforms to District laws and rules, and established a fair and reasonable price."

FINDINGS AND RECOMMENDATIONS

(2) Experience, Past Performance Capabilities/Detailed Corporate Structure; and
 (3) Transition Plan. The numerical rating scale for technical evaluation factors is listed in Table 1 below.

Table 1. Technical Rating Scale

Numeric Rating	Description
1 = Unacceptable	Fails to meet minimum requirements; major deficiencies which are not correctable.
2 = Poor	Marginally meets minimum requirements; significant deficiencies which may be correctable.
3 = Acceptable	Meets requirements; only minor deficiencies which are correctable.
4 = Good	Meets requirements; no deficiencies.
5 = Exceptional	Exceeds all requirements with no deficiencies.

The maximum score for each of the technical rating areas was 25 points. Each rating area had a weight factor of 5 points. The numeric rating was multiplied by the weight factor (5) to determine the total points for each rating area. For example, if the evaluator determined that the offerors' proposal was acceptable, the numeric rating of 3 would be multiplied by 5 to equal 15 points for the respective rating area. The total points from each of the three rating areas were combined to determine the total technical scores for each offeror. Each of the Committee members' scores was added together and then averaged to arrive at the total technical score for each of the five vendors.

Committee Technical Evaluations - A review of each of the Committee member's individual evaluation sheets revealed that the Security Director did not complete any of his technical evaluation sheets and the technical evaluation sheets belonging to the Assistant Principal contained mathematical errors. The results of each of the Committee member's technical evaluation sheets are listed in Table 2.

FINDINGS AND RECOMMENDATIONS

Table 2. Committee Member Individual Evaluation Scores

	Company	RATING CRITERIA			Totals
		Mgmt/Technical Plan	Experience, Past Perf., Capabilities/Corp Struct.	Transition Plan	
Technology Chief	Offeror 1	15	15	15	45
	Offeror 2	25	25	20	70
	Watkins Security, Inc.	15	15	10	40
	Offeror 4	15	15	15	45
	Offeror 5	25	25	25	75
Security Director	Offeror 1	0	0	0	0
	Offeror 2	0	0	0	0
	Watkins Security, Inc.	0	0	0	0
	Offeror 4	0	0	0	0
	Offeror 5	0	0	0	0
Assistant Principal	Offeror 1	15	15	15	45
	Offeror 2	21	20	21	62
	Watkins Security, Inc.	10	10	10	30
	Offeror 4	0	0	15	15
	Offeror 5	21	20	23	64

Incomplete Technical Evaluation Sheets - The Security Director provided narratives on the strengths and weaknesses in the five offerors’ proposals. However, the Security Director did not provide numerical ratings or total scores for any of the three rating areas. As a result, it cannot be determined what total scores the Security Director allocated to each of the five offerors. The Security Director stated that he was not aware that he did not complete his technical evaluation sheets. The Security Director also stated that no one from the OCA informed him that his technical evaluation sheets were incomplete.

Errors in Arithmetic in the Technical Evaluation Sheets - The Assistant Principal gave offeror 2 a numerical rating of 4 and calculated the total score for the management/technical plan and transition plan criteria rating areas as 21. Based on the Assistant Principal’s numerical rating of 4 in the management and technical plan, and transition plan rating areas, the total scores in both areas should have been 20. Additionally, the Assistant Principal gave offeror 5 a numerical rating of 4 in the management/technical plan, and transition plan criteria areas but calculated the total scores in both areas as 21 and 23, respectively. Based on the Assistant Principal’s numerical rating of 4 in the management/technical plan, and transition plan rating areas, the total scores in both areas should have been 20 for offeror 5 as well. The Assistant Principal stated that he was not aware that his technical evaluation sheets contained arithmetic errors.

FINDINGS AND RECOMMENDATIONS

The contracting officer³ informed us that she did not review the Committee members' technical evaluation sheets for completeness or accuracy because she did not use the Committee's technical evaluation sheets. Although we did not find any policies and procedure governing the quality assurance of the technical evaluation sheets, we believe adequate internal control required the contracting officer to ensure that the Committee's technical evaluation sheets were complete and accurate. The OCA Director agreed that the contracting officer should have reviewed the Committee's technical evaluation sheets for accuracy and completeness.

Technical Evaluation Report - The technical evaluation scores reported in the Committee's Technical Report differ from the technical scores derived from the Committee members' individual technical evaluation sheets. The results of our analysis of the Technical Report and the Committee members' individual technical evaluation sheets are summarized in Table 3 below.

Table 3. Comparison of the Committee's Technical Report and Committee's Technical Evaluation Sheets

Offeror	Mgt./Technical Plan		Experience, Past Performance, Capabilities/Corp. Structure		Transition Plan		Totals	
	Tech. Rpt.	Evaluation Sheets (Composite Score)	Tech. Rpt.	Evaluation Sheets (Composite Score)	Tech. Rpt.	Evaluation Sheets (Composite Score)	Tech. Rpt.	Evaluation Sheets (Composite Score)
Offeror 1	15	30	15	30	20	30	50	30.00
Offeror 2	25	46	25	45	20	41	70	44.00
Watkins Security, Inc.	10	25	10	25	10	20	30	23.33
Offeror 4	15	15	15	15	15	30	45	20.00
Offeror 5	25	46	25	45	25	48	75	46.33

Our analysis shows that the offeror rankings from the Technical Report and offeror rankings derived from the Committee's individual technical evaluation sheets corresponded with the exception of Watkins Security, Inc. being ranked fifth on the Technical Report and fourth on the Committee members' technical evaluation sheets. We did not find any documentation in the contract file to support the technical evaluation scores presented in the Technical Report.

³ The contracting officer was responsible for the administration of the solicitation and award of the Contract.

FINDINGS AND RECOMMENDATIONS

The contracting officer stated that she did not find it unusual that the composite scores on Committee members' technical evaluation sheets collective totals differed from those contained in Technical Report. The contracting officer further stated that when a "consensus"⁴ is requested, it is not uncommon for the consensus scores to be different than the scores tallied from individual evaluations. The OCA Director and the contracting officer stated that Title 27 DCMR does not provide for a consensus report and the request for a consensus was based on her experience. Further, the contracting officer stated that because the OCA did not have consistent policies and procedures governing procurements, each contracting officer performed procurements differently.

The Security Director provided a Technical Report as required by 27 DCMR § 1618.5. However, we did not find any DCPS or District guidelines requiring DCPS to document each Committee member's individual technical evaluations. The evaluation sheets form the basis for documenting and certifying that each evaluator conducted an independent review of the offerors' proposals. We believe there should have been uniformity among the Technical Report and the Committee members' individual technical evaluation sheets. Specifically, the Technical Report should have been a summary of the Committee members' independent technical evaluations and derived from their technical evaluation sheets. Without the Security Director's completed technical evaluation sheets and an accurate technical evaluation sheet from the Assistant Principal, the basis for the Technical Report could not be determined.

Best and Final Offer Evaluations - On August 16, 2002, DCPS requested the first BAFO from the five offerors. On September 12, 2002, the Committee submitted its BAFO Evaluations/Recommendations Report (BAFO Evaluation Report). The first BAFO Evaluation Report concluded that nothing in the offerors' first BAFOs warranted an adjustment to the technical scores reported in the Technical Report. As such, Watkins Security, Inc. remained the least technically qualified of the five offerors.

On October 22, 2002, DCPS requested a second BAFO from the five offerors because language in one offeror's proposal was unacceptable to DCPS. According to the contracting officer, the OCA former Director (former Director) reviewed each of the offerors' BAFOs and concluded that nothing in them merited reconvening the Committee. The Determination and Findings (D & F) To Award To Other Than The High Scorer provided that: (1) Watkins Security, Inc. did not provide any additional detail on its corporate training; (2) the second BAFO for three other offerors did not add any additional value; and (3) one offeror's second BAFO was unacceptable because it wanted the right to walk off the contract without

⁴ The contracting officer defined "consensus" as getting the Committee together to evaluate the offerors' proposals and reach conclusions on the technical aspects of the offerors' proposals. The contracting officer informed us that she accepted the Committee's July 25, 2002, Technical Evaluation Report as the consensus report and did not use or review the Committee members' technical evaluation sheets.

FINDINGS AND RECOMMENDATIONS

significant prejudice. The comments of the former Director and the statements in the D & F support our conclusion that Watkins Security, Inc. was the least technically competent of the five offers, as provided in the Technical Report, based on the fact that there were no significant changes between the first and second BAFO submissions.

Pre-Negotiation and Post-Negotiation Business Clearance Memoranda - Based on our review of the Pre-Negotiation (Pre-Negotiation Memorandum) and Post-Negotiation Business Clearance Memoranda (Post-Negotiation Memorandum) we determined that: (1) the contracting officer did not document the evaluations of the five offerors; (2) the contracting officer's methodology for evaluating the five offerors was flawed; and (3) the Committee's technical scores reported in the Pre- and Post-Negotiation Memoranda were different from the technical scores reported in the Technical Report.

Contracting Officer's Independent Technical Evaluation Sheets – Based on the Pre- and Post-Negotiation Memoranda, and the contracting officer's technical evaluation sheets, we determined that the contracting officer conducted independent evaluations to determine whether each offeror addressed the specific rating criteria contained in the solicitation and whether the Committee adequately evaluated the five bidders. Title 27 DCMR § 1618, which requires the contracting officer to evaluate each proposal in accordance with the established evaluation criteria contained in the solicitation, supports the contracting officer's actions. We compared the technical scores used by the contracting officer in both the Pre-Negotiation and Post-Negotiation Memoranda, and determined that the technical scores from the contracting officer's July 22-26, 2002, technical evaluation sheets did not correspond with the Contracting Officer's Independent Assessment scores contained in the Pre-Negotiation Memorandum. However, the technical scores from the contracting officer's October 3, 2002, technical evaluation corresponded with the Contracting Officer's Independent Assessment scores contained in the Post-Negotiation Memorandum (see Table 4).

FINDINGS AND RECOMMENDATIONS

Table 4. Comparison of Technical Scores

Offeror	PBCM ⁵ July 2002	PNBCM ⁶ October 2002	C.O. July 2002 Eval.	C.O. October 2002 Eval.
Offeror 1	50	45	45	45
Offeror 2	70	55	40	55
Watkins Security, Inc.	45	55	45	55
Offeror 4.	45	50	45	50
Offeror 5	75	65	65	65

The contracting officer stated the former Director conducted the Contracting Officer's Independent Assessment contained in the Pre- and Post-Negotiation Memoranda. We did not find any documentation in the contract file indicating that the former Director conducted the Contracting Officer's Independent assessments of the offerors. However, the Pre- and Post-Negotiation Memoranda show that the contracting officer prepared both the Pre- and Post-Negotiation Memoranda and that the former Director approved them. Further, we observed technical evaluation sheets for the dates of July 22- 26, 2002, and October 3, 2002, indicating that the contracting officer conducted an independent assessment of the five offerors. Regardless of who prepared the Contracting Officer's Independent Assessment, the scores reported in the Contracting Officer's Independent Assessment section of the Pre- and Post-Negotiation Memoranda should have been documented and should have corresponded with the contacting officer technical evaluation sheets.

Contracting Officer's Evaluation Criteria - We believe that the contracting officer's basis and rationale for evaluating the prospective offerors were flawed because she did not separate the technical evaluation from the award of preference points for a Local, Small, Disadvantaged Business Enterprise (LSDBE).

The Post-Negotiation Memorandum provides:

The points assigned by the Contracting Officer differ from those given as a consensus by the evaluation panel due in part to the subcontracting issue. Whereas The [sic] evaluation panel did not consider subcontracting in their evaluations of the proposals and the subsequent consensus report, it is the determination of the Contracting Officer that the subcontracting requirement is major to the solicitation. It is pertinent in the evaluation of Offerors

⁵ Contracting Officer's Independent Assessment as provided by the Pre-Negotiation Business Clearance Memorandum (PBCM).

⁶ Contracting Officer's Independent Assessment as provided by the Post-Negotiation Business Clearance Memorandum (PNBCM).

FINDINGS AND RECOMMENDATIONS

Management and Technical Plan, because it helps to determine whether the individual offer met the requirements of the solicitation

This statement fails to explain why the contracting officer's independent assessment scores reported in the Post-Negotiation Memorandum varied greatly from the Committees' scores. Section M.5 of the Solicitation provides that the proposal evaluation factors listed in Table 5 below should be used to evaluate each proposal. A total of 112 points could be earned, including preference points for LBE, DBE, RBO, and EZ. The Pre- and Post-Negotiation Memoranda provide that the Committee did not consider that the solicitation required the offerors to have LSDBE certified contractors perform 35 percent of the total contract amount.

Table 5. Evaluation Factors Required by the Solicitation

FACTORS	MAXIMUM POINTS
Management/Technical Plan	25 Points
Experience, Past Performance Capabilities/Detailed Corporate Structure	25 Points
Transition Plan	25 Points
Cost	20 Points
Joint Venture	5 Points
Total	100 Points
PREFERENCES	
Local Business Enterprise (LBE)	4 Points
Disadvantaged Business Enterprises (DBE)	3 Points
Resident Business Ownership (RBO)	3 Points
Business Located in an Enterprise Zone (EZ)	2 Points
Total	12 Points

Section M.5 of the Solicitation requires the evaluators to evaluate the offeror's proposal on the following 3 technical rating areas: (1) Management/Technical Plan; (2) Experience, Past Performance Capabilities/Detailed Corporate Structure; and (3) Transition Plan. LSDBE preference points would be awarded based on the offerors' standing as a LSDBE or the offerors' LSDBE subcontractor percentage. The preference points were to be awarded in addition to the technical evaluation total scores. The Committee evaluated the offerors on the three rating areas only and was not instructed to evaluate the offerors' LSDBE status. As such, the award of LSDBE points would not have affected the technical evaluations conducted by the contracting officer or Committee. Therefore, the contracting officer's

FINDINGS AND RECOMMENDATIONS

explanation that LSDBE preference constitutes the difference between the Committee’s technical scores and the Contracting Officer’s Independent Assessment is not valid. Further, this explanation does not justify how the least technically qualified offeror, as ranked by the Committee, was ranked fourth by the contracting officer in the Pre-Negotiation Memorandum, and tied for second place technically according to the Post-Negotiation Memorandum.

Arguably, the Contracting Officer’s Independent Assessment scores should not have changed between the Pre- and Post-Negotiation Memorandum because (1) the Committee determined that the first BAFOs did not warrant any changes to the scores reported in the Technical Report; and (2) the former Director determined that the offerors’ second BAFOs did not warrant reconvening the Committee.

Proper Application of LSDBE Preference Points - The contracting officer could have taken the Committee’s technical evaluation scores and added the LSDBE preference points. We applied the preference points to the Committee’s technical scores to recognize this factor. The result of this computation is provided in Table 6.

Table 6. Committee’s Technical Evaluation Scores Plus LSDBE Preference Points

Rank	Offeror	3-Year Price	Difference from Watkins	Tech. Eval. Rpt	LSDBE	Total Score
3	Offeror 1	\$ 36,799,106	\$ 8,849,861	50	3.71	53.71
2	Offeror 2	\$ 44,400,989	\$ 1,247,978	70	0.09	70.09
5	Watkins Security, Inc.	\$ 45,648,967 ⁷		30	6.00	36.00
4	Offeror 4	\$ 38,124,686	\$ 7,524,281	45	7.00	52.00
1	Offeror 5 ⁸	\$ 43,784,960	\$ 1,864,007	75	0.68	75.68

Applying LSDBE points to each offeror’s score in the Technical Evaluation Report, Watkins Security, Inc. was the least qualified for the contract award.

We asked the contracting officer to explain the rationale that DCPS used to select the current school security services contractor. The contracting officer stated that the former Director selected the offeror based on the Contracting Officer’s Independent Assessment contained in the Post-Negotiation Memorandum. We did not find any documentation justifying why

⁷ \$45,648,967 was the contract price that DCPS evaluated for Watkins Security, Inc. However, in March 2004, DCPS discovered a \$3,059,221.06 mathematical error in Contract No. GAGA-2002-C-0012. The revised cost of Contract No. GAGA-2002-C-0012 is \$42,589,746.16.

⁸ Offeror 5 was excluded because its proposal contained language that was not acceptable to DCPS.

FINDINGS AND RECOMMENDATIONS

DCPS awarded the contract based on the Contracting Officer’s Independent Assessment as opposed to the Committee’s recommendation. Consequently, the rationale and basis for selecting the school security contractor was flawed.

Pre- and Post-Negotiation Memoranda Technical Evaluation Scores - Further review of the Pre- and Post-Negotiation Memoranda revealed that the technical evaluation scores reported in the Pre- and Post-Negotiation Memoranda do not correspond with the technical scores reported in the Technical Report (see Table 7). The Pre- and Post-Negotiation Memoranda are the records of the contract history. As such, the technical evaluation scores for the Committee and contracting officer that were reported in the Pre- and Post-Negotiation Memoranda should correspond with each Committee member’s individual technical evaluation sheets, the Technical Report, the first and second BAFO evaluations, and the contracting officer’s individual technical evaluation sheets.

Table 7. Comparison of Pre- and Post-Negotiation Memoranda, and Technical Evaluation Report

Offeror	Pre- and Post-Negotiation Memorandum Tech. Scores	Committee Technical Evaluation Report (7/25/02)
Offeror 1	50	30
Offeror 2	70	70
Watkins Security, Inc.	45	30
Offeror 4	45	45
Offeror 5	75	75

We could not find any documentation to support the Committee’s Technical scores reported in the technical evaluation section of Pre- and Post-Negotiation Memoranda by the contracting officer. As a result, the contracting history represented in the Pre- and Post-Negotiation Memoranda is inaccurate and misleading to anyone who may have a need to review the information.

The contracting officer informed us that she developed the Pre- and Post-Negotiation Memoranda; however, the former Director changed some of her narrative. The signature blocks for the Pre- and Post-Negotiation Memoranda indicated that the contracting officer prepared both the Pre- and Post-Negotiation Memoranda and that the former Director reviewed the documents. The signature of the contracting officer and the former Director should convey a certification that the information in the Pre- and Post-Negotiation Memoranda is accurate and represents the history of the contract. As such, the contracting officer and the former Director are responsible and accountable for any inaccuracies

FINDINGS AND RECOMMENDATIONS

contained in the Pre- and Post-Negotiation Memoranda and any misrepresentations that may have resulted from the inaccuracies in the Memoranda.

Conclusion - DCPS did not: (1) provide adequate internal controls over the technical evaluation and selection process necessary to ensure that the most technically competent and least costly offeror was selected; (2) establish adequate controls over the environment in which the technical review was conducted; (3) provide quality assurance of the technical evaluation sheets and assessments; (4) ensure that the Pre- and Post-Negotiation Memoranda represented accurately the history of the procurement; and (5) monitor the contracting officer's selection of the offeror.

If DCPS had procedures in place to properly review the Committee members' technical evaluation sheets, assure the technical report corresponded with the technical evaluation sheets, assure that the proper assignment of LSDBE preference points to the Committee's technical evaluation scores, and ensure that the contracting officer's decision to deviate from the Committee's recommendation was documented and justified, DCPS would have likely chosen a school security services provider who was evaluated as more technically competent and could have awarded a contract that cost approximately \$1.2 to \$8.8 million less than the contract awarded. These amounts are based on comparison of Watkins Security, Inc.'s winning bid to the amounts bid by the other four offerors (see Table 6).

RECOMMENDATIONS

We recommend that the Interim Superintendent, District of Columbia Public Schools:

1. Evaluate the solicitation and award of the school security services contract to Watkins Security, Inc. and take actions deemed appropriate to ensure that DCPS acquires and obtains school security services from the most technically competent and economically feasible contractor.
2. In addition to guidance provided by Title 27 DCMR, develop specific operational policies, procedures, and guidelines over the Office of Contracts and Acquisitions' business processes.
3. Develop operational policies over the technical proposal evaluation process that addresses the internal control weaknesses outlined in this report. Specifically, include guidance on: (a) the physical control environment where evaluations are conducted; (b) the custody and control of proprietary offeror information; and (c) the supervision and guidance provided to the evaluation committee members.

FINDINGS AND RECOMMENDATIONS

DCPS RESPONSE (RECOMMENDATIONS 1-3)

The Interim Superintendent, District of Columbia Public Schools, concurred with the conclusions and has planned and taken actions to correct the noted deficiencies. The full text of DCPS' response to our report is included at Exhibit B.

OIG COMMENTS (RECOMMENDATIONS 1-3)

We consider actions taken and planned by DCPS to be fully responsive to our report recommendations.

FINDINGS AND RECOMMENDATIONS

FINDING 2: LAPSE OF CONTRACT COVERAGE

SYNOPSIS:

DCPS allowed Watkins Security, Inc. to provide school security services for a brief period without a valid contract mechanism in place and attempted to ratify the lapsed period without the requisite Council approval. Further, DCPS did not definitize the letter contract within 120 days of award in violation of Title 27 DCMR. These conditions resulted from DCPS’s lack of oversight in extending the initial letter contract and failure to implement a definitive long-term school security contract, thereby placing DCPS at risk for incurring additional cost and liability.

DISCUSSION:

Between the periods of October 25, 2003, to November 21, 2003, DCPS allowed the Watkins Security, Inc. to work without having a valid written contract in effect and sought to ratify the lapsed period without the requisite Council approval. Further, DCPS did not definitize the letter contract with the current school security contractor within the 120 days as required by Title 27 DCMR.

Lapse of Contract Coverage – DCPS did not definitize the assigned letter contract (Contract No. GAGA-2002-C-0012) issued on July 8, 2003. Consequently, DCPS had to extend the contract six times to provide continuity of school security services. However, between October 25, 2003, and November 21, 2003, DCPS did not issue an amendment to extend the Contract. Consequently, for approximately 27 days, DCPS allowed Watkins Security, Inc. to operate without a valid contract in place. Table 8 shows the contract amendments issued to provide a legal contractual basis for Watkins Security, Inc.’s services and the time lapse between 10/25/03 and 11/21/03.

Table 8 - Basic Contract and Extensions

CONTRACT ACTION	COST	EFFECTIVE DATE	EXPIRATION DATE	DATE SIGNED
Letter contract	\$987,977.68	7/8/03	08/22/03	7/8/03
Amendment 1	\$972,769.13	8/1/03	8/23/03	07/30/03
Amendment 2	\$972,769.13	8/24/03	9/16/03	08/19/03
Amendment 3	\$972,769.13	9/17/03	10/5/03	09/16/03
Amendment 4	\$972,769.13	10/6/03	10/25/03	10/03/03
Amendment 5	\$972,769.13	11/21/03	1/14/04	11/18/03
Amendment 6	\$972,769.13	1/15/04	2/28/04	01/13/04
Modification 7	\$0.00	2/5/04		02/25/04
TOTAL	\$6,824,592.46			

FINDINGS AND RECOMMENDATIONS

D.C. Code § 2-301.05 (d) (2) (Supp. 2003) provides that “[a]fter April 12, 1997, no District employee shall enter into an oral agreement with a vendor to provide goods or services to the District government without a valid written contract. Any violation of this paragraph shall be cause for termination of employment of the District employee.” D.C. Code § 2-301.05 (d) (3) (Sup. 2003) provides that:

Except as authorized under paragraph (4) or (5) of this subsection, any vendor who, after April 12, 1997, enters into an oral agreement with a District employee to provide supplies or services to the District government without a valid written contract shall not be paid. If the oral agreement was entered into by a District employee at the direction of a supervisor, the supervisor shall be terminated

As provided by the D.C. Code, permitting a contractor to operate without a valid contract has serious consequence for both the employee responsible and the contractor providing the services. It appears that DCPS’s intent was to allow Watkins Security, Inc. to provide school security services for at least 3 years. However, because DCPS did not adequately plan for the school security services contract and did not award a more definitive and long-term contract for the services, DCPS was forced to extend the initial letter contract on a month-to-month basis. These conditions contributed to DCPS’s lapse in awareness and failure to extend the letter contract, which consequently led to the unauthorized commitment.⁹

Late Ratification of Contract Modification - The former Acting DCPS Superintendent directed the OCA to review the solicitation and award of the Contract because of the interest and scrutiny of the D.C. Council, other District officials, and the local media. On March 8, 2004, DCPS sought to ratify¹⁰ the unauthorized commitment occurring between 10/25/03 and 11/21/03 by issuing a modification to cover the lapsed period.

OCP Directive 1800.03 § 4.7 (i) requires agencies to obtain the Council’s approval for any ratification exceeding \$100,000. OCP Directive 1800.03 § 5.5 provides that the agency, the agency representative with knowledge and facts surrounding the unauthorized commitments, and the Agency Chief Contracting Officer prepare standardized forms¹¹ that indicate: (1) the history and circumstances that led to the unauthorized commitment; (2) the steps taken to

⁹ OCP Directive 1800.03 § 4.8 provides that “An *unauthorized commitment* is the receipt of goods or services without a valid written contract between the District government.”

¹⁰ Ratification is the action taken by the Chief Procurement Officer to authorize payment for goods or services received without a valid written contract.

¹¹ The agency representative is required to prepare an Agency Representative Ratification Request and Certification Form (OCP Form A); the agency is required to prepare Agency Director Ratification Request and Certification Form (Form B); and the Agency Chief Contracting Officer is required to prepare an Agency Chief Contracting Officer Findings and Determination Statement (OCP Form C).

FINDINGS AND RECOMMENDATIONS

prevent the recurrence of unauthorized commitments the agency; (3) disciplinary actions taken against the responsible employee; (4) whether the goods or services in question were received; (5) whether the unauthorized commitment could have been prevented by a properly executed contract; (6) whether the price is fair and reasonable; and (7) other specific details in regard to the procurement. Based on our review, we determined that DCPS did not obtain Council's approval prior to issuing the modification to ratify the unauthorized commitment.

Undefinitized Letter Contract - DCPS awarded the Contract on July 8, 2003, and did not definitize the letter contract within 120 days as required by Title 27 DCMR.

Title 27, DCMR § 2425.9 provides that:

[t]he contracting officer shall execute a definitive contract within one hundred and twenty (120) days after the date of execution of the letter contract or before completion of fifty percent (50%) of the work to be performed, whichever occurs first. The contracting officer may authorize an additional period if the additional period is approved in writing by the head of the contracting agency.

The DCPS OCA Director stated they did not seek to definitize the Contract because the Council had not approved the Contract.

In lieu of the questionable selection and eventual award of the contract to Watkins Security, Inc., DCPS withdrew the Contract that was submitted for Council's approval. DCPS representatives informed us that they are deliberating the possibility of canceling the Contract and developing a new RFP for school security services.

RECOMMENDATIONS

We recommend that the Interim Superintendent, District of Columbia Public Schools:

4. Take action to definitize the letter contract awarded to Watkins Security, Inc. in order to ensure consistent and continuous contract coverage for the remaining period of time in which Watkins Security, Inc. will be providing school security services.
5. Follow the guidelines for ratifying a contract and provide the requisite documentation to the Council for its approval.
6. Evaluate the actions of DCPS contracting personnel for failure to comply with D.C Code § 2-301-05(2) and, if deemed appropriate, take disciplinary actions in accordance with D.C. Code § 2-301.05(3).

FINDINGS AND RECOMMENDATIONS

DCPS RESPONSE (RECOMMENDATIONS 4-6)

The Interim Superintendent, District of Columbia Public Schools, concurred with the conclusions and has planned and taken actions to correct the noted deficiencies. The full text of DCPS' response to our report is included at Exhibit B.

OIG COMMENTS (RECOMMENDATIONS 4-6)

We consider actions taken and planned by DCPS to be fully responsive to our report recommendations.

FINDING AND RECOMMENDATIONS

FINDING 3: CONTRACT APPROVAL

SYNOPSIS:

DCPS awarded the Contract without obtaining the requisite approvals from the BOE and without seeking Council's approval, as required by law. This occurred because DCPS had neither established internal policies and procedures nor standardized processes for the submission and accountability of contract actions requiring the DCPS Superintendent's, BOE's, and Council's approval. As a result, the DCPS allowed the \$45 million contract to be executed without the BOE conducting a thorough review and without obtaining the BOE's and the Council's approval.

DISCUSSION:

DCPS allowed the Contract to be awarded without performing an adequate review of the contract and without obtaining the requisite approvals from the BOE and the Council.

Background - The BOE established the Facilities and Finance Committee (FFC) to review contracts greater than \$100,000. The FFC consists of the following 3 BOE members: the President; the Vice President; and the District 4 Representative. The BOE President also serves as the President of the Facilities and Finance Committee, and the Vice President and the District 4 Representative co-chair the committee. According to the Vice President and the District 4 Representative, only two members of the FFC (Co-Chairs) are required to approve a contract. However, if the FFC disapproves a contract, the BOE President has the authority to approve the contract.

Board of Education Review - Neither the Vice President nor the District 4 Representative conducted an extensive review of the Contract prior to its award.

The District 4 Representative stated that he did not perform an extensive review of the Contract and never saw a complete contract. Further, the District 4 Representative stated that he was unsure if the BOE President or BOE Vice President reviewed the Contract prior to its award. The District 4 Representative stated that the documents forwarded to the BOE for review and approval can differ from contract to contract. The District 4 Representative stated that neither the BOE nor DCPS has developed or standardized what documents are forwarded to the BOE for review, nor has the BOE or DCPS standardized the process for submitting contracts requiring the BOE's approval. Additionally, the District 4 Representative stated that he could not remember specifically what documents he reviewed in regard to the Contract.

FINDING AND RECOMMENDATIONS

Initially, the District 4 Representative stated that he did not sign any documents approving the Contract. We provided the District 4 Representative with a June 11, 2003, signed memorandum from him that states, “[t]his contract was forwarded without a signature page; therefore, please consider this memo the official correspondence indicating that all relevant individuals have reviewed and approve of the contract.” When we brought the memorandum to his attention, the District 4 Representative stated that he assumed the other FFC members reviewed it; otherwise, he would not have prepared the memorandum. However, the District 4 Representative stated that we needed to ask the President and Vice President because he did not want to answer for them. The District 4 Representative also stated that he had informal discussions with a former DCPS Chief Operating Officer and the Vice President, but did not remember whether the FFC convened to discuss the contract. The District 4 Representative stated that he was more concerned with moving the Contract forward because the previous school security services contract had expired; yet, DCPS had not awarded a new school security services contract.

The Vice President stated that she “had the opportunity to review the Contract,” but would not indicate affirmatively whether she had or not. The Vice President stated that she does not remember the FFC formally convening a meeting to discuss the Contract but that she had informal discussions with the District 4 Representative. The Vice President stated that she was unsure if the President or the District 4 Representative reviewed the Contract. The Vice President further stated that she delegated the authority to approve the Contract to a subordinate employee; however, we did not find any documentation in the contract file where the Vice President’s subordinate approved the contract. The President stated that she never saw the Contract prior to its award.

It is apparent that the BOE did not perform a sufficient substantive review of the Contract prior to its award. This fact is evidenced by the informal and very limited review conducted by the Facilities and Finance Committee, the lack of standardized documentation requiring review, and the lack of a formal process for obtaining the Superintendent’s, the BOE’s, and Council’s approval, when required. Further, considering the magnitude and cost of the Contract, the Vice President and District 4 Representative should know what documents they reviewed; should have reviewed the Contract extensively; should not have delegated a subordinate to sign the approval; and should have formally convened a meeting of the principals to review, approve, or disapprove the Contract.

BOE Approval - The DCPS awarded the Contract without obtaining the requisite approval from the FFC. The Contract approval document did not contain any signatures from the FFC members authorizing the Contract. The District 4 Representative forwarded a memorandum to the former Director indicating that all relevant individuals had reviewed and approved the contract, the President stated that she did not see the Contract prior to its award, and the Vice President could not affirmatively state whether she reviewed the Contract prior to its award. As such, the memorandum contradicts statements made by the President, the Vice President,

FINDING AND RECOMMENDATIONS

and the District 4 Representative; we did not find any other documentation indicating that anyone on the FFC reviewed and approved the Contract other than the District 4 Representative. As such, it appears that BOE's approval of the DCPS contract award was not valid.

The District 4 Representative stated that neither the BOE nor DCPS has developed any policies that specifically detail who is required to approve a contract greater than \$100,000. Title 5 DCMR requires DCPS to obtain the BOE approval for all contracts greater than \$100,000. Under the BOE Committee structure, this provision does not specifically indicate who is responsible for approving contracts greater than \$100,000.

The DCPS OCA and Acquisition Director stated that the OCA accepted the memorandum as approval because it came from the District 4 Representative, who was the BOE Vice President at that time. Regardless of the position of the District 4 Representative, DCPS should not have awarded the Contract without receiving the requisite approvals. Awarding the Contract without the requisite approvals circumvented the unwritten requirement of having two FFC members approve contracts greater than \$100,000.

Council Approval - DCPS awarded the Contract, which has an amended value of approximately \$42,589,746, without first obtaining the Council's approval, as required by law. The Contract was to be definitized within 45 days; however, at the end of the 45 days, if the Contract had not been definitized, the Contract would terminate unless DCPS authorized an extension. DCPS did not definitize the contract within 45 days and issued 6 contract amendments to extend the term of the Contract to allow for continuity of school security services. Consequently, between the period of July 8, 2003, and February 28, 2004, the value of the Contract for the 45-day period and the 6 extensions was approximately \$6,824,592. This information is depicted in Table 8 of this report.

D.C. Law 13-172, the Fiscal Year 2001 Budget Act of 2000 requires independent agencies to submit their multi-year contracts in excess of \$1,000,000 within a 12-month period to the Council for approval prior to executing the contracts.

There was no documentation in the contract file indicating that the Council approved the Contract. Further, DCPS admitted and was aware that the Contract was not submitted to the Council prior to its award.¹² DCPS was required by law to obtain Council's approval prior to awarding the Contract. As a result, DCPS awarded the Contract in excess of \$1 million without first obtaining the Council's advice and consent, thereby preventing the Council from exercising its legal authority and oversight prior to the award of a series of successive contracts for school security service.

¹² The issue of submitting the Contract for Council's approval was the subject of a recent Council Hearing.

FINDING AND RECOMMENDATIONS

We noted in Audit Report N. 03-2-14GA, *Audit of the District of Columbia Public Schools' Procurement of School Security Services (1996-2003)*, issued April 26, 2004, that DCPS failed to obtain the Council's approval prior to making contract awards exceeding \$1 million. Further, we made appropriate recommendations to correct this deficiency.

RECOMMENDATIONS

We recommend that the Interim Superintendent, District of Columbia Public Schools:

7. Develop policies and procedures outlining the process, roles and responsibilities, and performance measures for the parties involved in the review and approval of contracts requiring the Superintendent, the BOE, and Council approval.

DCPS RESPONSE (RECOMMENDATION 7)

The Interim Superintendent, District of Columbia Public Schools, concurred with the conclusions and has planned and taken actions to correct the noted deficiencies. The full text of DCPS' response to our report is included at Exhibit B.

OIG COMMENTS (RECOMMENDATION 7)

We consider actions taken and planned by DCPS to be fully responsive to our report recommendation.

**EXHIBIT A – SUMMARY OF POTENTIAL BENEFITS
 RESULTING FROM AUDIT**

Recommendation	Description of Benefit	Amount and/or Type of Monetary Benefit
1	Compliance and Internal Control and Economy and Efficiency. Evaluates the solicitation and award of the school security services contract and take actions deemed appropriate to ensure that DCPS acquires and obtains school security services from the most technically competent and economically feasible contractor.	\$1.2 to \$8.8 million
2	Compliance and Internal Control. Develops specific operational policies, procedures, and guidelines over the Office of Contracts and Acquisition's, business processes.	Nonmonetary
3	Compliance and Internal Control. Develops operational policies over the technical proposal evaluation process that address the internal control weaknesses outlined in this report to includes guidance on: (a) the physical control environment where evaluations are conducted; (b) the custody and control of proprietary offeror information; and (c) the supervision and guidance provided to the evaluation committee members.	Nonmonetary
4	Compliance and Internal Control. Takes action to definitize the letter contract awarded to provide for consistent and continuous contract coverage for the period of time in which the contractor will be providing school security services.	Nonmonetary
5	Compliance and Internal Control. Follows the guidelines for ratifying a contract and provides the requisite documentation to the Council for their approval.	Nonmonetary

**EXHIBIT A – SUMMARY OF POTENTIAL BENEFITS
RESULTING FROM AUDIT**

6	Compliance and Internal Control. Evaluates the actions of DCPS contracting personnel to establish compliance with D.C. Code § 2-301-05(2) and takes appropriate disciplinary actions in accordance with D.C. Code § 2-301.05(3).	Nonmonetary
7	Compliance and Internal Control. Develops policies and procedures outlining the process, roles and responsibilities, and performance measures for the parties involved in the review and approval of contracts requiring the Superintendent, the BOE, and Council approval.	Nonmonetary

EXHIBIT B – DCPS RESPONSE TO DRAFT REPORT



OFFICE OF THE SUPERINTENDENT
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(202) 442-5885 – fax: (202) 442-5026

August 4, 2004

Austin A. Andersen
Interim Inspector General
Office of the Inspector General
717 14th Street, NW
Washington, DC 20005

Dear Inspector General Austin:

This letter is in response to your correspondence dated June 10, 2004, regarding the draft audit report of the District of Columbia Public Schools' Procurement of School Security Services (OIG No. 03-2-14GA(e)). In your correspondence, you requested that DCPS' response include: 1) actions taken or planned, 2) target dates for completion of planned actions, and 3) reasons for any disagreements with the findings or recommendations. Our response is set forth below:

A. Summary Response to Finding and Recommendations 1: School Security Services Contractor Selection

Findings:

DCPS acknowledges that its procurement staff did not (1) provide adequate controls over the technical evaluation and selection process necessary to ensure that the most technically competent and least costly offer was selected; (2) establish adequate controls over the environment in which the technical review was conducted; (3) provide quality assurance of the technical evaluation sheets assessments; (4) ensure that the Pre and Post-Negotiation Memoranda represented accurately the history of the procurement; and (5) monitor the contracting officer's selection of the offer.

DCPS understands that the procurement staff should have adhered to 27 DCMR, Chapter 18 specially Sections 1614-Source Selection, 1617-Evaluation of Proposals and 1618-Proposal Evaluation, to ensure appropriate oversight of the evaluation and source selection process. DCPS is exercising great effort to ensure that all of the procurement staff understand and interpret the Procurement Practices Act and 27 DCMR and how to appropriately provide guidance and direction to the technical evaluation panel exercise due diligence of this law.

The Office of Contracts & Acquisitions has already taken the following corrective action:

- Training was conducted for all Office of Contracts & Acquisitions (OCA) staff. Staff has been engaged in peer training, as well as training from the National Institute of Governmental Purchasing as it relates to procurement processes, procedures, laws and regulatory requirements. A three-day training was held on May 19-21 at the Charles Sumner School. Training sessions will be on-going and mandatory for all staff.
- Directives have been shared with staff as part of newly established monthly OCA Team meetings/peer training sessions.

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EXHIBIT B – DCPS RESPONSE TO DRAFT REPORT

Austin Anderson – School Security Audit
Page 2

- Weekly Senior Team Meetings are held with OCA supervisory staff to provide updates on the status of procurement requirements, as well as an overview of new laws and provisions.

The Following are agenda items covered in a three-day conference that staff attended:

Intro to Public Purchasing
Legal Requirement
Specifications and Standards
Purchase Methods
Competitive Bidding
Administration of Purchase Orders and Contracts
Salvageable Materials
Documenting and Reporting
Introduction to Grants

B. Summary Response to Finding and Recommendations 2: Lapse of Contract Coverage

DCPS also acknowledges that the procurement staff did allow the Watkins Security, Inc. to provide school security services without a valid contract that should have been approved by Council, and that the Letter Contract (GAGA-2002-C-0012) was not definitized within 120 days.

The entire procurement staff has been made aware through staff meetings, internal email, and training, that it is essential that they adhere to the Procurement Practices Act, D.C. Code § and 27 DCMR Sections 1005 and 2425 and the agency will not tolerate continued violations of the law. In addition, all staff members have been provided a binder with 27 DCMR in its entirety.

C. Summary Response to Finding and Recommendations: Contract Approval

DCPS acknowledges that during the award process of the Watkins Security contracts there was a lapse in the internal review and approval process for contracts over \$100,000 and over \$1 million dollars and has taken the appropriate and necessary action to ensure that all required contracts are reviewed and approved by the Board of Education and Council accordingly. To accomplish this goal, OCA is currently reviewing all current vendor relationships to determine whether they are in compliance with the procurement regulations and to ensure that proper contracts exist. Those contracts that are identified as being improper are being corrected. On a monthly basis, OCA shares a list of procurements with the Board of Education for review and approval.

The Agency is aggressively developing and implementing the recommendations for operational improvement to ensure compliance with District laws and regulations and we expect full implementation of all the initiatives on/or before Fiscal Year 05, commencing October 1, 2004.

D. Actions Taken or Planned Relative to Recommendations 1 through 7:

DCPS is continuing to exercise great effort to ensure that all of the procurement staff, program staff, school personnel, and other key stakeholders understand, adhere to and enforce the mandates of the laws and appropriate procurement practices. The following is the response to the recommendations.

EXHIBIT B – DCPS RESPONSE TO DRAFT REPORT

Austin Anderson – School Security Audit
Page 3

Recommendation Number 1

Evaluate the solicitation and award of the security services contract to Watkins Security, Inc. and take actions deemed appropriate to ensure that DCPS acquires and obtains school security services from the most technically competent and economically feasible contractor.

DCPS, in collaboration with the District of Columbia Office of Contracting and Procurement and the Metropolitan Police Department (MPD), is developing a new solicitation for security services. A Work Breakdown Structure (WBS) delineating the timeframe for issuing a new solicitation has been developed with the expectation that a new competitive award will be made by December 2004. The WBS is attached. In order to ensure that DCPS acquires the most technically competent and economically feasible contractor, it has coordinated with MPD for the new solicitation.

Recommendation Number 2

In addition to guidance provided by Title 27 DCMR, develop specific operational policies, procedures, and guidelines over the Office of Contracts and Acquisitions business processes.

Over the last several months DCPS has developed a draft policy and procedures manual, supplier manual and program/schools user manual which will be implemented in Fiscal Year 05. The implementation date is September 30, 2004. The policies and procedures developed for the manual expand upon the policies governing purchasing adopted in Title 5 and Title 27 of the DCMR. The manual represents the basic purchasing policies and procedures to be followed by the District of Columbia Public Schools in conducting business. The underlying purpose of the manual is to provide the basic information necessary to guide and support the Office of Contracts and Acquisitions in facilitating their purchasing mission. Additionally, the policies and procedures apply to every expenditure of DCPS funds under any contract as it relates to the following:

- To simplify, clarify, standardize, and modernize the policies and procedures governing purchasing by DCPS;
- To encourage the continued development of purchasing policies and practices;
- To provide for increased public confidence in the procedures followed by DCPS Office of Contracts and Acquisitions;
- To ensure the fair and equitable treatment of all persons who deal with the purchasing system of DCPS;
- To realize increased economy in DCPS purchasing activities and to maximize the purchasing value of DCPS funds;
- To foster effective broad-based competition; and
- To provide safeguards for the maintenance of a purchasing system visibly demonstrating quality and integrity.

All procurement staff will receive continuous training relative to Procurement Basics, Procurement Practices Act, 27 DCMR, 5 DCMR and policies and procedures. The Agency is also developing performance standards and measures, training plans in concert with staff; and are actively engaging quality assurance reviews of all contracts to ensure that they are properly developed, approved, awarded and managed.

EXHIBIT B – DCPS RESPONSE TO DRAFT REPORT

Austin Anderson – School Security Audit
Page 4

Recommendation Number 3

Develop operational policies over the technical proposal evaluation process that specifically address the internal control weaknesses outlined in this report. Specifically, include guidance on (a) the physical control environment where evaluations are conducted; (b) the custody and control of proprietary offer or information; and (c) the supervision and guidance provided to the evaluation committee members.

DCPS has developed and is utilizing a Memorandum of Instruction to the technical evaluation panel, which outlines the evaluation process in accordance with 27 DCMR, Section 1618-Proposal Evaluation. This Memorandum of Instruction is a Standard Operating Procedure and is included in the procurement manual currently being edited and revised.

It is now a procedure within the Office of Contracts and Acquisitions for the procurement staff to convene the evaluation panels for briefing, answering questions about the evaluation process and to ensure that supervision and guidance is continuously provided to them. Currently, all evaluation panels are convened within the Office of Contracts and Acquisitions, and the proposals and evaluations are secured.

Recommendation Number 4

Take action to definitize the letter contract awarded to Watkins Security, Inc. in order to ensure consistent and continuous contract coverage for the remaining period of time in which Watkins Security will be providing school security services.

The Watkins Security Letter contract, Letter Contract Modification No. 1-11 (GAGA-2002-C-0011) expired June 2, 2004 and was not definitized. A new contract GAGA-2004-C-0198 with Watkins Security was developed with a base term of June 3, 2004 through January 7, 2005 in the amount of \$9,141,044.71. The contract was transmitted to Council for approval on May 26, 2004 and approved by Council on June 24, 2005.

The term of this new contract will allow DCPS to issue a new security solicitation and award a new competitive prior to the expiration of the contract, and to ensure security services for DCPS students and staff through the summer and the first semester of 2004-2005 school year. The new solicitation will be a collaborative effort with MPD and will be issued prior to the expiration of the current Watkins contract to ensure that there will be no break in services.

Recommendation Number 5

Follow the guidelines for ratifying a contract and provide the requisite documentation to the Council for its approval.

See the response set forth in Recommendation Number 4.

EXHIBIT B – DCPS RESPONSE TO DRAFT REPORT

Austin Anderson – School Security Audit
Page 5

Recommendation Number 6

Evaluate the actions of DCPS contracting personnel for failure to comply with D.C. Code § 2-301-05(2) and, if deemed appropriate, take disciplinary actions in accordance with D.C. Code § 2-301.05(3).

The DCPS, Office of Compliance was requested to conduct an internal review of the Watkins Security contract. A draft preliminary report was completed on June 25, 2004. This preliminary report provided the initial results of the review and recommendations to improve the process of awarding large dollar value contracts and compliance with 27 DCMR. In addition to the Inspector General's recommendation, DCPS fully intends to adhere to the recommendations of the Office of Compliance.

Furthermore, the Office of the Superintendent has mandated that the Agency Chief Contracting Officer fully engage and ensure quality assurance, as well as appropriate training for all procurement related activities, and has been directed to take appropriate disciplinary action if staff does not adhere to the procurement laws and regulations.

Recommendation Number 7

Develop policies and procedures outlining the process, roles and responsibilities, and performance measures for the parties involved in the review and approval of contracts requiring the Superintendent, BOE and Council approval.

Within the last several months, the key stakeholders including the Offices of the Superintendent, the General Counsel, the Chief Financial Officer, the Contracts and Acquisitions officer and the Board of Education, have aggressively collaborated, developed and implemented a seamless internal review of approval and tracking process with established timelines for each office to complete the review and approval of contracts over \$100,000. In addition, DCPS is developing Standard Operating Procedures for implementation and utilization systemwide.

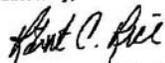
Contracts that require approval by the Board of Education and/or City Council are reviewed by the DCPS Office of General Counsel (OGC) for legal sufficiency. As part of the legal sufficiency review OGC will indicate in its memo that the Contract is not legally sufficient until it is approved by the Board of Education or the City Council. Contracts are formally submitted for review and approval to the Board of Education at their monthly meetings of the Committee of the Whole. The Board of Education approves the contract(s) if appropriate and issues a resolution directing the Superintendent to forward the adopted resolution and contract to the Council of the District of Columbia for approval. DCPS is aggressively transmitting the required contracts to Council for approval.

EXHIBIT B – DCPS RESPONSE TO DRAFT REPORT

Austin Anderson – School Security Audit
Page 6

As communicated to the Inspector General in another security audit response, DCPS is committed to effectuating corrective action and strategic changes within our procurement office and business processes. DCPS reiterates that in addition to your recommendations and pursuant to a number of recommendations offered by consultants and other key stakeholders, as well as assessments made by staff within the DCPS, we have begun implementing changes within the Procurement Office, that will enable it to function more effectively and efficiently in accordance with Procurement Practices Act, 27 DCMR, 5 DCMR, and the operational needs of DCPS.

Sincerely,



Robert C. Rice, Ph.D.
Superintendent

RCR:gb

cc: Peggy Cooper Cafritz
President, D.C. Board of Education