

**TESTIMONY OF THE INSPECTOR GENERAL
CHARLES J. WILLOUGHBY
BEFORE THE COMMITTEE ON GOVERNMENT OPERATIONS**

**PUBLIC OVERSIGHT HEARING ON CONTRACTING AND
PROCUREMENT IN THE DISTRICT OF COLUMBIA:
THE UTILIZATION OF LOCAL, SMALL, AND DISADVANTAGED
BUSINESS ENTERPRISES, PART III**

MARCH 8, 2006

GOOD MORNING MR. CHAIRMAN AND COMMITTEE MEMBERS. THANK YOU FOR THE OPPORTUNITY ONCE AGAIN TO ADDRESS THE COMMITTEE REGARDING THE OFFICE OF THE INSPECTOR GENERAL'S (OIG) COMPLIANCE WITH THE GOAL WE ESTABLISHED FOR SUPPORTING LOCAL, SMALL, AND DISADVANTAGED BUSINESS ENTERPRISES (LSDBE) IN FISCAL YEAR (FY) 2005.

THE OIG IS FULLY COMMITTED TO SUPPORTING THE GOAL OF IMPROVING AND BUILDING ECONOMIC DEVELOPMENT WITHIN THE DISTRICT OF COLUMBIA AS PART OF THE CITY'S ECONOMIC REVITALIZATION.

OIG POLICY

IT IS THE OIG'S POLICY TO GIVE PRIORITY CONSIDERATION TO LSDBEs WHEN SELECTING VENDORS DURING THE PROCUREMENT PROCESS IN ACCORDANCE WITH EXISTING LAWS, REGULATIONS, AND POLICY. IN THIS REGARD, THE OIG'S CONTRACTS AND PROCUREMENT STAFF ATTENDED THE

TRAINING SPONSORED BY THE OFFICE OF CONTRACTING AND PROCUREMENT (OCP) IN OCTOBER AND THE DEPARTMENT OF SMALL AND LOCAL BUSINESS DEVELOPMENT (DSLBD) IN FEBRUARY WHICH ADDRESSED RECENT CHANGES IN THE LAW.

TO INSURE COMPLIANCE WITH THE LSDBE ACT, MY PREDECESSOR DELEGATED THE OFFICE'S CHIEF OF CONTRACTS AND PROCUREMENTS (CHIEF) AS THE LSDBE COMPLIANCE OFFICER AND INCORPORATED THIS RESPONSIBILITY INTO HIS PERFORMANCE PLAN. HE HAS BEEN TASKED WITH CLOSELY MONITORING ADHERENCE TO LSDBE REQUIREMENTS AND INSURING THAT THE OIG ACCOMPLISHES ITS ANNUAL LSDBE GOAL. THE CHIEF IS THE FOCAL POINT FOR ALL OIG PROCUREMENT ACTION, AND, AS SUCH, DETERMINES IF AN LSDBE VENDOR CAN BE CONSIDERED FOR INDIVIDUAL PROCUREMENT AWARD.

ACCOMPLISHMENT IN FY 2005

I AM PLEASED TO ANNOUNCE THAT WE HAVE EXCEEDED OUR ESTABLISHED LSDBE GOAL FOR FY 2005 BY 193 PERCENT. IN FACT, WE HAVE EXCEEDED OUR GOAL EVERY YEAR SINCE FY 2000.

OUR EXPENDABLE BUDGET FOR THE YEAR WAS \$1,141,040, AND OUR GOAL WAS TO AWARD AT LEAST \$570,520 TO LSDBE VENDORS. OUR TOTAL AWARD

TO LSDBEs WAS \$1,098,500 FOR FY 2005, WHICH EQUATED TO 96% OF THE EXPENDABLE BUDGET. OUR TOTAL AWARD FOR FY 2005 WAS \$290,300 MORE THAN THE PRIOR YEAR (\$808,198). ADDITIONALLY, WE USED 15 LSDBE VENDORS DURING FY 2005 IN COMPARISON TO 13 VENDORS IN THE PRIOR YEAR. ALL 15 VENDORS WERE LOCATED IN WASHINGTON, D.C., AND ALL WERE CATEGORIZED ON THE LSDBE BUSINESS CERTIFICATION FORM DATABASE IN DSLBD AS SMALL AND LOCAL BUSINESS ENTERPRISES. EIGHT OF THE 15 VENDORS (53%) WERE ALSO CATEGORIZED AS DISADVANTAGED BUSINESS ENTERPRISES.

ADDITIONALLY, WE ARE IN THE PROCESS OF AWARDING THE FIRST OPTION YEAR ON THE CONTRACT TO AUDIT THE DISTRICT'S CAFR FOR FISCAL YEAR 2006. THE CONTRACT INCLUDES A REQUIREMENT THAT THE PRIME CONTRACTOR, WHO IS NOT AN LSDBE, MUST SUBCONTRACT AT LEAST 30% OF ITS AWARD TO LSDBE FIRMS. IN THE INITIAL YEAR OF THE CONTRACT, THE CONTRACTOR AWARDED \$926,000 (40% OF HIS TOTAL AWARD) TO TWO LSDBE SUBCONTRACTORS.

FINALLY, THE OIG STAFF WORKS CLOSELY WITH DSLBD TO ENSURE THAT SELECTED VENDORS ARE LSDBE CERTIFIED, AND THAT THE OIG DATABASE FOR LSDBE AWARDS IS IN AGREEMENT WITH DSLBD RECORDS. THE OIG STAFF ALSO WORKS CLOSELY WITH RESPONSIBLE OFFICIALS IN OCP REGARDING SUPPLY SCHEDULE AND NON-SUPPLY SCHEDULE ISSUES.

THIS COMPLETES MY TESTIMONY. AGAIN, I WANT TO THANK YOU FOR THE OPPORTUNITY TO ADDRESS THE COUNCIL REGARDING OUR LSDBE PROGRAM AND TO REAFFIRM OUR COMMITMENT TO THIS INITIATIVE. I AM PREPARED TO ANSWER ANY QUESTIONS YOU MIGHT HAVE.