

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

**OFFICE OF CONTRACTING AND
PROCUREMENT
PART TWO**

**REPORT OF INSPECTION
FEBRUARY 2007**



**CHARLES J. WILLOUGHBY
INSPECTOR GENERAL**

Inspections and Evaluations Division
Mission Statement

The Inspections and Evaluations (I&E) Division of the Office of the Inspector General is dedicated to providing District of Columbia (D.C.) government decision makers with objective, thorough, and timely evaluations and recommendations that will assist them in achieving efficiency, effectiveness, and economy in operations and programs. I&E goals are to help ensure compliance with applicable laws, regulations, and policies, to identify accountability, recognize excellence, and promote continuous improvement in the delivery of services to D.C. residents and others who have a vested interest in the success of the city.

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Inspector General

Inspector General



February 22, 2007

Mr. Oscar S. Rodriguez
Interim Chief Procurement Officer
Office of Contracting and Procurement
441 4th Street N.W., Suite 700S
Washington, D.C. 20001

Dear Mr. Rodriguez:

Enclosed is our final *Report of Inspection of the Office of Contracting and Procurement Part Two*. Your agency's comments on the 13 findings and 11 recommendations by the inspection team are included in the report.

In accordance with Mayor's Order 2000-105, District agencies are responsible for taking action on all agreed-upon recommendations in a final Report. We are pleased to note your agreement with all of our recommendations. This clearly reflects your interest in taking the actions necessary to create a more efficient and better managed OCP.

The OIG has established a process to track agency compliance and to facilitate our follow-up inspection activities. Enclosed are *Compliance Forms* on which to record and report to this Office any actions you take concerning each recommendation. These forms will assist you in tracking the completion of actions taken by your staff. We track agency compliance with all agreed-upon recommendations made in our reports of inspection, and we request that you and your staff establish response dates on the forms, and advise us of those dates so we can enter them in our copies of the *Compliance Forms*.

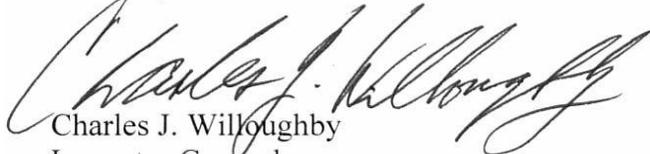
In some instances, things beyond your control, such as budget decisions, inhibit setting specific deadlines for complying with certain recommendations. In those instances, we request that you assign target dates based on whatever knowledge and experience you have about a particular issue. Please ensure that all Compliance Forms are returned to the OIG by the response date, and that reports of "Agency Action Taken" reflect actual completion, in whole or in part, of a recommended action rather than "planned" action. We will work closely with your designated point of contact throughout the compliance process.

Letter to Oscar S. Rodriguez
February 22, 2007
Page 2

We appreciate the cooperation shown by you and your employees during the inspection, and we hope to continue in a cooperative relationship during the follow-up period.

If you have any questions or require assistance in the course of complying with our recommendations, please contact me or Alvin Wright, Jr., Assistant Inspector General for Inspections and Evaluations, at (202) 727-2540.

Sincerely,



Charles J. Willoughby
Inspector General

CJW/ld

Enclosure

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ACRONYMS

ACRONYMS

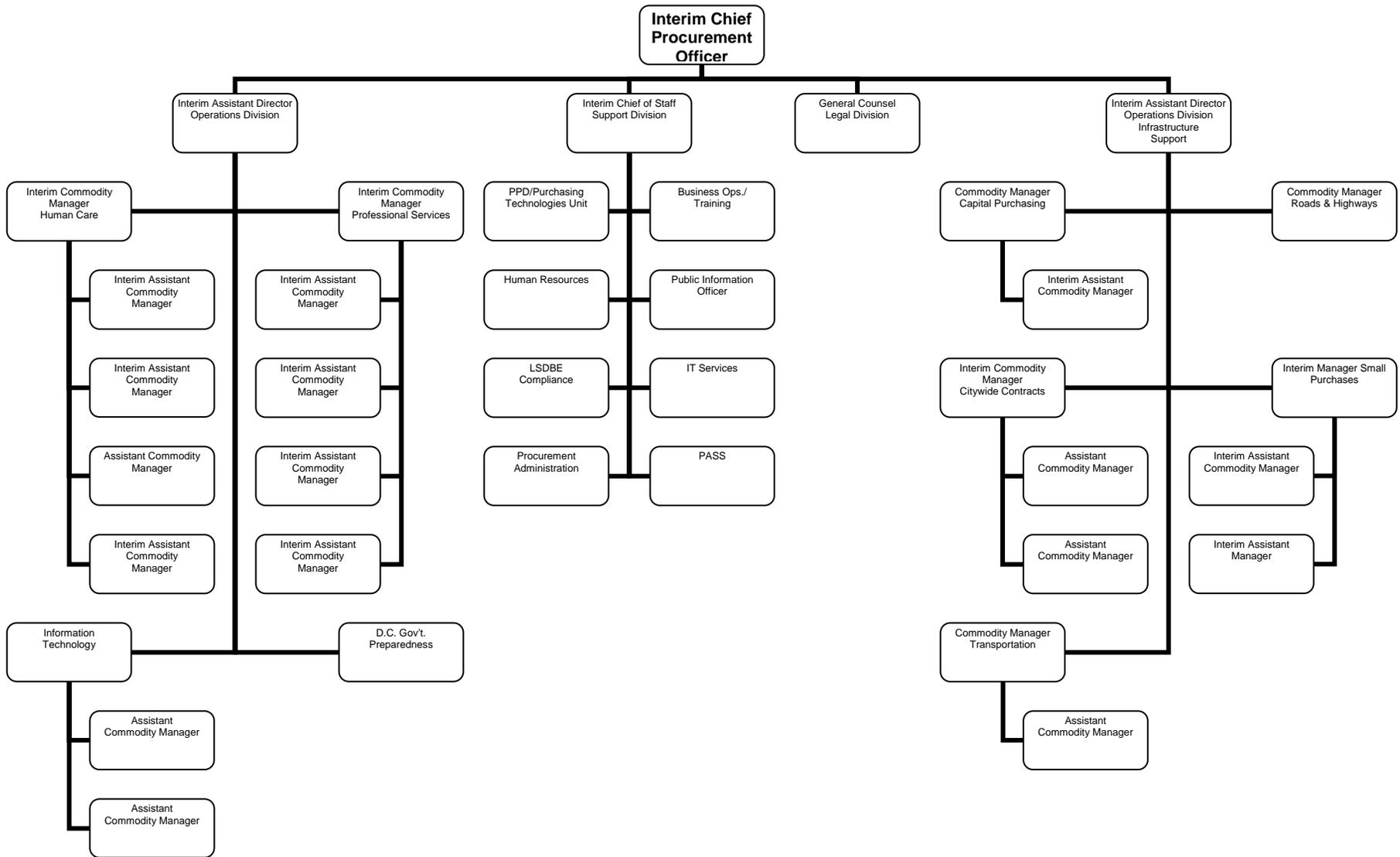
ACRONYMS

CIR	Center for Innovation and Reform
CO	Contracting Officer
COTR	Contracting Officer's Technical Representative
CPO	Chief Procurement Officer
D&B	Dun and Bradstreet
D&F	Determination and Findings
DCMR	District of Columbia Municipal Regulations
DCOP	District of Columbia Office of Personnel
DCPR	District of Columbia Procurement Regulations
DCSS	District of Columbia Supply Schedule
DPM	District Personnel Manual
EPLS	Excluded Parties List System
FAR	Federal Acquisition Regulations
FTE	Full Time Employee
FY	Fiscal Year
GAO	U.S. Government Accountability Office
GSA	General Services Administration
I&E	Inspections and Evaluations
IFB	Invitation for Bids
OAG	Office of the Attorney General
OCP	Office of Contracting and Procurement
OIG	Office of the Inspector General
OLS	Office of Legislative Support

ORGANIZATION CHART

ORGANIZATION CHART

Office of Contracting and Procurement Interim Organizational Structure As of March 30, 2006



EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

Background and Perspective

The District of Columbia's (District) Office of Contracting and Procurement (OCP) has 157 full-time employees, and its fiscal year (FY) 2005 budget was approximately \$12 million. OCP's mission is to:

provide contracting and procurement services and personal property management to District agencies so they can have the quality goods and services they need to accomplish their missions in a timely and cost effective manner.¹

The District's chief procurement officer (CPO) oversees OCP, and its organizational structure consists of three divisions: Operations, Support, and Legal. The Operations Division is organized into two distinct "clusters": Infrastructure Support and Professional and Human Services. Each cluster contains commodity buying groups that procure goods and services for District agencies. Buying groups are led by senior commodity managers who direct assistant commodity managers and other procurement and contracting professionals.

The Support Division provides OCP with purchasing technology, business operations, and information technology expertise.² OCP's Legal Division provides legal advice for the purchase of goods and services, reviews OCP documents, drafts policies and procedures, and advises management on aspects of contracting, compliance with regulations, debarments, and ratifications.

Scope and Methodology

OIG inspections comply with standards established by the President's Council on Integrity and Efficiency and pay particular attention to the quality of internal control.³ Due to the size and diversity of OCP programs and its corresponding responsibilities, the inspection was divided into two parts with two separate reports. This report, Part Two, evaluates management and oversight within OCP and assesses the award of sole-source, million-dollar, letter, and retroactive contracts. Part Two also assesses contracts awarded under the Professional and Human Services Cluster, which includes the following commodity groups:

- Human Care Supplies and Services;
- IT Equipment and Related Services;
- D.C. Government Preparedness Contracting Office; and
- Professional Services and Public Safety.

¹ DISTRICT OF COLUMBIA, *Office of Contracting and Procurement*, at http://www.ocp.dc.gov/ocp/cwp/view,a,3,q,576236,ocpNav_GID,1628,ocpNav,132672,_.asp.

² *Id.*

³ "Internal control" is synonymous with "management control" and is defined by the General Accounting Office as comprising "the plans, methods, and procedures used to meet missions, goals, and objectives and, in doing so, supports performance-based management. Internal control also serves as the first line of defense in safeguarding assets and preventing and detecting errors and fraud." STANDARDS FOR INTERNAL CONTROL IN THE FEDERAL GOVERNMENT, Introduction at 4 (Nov. 1999).

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The team's objective was to review a sampling of contract files and determine if pre- and post-award analyses were properly documented.

During the inspection, the team reviewed OCP's internal policies, procedures, and directives; District of Columbia Municipal Regulations (DCMR); procurement laws; and best practices recommended by the Office of Federal Procurement Policy.⁴ The team also examined past management studies performed by the OIG and outside entities, including KPMG⁵ and the District's Center for Innovation and Reform (CIR).⁶

The team conducted 49 interviews and reviewed 86 contract files. A list of the report's 13 findings and 11 recommendations is at Appendix 1.

Compliance and Follow-Up

The OIG inspection process includes follow-up with OCP on findings and recommendations. Compliance forms will be sent to OCP along with this report of inspection. The I&E Division will coordinate with OCP on verifying compliance with recommendations over an established time period. In some instances, follow-up inspection activities and additional reports may be required.

⁴ Best Practices for Collecting and Using Current and Past Performance Information, May 2000.

⁵ The team reviewed KPMG's report entitled "World Class Procurement for the District of Columbia," which was issued in two phases. Phase 1, entitled "Baseline Assessment," was issued in February 1996, and Phase 2, "Organization and Training," was issued in April 1996.

⁶ The Center for Innovation and Reform (CIR), which is part of the Office of the City Administrator, led a review of OCP and presented its assessment along with recommendations for reform in a written report entitled "Recommendations for Reform" on September 30, 2004.

EXECUTIVE SUMMARY

FINDINGS AND RECOMMENDATIONS

Key Findings

Contract files under the Professional and Human Services commodity groups do not adequately detail procurement activity. (Page 13) The inspection of the Professional and Human Services commodity groups entailed reviewing a sampling of contract files from each commodity group. The purpose of this review was to determine whether each file contained sufficient documentation of analysis conducted during pre- and post-award activity. The team also verified whether contracts were awarded in accordance with District laws and OCP's policies and procedures. When assessing the content of these files, the team found certain required documentation missing. Properly documenting contractual actions is an important part of the procurement process, as it provides assurances to the District that contracts are properly executed and contractors satisfactorily complete the terms of the contract. **Recommendation:** That the CPO develop a quality assurance mechanism to ensure that files are reviewed for completeness.

Some million-plus dollar contract files lacked documentation of Office of the Attorney General (OAG) and City Council approval. (Page 15) D.C. Code § 1-204.51(b)(1) (2001) requires D.C. Council approval for contracts that exceed \$1 million. The OAG must also review and approve these contracts for legal sufficiency. The team reviewed a sample of contracts to determine if the files contained OAG and City Council approval and found that some files did not include this documentation. The OAG and City Council approvals are additional checks in the process to ensure that contracts are awarded properly and are in the best interest of the District. Without the proper documentation, the team could not be certain that the necessary approvals were obtained. **Recommendation:** That the CPO develop a quality assurance process to certify that all OAG and City Council approvals have been acquired, and that those approvals are properly documented and filed in the appropriate contract files for subsequent review and analysis.

OCP employees cite staffing inadequacies. (Page 15) The team did not conduct a staffing and workload analysis; however, staffing inadequacies were observed in two key areas: the D.C. Government Preparedness Contracting Office and the Purchase and Travel Card Programs. The D.C. Government Preparedness Contracting Office assists the D.C. Office of Homeland Security with coordinating and expediting emergency preparedness contracts to provide essential goods and services to District agencies. The Government Preparedness Office previously employed as many as six employees, but in the course of this inspection, the team learned that only one employee remained. However, the volume of work has remained largely unchanged, which contributes to processing delays and an unequal distribution of work. The Purchase Card and Travel Card programs are two federally-sponsored programs that allow federal and other eligible entities such as the District to use charge cards to make purchases that amount to \$2,500 or less. Between FY 2001 and 2005, staffing for the Purchase and Travel Card programs was reduced from five employees to three. The number of transactions that occur in these programs result in high expenditures and require strict oversight. Employing a small staff without cross-training additional employees reduces the level of program oversight, especially when one or more employees are out of the office simultaneously. **Recommendations:** (a) That

EXECUTIVE SUMMARY

the CPO ensure that a sufficient number of employees are employed to meet the requirements of the D.C. Government Preparedness Contracting Office; and (b) That the CPO ensure that additional employees are cross-trained on the requirements of the Purchase Card and Travel Card programs.

Employee retirements may adversely affect OCP operations. (Page 17) Government analyses of personnel resources in other jurisdictions emphasize the importance of assessing the impact on operations if large numbers of employees are eligible or expected to leave or retire within a short timeframe. This can result in a sudden and substantial loss of workplace knowledge and skills. Information provided by DCOP revealed that of the 157 OCP employees, 57 employees (36 percent) are eligible for either early or regular retirement. Forty-four of these employees have direct contracting responsibilities. OCP has not taken steps to plan for the possibility of a large number of retirements that would impact the agency's day-to-day operations. **Recommendation:** That the CPO and DCOP develop strategies to minimize the impact of retirements and other departures on agency operations.

Review of File Documentation

Some sole source contract files did not contain business clearance memoranda. (Page 21) OCP requires that Business Clearance Memoranda (BCM)⁷ are completed prior to awarding sole source contracts that exceed \$1 million. BCMs ensure that contract actions comply with the requirements imposed under District laws and regulations, Mayor's orders, and other administrative procedures prior to being finalized or executed. They also facilitate complete and accurate documentation of the contract or procurement record.⁸ During the review, the team found that 3 of the 11 contract files in its sampling did not contain BCMs. An incomplete or missing BCM does not ensure that awarding a sole source contract was the most appropriate procurement method for obtaining the goods or services required. It also does not assure OCP management that contracts are being reviewed properly. OCP has adequate controls in place to deter the unauthorized use of sole source contracts; however, to be effective, the rules must be strictly enforced. **Recommendation:** That the CPO ensure that BCMs for sole source contracts are completed properly, reviewed, and approved by procurement officials prior to contract award, and are filed expeditiously in appropriate contract files.

Some letter contract files lacked adequate documentation. (Page 22) A letter contract may be used when work needs to begin immediately and there is insufficient time to execute a definitive contract. The team reviewed a sampling of letter contract files and found that some files did not include detailed documentation to sufficiently explain the rationale for using a letter contract. **Recommendation:** That the CPO develop a quality assurance mechanism to ensure that all supporting documentation for letter contracts is prepared and properly filed.

Some retroactive contract files did not contain evaluations of vendor performance. (Page 23) When exercising the option period or a fraction thereof, OCP Directive 8003.01

⁷ BCMs provide a detailed description of a procurement's history and ensure that appropriate levels of authority have reviewed and approved the contract.

⁸ OCP Policy Directive 4000.02, Section 1.3-1.4, effective December 10, 2005.

EXECUTIVE SUMMARY

requires that the contracting officer's technical representative complete an evaluation of the contractor's performance and submit this document to the contracting officer. This requirement became effective on October 1, 2004. The purpose of an evaluation system is to maintain rating information on contractors to be used in the decision process to award new D.C. contracts or to exercise options on existing D.C. contracts. The evaluation includes an assessment of the quality of goods and services provided and whether the targeted completion deadline was met within the allotted budget. Approximately half of the contract files in the team's sample contained contracts where the contracting officer exercised the option period or a partial option period, but the files lacked a completed vendor evaluation form. **Recommendation:** That the CPO ensure that vendor evaluations are promptly completed at the end of a contractor's performance and that copies are retained in OCP's files.

OCP Management and Organization

OCP has not developed performance standards for all contract specialists. (Page 25) Chapter 14 of the District Personnel Manual (DPM) requires that government employees receive annual performance evaluations based on the employee's performance goals for a rating period. Performance goals are designed to outline employees' responsibilities for each fiscal year. They allow a supervisor to rate employees on their level of competency and achievement of the identified goals. OCP cited the establishment of performance standards for 80 percent of its contract specialists as one of the agency's FY 2005 performance goals. To date, there are performance standards for 65 percent of these positions. The CPO is still dedicated to creating performance standards for all contracting positions and identified this as a FY 2006 agency performance goal. **Recommendation:** That OCP complete its FY 2006 performance goal of establishing performance standards for 100 percent of its contracting personnel.

OCP lacks sufficient written guidelines to assist employees with contracting responsibilities. (Page 26) OCP has policies for some but not all processes and does not have a procurement manual. Policies provide specific guidance to employees and help to ensure that employees make consistent and well-informed decisions throughout the procurement process. In addition, a manual would consolidate all relevant information, including policies, and provide comprehensive guidance to employees to aid in contractual decision making. **Recommendation:** That the CPO develop and complete a comprehensive procurement manual, as required by the DCMR, and ensure that it is updated regularly.

OCP's policies and procedures for retrieval and storage of contract files are not enforced. (Page 27) The team requested contract files for review from OCP staff; however, several files could not be readily located. The staff stated that the delay was the result of contract files not being properly maintained and stored in designated file rooms. OCP's current policy for checking out contract files requires employees to place an index card in place of the file that was removed. The card identifies the contract file and the person who removed it. The policy was e-mailed to all employees and training was provided. Employees stated that files are often not accessible because index cards were not completed or specialists maintain files at their desks during contract administration. An inefficient filing system inhibits OCP's ability to locate files easily and monitor contracts, which could have legal consequences. OCP officials are aware of the difficulty of locating contract files and stated that they are improving the current

EXECUTIVE SUMMARY

method. **Recommendation:** That OCP approve and implement a directive that outlines specific procedures for storing, retrieving, and monitoring contract files.

OCP implemented a skills assessment and training program in FY 2006. (Page 28) In FY 1998, the District established OCP as the central agency for all contracting and procurement needs. Under the former decentralized system, District agencies had their own contracting and procurement staff and each operated under different procurement guidelines. In FY 2004, OCP physically moved many of these employees to OCP's central office. This provided OCP with an opportunity to assess employee skill levels. Employees possessed various levels of skills and knowledge, which created inconsistencies in procurement processing. In FY 2006, OCP began implementing a competency-based training program to address employee skill gaps. OCP explained it is the expectation that the same level of training will not be needed each year. However, a large number of OCP employees eligible for retirement are currently enrolled in the training program. Therefore, the team believes that it is important for OCP to ensure that future employees also receive comprehensive training. **Recommendation:** None.

INTRODUCTION

INTRODUCTION

Background and Perspective

The Inspections and Evaluations (I&E) Division of the Office of the Inspector General (OIG) began the first part of its inspection of the Office of Contracting and Procurement (OCP) in March 2005. OCP's mission is to provide contracting and procurement services and personal property management to District of Columbia (District) agencies so that they have quality goods and services needed to accomplish their missions in a timely and cost effective manner.⁹ In fiscal year (FY) 2005, OCP had 157 full-time employees (FTE), and its operating budget was approximately \$12 million.

The chief procurement officer (CPO) oversees OCP operations and its organizational structure consists of three divisions: Operations, Support, and Legal. The Operations Division is organized into two distinct "clusters," Infrastructure Support and Professional and Human Services. Each cluster contains commodity buying groups that procure goods and services for District agencies. Buying groups are led by senior commodity managers who direct a staff of assistant commodity managers and procurement and contracting professionals.

The Support Division provides OCP with purchasing technology, business operation support, and information technology support.¹⁰ OCP's Legal Division reviews OCP documents, drafts policies and procedures, and advises management on aspects of contracting, compliance with regulations, debarments, and ratifications.

Scope and Methodology

OIG inspections comply with standards established by the President's Council on Integrity and Efficiency, and pay particular attention to the quality of internal control.¹¹ This report was conducted in two parts. Part One focused on OCP's management and oversight of the ratification review process and the internal tracking of contracts in excess of \$1 million. Part One also evaluated a sampling of contracts from the Infrastructure Support Cluster, which contains the following commodity buying groups:

- Transportation and Specialty Equipment;
- Roads, Highways, and Structures;
- D.C. Supply Schedule; and
- Construction, Design, and Building Renovation.

This report documents Part Two of the inspection, which evaluated management and oversight within OCP and the contract award process. The team interviewed OCP employees and assessed a variety of contract categories that included sole source, million-plus dollar, letter,

⁹ See website at www.ocp.dc.gov.

¹⁰ See *supra* note 1.

¹¹ "Internal control" is synonymous with "management control" and is defined by the General Accountability Office as comprising "the plans, methods, and procedures used to meet missions, goals, and objectives and, in doing so, supports performance-based management. Internal control also serves as the first line of defense in safeguarding assets and preventing and detecting errors and fraud." Standards For Internal Control In The Federal Government, Introduction at 4 (Nov. 1999)

INTRODUCTION

retroactive, and contracts awarded under the Professional and Human Services Cluster. This cluster includes the following commodity groups:

- **Human Care Supplies and Services Commodity Group**
The Human Care Supplies and Services Commodity Group procures goods and services such as temporary assistance for needy families, substance abuse and educational services, health care plans, and residential treatment services.
- **IT Equipment and Related Services Commodity Group**
The Information Technology (IT) Commodity Group handles all IT-related purchases for District agencies. This includes obtaining computer hardware and software, computer upgrades, telecommunications equipment, wireless technology, and universal power supplies. The IT group ensures the implementation and functionality of these products by acquiring IT consulting services, LAN maintenance service, Web services, computer security, and programming services.
- **D.C. Government Preparedness Contracting Office**
The D.C. Government Preparedness Contracting Office processes emergency preparedness procurements primarily for first responder agencies such as the Metropolitan Police Department (MPD) and the Fire and Emergency Medical Services Department (FEMS).
- **Professional Services and Public Safety Commodity Group**
The Professional Services and Public Safety Commodity Group is responsible for purchasing services including temporary, consulting, training, auditing, janitorial, security, and facilities management. This group also purchases energy (i.e., fuel and electricity), uniforms, and employee benefits.

During this inspection, the team reviewed OCP's internal policies, procedures, and directives; District of Columbia Municipal Regulations (DCMR); procurement laws; best practices recommended by the Office of Federal Procurement Policy; U.S. Government Accountability Office (GAO) reports; and Federal Acquisition Regulations (FAR). OCP's internal policies and procedures, directives, and testimonies delivered by the CPO to the City Council were also reviewed. The team conducted interviews with OCP employees to identify potential management and personnel concerns, obtain information regarding awarded contracts, and gain an understanding of how policies and procedures are implemented within the agency.

The team conducted 49 interviews and reviewed 86 contract files. A list of the report's 13 findings and 11 recommendations is at Appendix 1.

Compliance and Follow-Up

The OIG inspection process includes follow-up with OCP on findings and recommendations. Compliance forms will be sent to OCP along with this report of inspection, and the I&E Division will coordinate with OCP on verifying compliance with recommendations

INTRODUCTION

over an established time period. In some instances, follow-up inspection activities and additional reports may be required.

**Findings and
Recommendations:**

KEY FINDINGS

KEY FINDINGS

Professional and Human Services Cluster

The inspection of the Professional and Human Services Cluster entailed reviewing a sampling of contract files from the following commodity groups:

- Human Care Supplies and Services;
- Information Technology;
- Government Preparedness; and
- Professional Services and Public Safety.

The team discovered the following contract file deficiencies.

1. **Contract files under the Professional and Human Services commodity groups do not adequately detail procurement activity.**

Title 27 DCMR § 1203.7(a) states: “Files shall be maintained at organizational levels that ensure . . . [e]ffective documentation of contract actions. . . .” Section 1203.2 further states:

The documentation in each contract file maintained by the contract office shall be sufficient to constitute a complete history of the transaction for the following purposes:

- (a) Providing a complete background as a basis for informed decisions at each step of the procurement process;**
- (b) Supporting actions taken;**
- (c) Providing information for reviews and investigations; and**
- (d) Furnishing essential facts in the event of litigation.**

While reviewing a sampling of contract files, the team observed the following:

- Some small purchase procurement files did not have documentation noting that the required number of quotes was obtained prior to awarding the contract.¹²
- A review of a sole source contract revealed that when the option period for the contract was extended, OCP issued three partial option periods¹³ that increased the contract value to approximately \$999,900. The team reviewed the mathematical calculations on each modification and noticed that the calculations were inaccurate. After recalculating the

¹² Title 27, Chapter 18 of the DCMR specifies requirements for small purchases. For example, 27 DCMR § 1802.1(b) requires the contracting officer to obtain at least three written quotations from vendors if the goods and services are more than \$25,000 and less than or equal to \$100,000. Title 27 DCMR § 1802.4 allows for some exceptions, including if it is impractical because of time constraints or a lack of available vendors. However, the contracting officer must document efforts to obtain the required number of quotations.

¹³ “A contracting officer may include options in a contract for services if there is an anticipated need for similar services beyond the first contract period.” 27 DCMR § 2005.4. A partial option period is the exercise of a fraction of an option period, rather than the full period.

KEY FINDINGS

proposed value of the modifications, the team determined that when done correctly, the contract exceeded \$1 million and would have required the City Council's review and approval.

- Files were missing determination and findings (D&F)¹⁴ that show price reasonableness and contractor responsibility.
- Vendor evaluations were missing from files for contracts with executed option periods.¹⁵
- Some files lacked documentation regarding a check of the D.C. Excluded Parties List.¹⁶

Maintaining thorough documentation in contract files is critical. Such documentation explains and supports decisions made throughout the procurement process. Additionally, documentation provides an added level of assurance that the District received the best value for goods and services. A supervisory review of contract files ensures that the files contain the required documentation and contracts are awarded properly.

Recommendation:

That the CPO develop a quality assurance mechanism to ensure that files are reviewed for completeness.

Agree _____ _____ Disagree _____

OCP's Response to IG's Recommendation, as received:

The Office of Contracting and Procurement is updating its Contract File Preparation Guidelines Policy (No. 1101.00) to require that the Contract Officer shall sign an Index Sheet as mandated by the policy, provide the final validation of the contents of the contract file five (5) days after contract award, as well as prior to the contract file going forward for any reviews, requests for approval (e.g. OAG review, Council approval, PRC) or litigation. The custodian of OCP's filing system, the Procurement Administration, will review files for compliance and sign for acceptance of the files, if the files are not in compliance they will be returned to the Contracting Officer. The agency's file custodian will conduct frequent contract file preparation training.

¹⁴Title 27 DCMR § 1299.1 defines a "determination and findings" as "a special form of written approval by an authorized official that is required by statute or regulation as a prerequisite to taking certain contracting actions. The "determination" is a conclusion or decision supported by the findings. The findings are statements of fact or the rationale essential to support the determination and cover each applicable requirement of the statute or regulation."

¹⁵ OCP Directive 8003.01 requires that OCP complete an evaluation and assessment of contractor performance at the completion of a contract.

¹⁶ OCP's website states: Pursuant to the DC Code §2-308.04, the District of Columbia may debar or suspend contractors from consideration for award of contracts or subcontracts....While they are debarred or suspended, the District will not solicit offers from, award contracts to, renew, or otherwise extend contracts with, or consent to subcontracts with entities or individuals that appear on the Excluded Parties List. Available at [http://www.ocp.dc.gov/ocp/cwp/view,a,1296,q,576509,ocpNav,\[32644\].asp](http://www.ocp.dc.gov/ocp/cwp/view,a,1296,q,576509,ocpNav,[32644].asp).

KEY FINDINGS

Million-Plus Dollar Contracts

Contracts that exceed \$1 million require a more extensive review and approval process. When the CPO approves the award package for a contract in excess of \$1 million, the following steps are required:

1. The package is sent to the OAG for a legal sufficiency review.
 2. Upon OAG approval, OCP enters contract information into the Mayor's Intranet Quorum database, which is used to track the status of the package during the approval process.
 3. The City Administrator and appropriate Deputy Mayor sign off on the package.
 4. The Mayor's Chief of Staff and General Counsel review the contract and forward it to the Mayor for signature.
 5. The Mayor approves the package and sends it to the Office of Legislative Support (OLS).
 6. OLS transmits the approved package to the City Council.
 7. The City Council approves or disapproves the contract.
 8. The City Council's Office of the Secretary notifies OCP of the contract's approval or disapproval.
2. **Some million-plus dollar contract files lacked documentation of OAG and City Council approval.**

D.C. Code § 1-204.51(b)(1) (2001) states:

[n]o contract involving expenditures in excess of \$1,000,000 during a 12-month period may be made unless the Mayor submits the contract to the Council for its approval and the Council approves the contract (in accordance with criteria established by act of the Council).

During FY 2005, OCP awarded 83 contracts that exceeded \$1 million. The team reviewed a sample of these contract files to determine if each contained evidence of OAG and City Council approval, and found that some files did not include this required documentation. The OAG and Council approvals are additional checks to ensure that contracts are awarded properly and are in the best interest of the District. Without proper documentation in the files, the team could not verify that the necessary approvals were obtained.

KEY FINDINGS

Recommendation:

That the CPO develop a quality assurance process to certify that all OAG and City Council approvals have been acquired, and that those approvals are properly documented and filed in the appropriate contract files for subsequent review and analysis.

Agree _____ _____ Disagree _____

OCP's Response to IG's Recommendation, as received:

Revision of the Contract File Preparation policy will ensure that all OAG legal sufficiency documents and the Council of the District of Columbia approvals are included in the contract file. (Additionally, see OCP response to recommendation 1 above.)

3. OCP employees cite staffing inadequacies.

Best practices recommend that agencies assess current staffing levels and determine if there is an appropriate number of employees, particularly managerial positions.¹⁷ In addition, employees should not have to work excessive overtime to complete assigned tasks.¹⁸ The inability to retain key personnel can impact the organization's effectiveness and should be considered as part of the organization's overall risk assessment.¹⁹ The team observed staffing inadequacies in two key areas.

a. The D.C. Government Preparedness Contracting Office.

The Deputy Mayor for Public Safety and Justice created the D.C. Office of Homeland Security²⁰ to administer homeland security grants awarded to the District. The D.C. Government Preparedness Contracting Office at OCP was created in 2002 to assist the D.C. Office of Homeland Security with coordinating and expediting emergency preparedness contracts for District agencies. Processing these purchases requires many responsibilities, which include but are not limited to:

- ensuring the agency has provided clear specifications for the service needed;
- identifying potential contractors that can provide the service;
- sending requests for quotes to contractors;
- analyzing the quotes received;
- awarding the contract; and
- resolving issues regarding the quality and timeliness of services.

¹⁷ U.S. GOVERNMENT ACCOUNTABILITY OFFICE, *Internal Control Management and Evaluation Tool*, GAO-01-1008G, (Aug. 2001) at 15-16.

¹⁸ *Id.*

¹⁹ *Id.* at 27.

²⁰ At the time of the inspection, The D.C. Office of Homeland Security was located within the Office of the Deputy Mayor for Public Safety and Justice. This deputy Mayor position was eliminated in early 2007.

KEY FINDINGS

The Government Preparedness Contracting Office has employed as many as six employees, but in the course of this inspection, the team learned that only one employee remained. However, the volume of work has remained largely unchanged, which contributes to processing delays and an unequal distribution of work. One employee explained that these positions are hard to fill because they are short-term positions partially funded with federal funds, and the funding may fluctuate each year. However, it is important to maintain a sufficient number of employees to help ensure consistent oversight and management of daily operations.

The team made repeated requests to OCP to determine how the agency is handling these vacancies; however, OCP did not respond.

b. OCP's Purchase Card and Travel Card Programs.

OCP's Purchase and Travel Card Programs are federally-sponsored programs that allow federal and other eligible entities, such as the District, to use charge cards to purchase goods, services, travel, and fleet-related items in amounts of \$2,500 or less. In FY 2005, 41 agencies participated in the purchase card program and 37 took part in the travel card program. This accounted for 426 cardholders whose expenditures totaled approximately \$8 million.

During this inspection, the team found that the Purchase and Travel Card Programs experienced a continuous loss in staff from FYs 2001 through 2005. When these programs began in FY 2001, five FTEs were hired to administer them. As of March 2005, however, only three employees remained. The staff included a commodity manager who had oversight of the Purchase and Travel Card Programs, a procurement analyst who managed the Purchase Card Program, and a staff assistant who provided assistance with the Travel Card Program. The program manager position for the Travel Card Program had been vacant for 4 months, and the computer programmer analyst position was eliminated.

The number of transactions that occur in these programs result in high expenditures and require strict oversight. The current staffing level of three FTEs may not be sufficient to ensure that the programs are administered well. In addition, OCP has not cross-trained additional employees to administer these programs. Employing a small staff without cross-training additional employees reduces the level of program oversight, especially when one or more employees are out of the office simultaneously. Also, historical knowledge is lost if an employee resigns or retires.

Recommendations:

- a. That the CPO ensure that a sufficient number of employees are employed to meet the requirements of the D.C. Government Preparedness Contracting Office.

Agree X Disagree _____

KEY FINDINGS

OCP's Response to IG's Recommendation, as received:

The Office of Contracting and Procurement is in the process of establishing a Memorandum of Understanding for the DC Government Preparedness Contracting Office. Once the agreement has been signed additional contractual employees will be hired.

- b. That the CPO ensure that additional employees are cross-trained on the requirements of the Purchase Card and Travel Card Programs.

Agree X Disagree _____

OCP's Response to IG's Recommendation, as received:

The Office of Contracting and Procurement will comply with this recommendation.

4. Employee retirements may adversely affect OCP operations.

Best practices emphasize the importance of assessing the adverse impact on operations if large numbers of employees are expected to leave or retire around the same time.²¹ Recent reports in some state governments, as well as the federal government, have found that the workplace will continue to include an older and more diverse workforce along with an increased number of retirements.²² The potential result is a substantial loss of workplace knowledge and skills.²³ Systematic planning can better prepare agencies to transfer knowledge and ensure the presence of critical skills.²⁴

Information provided by the DCOP revealed that of the 157 OCP employees, 57 employees (36 percent) are currently eligible for either early²⁵ or regular retirement. Forty-four of these 57 employees have direct contracting responsibilities. The table on the following page provides a more detailed analysis of the data provided by DCOP.

²¹ GOVERNMENT ACCOUNTABILITY OFFICE, *Internal Control Management and Evaluation Tool*, GAO-01-1008G (Aug. 2001) at 18-19.

²² See STATE OF WISCONSIN, *Workforce Planning Guide: Recruiting and Retaining a Skilled Workforce* (2005) at 3-4, available at <http://workforceplanning.wi.gov/docview.asp?docid=5375>; see also THE DEPARTMENT OF DEFENSE, *The Acquisition 2005 Task Force Final Report, Shaping the Civilian Acquisition Workforce of The Future* (Oct. 2000) at 1, available at <http://www.acq.osd.mil/dpap/Docs/report1000.pdf>.

²³ STATE OF WISCONSIN, *Workforce Planning Guide: Recruiting and Retaining a Skilled Workforce* at 4.

²⁴ *Id.*

²⁵ The U.S. Office of Personnel Management authorized voluntary retirement (early retirement) for all eligible employees covered by the Civil Services Retirement System (CSRS) and employed by the District government. To be eligible, an employee must either be 50 years of age and have 20 years of creditable service or any age and 25 years of creditable service.

KEY FINDINGS

Table 1: OCP Employees Eligible for Early or Regular Retirement as of March 2006

Primary Duties	Early Retirement		Regular Retirement	
	Number of Employees	Percent	Number of Employees	Percent
Non Contracting ²⁶	8	21%	5	26%
Direct Contracting	30	79%	14	74%
Total	38	100%	19	100%

Source: Table created by OIG using information provided by the D.C. Office of Personnel.

OCP has not taken steps to mitigate the impact of a large number of possible retirements, which could result in a significant loss of valuable knowledge and skills and adversely impact OCP's day-to-day operations.

Recommendation:

That the CPO and DCOP develop strategies to minimize the impact of retirements and other departures on agency operations.

Agree X Disagree _____

OCP's Response to IG's Recommendation, as received:

The Office of Contracting and Procurement is looking into giving agencies contracting authority to help minimize the impact of impending retirements. In addition, the OCP's HR unit is currently reviewing the issue to determine what can be done to minimize the impact of impending retirements in a formal manner.

²⁶ This row represents staff that do not have direct responsibility for processing and awarding contracts, such as human resources, information technology, and training employees.

**Findings and
Recommendations:**

**Review of File Documentation for
Awarded Contracts**

Review of File Documentation for Awarded Contracts

During this inspection, the team selected a sampling of contract files for review. The purpose of the review was to:

- determine whether each file contained sufficient documentation of the analysis conducted during pre- and post-award activity; and
- verify whether contracts were awarded in accordance with District laws and OCP's policies and procedures.

The team assessed contracts executed under the Professional and Human Services cluster, as well as sole source, million dollar, letter, and retroactive contracts. When assessing the contents of the files, the team found certain documentation missing.

Sole Source Contracts

District laws and contracting best practices allow vendors to compete for the procurement of goods and services required by District agencies. This practice fosters competition and allows the District to purchase items at the most reasonable prices. When a contracting officer awards a contract to a specific vendor without competition, the contract is classified as sole source.

Title 27 DCMR § 1701.1 mandates that contracting officers take reasonable steps to avoid using sole source procurements. More specifically, 27 DCMR § 1701.2 provides that the award of a sole source contract cannot be justified solely on the basis of any of the following circumstances:

- (a) **The lack of adequate advance planning for the procurement of the required commodities, services, or other items;**
- (b) **Delays in the procurement caused by administrative delays, lack of sufficient procurement personnel, or improper handling of procurement requests or competitive procedures; or**
- (c) **Pending expiration of budget authority.**

The team reviewed a sampling of sole source contract files, which provided the following justifications for using this procurement method:

- OCP was not able to finalize the long-term contract award for goods and services prior to expiration of the existing contract. If the services were not continued, the health or safety of District residents would have been compromised.
- The vendor offered the District prices that were lower than the prices that were extended to federal agencies for similar services;
- Some contracts were mandated by the City Council or by court order; and
- The selected vendors were the only ones available to meet the needs of the District agency.

Review of File Documentation for Awarded Contracts

Overall, the team found that the sole source justifications provided were in accordance with District laws, but some files did not contain documentation of review and approval by the appropriate procurement official.

5. **Some sole source contract files did not contain business clearance memoranda.**

On December 10, 2005, OCP implemented Directive 4000.02, entitled “Business Clearance Review and Approval Procedures,” which established guidelines for awarding contracts.²⁷ It also established a series of forms known as Business Clearance Memoranda (BCM) that were designed to facilitate the implementation of this directive. Included in the policy directive’s stated purpose are the following objectives:

[to] ensure that the contract actions comply with the requirements imposed under District laws and regulations, Mayor’s Orders, and other administrative procedures prior to being finalized or executed; and [f]acilitate the complete and accurate documentation of the contract or procurement record.²⁸

This Directive requires that BCMs are completed prior to and after sole source contracts have been negotiated. BCMs provide a detailed description of the procurement’s history, explain why the contract is considered sole source, ensure that appropriate levels of authority have reviewed and approved the contract, and provide assurance that the sole source contract was the most appropriate procurement method for obtaining the goods or services required. BCMs are approved by varying levels of authority within OCP, and the value of the contract influences the level of approval authority required.

During the review, the team found that 3 of the 11 contract files reviewed did not contain BCMs. One file contained a BCM that had not been signed by the appropriate procurement official. OCP has adequate controls in place to deter the unauthorized use of sole source contracts; however, to be effective, the rules must be strictly enforced.

Recommendation:

That the CPO ensure that BCMs for sole source contracts are completed properly, reviewed, and approved by procurement officials prior to the contract award, and filed expeditiously in appropriate contract files.

Agree _____ X _____ Disagree _____

²⁷ On March 1, 2004, OCP issued Policy Directive 4000.01, which required the use of BCMs when executing sole source contracts. An updated version of this Policy Directive (4000.02) (eff. Dec. 10, 2005) superseded 4000.01, but also requires the use of BCMs for sole source procurements.

²⁸ OCP Directive 4000.02, Sections 1.3 and 1.4.

Review of File Documentation for Awarded Contracts

OCP's Response to IG's Recommendation, as received:

The CPO will continue BCM preparation training and issue a mandate to the Contracting Officers that all contract files must be in compliance with the revised Contract File Preparation Guideline Policy (No. 1101.00). File maintenance will be a performance standard for all personnel.

Letter Contracts

6. **Some letter contract files lacked adequate documentation.**

Title 27 DCMR § 2425.5 states:

The contracting officer may use a letter contract when the District's interests demand that the contractor be given a binding commitment so that work can start immediately and executing a definitive contract is not possible in sufficient time to meet the requirement.

In most of the files the team reviewed, an existing contract was nearing expiration and a new contract was needed to continue services. In addition, there were delays in completing the negotiation process and obtaining the necessary approvals to award the new contract. The letter contract allowed additional time to complete the process while still providing continuity of services. The letter contract is temporary, but must be merged into a longer term contract, which is called a definitive contract.

Further, 27 DCMR § 2425.1 states:

A letter contract may be used only after the contracting officer determines, in writing, that no other type of contract is suitable.

The team reviewed a sampling of letter contract files and found that some files did not include supporting documentation explaining the rationale for using letter contracts. For example, most of the files did not contain a determinations and finding (D&F) statement. The D&F is important because it includes relevant facts and describes the rationale to support using a letter contract.

Recommendation:

That the CPO develop a quality assurance mechanism to ensure that all supporting documentation for letter contracts is produced and properly filed.

Agree Disagree

Review of File Documentation for Awarded Contracts

OCP's Response to IG's Recommendation, as received:

See OCP's response to recommendation 1 and 5 above.

Retroactive Contracts

D.C. Code § 2-301.05a (d) (2001) states:

After July 28, 1995, no proposed multiyear contract or lease and no proposed contract or lease worth over \$1,000,000 for a 12-month period may be awarded until after the Council has reviewed and approved the proposed contract or lease as provided in this section.

Retroactive review and approval of contract awards is required when OCP fails to submit contracts in excess of \$1 million to the City Council for review and approval. In FY 2005, the CPO presented the City Council with a million-plus dollar contract that had commenced prior to submission. The City Council then asked OCP to audit its awarded contracts to determine if there were other million-plus dollar contracts that had not been submitted to the City Council as required. The CPO returned to the City Council with a list of 26 contracts that had commenced and required retroactive review and approval. The CPO explained to the City Council that many of these contracts were not submitted because there were changes to longstanding practices regarding the use and submission of letter contracts and partial option periods.

The team requested that OCP provide a list of contracts that received retroactive approval in FY 2005. Of the 35 contracts OCP identified, the team reviewed 7 to determine whether contracting employees adhered to District laws when administering the contracts prior to City Council review and approval.

7. Some retroactive contract files did not contain evaluations of vendor performance.

According to OCP Directive 8003.01, one of the purposes of OCP's database of contract performance evaluations is to provide historical information to be used in deciding whether to exercise options on existing contracts. When a contract is within 90 days of expiration, OCP Directive 8003.01 requires that the contracting officer's technical representative (COTR) complete an evaluation of the contractor's performance and submit this document to the contracting officer.²⁹ The evaluation includes an assessment of the quality of goods and services provided, and whether the targeted completion deadline was met within the allotted budget. In four of the seven contract files reviewed, the contracting officer exercised the option period or a partial option period prior to the completion of a vendor evaluation form.

²⁹ This requirement became effective on October 1, 2004.

Review of File Documentation for Awarded Contracts

Recommendation:

That the CPO ensure that vendor evaluations are promptly completed at the end of a contractor's performance and that copies are retained in OCP's files.

Agree X Disagree

OCP's Response to IG's Recommendation, as received:

Contract evaluations are stored electronically, and a hard copy is stored in the contract file. See OCP's response to recommendations 1 and 5 above.

**Findings and
Recommendations:**

**MANAGEMENT AND
ORGANIZATION**

MANAGEMENT AND ORGANIZATION

8. **OCP has not developed performance standards for all contract specialist positions.**

The District Personnel Manual (DPM) requires that government employees³⁰ receive annual performance evaluations. In addition, Chapter 14, Section 1406.1 states:

Except as otherwise provided in this chapter, each supervisor shall complete a Performance Plan outlining what is expected for each covered employee. . . .

Further, Section 1408.1 states:

Each Individual Performance Plan shall establish the performance requirements for the position during the rating period, and shall set forth the goals the employee is expected to accomplish during the rating period.

Performance goals are designed to outline employees' responsibilities for each fiscal year. OCP established performance goals for its Management Supervisory Service (MSS) employees³¹, but has not completed goals for non-MSS personnel. The CPO identified this situation as a concern and cited the establishment of performance standards for 80 percent of OCP's contract specialist positions as one of the agency's FY 2005 performance goals.³² OCP did not meet this goal in the established timeframe, however, and was only able to develop performance standards for contract specialists at grades 12 and 13, which accounted for 65 percent of its contracting personnel. During testimony before the City Council, the CPO explained that the agency did not meet the goal because when it was initially established, and that OCP did not anticipate the enormous undertaking of converting nearly 70 percent of its contract specialists to union status.³³

Without written performance standards, managers and employees cannot adequately assess whether duties are performed satisfactorily. The CPO stated that he is still dedicated to developing performance standards for all contracting positions and identified this as a FY 2006 agency performance goal.

Recommendation:

That OCP complete its FY 2006 performance goal of establishing performance standards for 100 percent of its contracting personnel.

Agree _____ X _____ Disagree _____

³⁰ Covered government employees include those in the Excepted, Management Supervisory, and Legal Services as well as Career Service supervisors and non-union employees. See DPM §§ 1400.1(a)-(e).

³¹ MSS employees are responsible for project management and supervision of staff.

³² "FY 2005 and FY 2006 Performance Oversight Hearing on the Office of Contracting and Procurement," Testimony of Herbert R. Tillery, Deputy Mayor for Operations and Interim Chief Procurement Officer, February 28, 2005.

³³ *Id.*

MANAGEMENT AND ORGANIZATION

OCP's Response to IG's Recommendation, as received:

This recommendation has been accomplished.

9. OCP lacks sufficient written guidelines to assist employees with contracting responsibilities.

a. OCP does not have policies and procedures for some contracting processes.

The OCP Intranet website includes policies, forms, and templates for employees to use when awarding contracts, but these aids do not address all procurement processes. For example, there is no procedure for completing a D&F statement for contractor responsibility.³⁴

Title 27 DCMR § 2204.5 states that:

The contracting officer shall use the following sources of information, as appropriate, to support determinations of responsibility or nonresponsibility:

- (a) A consolidated list (maintained pursuant to § 2211.1) of debarred, suspended, and ineligible contractors maintained by the Director;**
- (b) Records and experience data, including verifiable knowledge of District personnel;**
- (c) Information supplied by the prospective contractor, including bid or proposal information, questionnaire replies, financial data, information on production equipment, and personnel information;**
- (d) Preaward survey reports; and**
- (e) Other sources, such as publications, suppliers, subcontractors, and customers of the prospective contractor, financial institutions, government agencies, and business and trade associations.**

Title 27 DCMR § 2204.5(e) states that the contracting officer can use other sources; however, additional guidance may be necessary. Documentation in reviewed files was inconsistent, which may impact the contracting officer's assessment. For example, the team found documentation in some files that the contracting officer checked the U.S. General Services Administration (GSA) Federal Excluded Parties List System (EPLS). This system identifies parties/companies suspended or debarred from receiving federal contracts. The team also found documentation in some files that the contracting officer used Dun and Bradstreet (D&B) reports. D&B offers a variety of fee-based reports that include information about businesses, such as financial strength, history, ownership, and operational information. Additional guidance could

³⁴ Title 27 DCMR § 2200.4 sets forth the requirements to determine prospective contractor responsibility. One requirement is that the contractor have a satisfactory record of integrity and business ethics.

MANAGEMENT AND ORGANIZATION

assist contracting officers by requiring a more methodological and consistent approach to assessing a contractor's responsibility.

For processes such as issuing an Invitation for Bid (IFB),³⁵ Chapter 15 of Title 27 DCMR provides basic guidelines. OCP also developed a form to create an IFB document; however, there is no written policy that provides detailed guidance for each step of the process. Policies and procedures also do not exist for other areas, such as processing memoranda of understanding and cooperative agreements, as well as closing out contract files. Many OCP employees expressed a need for policies and procedures to assist them with their job responsibilities. Policies provide specific guidance to employees and ensure that employees make consistent and well-informed decisions throughout the procurement process.

b. OCP does not have a procurement manual as required by the DCMR.

Title 27 DCMR § 1001.1 requires the CPO to maintain the District of Columbia Procurement Manual, which includes the procedures and guidelines for implementing the District of Columbia Procurement Regulations (DCPR). Further, 27 DCMR § 1001.2 states that the Procurement Manual shall include, but shall not be limited to:

- (a) Procedures for implementing the DCPR;**
- (b) Standard contract clauses required by or to be used in implementing the provisions of the DCPR;**
- (c) Examples of solicitation forms and notices; and**
- (d) Explanations of procurement regulations and procedures, with illustrative examples when applicable.**

OCP maintains some policies, forms, and templates on the OCP Intranet and employees can review the D.C. Code and the DCMR. OCP, however, does not have a procurement manual. A manual would consolidate all relevant information, provide comprehensive guidance to employees during contractual decision making, and reduce the need to use multiple sources.

Recommendation:

That the CPO develop and complete a comprehensive procurement manual, as required by the DCMR, and ensure that it is updated regularly.

Agree X Disagree _____

OCP's Response to IG's Recommendation, as received:

The Office of Contracting and Procurement attempted to prepare a comprehensive procurement manual in FY2006 using existing resources and personnel. The agency will use, as

³⁵ "An invitation for bids shall be used to solicit goods, services, and construction under competitive sealed bidding procedures." Title 27 DCMR § 1500.2.

MANAGEMENT AND ORGANIZATION

a baseline, the early draft that represents a sound procurement design document to complete a comprehensive procurement manual. It is estimated that a finalized manual will take one year.

10. OCP's policies and procedures for storage and retrieval of contract files are not enforced.

Best practices recommend that agencies prescribe procedures for handling, storing, and disposing of contract files.³⁶ Further, DCMR § 27-1203.1 states: "The head of each office performing contracting or contract administration functions shall establish files containing the records of all contractual actions pertinent to that office's responsibility."

When requesting contract files to review as part of this inspection, the team observed that some files could not be readily located. This delay was usually the result of contract files not being properly stored and maintained in the commodity group's designated file room. During employee interviews, the team found that OCP's current policy for checking out contract files requires that employees place an index card in place of the file that is removed. This card identifies the file that is removed and who removed it. According to OCP employees, this policy was e-mailed to all employees and training was provided on this policy.

Employees stated that contract files sometimes cannot be found in the file room because index cards are not completed or contracting personnel maintain files at their desks while the contract is being administered. OCP management is aware of the difficulty in locating contract files and a directive will be issued to improve the current policy.

The lack of an efficient filing system inhibits OCP's ability to locate files easily and monitor contracts effectively, which could have negative legal consequences. For example, if a vendor protests OCP's decision to award a contract to another vendor and the contract file containing pertinent information cannot be located, OCP may not be able to successfully dispute the vendor's claim.

Recommendation:

That OCP approve and implement a directive that outlines specific procedures for storing, retrieving, and monitoring contract files.

Agree _____ X _____ Disagree _____

OCP's Response to IG's Recommendation, as received:

See OCP's response to recommendation 1 above.

It must be noted that additional resources will be required to fully realize the accomplishment of some of the stated goals.

³⁶ See Federal Acquisition Regulation (FAR) Section 4.805.

11. OCP implemented a skills assessment and training program in FY 2006.

In 1996, a consultant conducted an audit of the Department of Administrative Services, later renamed the Office of Contracting and Procurement. The consultant observed deficiencies in inter-departmental communication, internal and external policies and procedures, and oversight of District agencies with procurement authority. At that time, procurement was decentralized and District agencies had their own contracting and procurement staff operating under different procurement guidelines. In FY 1998, the District centralized all contracting and procurement activities under OCP. In FY 2004, OCP moved many of the procurement employees still working in various District agencies to OCP's central office. OCP then determined that these employees possessed various skill levels and knowledge, which led to inconsistencies in procurement processing.

Title 27 DCMR § 4500.6 states, "District training programs and training requirements shall be designed to ensure that persons who have authority to contractually bind the District have the necessary experience, training, and technical knowledge to make sound decisions." One of OCP's FY 2006 performance measures was to implement a competency-based training and education workplace learning system, which the agency began implementing during that fiscal year. The purpose of the training was to provide employees with instruction in core areas and provide a consistent body of knowledge. Employees with procurement responsibilities were required to complete courses in seven core areas from December 2005 - September 2006. OCP explained that the same level of training will not be needed each year because the majority of its procurement employees will have completed training in the required areas. However, a large number of OCP employees currently enrolled in the training program are eligible for retirement and many of these employees may leave the agency in the near future. Therefore, the team believes that it is important for OCP to ensure that future employees also receive comprehensive training.

Recommendation

None.

APPENDIX

APPENDIX

List of Findings and Recommendations

Key Findings:

1. **Contract files under the Professional and Human Services commodity groups do not adequately detail procurement activity.**

That the CPO develop a quality assurance mechanism to ensure that files are reviewed for completeness.

2. **Million-plus dollar contract files lacked documentation of Office of the Attorney General (OAG) and City Council approval.**

That the CPO develop a quality assurance process to certify that all OAG and City Council approvals have been acquired, and that those approvals are properly documented and filed in the appropriate contract files for subsequent review and analysis.

3. **OCP employees cite staffing inadequacies.**

- a. *The D.C. Government Preparedness Contracting Office.*

That the CPO ensure that a sufficient number of employees are trained and employed to meet the requirements of the D.C. Government Preparedness Contracting Office.

- b. *OCP's Purchase Card and Travel Card Programs.*

That the CPO ensure that additional employees are cross-trained on the requirements of the Purchase Card and Travel Card Programs.

Review of File Documentation for Awarded Contracts:

4. **Employee retirements may adversely affect OCP operations.**

That the CPO and DCOP develop strategies to minimize the impact of retirements and other departures on agency operations.

5. **Some sole source contract files did not contain business clearance memoranda.**

That the CPO ensure that BCMs for sole source contracts are completed properly, reviewed, and approved by procurement officials prior to the contract award, and filed expeditiously in appropriate contract files.

6. **Some letter contract files do not adequately document procurement activity.**

That the CPO develop a quality assurance mechanism to ensure that all supporting documentation for letter contracts is produced and properly filed.

APPENDIX

7. **Some retroactive contract files did not contain evaluations of vendor performance.**

That the CPO ensure that vendor evaluations are promptly completed at the end of a contractor's performance and that copies are retained in OCP's files.

Management and Organization:

8. **OCP has not developed performance standards for all contract specialist positions.**

That OCP complete its FY 2006 performance goal of establishing performance standards for 100 percent of its procurement personnel.

9. **OCP lacks sufficient written guidelines to assist employees with contracting responsibilities.**

a. OCP does not have policies and procedures for some contracting processes.

b. OCP does not have a procurement manual as required by the DCMR.

That the CPO develop and complete a comprehensive procurement manual, as required by the DCMR, and ensure that it is updated regularly.

10. **OCP's policies and procedures for storage and retrieval of contract files are not enforced.**

That OCP approve and implement a directive that outlines specific procedures for storing, retrieving, and monitoring contract files.

11. **OCP implemented a skills assessment and training program in FY 2006.**

None.