

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

**AUDIT OF SELECTED
CONTRACTING ACTIONS
AT THE OFFICE OF THE
CHIEF TECHNOLOGY OFFICER**



**CHARLES J. WILLOUGHBY
INSPECTOR GENERAL**

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Inspector General

Inspector General



May 7, 2009

Chris Willey
Interim Chief Technology Officer
Office of the Chief Technology Officer
One Judiciary Square
441 4th Street, N.W., Suite 800-S
Washington, D.C. 20001

David P. Gragan
Chief Procurement Officer
Office of Contracting and Procurement
One Judiciary Square
441 4th Street, N.W., Suite 700-S
Washington, D.C. 20001

Dear Mr. Willey and Mr. Gragan:

Enclosed is our final report summarizing the results of the Office of the Inspector General's (OIG) Audit of Selected Contracting Actions at the Office of the Chief Technology Officer (OIG No. 08-2-06TO). This audit was initiated at the request of the Chief Procurement Officer, Office of Contracting and Procurement (OCP) and the former Chief Technology Officer, Office of the Chief Technology Officer (OCTO).

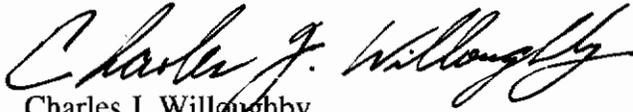
As a result of our audit, we directed 4 recommendations to the OCP, and one joint recommendation to the OCTO and OCP for necessary corrective actions to correct reported deficiencies. We received a response to the draft audit report from OCP on March 12, 2009. OCP concurred with all of the recommendations. We consider OCP's planned and/or taken actions to be responsive to our recommendations. The full text of OCP's response to the draft report is included at Exhibit C.

We also received OCTO's response to the draft audit report on April 3, 2009. OCTO agreed with the recommendation. We consider OCTO's planned and/or taken actions to be responsive to our recommendation. The full text of OCTO's response to the draft report is included at Exhibit B. The OIG provided detailed comments (Exhibit D) to OCTO's response to the draft report.

Mr. Willey and Mr. Gragan
May 7, 2009
Page 2 of 4

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

Sincerely,

A handwritten signature in black ink, reading "Charles J. Willoughby". The signature is written in a cursive style with a large, prominent initial "C".

Charles J. Willoughby
Inspector General

CJW/hw

Enclosure

cc: See Distribution List

DISTRIBUTION:

The Honorable Adrian M. Fenty, Mayor, District of Columbia (1 copy)
Mr. Daniel M. Tangherlini, City Administrator and Deputy Mayor, District of Columbia (1 copy)
Mr. Neil O. Albert, Deputy Mayor for Planning and Economic Development (1 copy)
The Honorable Vincent C. Gray, Chairman, Council of the District of Columbia (1 copy)
The Honorable Mary M. Cheh, Chairperson, Committee on Government Operations and the Environment, Council of the District of Columbia (1 copy)
Mr. Andrew T. Richardson, III, General Counsel to the Mayor (1 copy)
Ms. Carrie Kohns, Chief of Staff, Office of the Mayor (1 copy)
Ms. Bridget Davis, Director, Office of Policy and Legislative Affairs (1 copy)
Ms. Mafara Hobson, Director, Office of Communications (1 copy)
Mr. William Singer, Chief of Budget Execution, Office of the City Administrator (1 copy)
Ms. Cynthia Brock-Smith, Secretary to the Council (13 copies)
Mr. Peter Nickles, Attorney General for the District of Columbia (1 copy)
Dr. Natwar M. Gandhi, Chief Financial Officer (4 copies)
Mr. Robert Andary, Executive Director, Office of Integrity and Oversight, Office of the Chief Financial Officer (1 copy)
Ms. Deborah K. Nichols, D.C. Auditor (1 copy)
Ms. Kelly Valentine, Director and Chief Risk Officer, Office of Risk Management (1 copy)
Ms. Jeanette M. Franzel, Managing Director, FMA, GAO, Attention: Sandra Silzer (1 copy)
The Honorable Eleanor Holmes Norton, D.C. Delegate, House of Representatives, Attention: Bradley Truding (1 copy)
The Honorable Edolphus Towns, Chairman, House Committee on Oversight and Government Reform, Attention: Ron Stroman (1 copy)
The Honorable Darrell Issa, Ranking Member, House Committee on Oversight and Government Reform (1 copy)
The Honorable Stephen F. Lynch, Chairman, House Subcommittee on the Federal Workforce, Postal Service, and the District of Columbia, Attention: William Miles (1 copy)
The Honorable Jason Chaffetz, Ranking Member, House Subcommittee on the Federal Workforce, Postal Service, and the District of Columbia (1 copy)
The Honorable Joseph Lieberman, Chairman, Senate Committee on Homeland Security and Governmental Affairs, Attention: Holly Idelson (1 copy)
The Honorable Susan Collins, Ranking Member, Senate Committee on Homeland Security and Governmental Affairs (1 copy)
The Honorable Daniel K. Akaka, Chairman, Senate Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia (1 copy)
The Honorable George Voinovich, Acting Ranking Member, Senate Subcommittee on Oversight of Government Management, the Federal Workforce, and the District of Columbia (1 copy)
The Honorable David Obey, Chairman, House Committee on Appropriations, Attention: Beverly Pheto (1 copy)
The Honorable Jerry Lewis, Ranking Member, House Committee on Appropriations (1 copy)

Mr. Willey and Mr. Gragan
May 7, 2009
Page 4 of 4

The Honorable José E. Serrano, Chairman, House Subcommittee on Financial Services and
General Government, Attention: Dale Oak (1 copy)

The Honorable Jo Ann Emerson, Ranking Member, House Subcommittee on Financial
Services and General Government (1 copy)

The Honorable Daniel K. Inouye, Chairman, Senate Committee on Appropriations,
Attention: Charles Houy (1 copy)

The Honorable Thad Cochran, Ranking Member, Senate Committee on
Appropriations (1 copy)

The Honorable Richard Durbin, Chairman, Senate Subcommittee on Financial Services and
General Government (1 copy)

The Honorable Sam Brownback, Ranking Member, Senate Subcommittee on Financial
Services and General Government (1 copy)

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

**AUDIT OF SELECTED
CONTRACTING ACTIONS
AT THE OFFICE OF THE
CHIEF TECHNOLOGY OFFICER**



**CHARLES J. WILLOUGHBY
INSPECTOR GENERAL**

**AUDIT OF SELECTED CONTRACTING ACTIONS AT THE
OFFICE OF THE CHIEF TECHNOLOGY OFFICER**

ACRONYMS

CPO	Chief Procurement Officer
CTO	Chief Technology Officer
DCMR	District of Columbia Municipal Regulations
FEMA	Federal Emergency Management Agency
FIPS	Federal Information Processing Standards
HSEMA	Homeland Security and Emergency Management Agency
HSPD	Homeland Security Presidential Directive
IT	Information Technology
OCP	Office of Contracting and Procurement
OCTO	Office of the Chief Technology Officer
OIG	Office of the Inspector General
PIV	Personal Identity Verification
PO	Purchase Order
RFQ	Request for Quotation
SOW	Statement of Work
TBD	To Be Determined

**AUDIT OF SELECTED CONTRACTING ACTIONS AT THE
OFFICE OF THE CHIEF TECHNOLOGY OFFICER**

TABLE OF CONTENTS

EXECUTIVE DIGEST..... i

INTRODUCTION.....1

 BACKGROUND1

 OBJECTIVES, SCOPE, AND METHODOLOGY3

 PRIOR REVIEWS4

FINDINGS AND RECOMMENDATIONS6

 FINDING: CONTRACTING FOR A COMPLETE PROOF OF CONCEPT
 FOR CREDENTIALING.....6

 ALLEGATIONS AND AUDIT RESULTS.....18

EXHIBIT

 EXHIBIT A: SUMMARY OF POTENTIAL BENEFITS RESULTING
 FROM AUDIT.....20

 EXHIBIT B: OFFICE OF THE CHIEF TECHNOLOGY OFFICER’S
 RESPONSE TO DRAFT REPORT.....22

 EXHIBIT C: OFFICE OF CONTRACTING AND PROCUREMENT’S
 RESPONSE TO DRAFT REPORT.....25

 EXHIBIT D: OFFICE OF THE INSPECTOR GENERAL COMMENTS ON THE
 OFFICE OF THE CHIEF TECHNOLOGY OFFICER’S
 RESPONSE TO THE DRAFT REPORT27

EXECUTIVE DIGEST

OVERVIEW

The District of Columbia Office of the Inspector General (OIG) has completed an audit of selected contracting actions at the Office of the Chief Technology Officer (OCTO). This audit was initiated at the request of the Chief Procurement Officer (CPO) and the former Chief Technology Officer (CTO) and is the first of two planned in response to their request. The OIG also received two complaints of improper contracting activities in the Office of Contracting and Procurement (OCP). This report addresses the first of two complaints (containing four allegations), and includes our findings and recommendations related to contracting activities. We plan to address the second complaint in a separate audit.

The objectives of our audit were to determine whether OCTO contracting actions were: (1) in compliance with requirements of applicable laws, rules, regulations, policies, and procedures; (2) awarded and administered in an efficient, effective, and economical manner; and (3) conducted in a manner where internal controls were in place to safeguard against fraud, waste, and abuse. In addition, we examined the validity of the allegations concerning improper contracting activities. We briefed management during the course of our fieldwork so that corrective actions could be implemented prior to publication of this report.

CONCLUSIONS

OCTO incurred unnecessary costs and delays in the procurement of a Complete Proof of Concept for Credentialing (credentials for emergency response personnel). OCP's procurement processes were flawed and misleading. These conditions occurred primarily because OCTO did not coordinate the procurement with the Federal Emergency Management Agency (FEMA) during the planning stage and did not involve the District's Homeland Security and Emergency Management Agency (HSEMA) prior to awarding the contract. We noted that the contractor developed the Statement of Work (SOW) using information from the Federal Government Regulation (Federal Information Processing Standards Publication - 201), which was readily available to the public. Further, OCTO failed to research the availability of federal funds that potentially could have been secured to cover the procurement expenses.

As a result, OCTO expended funds totaling \$97,128 in development costs that could have been put to better use. Also, OCTO wasted between 12 to 18 months developing credentials, when the technology for developing credentials for emergency personnel already existed at federal and state levels. Moreover, OCTO's delay in deploying an efficient and effective credentialing system could have placed the District at risk of being inadequately prepared for emergencies or disasters.

EXECUTIVE DIGEST

SUMMARY OF RECOMMENDATIONS

We directed one recommendation requiring coordinated actions between the CTO and the CPO, and four additional recommendations to the CPO only. We believe the recommendations will correct the deficiencies noted in this report and promote efficient and effective procurement processes involving the acquisition of major information technology products and services. The corrective actions have broad impact and are applicable to OCP's entire procurement process. We also believe that remediation of the reported deficiencies will strengthen internal controls over contracting activities at OCTO. The recommendations center, in part, on:

- Developing written guidelines requiring OCTO and OCP to coordinate potential procurements of major systems during the planning stage with other District and federal agencies that have similar technology in place prior to awarding contracts to ensure that District funds are not used to develop a technology or process that already exists.
- Maintaining appropriate procurement documentation in a centralized location to ensure that an audit trail of all contracting activities is readily available for review.
- Modifying the purchase order system and changing the requirement that the winning vendor's name and award amount be included on the requisitions in order to generate purchase orders.
- Establishing a review process to ensure that the contracting officer obtains the number of bid quotations required by 27 DCMR, or documents the reasons why the bids were not obtained.
- Requiring contract officers to prepare a justification for bid submission periods of fewer than 10 days.

A summary of the potential benefits resulting from the audit is shown at Exhibit A.

MANAGEMENT ACTIONS AND OIG COMMENTS

On March 12, 2009, OCP provided a response to the recommendations in our draft audit report. OCP's response fully addresses all of the recommendations, and we consider OCP's actions taken to be responsive to the recommendations. The full text of OCP's response is included at Exhibit C.

EXECUTIVE DIGEST

We also received OCTO's response to the draft audit report on April 3, 2009. OCTO concurred with the recommendation directed to them and provided actions to address the recommendation. We consider OCTO's actions taken to be responsive to the recommendation. OCTO provided additional comments to the draft audit report. The full text of OCTO's response is included at Exhibit B. Exhibit D includes detailed OIG comments to OCTO's response to the draft report.

INTRODUCTION

BACKGROUND

The Office of Contracting and Procurement (OCP), under the direction of the Chief Procurement Officer, provides contracting services for selected agencies and offices in the District so they can have quality goods and services to accomplish their respective missions in a timely and cost-effective manner.

OCP is organized into six commodity buying groups:

- Services;
- Goods;
- Transportation and Specialty Equipment;
- Information Technology (IT);
- Construction; and
- Roads, Highways, and Structures.

All other products and services are procured by OCP for specific agencies. Experienced procurement officials, led by senior managers, utilize their expertise to efficiently purchase goods and services to meet agency requirements. A senior staff supports the OCP procurement operation with legal, business operations, and IT expertise. As such, OCP performs the procurement functions for the Office of the Chief Technology Officer (OCTO).

OCTO is the central IT and telecommunications agency for the District government. OCTO develops, implements, and maintains the District's IT and communications infrastructure; develops and implements major citywide applications; establishes and oversees IT enterprise architecture and website standards for the District; and advises District agencies on technology solutions to improve services to businesses, residents, and visitors in all areas of the District government.

The District of Columbia Homeland Security and Emergency Management Agency's (HSEMA) mission and primary responsibilities include:

- Developing plans and procedures to ensure emergency response and recovery capabilities for all emergencies and disasters;
- Coordinating resources for emergencies and disaster incidents;
- Providing training for all emergency first responders, city employees, and the public;
- Serving as the central communications point during regional emergencies; and
- Conducting an assessment of resources and capabilities for emergencies.

Homeland Security Presidential Directive 12 (HSPD-12), dated August 27, 2004, *Policy for a Common Identification Standard for Federal Employees and Contractors*, requires the U.S. Department of Commerce, in consultation with other federal agencies, to promulgate a

INTRODUCTION

federal standard for secure and reliable forms of identification for federal employees and contractors. HSPD-12 defines secure and reliable forms of identification as those that are:

- (a) based on sound criteria for verifying an individual employee's identity;
- (b) strongly resistant to identity fraud, tampering, counterfeiting, and terrorist exploitation;
- (c) rapidly authenticated electronically; and
- (d) issued only by providers whose reliability has been established by an official accreditation process.

As a result of HSPD-12, the U.S. Department of Commerce/National Institute of Standards and Technology issued Federal Information Processing Standards publication (February 25, 2005) (FIPS 201-1), "Personal Identity Verification (PIV) of Federal Employees and Contractors." The PIV specifies implementation and use of identity credentials on integrated circuit cards for use in a federal personal identity verification system. The PIV card:

Must be personalized with identity information for the individual to whom it is issued, in order to perform identity verification both by humans and automated systems. Humans can use the physical card for visual comparisons, whereas automated systems can use the electronically stored data on the card to conduct automated identity verification.¹

FIPS 201-1 provides that the standard must include graduated criteria from the least secure to the most secure to ensure flexibility in selecting the appropriate level of security. It provides that as soon as possible, but no later than 8 months after issuance, "executive departments and agencies are required to implement the standard for identification issued to Federal employees and contractors in gaining physical access to controlled facilities and logical access to controlled information systems."²

D.C. Code § 7-2231.01 states:

The Council finds that: (1) District of Columbia has been designated as a high-threat target by the United States Department of Homeland Security, and needs commensurate capabilities for preventing, mitigating, and responding to terrorist attacks.

* * *

¹ FIPS PUB 201-1 at v.

² *Id.* at iv.

INTRODUCTION

(3) The District of Columbia seeks to promote transparency regarding homeland security efforts, in order that government officials and the public can assess the risks, adequacy of programs made, and gaps remaining.

* * *

(5) The Final Report of the National Commission on Terrorist Attacks Upon the United States outlined appropriate roles for the federal government and its counterparts at the local government level, and concluded that homeland security priorities and assistance should be based strictly on an assessment of risks and vulnerabilities.

Based on the D.C. Code section cited above, it is apparent that the District must align its emergency response and protective measures with federal requirements in order to adequately protect residents and infrastructures in the event of emergencies or disasters. The District, including portions of Maryland and Virginia, make up the National Capital Region coverage area.

We recognize that HSPD-12 and FIPS 201-1 apply to federal employees and contractors who need access to federal agency buildings. However, because of the above referenced alignment, District emergency response personnel should have proper credentials that are consistent with the requirements outlined in FIPS 201-1. Accordingly, a decision was made to acquire proper credentials for the District emergency response personnel. When OCTO prepared a statement of work (SOW) for Complete Proof of Concept for Credentialing; the SOW required that the procurement be fully compliant with HSPD-12 and FIPS 201-1 provisions.

We performed the audit at the request of the Chief Procurement Officer (CPO) and the Chief Technology Officer (CTO). In addition, the Office of the Inspector General (OIG) received two complaints of improper contracting activities in OCP. The results of our review of the allegations are discussed in the Allegations and Audit Results section of this report.

OBJECTIVES, SCOPE, AND METHODOLOGY

The audit objectives were to determine whether OCTO contracting actions were: (1) in compliance with requirements of applicable laws, rules, regulations, policies, and procedures; (2) awarded and administered in an efficient, effective, and economical manner; and (3) conducted in a manner where adequate internal controls were in place to safeguard against fraud, waste, and abuse. In addition, our objectives included determining the validity of allegations related to improper contracting activities in OCP.

INTRODUCTION

To accomplish our objectives, we interviewed OCP contracting and accounting personnel, and the project manager. We also interviewed HSEMA and Federal Emergency Management Agency (FEMA) officials. Further, we reviewed the contract files and documentation pertinent to the history of the contract award.

In addition, we reviewed D.C. Code § 7-2231.01 and D.C. Municipal Regulations (DCMR) Title 27. We also reviewed HSPD-12, HSPD-8, and FIPS 201-1 pertaining to the establishment and operation of the identification system for federal employees and contractors. Further, we reviewed the SOW for the Complete Proof of Concept for Credentialing. Finally, we assessed the adequacy of internal controls over OCTO's contracting activities.

We did not rely on computer-processed data during this audit and we did not conduct tests of the reliability of the data, nor of the controls over the computer-based system that produced the data.

We conducted this performance audit in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence that provides a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

PRIOR REVIEWS

Over the past few years, the OIG has completed many audits covering various procurement topics. Two of those audits addressed contract planning and acquisition issues.

Audit of the District's Administrative Services Modernization Program Cost and Benefit Assumptions, OIG No. 04-1-12 MA(a), dated March 27, 2007. The audit disclosed, in part, that OCTO had not established a coordinated framework and acquisition planning tool for fulfilling the District's needs for future automated systems, utilizing an acquisition model based on a milestone decision process tailored to acquire those systems at the best value, while achieving fair and reasonable prices and maximum competition. OCTO proposed to collaborate with OCP to implement this recommendation as soon as a permanent Chief Procurement Officer and a permanent Chief Technology Officer were named. However, our recent triennial follow-up audit indicated that this issue had not been fully addressed by management.

Audit of the D.C. Department of Motor Vehicles Ticket Processing Services, OIG No. 07-2-03MA, dated December 5, 2007. The audit disclosed that the former Deputy Mayor/City Administrator suspended the Motor Services Modernization Program (MSMP) Project without informing the former Director of the Department of Motor Vehicles (DMV) of the suspension and the justifications for cancelling the MSMP solicitation. As a result of

INTRODUCTION

the cancellation of the MSMP Project, the District incurred \$11 million more than it would have incurred had they awarded the eight corresponding contracts under the MSMP Project.

OCP and DMV agreed to coordinate efforts to allow sufficient time to plan, solicit, and award a new contract for ticket processing services prior to the expiration of the current ticket processing services contract. DMV will utilize a DMV/OCP task force process to complete the necessary new contract award prior to the expiration of the current ticket processing contract.

FINDING AND RECOMMENDATIONS

FINDING: CONTRACTING FOR A COMPLETE PROOF OF CONCEPT FOR CREDENTIALING

SYNOPSIS

OCTO incurred unnecessary costs and delays in procuring a Complete Proof of Concept for Credentialing, a system designed to provide credentials to emergency response personnel. The procurement planning and subsequent contract for acquiring a Complete Proof of Concept for Credentialing were flawed because:

- OCTO did not coordinate with FEMA and use FEMA’s credentialing system – a system already in use at the federal and state level;
- OCTO did not involve the District’s HSEMA prior to planning and contracting for the credentialing proof of concept;
- The District allowed a contractor to develop the SOW for the FIPS 201 Compliant Credentialing Solution Proof of Concept, that was copied from federal regulations that was already available in the public domain;
- OCTO failed to research available federal funding for the procurement of credentials; and
- OCP did not obtain or attempt to obtain the requisite competition for the contract award and failed to accurately record contract information.

As a result, OCTO expended funds totaling \$97,128 in development costs that could have been put to better use. Also, OCTO spent between 12 to 18 months in development costs for a complete Proof of Concept that did not fully meet the requirements of FIPS 201-1 regulations. Moreover, OCTO’s delay in deploying an efficient and effective credentialing system may have placed the District at risk of being inadequately prepared for emergencies or disasters.

Discussion

Criteria. The criteria governing the District’s requirements for procurement planning are contained in District of Columbia Municipal Regulations (DCMR) Title 27. Specifically, 27 DCMR § 1210.3 states: “Procurement planning shall integrate the effort of all personnel responsible for significant aspects of the procurement.” In addition, 27 DCMR § 1210.5 provides the following:

FINDING AND RECOMMENDATIONS

Procurement planning shall begin as soon as the agency need is identified, preferably well in advance of the fiscal year in which the contract award is necessary. In developing the plan, the planner may form a team consisting of all those who will be responsible for significant aspects of the procurement, such as contracting, fiscal, legal, and technical personnel and, when applicable, the Minority Business Opportunity Commission.

In addition, 27 DCMR § 1802.3(a) states that for OCTO small purchases greater than \$25k but less than \$500k, the contracting officer for procurements over \$25,000 shall obtain at least three written quotations. Further, the 27 DCMR § 1802.4 states that if the contracting officer determines that it is impractical under the circumstances to obtain the number of quotations required, the contracting officer must document his or her attempts to obtain the required number of quotations.

Procurement Coordination. OCTO's program management official did not adequately plan and coordinate the procurement effort. Effective procurement planning and coordination would have revealed the roles of federal and District agencies responsible for credentialing. In addition, proper coordination would have revealed that credentialing technology in use in other states. Moreover, OCTO officials would not have had to pay a contractor to develop a SOW for existing technology based on information that was readily available to the public.

Coordination with FEMA. We found that the procurement for a Complete Proof of Concept of Credentialing system was not coordinated with FEMA. The procurement required the selected vendor to provide 10 cards and card readers. According to the OCTO Program Manager, the CTO directed that the procurement be completed immediately.

Further, FEMA officials indicated that they were not consulted prior to the award of the contract, confirming that the procurement was not properly coordinated with HSEMA officials as adequate planning would seem to require.

Involving HSEMA in the Planning Process. HSEMA's Chief of the Training and Exercises Division indicated that his office was not involved in planning and contracting for the credentialing technology. Had OCTO involved HSEMA during the planning stage prior to the award of a contract, OCTO would likely have discovered that the available expertise and technology already existed.

Statement of Work. Our review disclosed that a contractor prepared the SOW for the Complete Proof of Concept for Credentialing. OCP hired the contractor as a wireless program manager, who was tasked with writing the SOW. During our fieldwork, we obtained and reviewed the SOW, paying particular attention to the credentials card layout design as shown on the following pages which are as they actually appear in the SOW.

FINDING AND RECOMMENDATIONS

FIPS 201 Compliant Credentialing Solution Proof-of-Concept

Identification Card Standards

Standard 1. – Card Characteristics

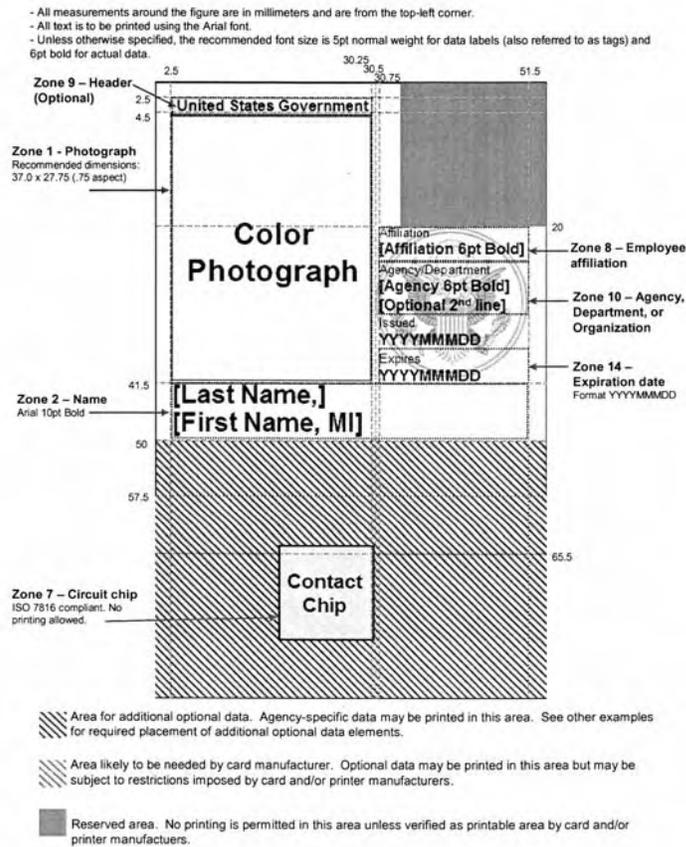
1. Must comply with standard ISO/IEC 7810 Physical Characteristics for Contact Cards
2. Must possess a Smart Chip – ISO/IEC 7816 Contact Chip.
3. Must comply with standard – ISO/IEC 14443 (Parts 1 – 4 Draft) Proximity Card for contact-less cards.
4. Must be fully interoperable with other Agencies, Federal and Local – ISO/ IEC 24727 (Future) Interoperability Specification [NIST IR 6887].
5. Printed material must be of such that it will not rub off during the life of the PIV Card, nor shall the printing process deposit debris on the printer rollers during printing and laminating. Printed material shall not interfere with the contact and contact-less ICC(s) and related components, nor shall it obstruct access to machine-readable information.
6. Card shall pass the following ANSI (American National Standards Institute) tests [ANSI1322]: card flexure, static stress, plastic exposure, impact resistance, structural integrity, surface abrasion, temperature and humidity-induced dye migration, ultraviolet light exposure, and a laundry.

FINDING AND RECOMMENDATIONS

FIPS 201 Compliant Credentialing Solution Proof-of-Concept

Front of Card

PERSONAL IDENTITY VERIFICATION (PIV) OF FEDERAL EMPLOYEES AND CONTRACTORS

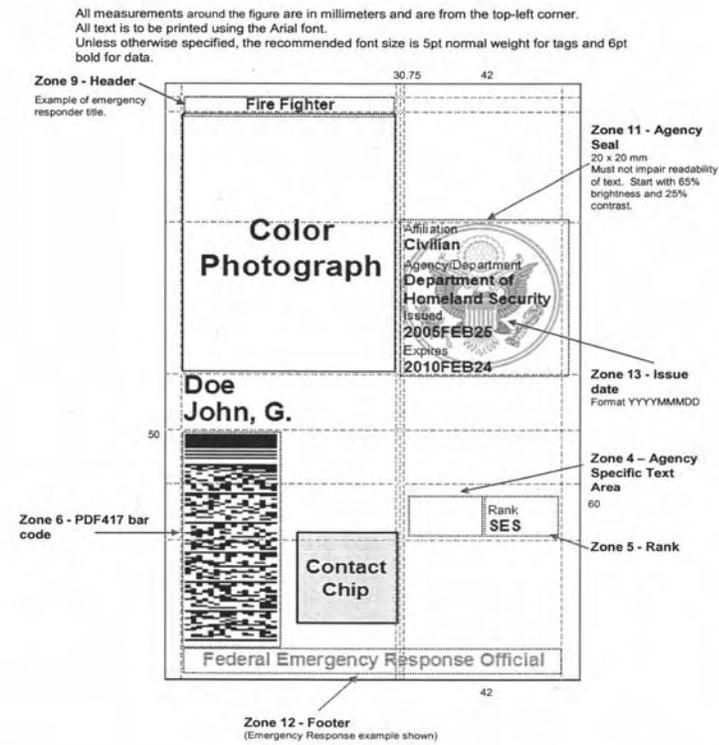


FINDING AND RECOMMENDATIONS

Office of the Chief Technology Officer of the District of Columbia
FIPS 201 Compliant Credentialing Solution Proof-of-Concept

Back of Card

PERSONAL IDENTITY VERIFICATION (PIV) OF FEDERAL EMPLOYEES AND CONTRACTORS



Office of the Chief Technology Officer of the District of Columbia

FINDING AND RECOMMENDATIONS

FIPS 201 Compliant Credentialing Solution Proof-of-Concept

Additional identifying features shall be added to card layout to ensure it is distinguishable as a District First Responder Authentication Credential from specific agencies including the Metropolitan Police Department, Fire and Emergency Medical Services, Emergency Management Agency, Public Safety Department and others.

Standard 2 – Feature Specification

1. Must support Cryptographic (2048 Bit RSA, 256 Bit AES, SHA 256) Standard
2. Must display Image of the Card Holder Fingerprint
3. Must display Photographic Image of Card Holder
4. Must Display Full Name, which must be under Photo
5. Must display Employee affiliation (i.e. Employee, Contractor)
6. Must display Agency Affiliation (i.e. OCTO, EMA)
7. Must display Expiration Date

FINDING AND RECOMMENDATIONS

FIPS 201-1. We obtained and reviewed a copy of FIPS 201-1 during our fieldwork. We found that FIPS 201-1 (pages 21-22) contained a card layout for credentials. The credentialing layout is shown below:

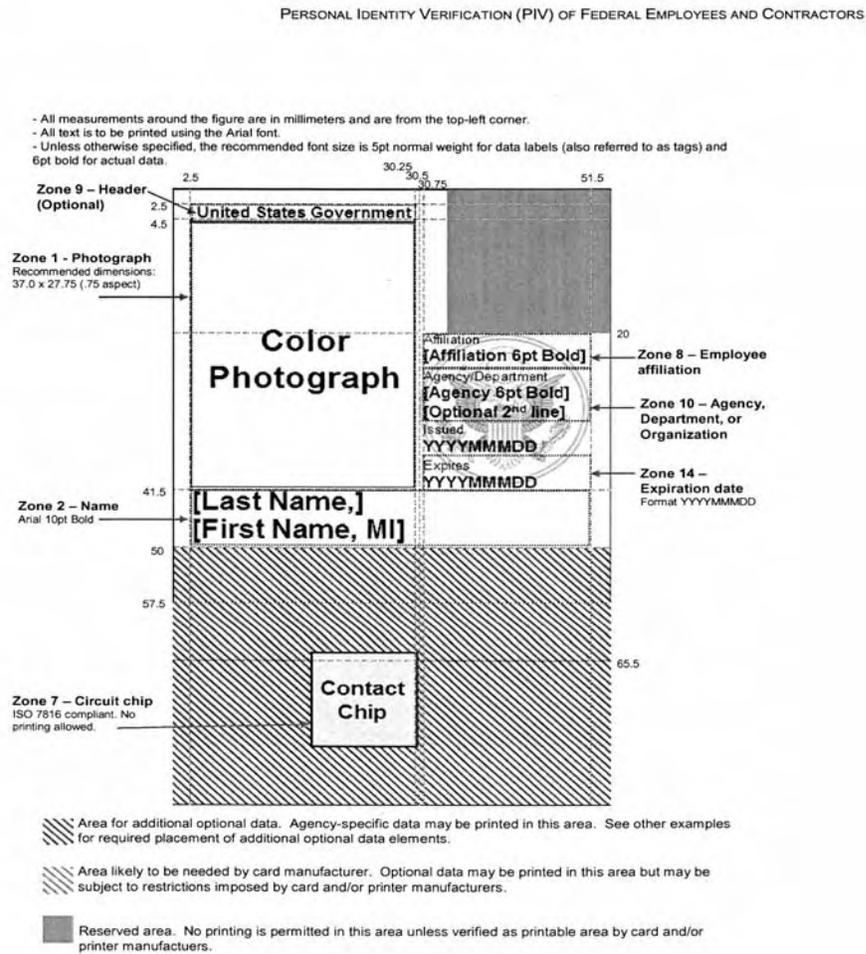


Figure 4-1. Card Front—Printable Areas

FINDING AND RECOMMENDATIONS

PERSONAL IDENTITY VERIFICATION (PIV) OF FEDERAL EMPLOYEES AND CONTRACTORS

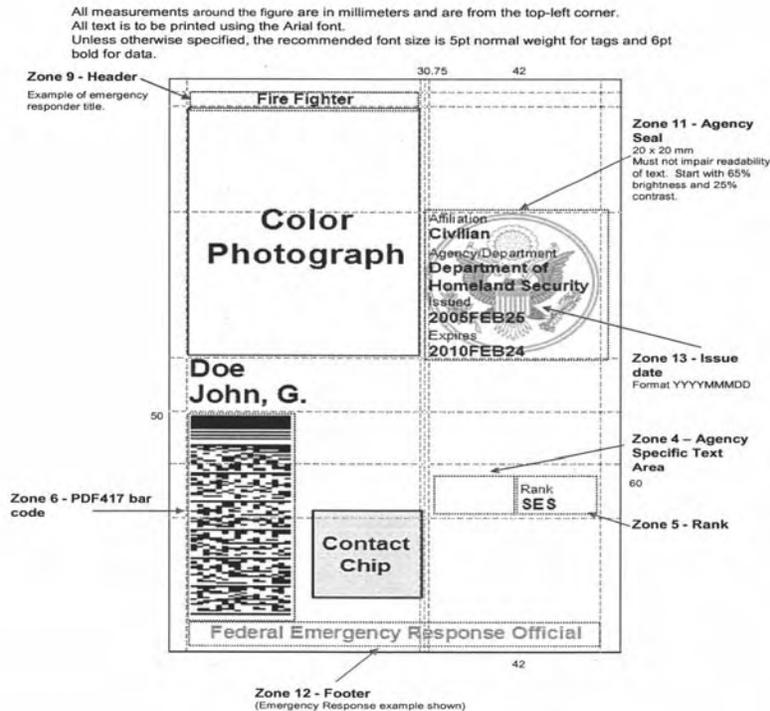


Figure 4-2. Card Front—Optional Data Placement—Example 1

We noted that the card layout contained in OCTO's SOW is identical to the one contained in FIPS 201-1. In fact, the contract employee that wrote the SOW obtained the exact design from the FIPS 201-1 guidance that was readily available to the public. We found that the credentialing card design from the FIPS 201-1 was also used in other states. This is further evidence that the technology procured by OCTO for credentialing purposes already existed.

FINDING AND RECOMMENDATIONS

Technology Already in Use. A FEMA contractor informed us that the credentialing technology already exists and is in use within other states. In addition, we observed a FEMA demonstration where the credentials are displayed and used. The demonstration, held at the General Services Administration located in Washington, D.C., included activation and operation of the credentials. We established that the federal government has a contract that OCTO could have used to procure the credentialing technology rather than paying a contractor to develop a Complete Proof of Concept for Credentials. If OCTO had coordinated this procurement with FEMA, vendors that have already developed FIPS 201-1 compliant Complete Proof of Concept for Credentials would have been disclosed to OCTO.

Availability of Federal Funds. We met with HSEMA's Senior Policy Advisor to obtain information concerning the availability of federal funds that potentially could have been used for the acquisition of reliable credentialing technology. We were informed that the National Capital Region³ has available Homeland Security funds that HSEMA could have requested for a credentialing contract. If requested and approved, those funds could have been used for the District's credentialing efforts. OCTO confirmed that its officials did not request the use of federal funding and did not involve HSEMA in any part of the planning for this procurement.

Procurement Planning. OCP issued Requisition Number RQ388677 on December 21, 2007, and the Request for Quotation (RFQ) was issued on the same day for a Complete Proof of Concept Credentialing Solution. The RFQ required that bids be submitted on or before January 2, 2008, at 2:00 PM. The requisition was open for 12 calendar days that included two weekends and two public holidays (or 6 business days). Our review of the contract file revealed a second copy of the requisition that included the winning vendor's name and the exact amount of the award.

We questioned OCP and OCTO officials concerning the two requisition copies, particularly the one with the winning bidder's name that included the exact award amount prior to the award. Both requisitions included a created on and issue date of December 21, 2007. OCTO officials informed us that the second requisition was prepared after the bids were received and evaluated in order to generate the purchase order. In addition, the officials indicated that OCP's procurement process required that the winning contractor's name and the award amount be included on the requisition in order to generate a purchase order. We informed the officials that this practice distorts the audit trail and gives the appearance that the winning bidder was pre-selected.

Bid Quotations. We found that OCP did not obtain the requisite number of bid quotations for the procurement as required by DCMR Title 27 § 1802.4. We reviewed OCP's form "Bids Received by Contract Specialist", and determined that only two bids were received.

³ The National Capital Region refers to the geographic area located within the boundaries of the District of Columbia; Montgomery and Prince Georges Counties in Maryland; and Arlington, Fairfax, Loudoun, and Prince William Counties and the city of Alexandria in Virginia.

FINDING AND RECOMMENDATIONS

According to DCMR Title 27 § 1802.4, three bid quotes are required. We did not find any evidence documenting the contracting officer's attempt to obtain the required number of bids.

Physical Inspection. We conducted an onsite inspection of the contract deliverables with the program manager and determined that all aspects of the SOW were not met. During our inspection, we noted that the credentialing card created under the development contract did not fully comply with the SOW. The SOW required that the credentialing card include a FIPS 201-1 chip that stores the following:

- A PKI certification for encryption and decryption;
- The cardholder's PIN number and standard identification text data: and
- Biometrics data (facial and fingerprint).

Our physical inspection of the credentialing card revealed that the card did not contain the required fingerprint imaging component on the chip as required in the SOW. We were informed by the program manager that this procurement was proof of concept for the chip contained on the card however it did not contain the finger print imaging component. FIPS 201-1 requires that in order to activate a user's card, both the PIN number and the fingerprint imaging match must be used. Therefore, without the fingerprint imaging component on the card chip the concept could not be completely tested and does not fully meet the requirements of FIPS 201-1.

During our observation of a FEMA demonstration, credentials were displayed and activated using the PIN number and the fingerprint component. The individual to which the credential is assigned must use the PIN number and fingerprint match to log onto the network. For example, if another individual obtained the PIN number of the assigned user's card, he/she would not be able to log onto the network because the fingerprint would not match. The PIN number and fingerprint match provides the level of security required by FIPS 201-1 in order to log onto the network. We concluded that the use of the chip and PIN number without the fingerprint component does not comply with the SOW and, thus, does not provide a complete proof of concept, the level of security required by FIPS 201-1.

RECOMMENDATIONS

We recommend that the Chief Technology Officer, Office of the Chief Technology Officer, and the Chief Procurement Officer, Office of Contracting and Procurement:

1. Jointly develop written guidelines requiring OCTO and OCP to coordinate potential procurements of major systems during the planning stage with other District agencies and federal agencies to ensure that District funds are not used to develop a technology or process that already exists.

FINDING AND RECOMMENDATIONS

OCTO RESPONSE

OCTO stated that it fully agrees with the recommendation, and is operating a program that implements coordination with OCP on procurements of major systems during the planning stage. The full text of OCTO's response is included at Exhibit B.

OIG COMMENT

We consider actions taken by OCTO to be responsive to our recommendation.

OCP RESPONSE

OCP agrees with the recommendation and stated the OCP and OCTO are collaborating with regard to major systems procurements through the "SmartBuy" program. Representatives from both OCTO and OCP will work together on a variety of acquisitions that affect enterprise technology investments to ensure that duplication of technology developments or processes does not occur. The full text of OCP's response is included at Exhibit C.

OIG COMMENT

We consider actions taken by OCP to be responsive to our recommendation.

We recommend that the Chief Procurement Officer, Office of Contracting and Procurement:

2. Maintain appropriate procurement documentation in a centralized location to ensure that an audit trail of all contracting activities is readily available for review.

OCP RESPONSE

OCP agrees with the recommendation, and stated that a Records Retention Manager has been hired and has established a central file room for all procurement files and related documents. The full text of OCP's response is included at Exhibit C.

OIG COMMENT

We consider actions taken by OCP to be responsive to our recommendation.

3. Modify the purchase order system and change the procedure requiring that the winning vendor's name and award amount be included on the requisitions in order to generate purchase orders.

FINDING AND RECOMMENDATIONS

OCP RESPONSE

OCP concurs with the recommendation, and stated that names of successful vendors should only be added at the time of the conversion from requisition to purchase order. The full text of OCP's response is included at Exhibit C.

OIG COMMENT

We consider actions taken by OCP to be responsive to our recommendation.

4. Establish a review process to ensure that the contracting officer obtains the number of bid quotations required by the 27 DCMR, or document the reasons why the bids were not properly obtained.

OCP RESPONSE

OCP stated that the Chief Procurement Officer has established the Office of Procurement Integrity and Compliance (OPIC). OPIC is charged with the review of all procurements to ensure that the necessary documents and processes were followed in accordance with District Law. The full text of OCP's response is included at Exhibit C.

OIG COMMENT

We consider actions taken by OCP to be responsive to our recommendation.

5. Require, as a reasonable and best business practice, contracting officers to prepare a justification when the bidding period for procurements is fewer than 10 business days.

OCP RESPONSE

OCP agrees with the recommendation. OCP stated that all formal bid solicitations of \$100K or more must be advertised for a minimum of 30 days by law unless written approval for a shortened advertisement period is granted by the Chief Procurement Officer. The full text of OCP's response is included at Exhibit C.

OIG COMMENT

We consider actions taken by OCP to be responsive to our recommendation.

FINDING AND RECOMMENDATIONS

<h3>ALLEGATIONS AND AUDIT RESULTS</h3>
--

The audit also examined concerns expressed by a complainant regarding improper contracting activities. We received two complaints concerning allegations of improper contracting activities at OCP. We addressed the first complaint, which included the four allegations discussed below. We plan to address the second complaint in a separate audit. We summarized information related to the four allegations in the first complaint and the results of our review of these allegations in the following subsections.

Allegation #1

- 1) The Request for Quotation was issued on December 21, 2007, with questions due December 26, 2007, and the proposal due January 2, 2008, by 2:00 PM. This alone seems unusual for an effort of national importance.

Audit Results: Substantiated. We confirmed that the Request of Quotation was open for 12 calendar days (December 21, 2007 to January 2, 2008) that included two weekends and two holidays or (6 business days). Our review of the District's procurement regulations did not indicate a minimum time period that a competitive small purchase must remain open to the public. Therefore, the 6 days that the RFQ remained open did not violate the District's procurement regulations.

Allegation #2

- 2) The procurement was awarded for \$100,000 to a small business, and was modified up to \$1,000,000 within weeks, which may have been improper, and the contractor may not be capable of producing.

Audit Results: Partially Substantiated. We obtained a payment summary for Purchase Order Number PO246617, from the District's System of Accounting and Reporting (SOAR). We confirmed that as of November 12, 2008, the contractor was paid \$97,128. However, we did not find any evidence that the procurement was modified to \$1 million.

Allegation #3

- 3) The awarded contract did not align with the national policies promulgated by FEMA for First Responder Credentialing, as required, and will cost the District much more than it should.

Audit Results: Partially Substantiated. We requested that the House Resolutions 1 Coordinator for the National Preparedness Directorate and the National Capital Region Coordination (Coordinator) review OCTO's SOW. The Coordinator

FINDING AND RECOMMENDATIONS

confirmed that the SOW did in fact meet the federal standards set forth in FIPS 201-1. However, the District expended approximately \$100,000 on credentialing technology that already existed without appropriate coordination with FEMA and HSEMA officials. Additionally, federal funding for the project was not requested and obtained.

Allegation #4

- 4) The District's Department of Homeland Security was not aware of the procurement.

Audit Results: Substantiated. An OCTO official and program manager informed us that the procurement was not coordinated with FEMA and HSEMA officials as best practices would recommend. Further, HSEMA's chief of the Training and Exercises Division indicated that his office was not involved in planning and contracting for the District's credentialing technology.

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

Recommendation	Description of Benefit	Amount and Type of Benefit	Agency Reported Estimated Completion Date	Status⁴
1	Internal Control and Economy and Efficiency. Provides assurances that implementation of IT services are coordinated with the agency program office and OCP during the planning stage to ensure that the project has not been completed by another agency in order to achieve economy and efficiency for the related technology.	Non-Monetary	April 3, 2009	Closed
2	Compliance and Internal Control. Provides assurances that procurement documentation is maintained in a centralized location to ensure that an audit trail is maintained and that documentation is readily available for review.	Non-Monetary	March 12, 2009	Closed
3	Internal Control. Establishes that the purchase order system allows for documented requisitions for goods or services to be distinctly different from awarded purchase orders.	Non-Monetary	March 12, 2009	Closed

⁴ This column provides the status of a recommendation as of the report date. For final reports, “Open” means management and the OIG are in agreement on the action to be taken, but action is not complete. “Closed” means management has advised that the action necessary to correct the condition is complete. If a completion date was not provided, the date of management’s response is used. “Unresolved” means that management has neither agreed to take the recommended action nor proposed satisfactory alternative actions to correct the condition.

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

Recommendation	Description of Benefit	Amount and Type of Benefit	Agency Reported Estimated Completion Date	Status
4	Compliance and Internal Control. Provides assurance that a significant number of bids are obtained in compliance with DCMR Title 27.	Non-Monetary	March 12, 2009	Closed
5	Internal Control. Ensures that adequate time is allotted to receive competitive bids from prospective contractors.	Non-Monetary	March 12, 2009	Closed

EXHIBIT B. OFFICE OF THE CHIEF TECHNOLOGY OFFICER'S RESPONSE TO THE DRAFT REPORT

GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF THE CHIEF TECHNOLOGY OFFICER



April 3, 2009

Charles Willoughby
Inspector General
Office of the Inspector General
717 14th Street, N.W., 5th Floor
Washington, DC 20015

Dear Mr. Willoughby:

Please accept this letter as a formal retraction of the letter I sent you on February 2, 2009 providing comments on the draft report summarizing the results of the Office of the Inspector General (IOG) Audit of Contracting Actions at the Office of the Chief Technology Officer (OCTO), OIG No. 08-2-06TO (Draft Report) concerning procurement for a proof of concept related to OCTO's DC One Card credential. In place of the February 2, 2009 comments, please accept the below as OCTO's written comments on the Draft Report.

I. Summary of Response

A. Findings

Though OCTO recognizes that OIG's position has a reasonable basis, and OCTO fully agrees with the ultimate recommendation, OCTO respectfully disagrees with the findings of the Draft Report. The findings in the Draft Report appear to reflect a view that the proof-of-concept was intended to develop and provide a credential allowing District first responders emergency access to federal buildings. Though OCTO appreciates that a reading of the Statement of Work (SOW) issued for the proof-of-concept may lead to that impression, OCTO's intent in the proof-of-concept was to address compatibility of existing smart chip technology with District systems, not to develop and provide a credential for first responders.

B. Recommendation

OCTO recognizes the value of the recommendation directed to OCTO (jointly with OCP) and is operating a program that implements it. We appreciate and support OIG's suggestion in this regard.

Our responses to the findings and to the joint OCTO-OCP recommendation appear below, following an explanation of the purposes of the DC One Card and the proof-of-concept.

II. Purpose of the DC One Card Credential and the Proof-of-Concept

The purpose of the DC One Card proof-of-concept was to test compatibility with District systems of existing smart chip technology. The DC One Card program will issue credentials using three different types of cards, including a card that contains such technology. The smart chip-containing (Tier Three) card will have many uses, only one of which is to serve as a credential for emergency response personnel. The three tiers and associated uses of the DC One Card are:

- Tier One—plain plastic card for use by cardholders enrolled only in programs that require only a barcode to read the card (about 65,000 cards are already issued to Department of Parks and Recreation customers)

EXHIBIT B. OFFICE OF THE CHIEF TECHNOLOGY OFFICER'S RESPONSE TO THE DRAFT REPORT

- Tier Two—plastic card plus Metro SmarTrip chip for use by other public-facing programs, including the Summer Youth Employment Program (SYEP) participants (about 18,000 issued in summer 2008) and District public school students (about 22,000 issued to students in February and March 2009)
- Tier Three—same as Tier Two card, but with a Kastle-card-type chip to enable access to government buildings and a FIPS-201-compliant Personal Identification Verification (PIV) smart chip to provide secure access to government systems, rapid access to federal buildings for emergency response personnel, and other applications (to be issued to District employees, including emergency response personnel, later this year)

Consistent with the multiple uses intended for the PIV chip in the Tier Three card, the proof-of-concept project was designed to:

- Identify any compatibility problems that arise when existing PIV technology is used in existing District government systems
- Identify any compatibility problems implicated by features or configurations required by the FIPS-201 standard
- Identify any usability issues raised by the implementation of PIV technology, including digital signature
- Test the hardware and software components of a potential PIV solution for both first responders and non-emergency personnel

The proof-of-concept was not intended to

- Obtain ID cards or other equipment and software for regular use by either first responders or non-emergency personnel
- Develop new technology.

III. Responses to Findings and Allegations

A. Responses to Findings of Investigation

1. Procurement Coordination with Other Agencies

OCTO respectfully disagrees with the Draft Report's findings suggesting that OCTO did not adequately plan or coordinate with other agencies. These findings seem to be based on a view of the purpose of the proof-of-concept that differs from that of OCTO as set forth above. Neither agency referenced in the Draft Report was in a position to help OCTO assess the compatibility of existing PIV technology applications with the District's existing IT infrastructure and systems.

Similarly, OCTO feels strongly that via the OCP competition, OCTO obtained the best value available for the goods and services it required at the volumes purchased, as evidenced by the fact that OCP sent the solicitation to vendors on the federal government-approved vendors list, and the winning bid was the lowest received.

2. "Wasted" Time.

OCTO also respectfully disagrees with findings in the Draft Report that suggest that OCTO wasted time in the subject procurement process. As above, the basis of the disagreement appears rooted in the two differing views of the purposes of the proof-of-concept. In fact, given the difficulties and lead-time required for OCTO to obtain the stock to create the Tier Three card (defined above), any time used for the proof-of-concept could not have caused any delay on the provision of PIV-containing credentials to District workers, including emergency personnel.

EXHIBIT B. OFFICE OF THE CHIEF TECHNOLOGY OFFICER'S RESPONSE TO THE DRAFT REPORT

3. Availability of Federal Funds

OCTO also respectfully disagrees with the suggestion in the Draft Report that OCTO missed an opportunity to save the District money by obtaining federal funds for the proof-of-concept. As above, the basis of the disagreement appears rooted in the two differing views of the purposes of the proof-of-concept. OCTO was aware of the potential availability of federal funds for credentialing purposes, though such funds are focused primarily on providing capabilities for first responders. As a result, the likelihood that federal funding could have been used for the proof-of-concept was fairly low. OCTO was aware of such funds, it simply determined not to apply for them in this case. Nevertheless, OIG is correct that such funds may be available, and OCTO is indeed investigating the possibility of obtaining such funds for the procurement of FIPS-201-compliant Tier Three cards to District first responders.

4. Compliance with the SOW

OCTO also respectfully disagrees with and finding in the Draft Report that suggest that the proof-of-concept varied in any material aspect from the SOW. As above, the basis of the disagreement appears rooted in the two differing views of the purposes of the proof-of-concept—under OCTO's view of the purpose, the alleged variances would not be material to the project. Specifically, though OCTO respectfully suggests that its decision not to use a PIN at each use of the credential did not violate FIPS-201, and that FIPS-201 does not require that a fingerprint be visibly displayed on the card, neither of these items was material to the purpose of the proof-of-concept.

B. Responses to Findings on Complaint Allegations

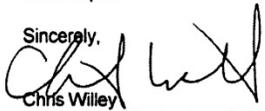
OCTO agrees with the specific findings OIG makes in response to Allegations 1 and 2. OCTO also notes, in relation to Allegation 2, that it did not modify the Purchase Order to \$1 million; this is consistent with OIG's failure to find evidence to indicate such a modification. However, OCTO respectfully disagrees with the Draft Report finding in response to Allegation 3 that suggests insufficient coordination with other agencies, for the reasons described above.

IV. Response to Recommendation

OIG recommends that OCTO and OCP "[j]ointly develop written guidelines requiring OCTO and OCP to coordinate potential procurements of major systems during the planning stage with other District agencies and federal agencies to ensure that District funds are not used to develop a technology or process that already exists." Draft Report at 15. OCTO has already developed such a coordination process, called the "Smart Buyer" initiative. The initiative consists of interagency coordination to ensure that the District is buying technology "smarter" – defined as lower cost, higher value and/or some combination of the two. Other entities are involved on a case-by-case basis, including but not limited to, other state and local government jurisdictions (e.g., Fairfax County, State of Virginia), federal government (GSA) and comparable organizations (e.g., Metropolitan Washington Council of Governments, Western States Contracting Alliance). OCTO and OCP are the Smart Buyer founding agencies. Recently, OCA began participating and the initiative has been renamed "Citywide Smart Buyer" to underscore the emphasis and focus.

I hope that these comments have been helpful. Thank you again for the opportunity to review and comment on the Draft Report.

Sincerely,



Chris Willey
Interim Chief Technology Officer

cc: Mr. Daniel M. Tangherlini, City Administrator and Deputy Mayor
Mr. William Singer, Chief of Budget Execution, Office of the City Administrator
Mr. David P. Gragan, Chief Procurement Officer, Office of Contracting and Procurement

EXHIBIT C. OFFICE OF CONTRACTING AND PROCUREMENT'S RESPONSE TO DRAFT

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of Contracting and Procurement

Director



March 12, 2009

Charles J. Willoughby
Inspector General
Government of the District of Columbia
717 14th Street, N.W.
Washington, DC 20005

Dear Mr. Willoughby:

The Office of Contracting and Procurement has reviewed your Draft Report of the Audit of the Office of the Chief Technology Officer and offers the following in response to the findings and recommendations of your office:

1. I concur. As of the date of this letter, OCTO and OCP are collaborating with regard to major systems procurements through the "SmartBuy" program. Representatives from both OCTO and OCP work together on a variety of acquisitions that affect enterprise technology investments to ensure that duplication of technology development or process does not occur. To date, millions of dollars have been saved through this collaboration. This collaboration further allows us to review available technologies and applications at federal agencies that might benefit the District.
2. I concur. OCP has hired a Records Retention Manager and has established a central file room for all procurement files and related documentation. OCP's revised filing procedures will allow for the timely retrieval of information on purchasing activities from one central repository, and most importantly allow easy audit for compliance with documentation requirements.
3. I concur with the precept that a requisition is not an award document. Currently, upon the completion of the solicitation process, the winning bid/proposal information is either uploaded in .pdf format (quote/bid) or documented in the comment section of the requisition. The approved requisition then is converted to the purchase order with all related information. Requisitions should never represent an award. The purpose of the requisition document is to convey a need that OCP then takes action on to establish a contract. Names of successful vendors should only be added at the time of conversion from requisition to purchase order.
4. I concur. As of Fall 2008, the CPO has established the Office of Procurement Integrity and Compliance (OPIC). The purpose of this division is to review current procurements for compliance with established standards and terms of the 27 DCMR. OPIC is charged with the review of all procurements to ensure that the necessary documents and processes were followed in accordance with District law, including the requirement to attain thru quotes.

441 4th Street N.W., Suite 700 South, Washington, D.C. 20001
(202) 727-0252 Fax: (202) 727-3229

EXHIBIT C. OFFICE OF CONTRACTING AND PROCUREMENT'S RESPONSE TO DRAFT

5. I concur. All formal bid solicitations of \$100K or more (\$500K or more for OCTO) must be advertised for a minimum 30 days by law unless written approval for a shorted advertisement period is granted by the CPO. Small procurements, up to \$100K (OCTO \$500K) follow different solicitation guidelines depending on the dollar value and complexity of the procurement. OCP's published procurement administrative lead times are:

Request for Proposals – 120 Days
Invitation for Bids – 60 Days
Request for Quotes – 5 Days
Orders from Term Contracts – 1 Day

We strive to accomplish all procurements within these timeframes.

Sincerely,



David P. Gragan
Chief Procurement Officer

**EXHIBIT D. OFFICE OF THE INSPECTOR GENERAL COMMENTS
ON THE OFFICE OF THE CHIEF TECHNOLOGY OFFICER'S
RESPONSE TO DRAFT REPORT**

OIG OVERALL COMMENTS: While OCTO concurred with the report's recommendation, it disagreed with several aspects of the report's findings. The foregoing paragraphs address OCTO concerns (cited verbatim), noting adjustments we made to the final report based on OCTO's comments and reiterating our position on other issues we believe were sustained by the results of the audit.

OCTO COMMENT

The findings in the Draft Report appear to reflect a view that the proof-of-concept was intended to develop and provide a credential allowing District first responders emergency access to federal buildings. Though OCTO appreciates that a reading of the Statement of Work (SOW) issued for the proof-of-concept may lead to that impression, OCTO's intent in the proof-of-concept was to address compatibility of existing smart chip technology with District systems, not to develop and provide a credential for first responders.

OIG COMMENT

The methodology used in conducting this audit included meeting with officials from OCP and OCTO, as well as progress meetings throughout our audit. We reviewed all relevant laws and regulations, and researched practices employed by other cities that are FIPS 201-1 compliant. We also reviewed and analyzed all procurement documents pertaining to the contract for a FIPS 201⁵ Compliant Credentialing Solution Proof-of-Concept and, most importantly, the SOW. Section C. Specifications and Work Statement of the SOW, states the following:

The scope of the project includes a city-wide assessment of ID management needs across multiple agencies, and the implementation of a proof-of-concept (solution limited in features and number of users) evaluating the benefits of such a solution. The project will also produce the design of a complete solution and the development of a corresponding implementation plan. . . . The solution will be fully compliant with a Presidential Directive mandating the use of specific industry standards, and therefore will also enhance the interoperability capabilities of the city's public safety agencies.

⁵ The SOW refers to a "FIPS 201" federal regulation; however, the correct citation of the federal regulation is FIPS 201-1.

**EXHIBIT D. OFFICE OF THE INSPECTOR GENERAL COMMENTS
ON THE OFFICE OF THE CHIEF TECHNOLOGY OFFICER'S
RESPONSE TO DRAFT REPORT**

Further, Section C.2 Background, of the SOW, states the following:

It is critical for effective and efficient emergency response for First Responders to be fully vetted, identified and authenticated rapidly on the scene of emergency. Compliance with FIPS 201-1 is one of the ways in which the District can ensure that their emergency personnel are who they say they are. . . . The program initially targets the First Responder environment, which includes HSEMA, MPD, PSD, and FEMS.

Also, we met with several District officials including the former Chief Technology Officer, the Program Manager responsible for the procurement, the Chief Contracting Officer, the Chief of Training and Exercise Division, and the Senior Policy Advisor of HSEMA in reference to this procurement. At no time were we told that the OIG mischaracterized the purpose of the FIPS 201-1 Compliant Credentialing Solution Proof-of-Concept for first responders.

An SOW is a contracting tool between an agency and vendor that provides instructions on what work/tasks are to be performed. It also identifies the products that will be rendered as contract deliverables. Additionally, portions of OCTO's SOW were merely lifted from the FIPS 201-1 federal regulations.

Based on our analysis of the SOW requirements, it was more than reasonable to conclude that the procurement for a FIPS 201-1 Compliant Credentialing Solution Proof-of-Concept was to ensure full compliance with FIPS 201-1, and that the SOW targets the First Responder environment, which includes HSEMA, MPD, PSD, and FEMS.

OCTO COMMENT

The purpose of the DC One Card proof-of-concept was to test compatibility with District systems of existing smart chip technology. The DC One Card program will issue credentials using three different types of cards, including a card that contains such technology. The smart chip-containing (Tier Three) card will have many uses, only one of which is to serve as a credential for emergency response personnel. The three tiers [and] associated uses of the DC One Card are:

- Tier One-plain plastic card for use by cardholders enrolled only in programs that require only a barcode to read the card... .

**EXHIBIT D. OFFICE OF THE INSPECTOR GENERAL COMMENTS
ON THE OFFICE OF THE CHIEF TECHNOLOGY OFFICER'S
RESPONSE TO DRAFT REPORT**

- Tier Two-plastic card plus Metro SmarTrip chip for use by other public-facing programs, including the Summer Youth Employment Program (SYEP) and ... District public school students. . . .
- Tier Three-same as Tier Two card, but with a Kastle-card-type-chip to enable access to government buildings and a FIPS 201-1 compliant Personal Identification Verification (PIV) smart chip to provide secure access to government systems, rapid access to federal buildings for emergency response personnel, and other applications. . . .

OIG COMMENT

OCTO's reference to the DC One Card proof-of-concept was not clearly identified in this procurement effort. The term "DC One Card" is not mentioned in the entire SOW. Most importantly, the SOW for the FIPS 201-1 Compliant Credentialing Solution Proof of Concept does not address the use of the DC One Card.

We are aware that the District has already implemented use of the DC One Card containing Tier One and Tier Two. Also, we are aware that the DC One Card is a consolidated credential designed to give adults and children access to DC government facilities and programs and, eventually, the DC One Card will become a building access card for DC government employees.

OCTO COMMENT

The proof-of-concept was not intended to

- Obtain ID cards or other equipment and software for regular use by either first responders or non-emergency personnel;
- Develop new technology.

OIG COMMENT

OCTO contends that the purpose of the proof-of-concept was not to obtain ID cards or other equipment and software for regular use by either first responders or non-emergency personnel, or to develop new technology. We fully understand that the purpose of the procurement was to provide city executives with information to enable them to make a business decision regarding a city-wide credentialing system, and to be fully compliant with

**EXHIBIT D. OFFICE OF THE INSPECTOR GENERAL COMMENTS
ON THE OFFICE OF THE CHIEF TECHNOLOGY OFFICER'S
RESPONSE TO DRAFT REPORT**

a Presidential Directive mandating the use of specific industry standards to enhance the interoperability of the city's public safety agencies during emergencies.

OCTO COMMENT

OCTO respectfully disagrees with the Draft Report's findings suggesting that OCTO did not adequately plan or coordinate with other agencies. These findings seem to be based on a view of the purpose of the proof-of-concept that differs from that of OCTO as set forth above. Neither agency referenced in the Draft Report was in a position to help OCTO assess the compatibility of existing PIV technology applications with the District's existing IT infrastructure systems.

Similarly, OCTO feels strongly that via the OCP Competition, OCTO obtained the best value available for the goods and services it required at the volumes purchased, as evidence by the fact that OCP sent the solicitation to vendors on the federal government-approved vendors list, and the winning bid was the lowest received.

OIG COMMENT

The requisition for the FIPS 201-1 Compliant Credentialing Solution Proof-of-Concept was open for 12 calendar days that included 2 weekends and 2 public holidays (or 6 business days). A 6-day bid period and limited bidding opportunities support our conclusion that insufficient time was allotted for this procurement and that OCTO was in a rush to award this contract. In addition, the Chief Technology Officer and OCTO's Program Manager both informed us that they felt an urgent need to get the procurement started and, therefore, did not contact FEMA or HSEMA during the planning stage.

The short requisition period may have contributed to the fact that OCP did not obtain the requisite number of bid quotations for the procurement as required by 27 DCMR § 1802.4. Effective procurement planning and coordination would have revealed the roles of federal and District agencies responsible for credentialing. In addition, proper coordination would have revealed that credentialing technology is used in other states. Moreover, OCTO officials would not have had to pay a contractor to develop an SOW for existing technology based on information that was readily available to the public. Lastly, OCTO's comments regarding our finding on limited procurement planning conflicts with OCTO's full concurrence with our recommendation to coordinate procurements with OCP in the planning stage in order to explore technology solutions that may already exist.

**EXHIBIT D. OFFICE OF THE INSPECTOR GENERAL COMMENTS
ON THE OFFICE OF THE CHIEF TECHNOLOGY OFFICER'S
RESPONSE TO DRAFT REPORT**

OCTO COMMENT

OCTO also respectively disagrees with findings in the Draft Report that suggests that OCTO wasted time in the subject procurement process. As above, the basis of the disagreement appears rooted in the two differing views of the purpose of the proof-of-concept. In fact, given the difficulties and lead-time required for OCTO to obtain the stock to create the Tier Three card (defined above), any time used for the proof-of-concept could not have caused any delay on the provision of PIV-containing credentials to District workers, including emergency personnel.

OIG COMMENT

On January 7, 2008, OCTO issued Purchase Order Number PO246617 for a FIPS 201-1 Compliant Credentialing Solution Proof of Concept. As of April 13, 2009, OCTO has not awarded a contract to produce FIPS 201-1 compliant credentials for first responders. As a result, over 16 months have passed and OCTO has not issued credentials that are FIPS 201-1 compliant and compatible with existing District technology (DC One Card). Thus our conclusion that the Complete Proof of Concept for Credentialing did not produce a viable credential for first responders is confirmed. The failure to produce a viable credential further supports our contention that the procurement was a waste of resources.

OCTO COMMENT

OCTO also respectively disagrees with the suggestion in the Draft Report that OCTO missed an opportunity to save the District money by obtaining federal funds for the proof-of-concept. As above, the basis of the disagreement appears rooted in the two differing views of the purposes of the proof-of-concept. OCTO was aware of the potential availability of federal funds for credentialing purposes, though such funds are focused primarily on providing capabilities for first responders. As a result, the likelihood that federal funding could have been used for the proof-of-concept was fairly low. OCTO was aware of such funds; it simply determined not to apply for them in this case. Nevertheless, OIG is correct that such funds may be available, and OCTO is indeed investigating the possibility of obtaining such funds for the procurement of FIPS 201-1 compliant Tier Three cards to District first responders.

**EXHIBIT D. OFFICE OF THE INSPECTOR GENERAL COMMENTS
ON THE OFFICE OF THE CHIEF TECHNOLOGY OFFICER'S
RESPONSE TO DRAFT REPORT**

OIG COMMENT

OCTO stated that it is aware of the potential availability of federal funds for credentialing purposes, though such funds are focused primarily on providing capabilities for first responders, and contends that the likelihood that federal funding could have been used for the proof-of-concept is fairly low. We believe that all agency officials are responsible for ensuring that their agency is operating in an efficient and economical manner. As a result, all available avenues should be sought when an agency identifies the need to purchase goods and services. According to HSEMA's Senior Policy Advisor, there were available federal funds that could have been used for the acquisition of reliable credentialing technology. We were informed that the National Capital Region⁶ has available Homeland Security funds that HSEMA could have requested for a credentialing contract. If requested and approved, those funds could have been used for the District's credentialing efforts. OCTO confirmed that its officials did not request the use of federal funding and did not involve HSEMA in any part of the planning for this procurement.

OCTO COMMENT

OCTO also respectively disagrees with finding in the Draft Report that suggests that the proof-of-concept varied in any material aspect from the SOW. As above, the basis of the disagreement appears rooted in the two differing views of the purposes of the proof-of-concept – under OCTO's view of the purpose, the alleged variances would not be material to the project. Specifically, though OCTO respectively suggests that its decision not to use a PIN at each use of the credential did not violate FIPS 201-1, and that FIPS 201-1 does not require that a fingerprint be visibly displayed on the card, neither of these was material to the purpose of the proof-of-concept.

OIG COMMENT

Reevaluation of our facts disclosed that the credential is not required to have a credential user's actual fingerprint image, but the card's chip must include a fingerprint imaging component. Our physical inspection of the credential revealed that the card did not contain the required fingerprint imaging component on the chip as required in the SOW. FIPS 201-1 requires that in order to activate a user's card, both the PIN number and the fingerprint

⁶ The National Capital Region refers to the geographic area located within the boundaries of the District of Columbia, Montgomery and Prince Georges Counties in Maryland, Arlington, Fairfax, Loudoun, and Prince William Counties in Virginia, and the city of Alexandria, also in Virginia.

**EXHIBIT D. OFFICE OF THE INSPECTOR GENERAL COMMENTS
ON THE OFFICE OF THE CHIEF TECHNOLOGY OFFICER'S
RESPONSE TO DRAFT REPORT**

imaging component match must be used. The PIN number and fingerprint match provide the level of security required by FIPS 201-1 in order to log onto the network. Based on OCTO's response to the draft report, we have amended the final report to correctly note that the card's chip must include a fingerprint imaging component.