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District of Columbia Contracting and Procurement Task Force

Final Report

December 4, 2006

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To: The Hon. Vincent Orange, Chair, Committee on Government Operations Council of the District of Columbia

The Hon. Linda Cropp, Chair, Council of the District of Columbia

The Hon. Vincent Gray, Chair Elect, Council of the District of Columbia

The Hon. Anthony Williams Mayor

The Hon. Adrian Fenty Mayor Elect

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REPORT

The District of Columbia Contracting and Procurement Reform Task Force was established to make recommendations to the Mayor and Council to “improve the District’s contracting and procurement laws and regulations.”¹ The Task Force was comprised of 7 experts in government procurement with government and private sector experience in both District and Federal contracting appointed by the Council, 2 representatives of Chief Procurement Officer and 1 representative of the Chief Financial Officer.²

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The Task Force concludes that the problems in the procurement system are not in its laws, regulations and implementing procedures, but rather in the commitment of the government to train its personnel and to follow existing rules and generally recognized best practices.

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Under existing law in the District,³ “[p]rocurement’ means acquisition.”⁴ “Acquisition” is defined to mean “the obtaining by contract of property, supplies, and services (including construction) by and for the District through purchase or lease, whether the supplies or services are already in existence or must be created, developed, demonstrated, and evaluated, and includes the establishment of agency needs, the description of requirements to satisfy agency needs, solicitation of sources, award of contracts, contract financing, contract performance, contract administration, and those technical and management functions directly related to the process of fulfilling agency needs by contract.”⁵ Of necessity, “acquisition” must include “acquisition planning.” Although the PPA does not define acquisition planning, it is described in the Federal Acquisition Regulation (“FAR”) as “the process by which the efforts of all personnel responsible for an acquisition are coordinated and integrated through a comprehensive plan for fulfilling the agency need in a timely manner and at a reasonable cost. It includes developing the overall strategy for managing the acquisition.”⁶ The Task Force reviewed the entire *acquisition process*, including acquisition planning.

The acquisition process is the means by which the government secures goods and services from the private sector, which it either cannot produce or provide with government employees or cannot produce or provide as efficiently as the private sector. Use of the private contractors to support or perform public functions permeates nearly every aspect of government activity. These contractors are often unrecognized by the public, and, if the contracts are performed without incident, are often invisible. But acquisition is not an end in itself; rather, acquisition either supports or implements governmental objectives. Contracts may provide material and service used in producing an end product delivered by government employees, such as providing vaccine to be administered by government employees at a government operated clinic, or may provide for complete delivery by the contractor to the public, as in a District funded, but privately operated, clinic. Government employees may work in contractor facilities, such as rented buildings, or contractors may be housed within completely government controlled facilities, such as the medical clinic within the jail. On the other hand, a large part of the District’s contracting is very apparent. Building guards throughout government buildings wear uniforms showing the name of their employers, which are contractors. A large share of street paving and repair is performed by clearly designated contractor equipment.

The license plate issued by the Department of Motor Vehicles is manufactured by a contractor. Income tax forms received by taxpayers are printed and mailed by contractors, and, if the taxpayer files his or her return by mail with a check in payment of taxes owed, the check will be processed and negotiated by a contractor before the funds are paid to the government. Few in the public consider that these quintessential governmental functions are not performed by the Government but are, in fact, performed by contractors. Although procurement, that is soliciting and awarding a contract, may be the final step in the acquisition process for each of these activities, the process is intertwined in general administration and policymaking. And after award, the procurement involves contract financing, contract performance and contract administration.

The District has had effective control over its procurement functions for the nearly four decades since President Johnson replaced the commissioner form of government with an appointed mayor-council government⁷ and full legislative control since the

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Congressional establishment of the elected government under the Home Rule Act.⁸ The Council enacted the PPA as a comprehensive revision of the law governing procurement practices in 1986, and the procurement regulations were comprehensively revised in 1988.⁹ In 1997, procurement functions were consolidated within the Office of Contracting and Procurement (“OCP”) under the direction of a statutory Chief Procurement Officer (“CPO”).¹⁰

There are no magic formulas which can ensure an effectively functioning procurement system. While experts may argue over nuances, many regulatory schemes, if followed, can achieve basically fair and cost-effective contracting which meet the government’s supply and service needs. An effective system requires transparency and consistent and assured timely application of established procedures. The current statutory and regulatory framework governing procurement in the District is based on similar Federal statutes and regulations. Although there are other models of procurement regulation, such as the American Bar Association Model Procurement Code,¹¹ the Task Force believes that since many local businesses and professionals deal with both the District and Federal governments, there are public and private efficiencies to be achieved through conformity with Federal procurement practices. Notwithstanding that the District has not updated its statutes and regulations with changes made by the Federal Government of its own regulations after adoption of the PPA and District procurement regulations, there are no significant deficiencies the District’s procurement framework which would cause the procurement system, if its requirements were followed, to be dysfunctional.¹² The critical problem in the District system is the failure to establish a climate of compliance and enforcement of controls that insure compliance with the existing procurement regulation system.

THE PROBLEM

The District procures approximately \$3.75 billion by contract through approximately 21,000 contracts each year. The clear majority of this amount is procured in accordance with the law and regulations without incident. Nevertheless, a substantial portion of this amount is known to be in violation of procurement procedures, indicating a lack of controls to insure compliance with the procurement law and regulations.

On behalf of the Task Force, the Government Contracts Program of the George Washington University School of Law under the direction of Professor Christopher Yukins reviewed 46 reports dealing with procurement issued by the District of Columbia Auditor since 1996 (19 reports) and the Inspector General since 2002 (27 reports). The reports cover a small sample of total procurement; yet they found a litany of procurement deficiencies ranging from lack of planning,¹³ improper sole source awards,¹⁴ failure to follow competitive procedures,¹⁵ contracting without authority,¹⁶ failure to assign personnel to oversee contracts,¹⁷ failure to document actions and payments,¹⁸ and failure to maintain records.¹⁹ What stands out, however, in the reports which were reviewed is that the auditors did not cite a single deficiency in the PPA and regulations implementing the PPA or recommend any modifications of the generally applicable procurement law.²⁰ Every one of the numerous procurement actions questioned resulted from violation of existing procurement requirements, which, if followed, would have prevented the abuse.

FINDINGS

Many of the inappropriate procurement actions noted in audit reports were the result of negligence,²¹ while others were the result of failure to hire or assign appropriate staff.²² Other inappropriate procurement actions documented in the audit reports were intentional, such as splitting high value contracts into separate, lower value, contracts so as to avoid competition and review requirements.²³ The picture which emerges, however, is a lack of respect for the procurement system, which has manifested itself by failure of the District to implement and fund procurement infrastructure and by agencies ignoring regulations and policy without consequence. Such neglect is pervasive in both major and minor ways.

The task force found that there are large variations in the training of procurement personnel between agencies, ranging from trained and experienced personnel to employees lacking either training or experience. This is particularly true in acquisition planning activities which are the responsibility of operating agencies. It is axiomatic that if planning is not timely done to allow sufficient time to undertake the procurement, no procurement system is likely to be successful.

The Task Force found that procurement regulations and procedures are difficult to access by both government agencies and the contracting public. The official compilation of Procurement Regulations published by the Office of Documents, Title 27 of the District of Columbia Municipal Regulations (“DCMR”), has not been updated since 1988, a period of over 18 years. Title 27 has not been included as one of the 12 DCMR titles currently available electronically. Not only has a current compilation of procurement regulations not been published, the list of amendments since the 1988 publication shown on the Office of Secretary website is only “current as of December 1999.”²⁴ The problem is compounded by the adoption of separate procurement regulations by individual agencies²⁵ pursuant to exemptions of certain agencies from all or part of the PPA and implementing Procurement Regulations.²⁶ The exemptions themselves are not consistent. Some of the exemptions are total,²⁷ while other are limited to specified contract actions,²⁸ and still others grant specified agencies independent power to “exercise procurement authority to carry out [their] purposes, including contracting and contract oversight, consistent with the other provisions of this unit.”²⁹

As important as regulations are, standard procurement forms and procedures which implement the regulations should also be readily available. Standard operating procedures are even less easily obtained than regulations. Although the OCP website now makes procedures adopted in the last 5 years available,³⁰ that is not the case for most longer-standing procedures. The OCP website states, “Policies and procedures adopted prior to November 1, 2001 may be obtained by submitting a written Freedom of Information Act (FOIA) request to OCP's FOIA Office.” While many procedures have been formalized by the CPO in the past 5 years, it is incomprehensible that any standard operating procedures, regardless of age, are not immediately available without formality. The “system of unified and simplified procurement procedures”³¹ required by the PPA has not been developed. The *Material Management Manual*, the last comprehensive procurement manual, is over 30 years old and generally unavailable.

Other important publication and notice requirements are more honored in their breach than in their observance, further diminishing the respect for compliance with basic tenants of government procurement. Clear lines of contracting authority are basic to government procurement systems. By statute, contracting authority resides in the Chief Procurement Officer who may delegate the authority to other District employees. Delegations of procurement authority are required to be published “in the D.C. Register in January and July of each year.”³² As opposed to the definite requirements of the statute, publication is erratic, making notice difficult to locate. The last publication, as of August 9, 2006, was published in the September 15, 2006, DC Register.³³

The establishment of the Chief Procurement Officer and the Office of Contracting and Procurement in 1997 was intended to raise the status of procurement within the District. Under the original law, the Chief Procurement Officer was required to “have not less than 7 years of procurement experience in federal, state, or local procurement, and shall have demonstrated management skills.” In 1999, the Council increased the qualification standard by requiring senior-level procurement experience. Additional legislation amended the statute to provide that “[t]he CPO shall have not less than 7 years of *senior-level* experience in procurement and shall have demonstrated, through his or her knowledge and experience, *the ability to administer a public procurement system of the size and complexity of the program established by this chapter.*” [emphasis supplied] D.C. Official Code § 2-301.05e(d) as amended by D.C. Law 13-49.

Failure to appoint a CPO meeting the statutory qualifications has diminished the status and resulting authority of the office. For the past two years, the Office of Contracting and Procurement has been without a qualified, permanent, or even full-time, Chief Procurement Officer. The Interim CPO had impressive management credentials, but, by his own admission, had little procurement experience, let alone senior-level procurement experience. Further, the incumbent was only a part-time CPO. His responsibilities as Interim CPO were in addition to his responsibilities as the Deputy Mayor for Operations. The clear lack of priority in filling the position of Chief Procurement Officer decreased the office’s effectiveness and created the unfortunate appearance that compliance with procurement policy is not a high priority.

Although the position of Chief Procurement Officer is established by statute, it is within the prerogative of the Mayor to place the office within the organizational structure of the District. The CPO is in the third rank of District entities, not reporting directly to the Mayor, or even the City Administrator, but rather reporting through the Deputy Mayor for Operations, who in turn reports to the City Administrator, who reports to the Mayor.³⁴ This is in contrast to the Attorney General and the Chief Financial Officer, who are at an organizational level equal to that of the City Administrator and report directly to the Mayor, and the Chief Technology Officer, who also does not report through a Deputy Mayor. The subordinate level of the Office of the Chief Procurement Officer certainly does not increase its influence with District departments.

Our review confirmed that authority and competition requirements which are supervised by the CPO are regularly ignored by operating departments without apparent sanction. Our review showed that unless there is a demonstrated will to comply with procurement policy, regulations, no matter how direct and clearly written, will be of little effect. In August of this year, the Inspector General issued a report which demonstrates the lack of will to control procurement activities within the government.³⁵

In the late 1990s, the Council adopted crystal clear legislation dealing with the penalties for entering into any (a) verbal contract, or (b) multiyear contract or proposed contract over \$1,000,000 without prior approval by the Council. DC Official Code § 2-301.05 states, in relevant part:

(2) After April 12, 1997, no District employee shall enter into an oral agreement with a vendor to provide goods or services to the District government without a valid written contract. Any violation of this paragraph shall be cause for termination of employment of the District employee.

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

DC Official Code § 2-301.05a states, in relevant part:

(e) After July 28, 1995, any employee or agency head who shall knowingly or willfully enter into a proposed multiyear contract or a proposed contract or lease in excess of \$1,000,000 without prior Council review and approval in accordance with this section shall be subject to suspension, dismissal, or other disciplinary action under the procedures set forth in § 1-616.01(d)(1) and (18). This subsection shall apply to subordinate agency heads appointed according to subchapter X-A of Chapter 6 of Title 1, and to independent agency heads.

Notwithstanding the clear requirements set by the Council, the number and dollar value of unauthorized contracts ballooned in both numbers and dollar value during the tenure of the Interim Chief Procurement Officer. The Inspector General reported that the number of contracts for which ratification of improper actions was required increased threefold from 19 in FY 2004 to 59 in FY 2005.³⁶ Two agencies, the Department of Health and the State Education Office accounted for nearly half of the total number of improper contracts in FY 2005.³⁷ The dollar value of improper contracts increased from \$896,183 to \$34,332,433, with the bulk of this amount being \$33,009,214 for the Office of the Chief Technology Officer in just 6 contracts. It is difficult to believe that OCTO personnel dealing with contracts averaging over \$5,000,000 each could not have been aware of the statutory requirements. It is not surprising that agencies have little regard for procurement requirements, since their violation is not treated seriously, even by the Office of Contracting and Procurement. Although the Council legislation specifically requires that “[t]he Mayor shall submit a report to the Council at least 4 times a year on the number of persons cited or terminated [for making an oral agreement],³⁸ neither the CPO nor the agencies transmitted the information necessary to make such reports for FY 2004 or FY 2005 until after the issue was raised by the Inspector General in August.

The responses of the Interim CPO and agencies to the Inspector General’s findings

highlight the fragmentation which makes it difficult to enforce responsibility for complying with procurement requirements. The CPO noted that he lacked responsibility for penalizing agencies or employees who make unauthorized commitments stating instead that penalties “should be enforced by those persons [within the agency] supervising the employees who enter into unauthorized commitments.”³⁹

By its lack of authority to enforce procurement requirements within agencies, the OCP is isolated from agency actions critical to procurement. The OCP also lacks responsibility for payment on contracts. OCP asserted to the IG that “[i]t is not the Office of Contracting and Procurement’s responsibility to make payments or to follow up on a payment that should have been made; that is the function of the Chief Financial Officer.”⁴⁰ Nevertheless, even without specific authority, the CPO has failed to use his “bully pulpit” to induce compliance.

The OCP has limited its role to processing procurement requests made by agencies. By doing so, it deprives the acquisition functions of critical expertise in the planning and timing of procurements, often impacting the time available for achieving maximum competition for the District’s needs.

If the OCP does not assume responsibility for agency actions at the beginning of the contracting process, or payment at its conclusion, it is impossible to hold anyone responsible for procurement deficiencies. In order to assume responsibility for procurement from beginning to end, OCP must have access to tools necessary to track all aspects of procurement. The District’s failure to give procurement the highest budgetary priority has kept such systems from being implemented.⁴¹ In 2003, the District began installation of the Procurement Automated Support System (“PASS”) intended to support the procurement system. The PASS system was designed to include 4 modules: contracting, sourcing, buyer and analysis. To date, only the buyer and analysis modules have been brought on line. The two active PASS modules are a financial recording system not designed as a procurement system and, while the installed modules may accurately record actions which are manually inputted to the system, the installed system offers no automatic preparation of documents, cues for necessary actions or controls for accuracy. The August report of the Inspector General indicated that a conflict between OCP and the Chief Technology Officer as to which office should fund the additional \$2 million cost of installing the remaining PASS modules has delayed their installation.⁴² Lack of the full PASS system limits the system’s usefulness as a planning tool to monitor contracts as they approach maximum value and expiration date.

Based on these and other failures reviewed under our legislative mandate, the Task Force concludes that the problems in the procurement system are not as much in its laws, regulations and implementing procedures, as in the commitment of the government to follow them.

RECOMMENDATIONS

It would be easy to recommend that each department head be made accountable for his or her department’s procurement functions and be evaluated on success. Such a recommendation is unlikely to improve contracting. The primary goal of an agency

head will always be success in the substantive function of the agency. A mayor will also, as a matter of course, give priority to meeting the substantive goals of his or her administration. It is therefore difficult to meaningfully sanction an agency head who excels at substantive goals, but is deficient in administrative matters. The lack of sanction of the Chief Technology Officer notwithstanding over \$30 million of unauthorized contracts bears this out.

Without a reliable system of sanctions, then, the procurement process must be strengthened from within. Improvements are more likely to be achieved if the status, authority and scope of the Chief Procurement Office is enhanced and priority is given to fully supporting the acquisition system. The CPO must be granted authority to supervise the Office of Contracting and Procurement and agency employees with acquisition authority from planning for acquisitions through payment for completed contracts. With the change in administration and the vacancy in the office of Chief Procurement Officer, the District has the opportunity to quickly enhance the acquisition system within a short period of time.

We recommend that within the first 100 days of the new administration:

1. The rank of the Chief Procurement Officer in the executive branch hierarchy should be made equivalent to that of the Attorney General and Chief Financial Officer.
2. A Chief Procurement Officer should be appointed who clearly exceeds the minimum statutory qualifications for the office.
3. A new Title 27, Procurement, of the DCMR should be issued in hard copy, including all final regulations promulgated through January 1, 2007, and made available electronically.
4. A compilation of all OCP internal policies and procedures currently in effect should also be made available electronically.
5. Procedures should be established for immediate publication of all contract awards with information as to the next award date of the successor to the subject contract and estimates of the amount and time of likely future needs of similar supplies and services, with District contact information for potential suppliers.
6. Funding should be made available to update the PASS system and install the contracting and sourcing modules.
7. Each agency should submit to OCP a complete chronological list of the expiration date of every contract over \$25,000 currently in effect, identifying the procurement contracting officer, administrative contracting officer, contracting officer's technical representative and agency personnel responsible for determining the continuing need for the goods or services upon expiration of the contract.
8. For each contract over \$500,000 currently in effect, the agency should designate the office and specific individual responsible for planning a follow-on contract. The Chief Procurement Officer shall concur in the designation of the individual official. The agency shall report any resignation or changes in assignment within 20 days of any change.
9. Upon upgrade of the PASS system, data on all existing contracts should be input into the system.
10. The Office of the Chief Financial Officer should recommend actions to ensure that no District contract is entered into unlawfully, without appropriate funding.

We recommend that within one year the new administration:⁴³

1. Create a publicly available organized acquisition manual with plain language explanations of requirements for various types of procurements and the authority of specific assigned personnel, as well as specific checklists and standard contract forms and provisions.
2. Establish, and appropriately fund, a training and certification program for all employees assigned acquisition responsibilities, and require at the end of 18 months that all employees who perform acquisition functions, including acquisition planning, be appropriately certified. The Chief Procurement Officer should investigate the merits of establishing a District Procurement Academy or utilizing, on a reimbursable basis, the Federal Acquisition Institute or the Defense Acquisition University.
3. Evaluate the qualifications of all agency personnel with acquisition responsibilities and establish a program for training newly assigned agency acquisition employees and existing acquisition employees with deficiencies to be implemented at the start of FY 2008.
4. Establish meaningful guidelines and timetables for acquisition actions, including planning, with provision for timely notice to agencies of the necessity for action on specific procurements (such as contract expiration) in advance of due dates.
5. Establish a monitoring and accountability process to review achievement of planning and contracting goals. On August 1, 2007, the Mayor should submit a schedule certified by each agency head and the Chief Procurement Officer, showing the month in which the agency expects to award each contract projected to be in excess of \$100,000 during the Fiscal Year 2008.
6. Give the CPO authority to establish mandatory performance improvement programs for certified acquisition employees who fail to meet the guidelines and timetables for acquisition actions permitting the CPO to decertify employees for continued failure to meet specified standards.
7. The CPO be given specific authority to direct agency heads to discipline employees for violation of statutory procurement requirements.

We recommend that within one year the Council and the new administration:

1. Review the current exemptions from the Procurement Practices Act granted to individual agencies so as to achieve a more uniform application of procurement policy, practice and oversight among District agencies.

We recommend that beginning with the Fiscal Year 2008 budget:

1. The budget for the Office of Contracting and Procurement be determined by formula set at eight tenths of one percent (0.8%) of the total funds, including both appropriated and nonappropriated funds, available for expenditure by District agencies by contract,⁴⁴ but not less than the formula amount computed for the prior fiscal year's spending. The funds available for contracting should be determined by subtracting personnel, transfer, subsidy and debt service appropriations from the total funds available for expenditure from whatever source.⁴⁵ The resulting appropriation for the Office of Contracting and Procurement should not be allocated as to personnel and nonpersonnel costs and should not be subject to personnel ceilings in order to expand the Office's current

activities and fund through the OCP budget training, certification, and supervision of agency acquisition personnel. The Task Force intends that funding of the Office of Contracting and Procurement be doubled over the Fiscal Year 2007 budget approved by the Council (\$14 million)

2. Together with the budget, the Chief Procurement Officer should submit to the Council a plan of expenditure for the funds, which may include training costs, including travel and per diem for employees of other agencies.

We recommend that beginning with the submission of the Fiscal Year 2009 budget (January 2008):

1. Together with each agency budget, the Mayor should submit a schedule certified by each agency head and the Chief Procurement Officer, of the month in which each agency expects to award each contract during the fiscal year projected to be in excess of \$100,000.⁴⁶

We recommend that beginning with the submission of the Fiscal Year 2010 budget (January 2009):

1. In addition to submission of the expected contract award dates for the year of the budget submission, the Chief Procurement Officer should submit a schedule of the contract awards over \$100,000 made during the previous calendar year (initially 2008) showing the expected date for each contract as shown in the schedule accompanying the previous year's budget submission and the actual award date.

Respectfully submitted,

CONTRACTING AND PROCUREMENT TASK FORCE

Matthew Watson, Chair
Carl Vacketta
Stephen Daniels
Clayton White
Dallas Evans
Elliott Branch
Darrin Glymph
Eric Payne
David Marlin
Nancy Hapeman

D. C. CONTRACTING AND PROCUREMENT REFORM TASK FORCE

APPOINTED MEMBERS

(All appointed members serve as private citizens. Affiliations is shown for identification only)

Matthew Watson, Chair, Contract Appeals Board (ret.), Former District of Columbia Auditor
Stephen Daniels, GSA Board of Contract Appeals
Dallas Evans, ISI Professional Services
Darrin Glymph, Orrick, Herrington & Sutcliffe LLP
David Marlin, Board of Appeals and Review (ret.), Contract Appeals Board (ret.)
Carl Vacketta, DLA Piper Rudnick Gray Carey
Clayton White, BEALE Inc.

EXECUTIVE BRANCH DESIGNEES

Elliott Branch, Executive Director for Contracts, Naval Sea Systems Command. Former Chief Procurement Officer
Eric Payne, Director of Contracts, Office of Chief Financial Officer
Nancy Hapeman, General Counsel, Office of Contracts and Procurement

LIAISON

Keith Coleman, Reed Smith LLP; District of Columbia Bar, Gov. Contracts & Litigation Section
Barry DeWeese, U.S. Government Accountability Office
William Divello, Office of Inspector General
Salvatore Guli, Office of Inspector General
Deborah Nichols, District of Columbia Auditor
Christopher Yukins, Government Contracts Program, George Washington Univ. School of Law

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1. Contracting and Procurement Reform Task Force Establishment Emergency Act of 2005
 2. A list of members of the Task Force is attached.
 3. Procurement Practices Act of 1985 (“PPA”). Chapter 3 of Title 2 of the D.C. Official Code (2001 ed.), (§ § 2-301.01 to 2-327.03)
 4. § 2-301.07(37)
 5. § 2-301.07(1)
 6. 48 CFR § 2.101
 7. Reorganization Plan No. 3 of 1967
 8. Pub. L. 93-198, 87 Stat. 777 (Dec. 24, 1973)
 9. Title 27, District of Columbia Municipal Regulations (DCMR)
 10. Procurement Reform Amendment Act of 1996, D.C. Law 11-259, 44 D.C. Reg.

1423 (Mar. 14, 1997). The amendments did not, however, comprehensively amend the PPA to reflect the changed procurement organizational structure. For example, a number of unamended PPA provisions still place requirements on the “Director” which continues to be defined as “the Director of the Department of Administrative Services, established by Mayor's Order 84-52, dated March 2, 1984” (DC Official Code § 2-301.07(22)), a position which no longer exists. (See also, *MCI Constructors, Inc.*, CAB No. D-1056, Mar. 27, 2002, 50 DC Reg. 7412, 7417). 11 2000 Model Procurement Code for State and Local Governments (ABA Section of Public Contract Law 2006 ed.)

12. We should note, however, that the badly outdated District procurement regulations – which have not been substantially revised since the 1980s – are nevertheless a drag on efficiency in the District’s procurement system. To the extent the District’s procurement rules are badly out of step with the federal regulatory regime, federal contractors – and, more importantly, highly capable federal contracting officials – will be reluctant to “cross over” to participate in the District’s procurement process. In essence, an antiquated regulatory system helps make the District an island in the surrounding region’s burgeoning sea of resources for effective procurement.

13. DC Auditor report entitled “Evaluation of the Department of Public Works’ Monitoring and Oversight of the Ticket Processing and Delinquent Ticket Debt Collection Contracts (April 22, 1999) – Award of four 45-day-or-less sole source emergency contracts and one one-year sole source contract due to failure to plan in advance and other administrative delays.

14. Inspector General report entitled “Audit of the District of Columbia Public Schools’ Procurement of School Security Services” (OIG No. 03-2-14GA) (April 26, 2004) - Extension of the original contract for two additional years without soliciting and receiving the benefits of price competition.

15. DC Auditor report entitled “District of Columbia General Hospital’s Sole Source Contract Award to Medical Services Group, Inc. Violated D.C. Laws and Regulations” (July 14, 1997) –sole source contract awarded to retiring employees of the agency.

16. DC Auditor report entitled “Current Status of the Contract for the District’s Consolidated Real Property Inventory System” (July 27, 2000) – Task order totaling over \$500,000 entered into by Deputy Mayor with delegated contracting authority not to exceed \$25,000.

17. Inspector General report entitled “Audit of Contracting Actions for the District’s Administrative Services Modernization Program (OIG 04-1-12MA) (May 3, 2005) - Of the 31 labor hour contracts reviewed, none were assigned a Contracting Officer’s Technical Representative (“COTR”) or contract administrator.

18. Inspector General report entitled “Audit of the District of Columbia Housing Authority’s Financial Management of Hope VI Grant Funds” (OIG 01-2-25PH(c)) (Sept. 9, 2003) – Agency did not maintain sufficient records for 45 percent of the payments it made to contractors.

19. Inspector General report entitled “Audit of Procurement Activities at the D.C. Fire

and Emergency Medical Services Department” (OIG No. 02-1003MA) (May 4, 2004) - Contracting officials did not adequately document procurement files to demonstrate that goods/services were delivered, and to record and verify that payments were made.

20. DC Auditor report entitled “District of Columbia Sports and Entertainment Commission’s Contracting, Procurement, and Spending Practices Characterized by Mismanagement, Noncompliance, and Inadequate Internal Controls” (October 17, 2003) recommended that the Sports Commission, which is not subject to the PPA, develop a comprehensive set of procurement regulations, policies and procedures in order to establish a basis for purchasing that is transparent and responsible.

DC Auditor report entitled “Agency Retaliation against Contractors Appearing Before or Providing Information to the Council (April 12, 2000) recommended that the the “Employees of District Contractors and Instrumentality Whistleblower Protection Act of 1998” (D.C. Law 12160) be expanded clearly prohibit retaliatory actions against contractors, in addition to individual employees.

Inspector General Inspection Report on the Office of Contracts and Procurement issued August 23, 2006, after the formation of the Task Force recommended that language be clarified in the regulations dealing with bid submission (27 DCMR § 1504) to allow submission of bids electronically.

21. Inspector General Report entitled “Audit of the District of Columbia Housing Authority’s Financial Management of Hope VI Grant Funds” (OIG 01-2-25PH(c)) (Sept. 9, 2003) - DCHA also did not maintain sufficient records for 45 percent of the payments it made to contractors. 22 Inspector General Report entitled “Audit of the Health Care Safety Net Contract,” (OIG 02-12HC) (Oct. 4, 2002) - failure to fill oversight positions at HCSNA in a timely manner.

Inspector General Report entitled “Audit of Contracting Actions for the District’s Administrative Services Modernization Program” (OIG 04-1-12MA) (May 3, 2005) - Of the 31 labor hour contracts reviewed, none were assigned a COTR or contract administrator.

23. Inspector General Report entitled “Audit of Procurement Activities by the Office of Contracting and Procurement for the Department of Consumer and Regulatory Affairs” (OIG 021-3MA (a)) (Aug. 27, 2003) - Of the 46 \$25,000 contracts awarded for nuisance abatement services, 42 were awarded to 12 contractors. All twelve contractors received awards for improperly split contracts which otherwise would have been over the \$25,000 threshold. As a result, contracting officers did not make responsibility determinations.

24. The last amendment listed on the website is actually June 2, 2000. Later amendments to Title 27 are included in monthly “List[s] of Sections Amended” published in the D.C. Register, now apparently published quarterly. Amendments to Title 27 promulgated by the OCP are listed on the OCP website. A compilation of the section containing the current Contract Appeals Board (“CAB”) rules is published on the CAB website (www.cab.dc.gov).

25. See, *e.g.*, 19 DCMR Chapter 28, which states in its first section:

2800.1 The following policies, rules and procedures governing the procurement, management and disposal of goods and services are hereby adopted by the District of Columbia Sports and Entertainment Commission (the “Commission”), notwithstanding, and in lieu of, the District of Columbia Procurement Practices Act of 1985, D.C. Law 6-85, D.C. Code §§ 1- 1181.1, et seq. (1999 Repl.).

The differences may set traps for unsuspecting contractors. For instance, under the PPA, a prospective contractor may, in general, file a protest within “10 business after the basis of protest is known.” (DC Official Code § 2-308.08(b)). A prospective contractor aggrieved by a Sports Commission decision loses its right to protest if the protest is not filed “within 7 days....” 19 DCMR 2808.1.

26. DC Official Code § 2-303.20

27. See, e.g., DC Official Code § 2-303.20(j) (Water and Sewer Authority)

28. DC Official Code § 2-303.20(i) (procurements under \$500,000 by the Metropolitan Police Department)

29. See, e.g., DC Official Code § 2-303.20(p) (Department of Mental Health)

30. <http://www.ocp.dc.gov/ocp/cwp/view.a.1296.q.576474.ocpNav.%7C32644%7C.asp>

31. DC Official Code § 2-302.02(b)

32. DC Official Code §§ 2-301.05(a) and (c)3

33. 53 DC Reg. 2557-72

34. <http://dc.gov/mayor/organization.shtm>

35. Office of Contracting and Procurement, Part One, Report of Inspection (OIG-No, 06-001770) (August 23, 2006) (“OIG Report”)

36. At 18

37. At 20

38. 2 DC Official Code § 301.05(d)(3)

39. OIG Report, at 21

40. At 24

41. By statute, the Material Management Information System should have been completed nearly 10 years ago. DC Official Code § 2-302.02(c)(1) provides:

(c)(1) Within 12 months of February 21, 1986, the [then] Director [of Administrative Services] shall develop and establish a comprehensive

computer-based material management information system for collecting, organizing, disseminating, maintaining, and reporting procurement data which takes into account the needs of all branches of the District government, and the best interest of the District government.

(2) The system shall be designed to permit measuring and assessing the impact of procurement activities on the economy of the District government, and the extent to which local, women-owned, small, and disadvantaged business concerns are sharing in District government contracts.

(3) The system shall:

A) Serve for policy and management control purposes, such as forecasting material requirements, inventory control, warehousing, accounting, and purchasing;

(B) Reflect the state of the art in information systems technology; and

(C) Have the ability to accommodate future technical enhancements, including the use of bar coding.

42. OIG Report, at 37-8

43. The Task Force recognizes that funds will be required to be reapportioned and made available to the OCP during FY 2007 to the extent that these recommendations are implemented prior to September 30, 2007. The Task Force estimates increased costs of \$3 to \$6 million during FY 2007 to begin implementation.

44. Based on FY 2006 expenditures, the Task Force estimated the amount available for contracting to be \$3.75 billion.

45. This sum includes appropriations of District funds, Federal payment and grant fund, property sales and private grants and donations.

46. In February of this year, the Council passed a similar reporting requirement for contracts over \$1 million. (D.C. Law 16-122, § 2(f), 53 DCR 2834 (June 6, 2006), codified in relevant part as DC Official Code § 2-303.19a). While this legislation is worthwhile, the reporting date, on month into the fiscal year, is not sufficient to assure adequate time for competition and award. Further, the new report is limited to plans for resolicitation of needs for which contracts are expiring and does not require reporting plans for newly budgeted contract programs. The Task Force has therefore recommended, in addition to reporting new contracts and a lower dollar threshold, that the report be filed with the submission of the budget, giving at least a 6 month additional lead time.

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GAO

Report to the Ranking Minority
Member, Committee on Oversight and
Government Reform, House of
Representatives

January 2007

**DISTRICT OF
COLUMBIA**

**Procurement System
Needs Major Reform**





Highlights of [GAO-07-159](#), a report to the Ranking Minority Member, Committee on Oversight and Government Reform, House of Representatives

Why GAO Did This Study

To improve acquisition outcomes, in 1997 the District established the Office of Contracting and Procurement under the direction of a newly created chief procurement officer (CPO). Since then, the District's inspector general and auditor have identified improper contracting practices.

This report examines whether the District's procurement system is based on procurement law and management and oversight practices that incorporate generally accepted key principles to protect against fraud, waste, and abuse.

GAO's work is based on a review of generally accepted key principles identified by federal, state, and local procurement laws, regulations, and guidance. GAO also reviewed District audit reports and discussed issues with current and former District officials as well as select state and local officials.

What GAO Recommends

GAO recommends that the District's Mayor submit a procurement reform plan to Congress. The former Mayor chose not to comment, but the new administration indicated concurrence with most of GAO's recommendations and intends to provide a plan within 60 days of the public release of this report. Comments from the Chief Financial Officer were limited to the section on direct vouchers. They indicated current review of their policy and GAO encourages implementation of this report's recommendations.

www.gao.gov/cgi-bin/getrpt?GAO-07-159.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Ann Calvaresi-Barr, (202) 512-4841 or calvaresibarra@gao.gov.

DISTRICT OF COLUMBIA

Procurement System Needs Major Reform

What GAO Found

The District's procurement law generally does not apply to all District entities nor does it provide authority to the CPO to effectively carry out and oversee the full scope of procurement responsibilities across all agencies. A lack of uniformity in its procurement law and the CPO's limited authority not only undermines transparency, accountability, and competition but also increases the risk of preferential treatment for certain vendors and ultimately drives up costs. The current law exempts certain entities and procurements from following the law's competition and other requirements, and according to current and former District procurement officials, there is a push to expand independent procurement authority—a move that would reverse action taken by the District a decade ago. Other provisions of current law further erode competition. Notably, the law provides broad authority for sole source contracting and establishes high-dollar thresholds for small purchases, which are generally not subject to full and open competition. Also, in implementing the law, sufficient management oversight is lacking to ensure employees do not make unauthorized commitments.

The District has been challenged to effectively manage and oversee its procurement function, due in large part to the low-level position of the procurement office in the governmental structure, the rapid turnover of CPOs, and multiple players having authority to award contracts and affect contract decisions. At the same time, the District does not have the basic tools that contracting and agency staff and financial managers need to effectively manage and oversee procurements—including a procurement manual, a professional development program, and an integrated procurement data system.

In summary, the District's procurement system does not incorporate a number of generally accepted key principles and practices for protecting taxpayer resources from fraud, waste, and abuse. Specifically, the District lacks a comprehensive procurement law that applies to all District entities over which the CPO has sole procurement authority and promotes competition; an organizational alignment that empowers its procurement leadership; an adequately trained acquisition and contracting workforce; and the technology and tools to help managers and staff make well-informed acquisition decisions.

To better ensure every dollar of its more than \$1.8 billion procurement investment is well spent, it is critical that the District have a procurement system grounded in a law that promotes transparency, accountability, and competition, and helps to ensure effective management and oversight and sustained leadership. High-level attention and commitment from multiple stakeholders—including Congress—are needed if the District's procurement law is to provide the right structure and authority and if procurement reforms are to succeed.

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Figure 1: The Office of Contracting and Procurement Placement in the District of Columbia's Government Structure

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Abbreviations

ABA	American Bar Association
CFO	Chief Financial Officer
CPO	Chief Procurement Officer
DCSS	District of Columbia Supply Schedule
FAR	Federal Acquisition Regulation
GSA	General Services Administration
LSDBE	Local, Small, and/or Disadvantaged Business Enterprise
MAS	multiple award schedule
NASPO	National Association of State Procurement Officials
OCTO	Office of the Chief Technology Officer
PASS	Procurement Automated Support System

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United States Government Accountability Office
Washington, DC 20548

January 19, 2007

The Honorable Tom Davis
Ranking Minority Member
Committee on Oversight and Government Reform
House of Representatives

Information from the District of Columbia's lead contracting office and other sources indicate that in fiscal year 2005, more than \$1.8 billion—almost 22 percent of the city's \$8.2 billion budget—was spent on procurement. To maintain public trust and fulfill public policy objectives, an effective procurement system should provide timely acquisition of the right goods and services while efficiently addressing agency needs and obtaining the best value for taxpayer dollars. The success of any public procurement system is rooted in law and policies with appropriate internal controls, which if adhered to through effective management and oversight, promote transparency, accountability, competition, and ultimately protect resources from fraud, waste, and abuse.

The District's history of procurement problems—which include poor planning, excessive use of sole source contracts, and unauthorized personnel committing government resources—is well documented. Contracts have suffered from poorly defined requirements, noncompliance with procurement rules, and avoidance of competition. Almost 10 years ago in an effort to improve its procurement outcomes and promote oversight and accountability, the District amended its procurement law—the Procurement Practices Act of 1985.¹ A key component of the amendment was the establishment of the Office of Contracting and Procurement to centralize the District's acquisition function under the direction of a newly created chief procurement officer (CPO). Since then, the District's inspector general's and auditor's offices as well as numerous press reports continue to identify improper contracting practices across various District entities.²

¹ The Procurement Practices Act of 1985, codified as amended in D.C. Official Code § 2-301.01 *et seq.*, is the District's primary procurement law and is implemented through Title 27 of the District of Columbia Municipal Regulation.

² For purposes of this report, the term "entities" refers to the various District departments, agencies, boards, and commissions.

Given these circumstances, you asked us to assess the District's procurement system. Specifically, we examined the extent to which the District's (1) procurement law incorporates generally accepted key principles that promote transparency, accountability, and competition and (2) procurement system reflects sound management and oversight practices. Our assessment also addresses recent actions the District has taken to address persistent procurement challenges.

To conduct our work, we reviewed the relevant District procurement laws and regulations, and compared them with generally accepted key public procurement principles and best practices from a variety of sources, including the National Association of State Procurement Officials (NASPO), the American Bar Association (ABA) model procurement code, the Federal Acquisition Regulation (FAR) as well as our prior work on effective procurement practices. To obtain perspectives from others on the District's past and current procurement management challenges, we reviewed various studies with recommendations that led up to the 1997 reorganization to establish the Office of Contracting and Procurement headed by a CPO as well as selected District inspector general and auditor reports since 2004. We interviewed current and former procurement, executive, financial management, and auditing officials in the District to discuss organizational, management, and policy challenges; procurement reform; and related issues. We also spoke with state government procurement leaders of NASPO about sound public procurement principles and practices regarding public procurement and their views on issues we raised about the District's system. In addition, we visited Atlanta, Baltimore, and New York City to interview city procurement officials about their views on issues we raised concerning the District's system and to learn about related challenges they have faced and their responses to these challenges. Appendix I presents our scope and methodology in more detail. We conducted our work between February and October 2006 in accordance with generally accepted government auditing standards.

Results in Brief

The District's procurement law as currently in effect generally does not incorporate accepted key principles of sound procurement as established by NASPO, the ABA model procurement code, and the FAR. As a result, the law fails to adequately promote transparency, accountability, and competition to reduce the risk of fraud, waste, and abuse. Although it recognizes the role of a CPO—a key component of a comprehensive procurement law—the law falls short in a number of other key areas. First, despite calling for uniform procurement procedures District

governmentwide, the law does not apply to several District entities, including some that spend tens of millions of dollars a year to contract for goods and services. According to many officials we spoke with, this lack of uniformity severely hampers transparency and accountability and increases the risk of preferential treatment of vendors, discourages competition, and ultimately drives up costs. Second, the law fails to provide authority to the CPO to effectively carry out and oversee the full scope of procurement responsibilities across all entities. Third, the law has frequently been amended to grant exemptions to its provisions and the CPO's authority for certain entities and special procurements. Current and former CPOs, as well as NASPO and other city procurement officials, noted that these exemptions distort the District's law, undermine efforts to establish a central authority, and circumvent the competitive process. Finally, the law allows the use of noncompetitive contracting methods, such as sole-source contracting, under broad exceptions. It further allows higher dollar thresholds for small purchases than are allowed in other city and federal regulations, including the FAR; mandates the use of a District supply schedule with a limited list of local vendors for purchases of a specified threshold; and allows agencies under certain circumstances to bypass the District's contracting rules to directly pay vendors without valid contracts—payments that accounted for as much as \$217 million in fiscal year 2004. Ultimately, these provisions in the law create barriers to competition—the basic tenet of an effective public procurement system.

In addition to generally lacking a law that reflects accepted key principles of sound procurement, the District has been challenged to effectively manage and oversee its procurement system. The low-level position of the procurement office within the District's governmental structure, combined with rapid turnover of five CPOs in the past 10 years, has resulted in fragmented and inconsistent procurement management and oversight with multiple players having authority to award contracts and affect procurement decisions. According to former District CPOs, the low organizational placement weakened their ability to direct, coordinate, and oversee procurement activities across the District's entities. Each of the appointed CPOs cited their lack of influence and control over the acquisition function as a major reason for resigning their position before the end of their tenure. At the same time, contracting and agency staff and financial managers do not have the basic tools needed for effective procurement management and oversight. Specifically, the District lacks a procurement manual, a professional development program for contracting staff, and an integrated procurement data system—key tools for guiding District procurements and helping contracting and agency staff carry out their responsibilities. Officials from the other cities we reviewed have

overcome similar challenges by reorganizing and elevating the acquisition function within their city's governmental structure and implementing a variety of tools to strengthen the procurement system's management and oversight.

We are making a comprehensive set of recommendations to the Mayor of the District of Columbia to seek reform of the District's procurement law and system in order to help promote transparency, accountability, competition, and minimize fraud, waste, and abuse. Our recommendations focus on establishing a procurement system that incorporates key procurement principles and practices identified by NASPO, the ABA model procurement code, and the FAR. To help ensure the District takes action and sustains improvements to its procurement system and to facilitate congressional oversight, we are also recommending that the Mayor develop and submit to Congress a comprehensive plan and schedule for carrying out major procurement system reform in line with our recommendations.

After reviewing a draft of this report, the office of the outgoing Mayor declined to comment.³ However, in oral comments, the new administration indicated concurrence with most of our findings and recommendations and intends to provide an action plan within 60 days of the public release of this report. Although most of our recommendations are directed to the Mayor's office, we also made recommendations to the Chief Financial Officer (CFO). In written comments, the CFO disagreed with our findings related to the use of direct vouchers for procurement-related transactions. They are reviewing their policy on direct vouchers and we encourage them to implement our recommendations as well as work with the Mayor's office to coordinate procurement reform actions as applicable. The CFO's comments are included in appendix III along with our comments.

Background

For fiscal year 2005, the District's Office of Contracting and Procurement—its lead contracting office—reported conducting over 20,000 transactions valued at \$1.2 billion on behalf of 55 District entities, five of which accounted for \$596 million (see table 1 for the departments, agencies, and other entities reporting procurements through this office). Over two-thirds of the District's procurement dollars managed through the

³ On January 2, 2007, Anthony Williams ended his term and Adrian Fenty began his term as Mayor of the District of Columbia.

lead contracting office was spent on professional and public safety services, human care, and road and highway construction. In addition, some District entities, including the Board of Education for District of Columbia Public Schools and the Department of Mental Health, procure independently of the lead contracting office.⁴ According to information available from District sources, these entities spent over \$600 million in fiscal year 2005.

⁴ According to the Office of Contracting and Procurement, the following District entities procure independently of this office: Board of Education (for the public schools); Office of the Chief Financial Officer; Child and Family Services Agency; Washington Convention Center; District of Columbia (D.C.) Council; D.C. Court System; D.C. Housing Authority; D.C. Housing Finance Agency; D.C. Public Service Commission; D.C. Retirement Board; Department of Mental Health; Pretrial Services Agency; Public Defender Service; Sports Commission; and the Water and Sewer Authority. The Board of Education is exempted from the Office of Contracting and Procurement in soliciting, awarding, and executing contracts for the public schools, except for security contracts that began on or after June 30, 2005 (D.C. Official Code § 2-301.04(d)).

Table 1: District Entities Procuring through the Office of Contracting and Procurement as of October 2006

Office of Administrative Hearings	Office of Employee Appeals	Office of Planning
Office on Aging	Department of Employee Services	Office of Police Complaints
Alcoholic Beverage Regulation Administration	Energy Office	Office of Property Management
Commission on Arts and Humanities	Fire and Emergency Medical Services	Public Employee Relations Board
Office of the Attorney General	Department of Health ^a	Public Library
Office of Boards and Commissions	Department of Human Services ^a	Department of Public Works
Office of Cable TV and Telecommunications	Department of Housing and Community Development	Board of Real Property Assessments and Appeals
Office of Campaign Finance	Office of Human Rights	Office of Risk Management
Office of Chief Medical Examiner	Department of Insurance, Securities, and Banking	Serve DC
Office of the Chief Technology Officer ^a	Commission on Judicial Disabilities and Tenure	Department of Small and Local Business Development
Office of the City Administrator	Justice Grants Administration	Office of State Education
Department of the Consumer and Regulatory Affairs	Office of Labor Relations and Collective Bargaining	Taxicab Commission
Office of Contracting and Procurement	Office of Latino Affairs	Department of Transportation ^a
Department of Corrections	Metropolitan Police Department ^a	Office of Tuition Assistance Grant Program
Contract Appeals Board	Office of Motion Pictures and Television Development	University of the District of Columbia
Office of the Deputy Mayor for Children, Youth, Families and Elders	Department of Motor Vehicles	Department of Youth Rehabilitation Services
Office of the Deputy Mayor for Operations	Executive Office of the Mayor	Office on Zoning
Office of the Deputy Mayor for Planning & Economic Development	Office of the Neighborhood Action	Office of Personnel
Office of the Deputy Mayor for Public Safety and Justice	Department of Parks and Recreation	Personal Property Division
Board of Elections & Ethics	Office of Partnerships and Grants Development	
Emergency Management Agency		

Source: Office of Contracting and Procurement.

Note: GAO did not independently verify all the entities. We relied on information provided by the Office of Contracting and Procurement and did some limited reliability assessment through the course of our work and found the information to be sufficiently reliable for our purposes. Of the entities served by the Office of Contracting and Procurement, 55 provided fiscal year 2005 procurement data.

^aOne of the top five spending agencies in fiscal year 2005 in terms of millions of dollars spent on procurement. Specific reported amounts in procurement spending were \$180 million (Department of Transportation); \$123 million (Office of the Chief Technology Officer); \$123 million (Department of Health); \$110 million (Department of Human Services); and \$59 million (Metropolitan Police Department).

The District also has special requirements related to being the seat of the federal government. The fiscal relationship between the federal government and the District as well as city governance have been perennial questions for Congress, and the District's local autonomy has

evolved significantly in the last 30 years.⁵ In 1973, Congress enacted the District of Columbia Self-Government and Governmental Reorganization Act or Home Rule Act,⁶ which established the structural framework of the current District government. The Home Rule Act allowed for an elected Mayor and a council with certain delegated legislative powers. However, Congress explicitly reserved legislative authority over the District.⁷ The Home Rule Act generally provides a framework and processes for Congress to enact, amend, or repeal any act with respect to the District. Congress used this authority in the 1990s to enact laws intended to restore the city to financial solvency and improve its management in response to a serious financial and management crisis.⁸ Since the 1870s, the federal government has made financial contributions to the District's operations. In fiscal year 2006, federal government appropriations included \$603 million in special federal payments to the District with \$75 million for elementary, secondary, and post-secondary education initiatives.⁹

⁵ Appendix II provides more details on District governance and related procurement laws.

⁶ Pub. L. No. 93-198, (1973).

⁷ U.S. Constitution, Art. I, Section 8, Clause 17 provides authority for Congress with respect to governance of the District.

⁸ For example, the District of Columbia Financial Responsibility and Management Assistance Act of 1995 created a temporary federal control board, which supplanted most of the elected Mayor's powers and established the authority to review and approve all legislation passed by the Council; it also created a Chief Financial Officer (CFO) and added powers to the District's inspector general. In September 2001, the control board suspended its authority. In 2006, the 2005 District of Columbia Omnibus Authorization Act includes provisions to permanently establish the CFO office and require the CFO to prepare annual budget submissions. Pub. L. No. 109-356, § 201, amending § 424 of the Home Rule Act.

⁹ Transportation, Treasury, and Housing and Urban Development, the Judiciary, the District of Columbia, and Independent Agencies Appropriations Act, 2006, Pub. L. No. 109-115 (2005). For more information on the District's fiscal relationship with the federal government, see GAO, *District of Columbia: Structural Imbalance and Management Issues*, [GAO-03-666](#) (Washington, D.C.: May 22, 2003).

Amendment to the District's Procurement Law Aimed at Addressing Reported Challenges

In 1997, the council, with the Mayor's approval, amended the District's procurement law to centralize procurement under one contracting office, which would be the exclusive contracting authority for all procurements covered under the act.¹⁰ The amendment also authorized the Office of Contracting and Procurement to be headed by a CPO who would be appointed by the Mayor for a 5-year term, with the advice and consent of the council, and could only be removed from office for cause. The CPO was required to have no less than 7 years of procurement experience in federal, state, or local procurement. The CPO, by delegation of the Mayor, was given the exclusive contracting authority for all procurements covered under the law.

The amendment was enacted around the same time that various procurement studies were published, with one describing procurement in the District as "in crisis"—as evidenced by over 600 contracts expiring in 90 days and a rushed response to ensure that vital services were not interrupted. The studies reported that procurement processing was inconsistent and responsibilities were widely distributed across the District; training for procurement personnel was insufficient and few were professionally certified; agencies maintained separate databases; and there was no acquisition planning process to define needs.¹¹ Centralization under the CPO's office was expected to improve the quality of the District's procurement operations by promoting accountability, decreasing procurement costs, eliminating duplication of effort, and increasing financial control and performance. In particular, it was reported that centralization of the acquisition function could allow the District to spend money more effectively by promoting more competition and through bulk purchases of goods and services used by multiple agencies.

Despite the expected benefits, the District's inspector general's and auditor's offices continued to identify deficiencies across the District's procurement system that frequently produce negative impacts on the

¹⁰ D.C. Law 11-259, effective April 15, 1997. The law expanded the procurement law's application to include independent agencies—which were previously excluded—and applied it to all departments, agencies, instrumentalities, and employees of the District government.

¹¹ These studies also found that the District's contracts suffered from insufficient funding; deficient specifications; vague and conflicting delivery requirements; inadequate proposal evaluations and cost analysis; long processing times after bid opening; lack of documentation supporting technical scores; and no justification for sole-source contract awards and technical evaluation plans.

integrity and operations of the District. Moreover, for the past 5 years, the inspector general's annual reports have cited procurement as a significant area of concern due to lapses in contracting operations resulting in costly inefficiencies, fraud, waste, and abuse. Some of the persistent problems reported by District auditors and inspectors include the following—many of which are similar to those that prompted the 1997 law:

- Outdated procurement law and regulations that fail to effectively address long-standing procurement deficiencies, policies, and procedures for all aspects of the process specifically in the areas of solicitation, awarding, and monitoring of contracts.
- Lack of continuity in procurement law, policies, and procedures as applied to some agencies.
- Noncompliance with procurement law and regulations, and lax accountability over individuals for not complying with the District's guidelines.
- Ineffective competition and overuse and misuse of sole-source contract awards.
- Unauthorized commitments and purchases by District personnel from vendors without valid written contracts.
- Failure to conduct advanced planning for known projects and procurement requirements that lead to costly sole-source acquisitions often based on faulty justifications.
- Insufficient independent oversight of agencies that expend significant resources for information technology, construction, and communication projects.
- Managers not ensuring a sufficient number of experienced procurement personnel, proper training, and certification of procurement workforce.

Characteristics of an Effective Public Procurement System

The objective of a public procurement system is to deliver on a timely basis the best value product or service to the customer, while maintaining the public's trust and fulfilling public policy goals. The federal government achieves this through guiding principles established in the FAR. NASPO and the ABA model procurement code have also established key guiding principles and practices that are generally accepted and should be

incorporated into an effective procurement system. In addition, our work has identified best practices and other accepted elements that are essential for an efficient and accountable acquisition function. Key characteristics of a successful procurement system include:

Transparency—Comprehensive procurement law with clear and written policies and procedures that are understood by all sources.

Accountability—Clear lines of procurement responsibility, authority, and oversight. State and local governments recommend the CPO have full-time, sole, and direct responsibility for the procurement program.

Integrity—Public confidence earned by avoiding any conflict of interest, maintaining impartiality, avoiding preferential treatment for any group or individual, and dealing fairly and in good faith with all parties.

Competition—Specifications that do not favor a single source and solicitations widely publicized to benefit from the efficiencies of the commercial marketplace.

Organizational Alignment and Leadership—Appropriate placement of the acquisition function in the organization to cut across traditional organizational boundaries with stakeholders having clearly defined roles and responsibilities. For state and local governments to operate effectively, recommended practice is central leadership in the executive branch.

Human capital management—Competent workforce responsive to mission requirements, with continued review and training to improve individual and system performance.

Knowledge and information management—Technologies and tools that help managers and staff make well-informed acquisitions decisions.

The District's Procurement Law Does Not Promote Transparency, Accountability, and Competition

The District lacks a uniform procurement law that applies to all District entities and that provides the CPO with adequate authority and responsibility for the entire acquisition function—an essential component to promoting transparency, accountability, and competition. In addition, the law has been amended to exempt certain District entities and procurements from following the law's competition and other requirements. According to current and former District procurement officials, District entities are seeking to expand independent procurement authority—a move that would undermine attempts to establish a central authority. Finally, the law limits competition by broadening the exceptions under which sole-source contracts can be awarded; authorizing dollar thresholds for small purchases that are higher than those provided for in other city and federal government procurement regulations, including the FAR; requiring the use of a local supply schedule with limited vendors for a variety of goods and services; and encourages agencies under certain circumstances to bypass contracting rules to directly pay vendors without valid written contracts. In contrast, other cities' procurement laws emphasize the competitive process and having a strong centralized authority for their CPOs in order to safeguard the integrity of their procurement systems.

District Lacks a Procurement Law That Applies to All Entities and Provides Clear Authority to the CPO

Contrary to sound procurement principles and practices as identified by a variety of sources, the District lacks a uniform procurement law that uniformly applies to all District entities and provides clear authority to the CPO. To promote transparency, accountability, and maintain integrity of public procurement, NASPO and the ABA model procurement code for state and local governments describe concepts for creating a uniform procurement law that provides for central management of the entire procurement system and broad discretion and authority to a CPO to implement policies. Similarly, in the federal procurement system, the FAR establishes uniform policies and procedures for acquisition by most executive agencies under the President. Without such a foundation, the District's procurement system is vulnerable to poor acquisition outcomes and less capable of maintaining public trust.

Twelve District entities, including the Water and Sewer Authority and Housing Authority, are not under the authority of both the District's procurement law and Office of Contracting and Procurement, and are

allowed to follow their own procurement rules and regulations.¹² In many cases, the procurement law specifically exempts these entities from following the law, which is contrary to the central statutory purpose of the District's procurement law to (1) eliminate overlapping or duplication of procurement activities; (2) improve the understanding of procurement laws and policies by organizations and individuals doing business with the District government; and (3) promote the development of uniform procurement procedures governmentwide. As a result, the District's law has created a procurement environment where some entities follow different rules and practices, undermining the District's ability to capture an overall view of its procurements as well as placing an added burden on vendors to understand how to do business with the District.

According to NASPO, it is essential to have one uniform law that applies to all agencies and their procurements and exclude blanket exemptions for any executive agency or department. If exclusions are necessary, the law should define them narrowly by types of goods and services procured. NASPO state procurement leaders we spoke with said that they would be unable to effectively run their own procurement systems without one governing law. Without it, vendors are discouraged from competing since they do not know what rules apply, which increases the risk that taxpayers pay more for goods and services. According to several former and current CPOs in the District, not having a uniform procurement law that governs all entities has been problematic in ensuring transparency, accountability, and oversight. Officials from other cities we reviewed agreed that having a common procurement framework is critical for ensuring transparency and integrity in the procurement system. Atlanta, for example, has one procurement law that governs all agencies, which allows agencies, vendors, and contracting employees to have a clear and consistent view of how procurements should take place.

The law also fails to provide a service agency that would be the exclusive contracting agency for all District procurements under the Mayor's direction. NASPO calls for a centralized procurement official with the authority and responsibility to, at a minimum, develop standardized policy and procedure, delegate procurement authority to executive agencies, provide expert assistance and guidance on procurement issues, and

¹² The D.C. Housing Authority is exempt from the authority of the Office of Contracting and Procurement and the District's procurement law, except for the provisions regarding the jurisdiction of the Contract Appeals Board for contract protests, appeals, and claims arising from procurements of the Housing Authority. D.C. Official Code § 2-303.20 (m).

oversee the acquisition process. While the statutory purpose of the 1996 amendment to the procurement law was to centralize procurement in the Office of Contracting and Procurement headed by a CPO, the law does not give the CPO sole authority over the full spectrum of procurement activities in the District. For example, although the law allows the CPO to delegate procurement authority to employees of District entities covered under the law and to the CPO's own staff in the Office of Contracting and Procurement, the council, with the Mayor's approval, has used its authority to pass emergency laws exempting entities and procurement actions from the CPO's authority.¹³

The council's use of its emergency act authority has been problematic in certain cases where it exempted District entities from conducting their procurements through the CPO's office. For example, in October 2006, the council amended the procurement law to provide the District's Board of Library Trustees procurement authority independent of the Office of Contracting and Procurement and the District's procurement law—contingent upon the board issuing its own procurement regulations—except for provisions pertaining to contract protests, appeals, and claims.¹⁴ A senior official in the Office of Contracting and Procurement said that circumventing the CPO's authority in this case was not a solution largely because the library board trustees do not have the contracting experience or staff to exercise the new authority.¹⁵ NASPO recognizes that to ensure the appropriate level of transparency and accountability and to preserve the integrity of the procurement system, it is critical that the CPO have sole responsibility for delegating procurement authority.

¹³ A permanent act requires approval of both houses of Congress while an emergency act, which is only effective for 90 days or less, does not. Appendix II provides more information on the District's laws and procedures.

¹⁴ Other amendments to the law between 2000 and 2005 exempted the District of Columbia Public Schools, Department of Mental Health, and Child and Family Services Agency from the CPO's office in order to give them independent procurement authority. D.C. Official Code § 2-301.04, D.C. Official Code § 2-303.20.

¹⁵ According to a District official involved, the board asked the Mayor for independent procurement authority because, in its view, the CPO's office could not support the libraries' contracting needs. However, this advocate also acknowledged that the board lacked the expertise needed and indicated that the board intends to outsource the entire procurement function.

According to the District's current and former CPOs, agencies and the council are pushing to expand independent procurement authority through exemptions. These efforts, if successful, could further undermine efforts to establish a central authority—a key objective of the procurement law amendment more than a decade ago. NASPO state procurement leaders as well as current and former CPOs in the District told us that this is a move in the wrong direction and that amendments to the procurement law should only be made to introduce more effective procurement methods or when current laws no longer make sense.

In addition to authorizing agencies to award their contracts independently of the CPO, the council has eliminated the CPO's sole authority to debar or suspend contractors from future contracts for various reasons, such as conviction of certain offenses.¹⁶ In 2003, the council eliminated this authority after the then-CPO debarred one vendor who pleaded guilty in federal court to conspiracy in giving cash bribes to District public works officials in return for falsified orders for asphalt-delivery.¹⁷ Prior to this time, the procurement law gave the CPO sole authority for suspensions and debarments. According to both a former CPO and a current senior procurement official who were involved in this case, the procurement law was amended to establish an interagency suspension and debarment panel that reconsidered the CPO's decision in this case as well as made final decisions in all future cases.¹⁸ After the panel's reconsideration, the vendor was allowed to resume doing business with the District. To ensure a strong, central procurement system, NASPO recommends that CPOs have sole authority to implement a range of remedies for poor vendor performance, including suspension and debarment.

¹⁶ A suspension is a temporary exclusion of a contractor from consideration for award of contracts or subcontracts based on certain convictions, judicial determinations of certain contract violations, or charges of certain offenses. D.C. Official Code § 2-308.04. A debarment may be a 3-year exclusion from consideration based on these circumstances. Under the FAR, agency heads or designees (debarring or suspending officials) rather than contracting officers make debarment and suspension decisions. FAR 9.403. The FAR provides discretion to officials in developing a suspension and debarment decisions. FAR 9.406-1(a).

¹⁷ The Debarment Procedures Emergency Amendment Act of 2004, D.C. Law 15-327 (codified at D.C. Official Code § 2-308.04).

¹⁸ The interagency suspension and debarment panel was established in 2003 and includes the CPO as well as representatives from the offices of the CFO and labor relations and collective bargaining; deputy Mayors for planning and economic development and operations; and agencies deemed affected by the proposed action against a vendor.

Other Exemptions in the Law Further Undermine Transparency and CPO Authority

The council, with approval from the Mayor, has further amended the law to exempt temporarily or permanently certain agencies from following the procurement law's requirements for competition or conducting their contracts through the CPO. For example, in June 2006, the council exempted the Director of the Department of Health from following the competition and other requirements of the procurement law and allowed the Director to select and contract with a vendor for an air quality study of the Lamond-Riggs park within 30 days.¹⁹ In another case, in June 2006, the council, with the Mayor's approval, exempted the Office of Contracting and Procurement from following its procurement law for awarding a construction contract on behalf of the Department of Youth Rehabilitation Services for a youth center at Oak Hill.²⁰ A senior District procurement official told us that despite this exemption, the office intends to award competitively.

According to senior procurement officials in the CPO's office, entities seek exemptions believing that working through the CPO or the competitive process required by the law takes too much time.²¹ Current and former District officials noted that in giving some entities their own temporary procurement authority through exemptions in the law, the council and Mayor have, in effect, created a culture of resistance to centralized management and oversight of the acquisition function. One senior District procurement official told us that such exemptions also create inequities among agencies; explicitly discourage competition—contrary to the statutory purpose of the law;²² and occasionally show preferences for certain agencies and vendors. A former District executive and former CPO told us that such exemptions have over time distorted the procurement law and made it difficult for any vendor interested in doing business with the District to understand how and to whom the procurement law applies. Further, it is questionable why the council would use emergency act authority to make noncompetitive awards given that the procurement law

¹⁹ Lamond-Riggs Air Quality Study Temporary Act of 2006. D.C. Law 16-113.

²⁰ The Oak Hill Construction Streamlining Temporary Amendment Act of 2006. D.C. Law 16-136.

²¹ In addition, District procurement officials told us of the inability of these agencies to effectively carry out their temporary delegations of procurement authority as demonstrated by the agency heads seeking informal assistance from the CPO's office. These officials told us that the CPO's office helps the agencies prepare the contracts for award, but does not sign the awards because they would not be authorized to do so.

²² D.C. Official Code § 2-301.01(a)(2).

and implementing regulation already establish procedures for these types of procurements.²³

NASPO state procurement officials we spoke with voiced concerns over exemptions that would give certain agencies the authority to operate under their own rules or no rules at all and jeopardize the integrity of their public procurement system. Moreover, they said that such exemptions further undermine the CPO's authority over the District's procurement system and ability to develop consistent procurement policy. Other cities we reviewed have faced similar challenges with what they called "political influence" in the procurement process. New York's CPO told us the city council plays no role in making procurement policy and under no circumstances would the council be allowed to pass exemptions to the city's procurement law similar to those passed in the District.

Other Provisions in the District's Procurement Law Create Barriers to Competition

Long-standing procurement principles, policies, and procedures implemented in the FAR²⁴ and recommended by NASPO and the ABA model procurement code recognize that maximizing the use of competition ensures governments receive the best value in terms of price and quality. According to a procurement law expert who participated in a GAO forum on federal acquisition challenges and opportunities,²⁵ contractor motivation to excel is greatest when private companies, driven by a profit motive, compete head to head in seeking to obtain work.²⁶ Consistent with this fundamental principle, the District's procurement law

²³ The D.C. Council can introduce emergency legislation when there is a situation that adversely affects the health, safety, welfare, or economic well-being of a person for which legislative relief is deemed appropriate and necessary by the council, and for which adherence to the ordinary legislative process would result in delay that would adversely affect the person whom the legislation is intended to protect. Similarly, the procurement law and implementing regulations allow the contracting officer to make an emergency procurement when there is an imminent threat to the public health, welfare, property, or safety under emergency conditions. D.C. Official Code § 2-303.12(a)(1) and 2-303.05(a)(4) and as implemented by 27 DC ADC 1710-10.2.

²⁴ The Competition in Contracting Act of 1984, Pub. L. No. 98-369 requires all acquisitions, with some exceptions, to be made using full and open competition. FAR part 6 provides seven exceptions to full and open competition.

²⁵ GAO, *Highlights of a GAO Forum: Federal Acquisition Challenges and Opportunities in the 21st Century*, GAO-07-45SP (Washington, D.C.: Oct 6, 2006).

²⁶ Professor Steven L. Schooner, *Desiderata: Objectives for a System of Government Contract Law*, Public Law and Legal Theory Working Paper No. 37, George Washington University Law School (Washington, D.C.: 2002).

Broad Authority for Sole-Source Contracting

mandates that full and open competition is the preferred acquisition method. However, certain provisions in the District's procurement law have resulted in a public procurement system that emphasizes flexibility and speed over competition. Specifically, the law (1) authorizes sole-source contracting under broad provisions, (2) establishes higher dollar thresholds for limited competition small purchases than are allowed in other cities or the FAR, and (3) mandates the use of a local supply schedule with a limited number of vendors—each of which permits use of streamlined acquisition methods for high dollar procurements that result in limited or no competition.

Both NASPO and the FAR recognize that circumstances sometimes make it difficult or impossible to conduct formal competitive procurements and that in such cases, the use of sole-source procurements is warranted. However, NASPO and the FAR also recognize that such procurements should only be permitted under narrowly defined conditions²⁷ and should always be properly justified.²⁸ They state that to ensure transparency in these types of procurements, the law should also require legal notice of intent to initiate a sole-source procurement over a determined dollar value. While recognizing there are situations in which competition must and should be limited, NASPO states that artificially restricting competition when competition is possible defeats a central tenet of public procurement.

Rather than restrict the conditions under which sole-source procurements can occur, the District's procurement law has been amended—as recently as 2002—to expand exceptions to full and open competition.²⁹ Although complete data District-wide on sole-source contracting are unavailable, over 14 percent—or \$173 million—of the fiscal year 2005 reported

²⁷ Such conditions include when there is only one vendor of a necessary good or service or during a declared emergency.

²⁸ To prevent the misuse of sole source provisions, the FAR and District procurement regulations describe explicit limitations on each exception. For example, both procurement regulations state that sole-source contracts shall demonstrate the authority under which they are awarded and shall not be awarded on the basis of a lack of advance planning or the pending expiration of program funds. The District's regulation also requires that contracting officers avoid using sole-source procurement except when it is both necessary and in the best interests of the District.

²⁹ The Procurement Practices Negotiated Pricing Amendment Act of 2001, effective March 19, 2002, amended section 2-305.05 (a) of the procurement law to establish the (3A) provision. (D.C. Law 14-083; D.C. Official Code § 2-305.05 (a)(3A) *et seq.*).

procurement spending through the Office of Contracting and Procurement was on a sole-source basis. Of the District's various sole-source provisions, three account for the majority of sole-source contracts and spending (see table 2). Of the three provisions, one is similar to an equivalent provision in the FAR, while the remaining two provisions have no equivalent. Senior procurement officials and former CPOs pointed out that these provisions in the procurement law establish a wide range of circumstances to bypass competition.

Table 2: District Procurement Law Provisions Permitting Sole-Source Contracting and Awards in Fiscal Year 2005 under These Provisions

Dollars in millions

Procurement law provision	Criteria or circumstance justifying sole-source contracting	Number of sole-source contracts awarded	Dollar value of sole-source contracts awarded
§ 2-303.05 (a) (1)	Only one supplier (single available source) can provide the good or service requested	296	\$79.4
§ 2-303.05 (a) (3)	The contract is with a vendor who maintains a price agreement or schedule with any federal agency	283	88.9
§ 2-303.05 (a) (3A)	The contract is with a vendor who agrees to adopt the pricing of a vendor who maintains a price agreement or schedule with any federal agency	119	3.6
§ 2-303.05 (a) (4)	Procurements that would ordinarily be purchased on a competitive basis, but an emergency has been declared	2	1.3
Total		700	\$173.2

Source: GAO analysis of information from the Office of Contracting and Procurement on sole-source contract awards.

Note: Complete data are not available on sole-source contract awards in 2005 for all of the District's organizations, such as the public schools or Department of Mental Health.

Over 40 percent of the District's fiscal year 2005 sole-source contracts were awarded under provision (a)(1), which similar to an equivalent FAR provision, requires agencies to justify that there is only one available

source for a good or service.³⁰ Of the 296 contract awards under this provision, 45 percent were made by the Office of the Chief Technology Officer (OCTO) for a variety of information technology and telecommunication services. According to NASPO officials we spoke with, typically more than one vendor in the commercial marketplace provides these services and the services would normally be competed. In 2005, the District's inspector general reported on questionable single available source justifications involving information technology services.³¹ According to the inspector general, there were numerous competing firms that could have satisfied the District's needs for eight selected single available sole-source contracts they reviewed. For three sole-source contracts for general purpose commercial information technology equipment, software, and service, the inspector general found that there were 700 vendors eligible to compete through the District's supplier database and another 113 vendors located in the District eligible to compete through the federal supply schedules. Overall, the inspector general concluded that the District could have potentially saved at least \$589,000—over 24 percent—of the \$2.5 million for the sole-source contracts awarded.

More than half of the fiscal year 2005 sole-source contracts were awarded through the (a) (3) and (a) (3A) provisions, which permit agencies to award sole-source contracts to any vendor who agrees to charge according to a schedule of prices for federal agencies. Unlike the District's single available source provision, these provisions have no equivalent in the FAR or NASPO and ABA procurement guidance for state and local governments. According to a senior District procurement official, these two procurement law provisions were intended to save time in the District's procurement process by piggybacking off the prices previously

³⁰ FAR 6.302-1 states that an executive agency need not provide for full and open competition when the supplies or services required are available from only one responsible source and no other type of supplies or services will meet the agency requirement. The FAR provision defines a very limited number of circumstances under which a supply or service may be considered to be available from only one responsible source and provides detailed written justification and certification requirements. As implemented in the District's procurement regulations, the law's single available source provision states that a contracting officer may award a contract by using noncompetitive negotiation upon making a determination and findings that there is only one available source for a supply, service, or construction and that the District's minimum needs can only be met by this source.

³¹ Office of the Inspector General, Government of the District of Columbia, *Audit of Contracting Actions for the District's Administrative Services Modernization Program*, OIG No. 04-1-12MA (Washington, D.C.: May 3, 2005).

set as a result of the prior competition—primarily contracts awarded to District and other vendors under the General Services Administration’s (GSA) multiple award schedule (MAS) program. The use of sole-source provisions as a time-saving measure appears to conflict with the District’s own procurement regulations, which calls for contracting officers to avoid sole-source procurements except where necessary.

GAO’s work has also found that while MAS has provided the federal government with a more flexible way to buy commercial items and services, contract negotiators do not always use the full range of tools to ensure the government effectively negotiated prices.³² As a result, the federal government has missed opportunities to save millions of dollars in procuring goods and services. By eliminating competition altogether and awarding sole-source contracts to vendors based on MAS pricing, the District may be similarly missing significant cost-saving opportunities. Moreover, the District may be at greater risk because its sole-source use of the federal supply schedule is not subject to the FAR,³³ and the District’s implementing procurement regulation does not provide specific guidance on the use of the (a)(3) and (a)(3A) provisions.³⁴ A senior procurement official we spoke with noted that the CPO’s office recently started requiring District contract officers to additionally justify their use of these methods after growing concerned about the large number of sole source contracts being awarded.

To ensure they get the best value for the taxpayer dollar, other cities we reviewed have taken steps to emphasize competition over sole source. These officials recommended that a procurement law—similar to statutes

³² GAO, *Contract Management: Opportunities to Improve Pricing of GSA Multiple Award Schedules Contracts*, GAO-05-229 (Washington, D.C.: Feb. 11, 2005) and *Contract Management: Opportunities Continue for GSA to Improve Pricing of Multiple Award Schedules Contracts*, GAO-05-911T (Washington, D.C. July 26, 2005).

³³ FAR 8.4 sets forth substantial procedures for federal agencies’ use of the multiple award schedules contracts to procure goods and services. For instance, in procurements exceeding the micro-purchase threshold—\$3,000 with certain exceptions—the FAR requires ordering activities to place orders with the schedule contractor that represents the best value; requires ordering activities to seek price reductions; and sets forth minimum documentation requirements. In procurements for services that require a statement of work, the FAR requires the ordering activity to create a request for quotation; provide it to schedule contractors; and evaluate each response received before making the order.

³⁴ Though the District’s procurement regulation does not provide specific guidance for the use of the (a)(3) and (a)(3A) provisions, it does require a general determination and findings to justify use of sole-source authorities.

High Dollar Thresholds for Limited Competition Small Purchases

implemented in the FAR—narrowly define sole-source contracting and require that such actions be properly justified and documented. For example, in Atlanta, sole-source contracts may only be awarded when the CPO determines after conducting a good-faith, due diligence review of available sources that there is only one available source for the required good or service. Even for emergencies, Atlanta’s procurement law requires the CPO to use competition to the maximum extent practicable, and sole source may only be considered in the case of a threat to public health, welfare, or safety. According to Atlanta’s CPO, in fiscal year 2005, only five sole-source contracts were awarded. Similarly, New York’s procurement rules specify only one condition or circumstance in which sole-source contracting is permitted for purchases above \$5,000; there is only a single available source and competition is not possible.

For purchases under a certain dollar threshold, the administrative costs to formally compete may outweigh the benefits of competition. In such cases, procurement systems may permit streamlined acquisition procedures with limited competition for purchases not exceeding a specified dollar threshold.³⁵ In the District, small purchase procedures streamline the process by limiting competition to oral or written price quotes from only a few vendors, or eliminating competition altogether (see table 3).

Table 3: Limited Competition Procedures for Small Purchases in the District of Columbia

Small purchase threshold	Small purchase procurement procedure
Less than or equal to \$10,000	Contracting officer may make non-competitive procurement
Above \$10,000 and less than or equal to \$25,000	Contracting officer must obtain three oral price quotes
Above \$25,000 and less than or equal to \$100,000	Contracting officers must obtain three written quotes

Source: Office of Contracting and Procurement.

Note: For OCTO and the Metropolitan Police Department purchases, the small purchase threshold for no-bid procurement is less than or equal to \$25,000. For purchases over \$25,000, the contracting officer must get three written quotes.

For the District, a series of legislative changes since 1985—when the small dollar threshold for small purchases was \$10,000—have increasingly

³⁵ Section 13.003 of the FAR provides guidance on federal small purchase thresholds.

raised the threshold for some entities, expanding the opportunities to limit competition. Currently, the District's small purchase threshold is \$500,000 for OCTO and the Metropolitan Police Department and \$100,000 for all other entities.³⁶ The District's small purchase authority allows for somewhat larger limited competitive purchases than that authorized in the FAR. Under the FAR's micro-purchase authority, competition is not required for purchases up to \$3,000 when the contracting officer determines that the price is reasonable. For small purchases between \$3,001 and \$100,000, the FAR's simplified acquisition procedures require that the contracting officer promote competition to the maximum extent practicable. Generally, the contracting officer should consider obtaining at least three price quotes or offers from sources within the local area and evaluating those to determine the most advantageous to the government. Under the District's small purchase authority, competition is not required for purchases up to \$10,000 when the contracting officer determines that the purchase is in the best interest of the District. Moreover, contracting officers in the District are allowed to waive the competitive small purchase procedures under broad circumstances—such as time constraints and lack of available sources—when it is impractical to obtain the required number of quotes.

In fiscal year 2005, over 75 percent of the District's procurements through the Office of Contracting Procurement were for small purchases totaling \$163 million. However, small purchase procurements could increase in the future. According to one senior District procurement official, there is a move to increase the small purchase threshold from \$100,000 to \$500,000 for all agencies—a limit five times as high as that prescribed in the FAR. State and city procurement officials voiced concern that the District would consider this change in an effort to expedite procurements by allowing limited competition methods.³⁷ NASPO state procurement officials we interviewed were surprised at how high the District's small purchase

³⁶ The Procurement Practices Act of 1985 established the small purchase threshold at \$10,000 for all District agencies. In 2002, the District amended the procurement law to include a small purchase threshold of \$500,000 for the Metropolitan Police Department and OCTO and \$100,000 for all other departments, agencies, and instrumentalities. D.C. Official Code § 2-303.21.

³⁷ According to NASPO, the dollar thresholds for triggering the formal competition process for non-small purchases have increased over the years; yet, most states require some competitive quotations for small dollar procurements. NASPO's small purchasing procedures call for soliciting a minimum of three oral or written quotations to afford the best practice and to ensure price comparisons.

thresholds were set, and viewed this as one of the procurement law's major barriers to competition. Each of these officials said that they consider such amounts to be large purchases, particularly at the \$500,000 level. As one senior procurement official in the District put it, "just about anything can be considered a small purchase in the District."

Other cities we reviewed see the economic and quality benefits of competition when larger procurements are involved, such as those the District considers small purchases. In Atlanta, for example, the small purchase threshold is \$20,000 and New York, which spends over \$11 billion per year on procurement, only recently increased its small purchase threshold to \$100,000. According to the Atlanta CPO, raising small purchase limits across the board ultimately compromises the integrity of the procurement system by reducing transparency over procurement decisions and source selection. One District official remarked that, if these types of changes continue in their current direction, the District will no longer have a recognizable procurement system.

Reliance on Local Supply Schedule

The District of Columbia Supply Schedule (DCSS) program also limits competition by restricting the pool of vendors for a variety of goods and services to local companies; requiring entities to use the schedule as a first source for all procurements \$100,000 and below; and allowing limited competition for purchases over \$100,000—to a ceiling as high as \$10 million for certain services. At the same time, there is no mechanism in place to ensure that the incumbent vendor does not receive all DCSS contracts for a particular schedule. NASPO has recognized that balancing the need to promote socioeconomic goals with the need to ensure maximum competition is an ongoing challenge. However, NASPO recommends caution in the use of supply schedule programs, such as the DCSS, because while there is the presumption of best value, competition among vendors is often limited with no incentive to offer best price.

The DCSS program was established in 2002 to help achieve the District's local and small and disadvantaged requirement established in its procurement law and expand the District's tax base. According to a former District executive, the DCSS program was also intended to expedite agencies' small purchases of common and routine items for which competition would not be practical, such as office and janitorial supplies. The current program is the primary vehicle for supporting the District's

small, local, and disadvantaged business enterprises (LSDBE) and requires that District entities use DCSS small business entities to make purchases of \$100,000 and below.³⁸ This mandatory use of the DCSS ultimately limits the pool of vendors for a number of goods and services, which for some of the schedules is fewer than three vendors. Though it may appear similar to GSA's MAS program of federal supply schedule contracts, the DCSS serves a different purpose. Under the FAR, the purpose of the GSA supply schedules program is to provide federal agencies with a simplified process for obtaining commercial supplies and services at prices associated with volume buying. The FAR provides extensive guidance on the use of the schedules to achieve that purpose. In contrast, the DCSS is designed to promote LSDBEs and lacks the type of comprehensive guidance provided to the federal supply schedules by the FAR.

According to NASPO, unlimited use of supply schedules limits competition and can increase costs because vendors have no incentive to meet the best price of their competitors. Further, open-ended contracts for the same goods or services are awarded to many more vendors than needs appear to demand, removing any consideration of need and price from the purchasing decision. In fiscal year 2006, reported contract awards off of the DCSS—which contains 19 categories of goods and services with nearly 200 local vendors—totaled almost \$22 million (see table 4).

³⁸ To be eligible for the DCSS program, a vendor must first be certified as a LSDBE by the Department of Small and Local Business Development. To be eligible for an award on the DCSS, a contractor must adopt a federal contract schedule for services or products consistent with the scope of the DCSS application. This can be the vendor's own GSA MAS contract or another vendor's federal MAS contract. As discussed earlier, our previous work found that GSA does not always effectively negotiate MAS contract pricing and the federal government is missing opportunities to save millions of procurement dollars. By linking DCSS contract pricing to MAS pricing, the District may be similarly missing significant cost-saving opportunities.

Table 4: DCSS Program Schedule Categories and Number of LSDBE Vendors (as of October 27, 2006)

Dollars in thousands

Schedule category	Number of LSDBE vendors	Contract ceilings	Total fiscal year 2006 purchase
Information Technology Services	40	\$10,000	\$5,332
Mission Oriented Business Integrated Services	40	10,000	1,502
Temporary Support Services	22	5,000	5,696
Information Technology Products	2	5,000	52
Furniture and Furniture Management Services	7	2,000	1,563
Office Supplies, General	10	2,000	3,078
Industrial Services	6	900	1,575
Industrial Supplies and Apparel	7	900	489
Security Equipment and Services	9	850	513
Audit and Financial Management Services	7	500	171
Marketing and Media Services	14	500	506
Medical Equipment and Supplies	5	500	568
Moving and Logistics Services	5	500	356
Training Services	8	500	50
Advertising Services and Novelty Supplies	3	400	203
Engineering and Logistics Services	6	250	6
Food Services and Equipment	1	250	39
Printing and Document Management Services	2	250	53
Laboratory and Analysis Services	0	250	0
Total	194		\$21,752^a

Source: Office of Contracting and Procurement.

^aAccording to senior procurement officials, the discrepancy between the almost \$21.8 million in reported purchases (i.e., expenditures) with DCSS vendors and the almost \$30.9 million in orders awarded to DCSS vendors in fiscal year 2006 is due to separate contracting and procurement data systems being used to track these different types of transactions.

Some DCSS contracts are valued much higher than \$100,000, including some fiscal year 2006 awards to DCSS vendors valued at \$1 million and one award for \$5 million. Moreover, in 2006, the CPO's office raised the contract ceilings for individual DCSS vendors on several of these schedules including the information technology services schedule, which is now set at \$10 million. As a result, one DCSS information technology vendor could in 1 year potentially receive a single limited competition order worth up to \$10 million. NASPO officials we spoke with voiced concern about the ease with which the District makes what they would

consider large limited competition purchases off a supply schedule originally intended to limit competition only for small purchases.

In addition, District procurement officials told us that the DCSS program has limited guidance and no procedure in place to ensure that each vendor is provided a fair opportunity to be considered for orders. Under DCSS terms and conditions, contracting officers must follow small purchase procedures as described in table 3 when buying a good or service off DCSS. However, these officials said that it is up to the contracting officer to arbitrarily select three vendors from each schedule to obtain price quotes; according to District procurement officials, this typically includes the incumbent. For the 14 schedules that have more than three vendors, this discretion could prove unfair to certain vendors. The FAR, in contrast, advises contracting officers to request quotations or offers from two sources not included in the previous solicitation. According to District procurement officials, there is currently no requirement to monitor the use of the schedule to determine whether it is promoting small businesses overall or if a pattern of sole-source contracts to the same businesses is occurring. They told us this type of information would be beneficial to evaluating the effectiveness of the program and that an overall assessment of the current program may be needed to determine if it is meeting its original intent.

The District's Law Allows Payments for Unauthorized Commitments to Vendors

To safeguard the obligation of taxpayer dollars and protect the integrity of a public procurement system, a government's procurement law should grant exclusive authority to contracting officers for establishing contracts and restrict employees from making unauthorized commitments for goods and services. It should also grant the CPO the authority to ratify contracts and authorize payments for goods and services received without a valid written contract if certain conditions are met. Until recently, the District's procurement law appeared to emphasize these standards. Under September 1996 CFO guidance, direct voucher payments without having been first obligated in the District's financial management system could only be made in 21 specific non-procurement related circumstances—all of which were reasonable and included situations where the payees could not be determined in advance, such as court ordered fines, workers' compensation, jury duty fees, and medical payments for assault crime victims. However, in 2006, the council, with the Mayor's approval,

amended the procurement law that increased the circumstances under which such payments may be made.³⁹

Changing the policy may have had the unintended consequence of focusing agency personnel attention on the process of paying for unauthorized commitments rather than focusing on how to get management attention on preventing employees from entering into authorized commitments. According to financial management officials, in 2005, the District's CFO office reviewed over 21,000 direct voucher payments totaling \$556 million made in fiscal year 2004.⁴⁰ They stated that the purpose of the review was in part to determine to what extent these direct voucher payments resulted from unauthorized commitments by District agencies for goods and services. The analysis confirmed that of the vouchers reviewed, over 11,000 totaling \$217 million were not in compliance with 21 allowed uses under the 1996 CFO policy. Rather than take steps to hold agencies accountable for these violations, the CFO's policy was changed without consulting the CPO's office on the merits of the change. CFO officials told us their office determined it was necessary to accommodate agency circumstances for bypassing the procurement process to more promptly obtain goods and services needed for critical operations.

Under Financial Management and Control Order No. 05-002, issued July 22, 2005, and revised October 17, 2005, the CFO added 7 new circumstances for direct voucher payments to the 21 already included in the 1996 financial guidance. Five of the seven added circumstances were for new non-procurement related transactions, such as temporary welfare payments to families and certain lawsuit settlement payments. The remaining two are for procurement-related transactions, however, and are problematic. The first circumstance—which allows direct voucher payments for goods and services needed for an unanticipated and nonrecurring extraordinary emergency—duplicates provisions in the District's procurement law that establish procedures for handling such circumstances under emergency contracting procedures. A senior District procurement official said that direct voucher payments should not be

³⁹ The Procurement Practices Timely Competition Assurance and Direct Voucher Prohibition Amendment Act of 2006. D.C. Law 16-122.

⁴⁰ CFO staff told us the internal review was in response to a *Washington Post* report alleging that District agencies made \$446 million in direct voucher payments in 2004 to vendors for such unacceptable uses as computers and furniture.

made for emergency procurements. The second circumstance allows agencies to make direct voucher payments for liabilities incurred through unauthorized commitments to vendors for goods and services without valid contracts after payment has been ratified—a practice that could further encourage employees to bypass established contracting procedures.⁴¹

The District's inspector general has voiced a similar concern with this change and in December 2005 testimony called for a reexamination of the CFO's 2005 policy for allowing direct voucher payments for unauthorized vendor commitments that bypass contracting rules. More recently, the inspector general reported that in fiscal year 2005, District agencies greatly increased payment ratification requests for unauthorized vendor commitments and the procurement office ratified \$34 million in payments.⁴²

In the federal procurement system under FAR Part 1.6, the policy provides procedures for ratification actions to approve unauthorized commitments, but also states that these procedures may not be used in a manner that encourages such commitments be made by government personnel. Moreover, the FAR provides a ratification procedure that not only discourages unauthorized commitments, but allows for their approval if certain conditions are met. Specifically, under the FAR, the chief of a contracting office may ratify an unauthorized commitment only when the goods or services have been accepted; the ratifying official has the

⁴¹ Under District law, in order to pay vendors that have provided goods or services without a valid contract, agency directors must seek approval for unauthorized commitments by submitting a payment ratification request to the Office of Contracting and Procurement. In August 2006, this office established written procedures under Directive 1800.04 for the ratification of unauthorized commitments.

⁴² Office of the Inspector General, Government of the District of Columbia, *Office of Contracting and Procurement Part One: Report of Inspection*, OIG No. 06-0017-PO (Washington, D.C.: Aug. 23, 2006). Of this amount, \$33 million was to ratify payments for OCTO's unauthorized vendor commitments. Further, the inspector general stated that District employees are not consistently held accountable for unauthorized commitments. In another report, a senior official at the Department of Health, who did not have contracting authority, bypassed the normal procurement process by preparing and signing a letter authorizing a vendor to provide transportation services to medical appointments for Medicaid recipients. The contractor billed the department \$936,000 for these services and, after ratification was complete, received a direct voucher payment. (Office of the Inspector General, Government of the District of Columbia, *Audit of Contractual Arrangement for Non-Emergency Transportation of Medicaid Recipients*, OIG No. 05-2-18HC(a)(Washington, D.C.: May 5, 2006).

authority; the contract would have been proper if done by approved personnel; the price is reasonable; the contracting officer recommends payment; the funds were and are available; and the ratification complies with any additional agency regulations. In addition, the FAR states that cases of nonratifiable commitments may be subject to further referral and resolution under government claim procedures.

Allowing government agency personnel to circumvent the normal procurement process and enter into unauthorized commitments with vendors to perform services or deliver goods eliminates the opportunity for competition. After reviewing a draft of this report, CFO officials acknowledged the need to work with the Office of Contracting and Procurement to strengthen the District's ratification policy. They indicated that unauthorized commitments that cannot be ratified should be referred for possible Anti-Deficiency Act violations.⁴³ Accordingly, we revised our recommendations to the mayor and the CFO concerning the use of direct vouchers and the ratification process.

Other cities we reviewed have taken steps to curb the use of unauthorized commitments. For example, New York's CPO described the city's stringent controls and regular monitoring to detect and publicize agencies' unauthorized commitments with vendors as well as its discipline of employees for bypassing contracting rules—steps that have greatly decreased the number of unauthorized commitments in that city's procurement system.⁴⁴

⁴³ Under the Anti-Deficiency Act, District government officers as well as federal officials are prohibited from making obligations or expenditures in excess of amounts available in an appropriation or fund unless they are otherwise authorized to do so by law.

⁴⁴ In Atlanta, direct vouchers or "confirmation purchase orders" are only used when there is a dire need such as a threat to safety, welfare, or the financial security of the city and the procurement process would not apply. According to the CPO, they are reviewed very closely and often not approved. Similarly, the Baltimore CPO said that city has taken steps to curb the use of these type payments for goods and services valued at over \$1,000.

The District's Procurement System Does Not Reflect Sound Management and Oversight Practices

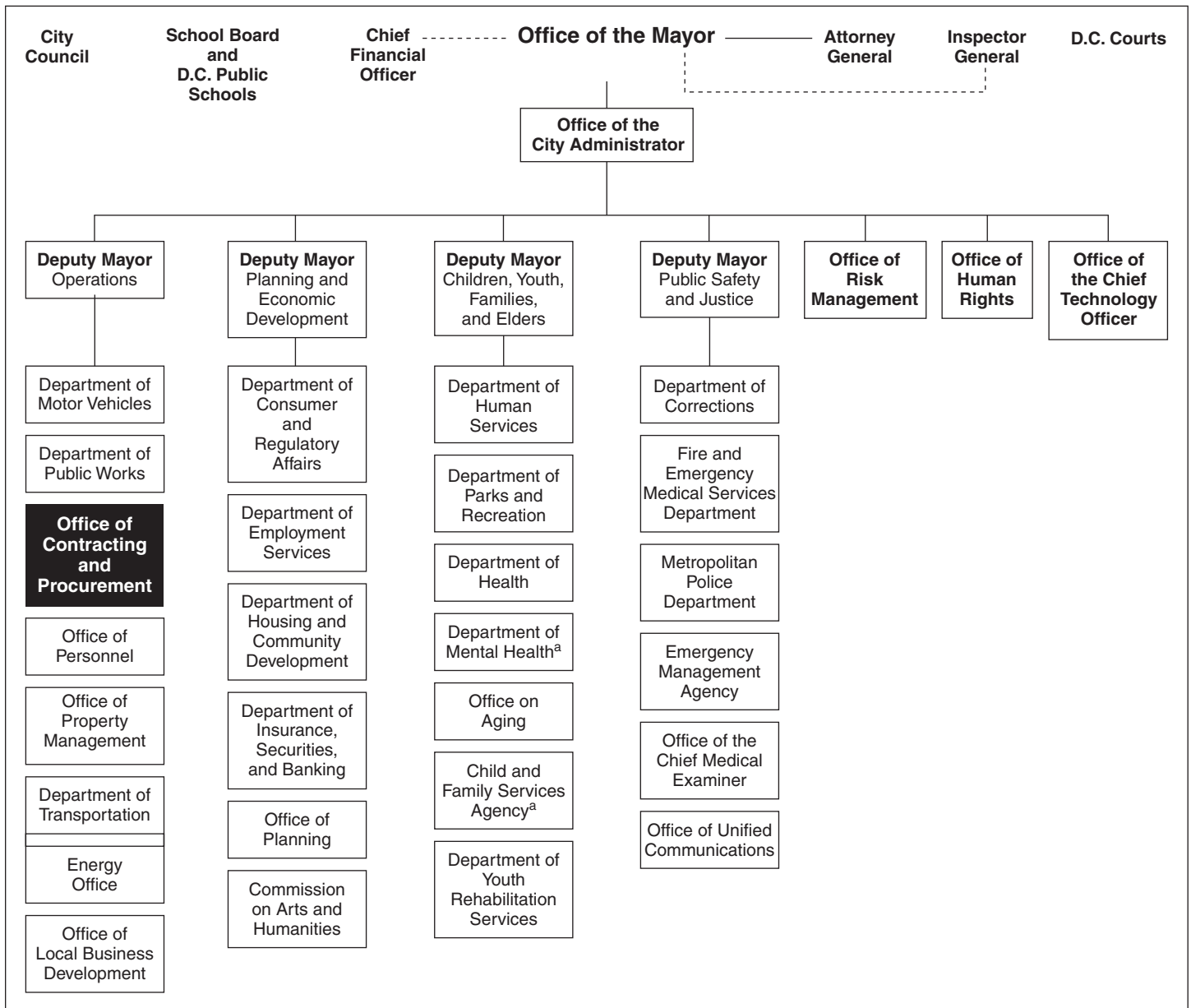
In addition to generally lacking a uniform procurement law that applies to all entities, promotes competition, and provides the CPO the authority to ensure sound procurement outcomes, the District's management and oversight of its procurements have lacked the rigor needed to protect against fraud, waste, and abuse. Specifically, the Office of Contracting and Procurement is positioned too low within the District's executive governmental structure to enforce agency compliance with policies and procedures, effectively coordinate procurement activities and acquisition planning, and sustain leadership. At the same time, the District's contracting managers and staff, agency heads and program personnel, and other key procurement stakeholders do not have the basic tools for ensuring sound acquisition outcomes, including written guidance on the District's procurement policies and procedures, a professional development program and certification requirements for contracting staff, and an integrated procurement data system. Although the District and Congress have taken actions to address management and oversight challenges, many remain largely unaddressed.

Low-Level Position of the Office of Contracting and Procurement Undermines Management and Oversight

The low-level placement of the Office of Contracting and Procurement undermines the office's ability to effectively manage and oversee the District's procurements across dozens of agencies and departments. NASPO and GAO have stated that the central procurement office's effectiveness is clearly linked to its location in the government structure and that placing the office at a high level is critical to ensuring effective direction, coordination, and control over a government's procurement spending. Procurement is viewed as a strategic, service function within the executive branch with the central procurement authority being a key policy and management resource for the chief executive. The low-level placement of the District's procurement office has led to high CPO turnover and a lack of sustained leadership, significantly impeding progress expected from the 1996 law.

Within the District's government structure, the Office of Contracting and Procurement is placed under the Deputy Mayor for Operations—essentially relegating procurement to an administrative and operations support function—as further evidenced by its position in relation to those agencies that procure through this office (see fig. 1).

Figure 1: The Office of Contracting and Procurement Placement in the District of Columbia’s Government Structure



Source: District of Columbia fiscal year 2006 budget (data); GAO (analysis and presentation).

^aEntities that procure their goods and services independently of the Office of Contracting and Procurement.

According to former CPOs and current procurement officials, the low-level position denies the CPO direct access to the city administrator, agency

heads, and deputy Mayors other than the Deputy Mayor of Operations. As a result, this limits the CPO's ability to affect budget, program, and financial management decisions. A former District official told us that to improve management and oversight of the procurement system, the CPO needs to be at all executive meetings to raise procurement issues that cut across agency lines. This official told us that it would be helpful to elevate the CPO's office to a high level similar to other centralized cross-government functions, such as the Office of the Chief Technology Officer, which is responsible for all meeting all of the District's information technology needs.

The low-level position of the CPO's office in the District's governmental structure has also undercut the CPO's ability to influence day-to-day procurements across the District. According to several senior District procurement officials, agencies often bypass the procurement office and do not consult the CPO's designated contracting officer when initiating procurements—a practice that has led to unfavorable acquisition outcomes. For example, the District's auditor reported in 2005 that the offices of the Mayor and city administrator failed to involve the CPO's office and violated contracting rules by entering into unauthorized commitments with a vendor for international trade mission services without a valid written contract, making the commitment invalid.⁴⁵ Ultimately, the CPO's office was left to ratify a transaction that did not conform to the procurement law or regulations.

One impact of CPO's low-level placement is manifested in the inability of the CPO to ensure effective acquisition planning—a critical process for anticipating future needs, devising contracting programs to meet these needs, and arranging for the acquisition to promote competition and use of

⁴⁵ District of Columbia Auditor, *Letter Report: Sole Source Agreements Issued by the Executive Office of the Mayor and Office of the City Administrator Failed to Comply with Procurement Law and Regulations* (Washington, D.C.: June 3, 2005).

necessary resources.⁴⁶ CPOs from the other cities we reviewed consider acquisition planning as critical to managing the procurement system and maximizing competition, and have put in place mechanisms and tools to regularly address planning. In Atlanta, for example, the CPO requires his contracting staff to meet bi-weekly with agency officials to plan for expiring contracts and new requirements. Agencies are also required to submit a quarterly report to the CPO detailing their procurement needs. In New York, agencies awarding contracts must submit a draft plan detailing anticipated procurement actions. They are also required to hold public hearings on their plan within 20 days of its issuance and provide notice of the hearings 10 days in advance.

While the District has a process in place to facilitate acquisition planning across agencies, the CPO lacks the ability to hold agencies accountable for submitting accurate and timely plans. According to former CPOs and current senior procurement officials, District entities in general do not understand the importance of acquisition planning or involving the CPO's office in planning efforts. Consequently, agencies largely view the required annual plans as a paper drill. In recent years, the CPO's office has tried to improve acquisition planning across the procurement system without much success. For example, in 2000 the then-CPO implemented a new acquisition planning tool that was aimed at guaranteeing short turnaround for small and simple buys and sharing workload with partner agencies on larger, more complex buys. Though this was the original intent, CPO contracting officers we spoke with do not use the plans to schedule procurement support activities for their agencies. Our analysis of selected contracts conducted by the CPO's office in 2005 for three agencies against procurements listed in their 2005 acquisition plans found none of the contracts were recorded in the planning tool.

⁴⁶ Requirements for federal acquisition planning are addressed in detail in the FAR. For example, in justifying contracting without providing for full and open competition in the federal procurement system, FAR Part 6.301 policy states that "a lack of advance planning by the requiring activity" shall not be used. Similarly, in order to promote competition, FAR policy requires acquisition planning for all acquisitions and the efforts of all responsible personnel for the purpose of ensuring that the government meets its needs in the most effective, economical, and timely manner. NASPO's state and local government purchasing principles similarly emphasize acquisition planning and scheduling and discuss the role of the central procurement office—both in terms of broad, longer-term management and in terms of day-to-day decision making on the timing of procurements and methods of contracting at the operations level.

The District's inspector general and auditor offices have repeatedly found that the District's lack of effective acquisition plans results in excessive use of sole-source contracts and missed opportunities for competition, thereby contributing to unnecessary spending from higher cost procurements. In December 2005 testimony before the Council, the District's auditor stated that as "a government striving for self-government, [the District] desperately needs to improve accountability and ethics in the way the procurement and contracting process is carried out and to restore the faith of residents that tax dollars are being spent judiciously, economically, and competitively. The failure to conduct advanced planning for known projects, services, and procurement requirements ultimately manifests in costly internally generated emergency contracts and purchases." A senior District procurement official agreed and stated that the lack of planning does not constitute an emergency, but all too often the lack of planning occurs and forces emergency-type procurement actions.

Finally, sustaining procurement leadership has been difficult due to the low-level position of the CPO's office. Former CPOs agreed that in a complex and large-scale procurement system such as the District's, it is essential to have sustained leadership and a CPO with executive-level procurement experience and qualifications. However, over the past 10 years, the District has had five CPOs—three appointed for 5-year terms and two interim—and none served more than 3 years. According to each of the three CPOs appointed to 5-year terms, the inability to effectively coordinate acquisition activities across all agencies and manage and oversee the District's procurement function undermined their efforts at reform and ultimately discouraged them from completing their tenures. The lack of sustained leadership is underscored by the 2-year vacancy in the District's CPO position since September 2004, at which time the Deputy Mayor for Operations became the interim CPO.⁴⁷ With no procurement experience—contrary to the District's law requiring at least 7 years of procurement experience—this official acknowledged that it has been challenging to assume the extra responsibilities of the CPO position.

The cities we reviewed have recognized the importance of elevating the central procurement office in the governmental structure as necessary for sound procurement management and oversight. For example, in 2003, Atlanta recognized that the centralized acquisition function headed by a

⁴⁷ In October 2006, we were told that this interim CPO left his deputy Mayor position in the District government. This latest vacancy in the District's CPO position is now being filled on an acting basis by the commodity manager for human care supplies and services contracting.

senior procurement director was buried in the structure and took steps to elevate this office with a newly appointed CPO to report through its chief operating officer to the Mayor. According to Atlanta's CPO, the office now has a seat at the table with the necessary authority to control and direct procurement across all agencies, and to have the Mayor reinforce the CPO's role in managing the city's council and agencies.

The District Lacks Other Tools for Effective Procurement Management and Oversight

The District lacks other basic tools to effectively manage and oversee its procurement system. Specifically, the city lacks (1) a procurement manual with clear standardized policies and procedures to guide procurement and agency staff; (2) certification requirements for procurement staff and training for agency staff so that both workforces have the necessary skills and knowledge to fulfill their responsibilities; and (3) an integrated procurement data system that can provide complete, accurate, and timely information to inform acquisition decisions and management. Other cities we reviewed recognize the benefit of having these tools as a way to effectively manage and oversee their procurement systems.

The District Lacks a Procurement Manual to Guide Staff

Despite repeated recommendations since 1997 to develop a procurement policy and procedures manual, the District has yet to do so. Procurement is a complex process guided by numerous policies, documentation requirements, and procedures. A comprehensive manual—one that lays out in one place these policies and rules and standardized procedures and practices—is critical to ensuring procurement and agency staff have a clear and consistent understanding of contracting rules and processes. An internal study by the CPO's office in 2004 found that in the absence of such guidance, there was a lack of consistency in how the District's procurement work is done. This inconsistency creates frustration within and outside the government as well as an impression that the District's procurement actions are unfair.

Each of the other cities we reviewed have developed and implemented a basic procurement manual for strengthening management, accountability, and transparency in their procurement systems. In Atlanta, for example, when the new CPO was appointed in 2003, he found a comprehensive procurement manual was key and immediately took steps to update the manual, which had not been done in 7 years.

The District Lacks Professional Certifications for Procurement Staff

According to former CPOs and current senior procurement officials, the District has not committed to developing a professional acquisition workforce. For example, the CPO's office has not fully developed professional certification requirements. Although the CPO is not required

to develop such requirements, this would ensure staff have the qualifications and skills to carry out the responsibilities commensurate with their delegated contracting authorities. A former District executive told us that the CPO's office should deliver regular training to agency managers and staff on procurement rules and procedures as well as develop metrics to ensure that agency staff participate in the training and obtain the necessary knowledge for fulfilling their responsibilities in the procurement process.

One former CPO referred to his staff as an "accidental" procurement workforce because some had previously been administrative staff and few had any contracting background. In 2005, the CPO's office conducted a skills and training assessment and determined that the current procurement and contracting staff required training on fundamental processes, such as source selection, contract negotiation, and contract administration. The CPO's fiscal year 2006 budget added \$668,400 earmarked for procurement training, and the interim CPO developed a program to train the District procurement staff on basic contracting concepts. While the 2006 training program appears to have addressed some of the immediate contracting skill gaps identified in the 2005 assessment, this one-time effort, in our view, does not address the CPO office's need for longer-term investments in training. Unlike in the federal government, this program is not linked to a certification process or continuing education necessary for maintaining individual employee's contracting authorities.⁴⁸ In the absence of a comprehensive training and certification program, the CPO delegates contracting authority to procurement staff based on his perceptions of individual skill and experience.

NASPO emphasizes the importance of professional development and not only recommends that executive branch officials and the central procurement office encourage professional competence by providing funding for training, but endorse professional certification of staff. Several

⁴⁸ The Federal Acquisition Institute and Defense Acquisition University have partnered to provide a governmentwide course curriculum and other resources for the federal acquisition workforce. Specifically, the Federal Acquisition Institute has developed a certification program for contracting professionals in civilian agencies that reflects common standards. This program closely mirrors that the requirements that the Department of Defense has established for its contracting workforce. The goal of the program is to standardize the education, training, and experience requirements for contracting professionals, which is intended to improve workforce competencies and increase career opportunities.

The District's Integrated Procurement Data System Has Yet to Be Fully Implemented

public procurement organizations, including the National Institute for Government Purchasing, have developed certification programs to ensure procurement staff has attained a prescribed level of qualification. Procurement officials in other cities we reviewed also view training and certification of the procurement staff as critical to the success of their procurement system. For example, New York's CPO office established a Procurement Training Institute in 2000 and requirements for staff training, including certifications and continuing education minimums.

The District also lacks an integrated procurement data system to centrally manage and oversee agency and headquarters procurement activities, despite the procurement law requiring such a system over 20 years ago⁴⁹ and investment in the Procurement Automated Support System (PASS), which was intended to provide these capabilities. Although the CPO's office recognizes that capturing and reporting complete, accurate, and timely procurement data would increase transparency and support development of meaningful performance measures to promote competition and discourage excessive use of sole-source contracts and unauthorized vendor commitments without valid contracts, officials have lacked the high-level support from District leaders and OCTO needed to follow through on their plans for improvement.

To make strategic, mission-focused acquisition decisions, organizations need knowledge and information management processes and systems that produce credible, reliable, and timely data about the goods and services acquired and the methods used to acquire them. Our prior work has shown that leading companies use procurement and financial management systems to gather and analyze data to identify opportunities to reduce

⁴⁹The District's Procurement Practices Act, as enacted, in 1986 required within 12 months of the effective date, the establishment of a comprehensive computer-based material management information system for collecting, organizing, disseminating, maintaining, and reporting procurement data that takes into account the needs of all branches of the District government. Further, the act required the system to permit measuring and assessing the impact of procurement activities on the economy of the District government and the extent to which LSDBEs were sharing in the District's contracts. Moreover, the act required the system to (1) serve for policy and management control purposes, such as forecasting material requirements and purchasing; (2) reflect the state of the art in information systems technology; and (3) have the ability to accommodate future technical enhancements.

costs, improve service levels, measure compliance and performance, and manage service providers.⁵⁰

After numerous discussions with procurement, financial management, and auditing officials, we found there is no visibility over total procurement actions and spending in the District. We found it difficult to get even the data on such basics as the number and dollar value of hundreds of millions of dollars in procurements for agencies not supported by the CPO's office, such as the public schools and the Department of Mental Health. Data for the \$1.2 billion in fiscal year 2005 procurement spending reported by the District's CPO office are captured by several standalone systems. As a result, the CPO's office cannot readily generate regular reports from these systems to track information on what agencies are buying, how they are buying, and from whom they are buying. When we initiated this review, we requested procurement data on such basics as the number of sole-source contracts awarded in a specified time frame, from the CPO's office for fiscal years 2005 and 2006. The information was provided to us piecemeal. According to a District procurement official, to obtain this data, the CPO's office must ask its contracting officers and specialists to manually compile, sometimes from memory, the information—a workaround that is not only time-consuming but at significant risk of error. Because of this, we were unable to obtain reliable fiscal year 2006 data on sole-source awards.

In an effort to obtain complete, accurate, and timely procurement data and to automate and streamline the procurement process, the District has invested almost \$13 million in PASS. Yet, almost 4 years since its inception in 2003, the system is only partially in operation.⁵¹ According to District procurement officials, PASS does not provide full information on completed or ongoing procurements across all agencies, nor does it provide CPO and District agency and financial managers reports and other information they need to manage and oversee the procurement system. In

⁵⁰ GAO, *Best Practices: Using Spend Analysis to Help Agencies Take a More Strategic Approach to Procurement*, [GAO-04-870](#) (Washington, D.C.: Sept. 16, 2004).

⁵¹ According to the CPO's office, PASS is a commercial procurement software application that includes different modules. PASS supports the District's on-line procurement process and is intended to help contracting personnel more efficiently purchase, report, and manage procurements. PASS is being incrementally deployed with the District having so far implemented two of the four modules, including (1) the automated, Web-based buying module and (2) the module that facilitates Web-based obligation and approval for vendor payments.

August 2006, the inspector general reported concerns over the delays in fully implementing PASS, noting that a conflict between the CPO's office and OCTO has hindered the installation and full implementation of PASS.⁵² According to senior procurement officials, the CPO's office has not consented to the extra \$2 million that OCTO is requesting to fully implement PASS because all upgrades and installation were included in their purchase of PASS in 2003. The inspector general has recommended the CPO's office seek assistance from the Mayor's office in expediting the installation and implementation of PASS's contracting and sourcing modules.

CPOs in the other cities we reviewed told us that a procurement data system is critical to managing and overseeing the procurement system, but some are facing challenges similar to the District's to develop an integrated tool. New York's CPO, for example, told us that the city clearly recognizes the importance of an integrated procurement data system and as a result, is engaged in a major undertaking to fully implement a data system sometime in 2007. In the interim, she relies on information contained in the city's financial management system in compiling various procurement performance indicators.

The District's Recent Actions to Address Its Procurement Management and Oversight Challenges Have Had Little Effect

Since 2004, the District has taken several actions to improve the management and oversight of its procurement system. These efforts include an internal study for innovation and reform in the CPO's office and procurement system; changes in staff assignments and review processes in the CPO's office; and establishment of an expert task force to review CPO, procurement workforce, and competition matters and submit recommendations to the Mayor and council. However, information we obtained from former CPOs and current senior procurement and other officials involved with these efforts indicates that most recommended actions remain under study or are partially implemented at best. Most of these officials voiced skepticism or concern about the merits and benefits of these efforts as well as the absence of high-level and sustained attention from District leaders to address systemic problems that hamper management and oversight of the procurement system and undermine transparency, accountability, and competition.

⁵² Office of the Inspector General, District of Columbia, *Office of Contracting and Procurement Part One: Report of Inspection*, OIG No. 06-0017-PO (Washington, D.C.: Aug. 23, 2006).

Following the early resignation of the District's last full-time CPO in September 2004, the Mayor and city administrator directed the District's Center for Innovation and Reform to work with the interim CPO's staff to lead a 6-week internal initiative to create a credible, transparent procurement process that incorporate best practices and innovation. This internal group's final report made several recommendations to the CPO's office aimed at streamlining the process, providing tools such as a procurement manual, and leveraging technology.⁵³ However, 2 years after these recommendations were made, many remained open. Further, none are aimed at the type of legal and organizational changes necessary for effective reform.

More recently, the interim CPO took steps to provide better customer support from the Office of Contracting and Procurement to the District's agencies and vendors. Specifically, the interim CPO announced in April 2006 the establishment of sole-source contract reviews and implementation of a central tracking data system to ensure that contract ceilings are not exceeded, and to capture vendor performance data for consideration in future source selections affecting those vendors. The CPO also announced a new staffing alignment to assign a lead contracting officer for groups of agencies and several commodity buying groups for certain services that are centrally managed, such as construction and information technology equipment and services. According to senior procurement officials and the interim CPO, they expect that assigning contracting officers will improve communication and efficiency across the District as agencies will have a single point of contact for managing and troubleshooting contracting issues. While these are positive steps aimed at improving internal procurement operations, they are not far reaching enough to address the more fundamental problems impeding overall effectiveness in the District's procurement system.

The third effort to improve District procurement has been ongoing since December 2005 when the Mayor and council passed legislation to establish a task force of local experts in contracting and procurement.⁵⁴ The task force is comprised of 10 members appointed by the Mayor and council and

⁵³ Center for Innovation and Reform, Executive Office of the Mayor, *Contracting and Procurement Continuous Improvement Initiative: Recommendations for Reform* (Washington, D.C.: Sept. 30, 2004).

⁵⁴ Contracting and Procurement Reform Task Force Establishment Emergency Act of 2005 and the Contracting Reform Task Force Establishment Temporary Act of 2006.

represents a range of professional, legal, and business expertise in District and public procurement operations and policy. Since March 2006, the task force has met to obtain testimony and review other information from District procurement, financial management, auditors, and agency officials. At the time of our review, the task force chairman expected to report final recommendations to the Mayor and council before the end of 2006.

In addition to these actions the District has taken to address procurement system challenges, in December 2005, the Mayor, interim CPO, and CFO separately provided information to the Chairman of the House Government Reform Committee, who requested the information in light of press allegations about possible violations of the city's procurement laws and procedures, and unauthorized payments to vendors. The Chairman noted that it was essential for the Committee to conduct an assessment of the District's procurement system and the possible shortcomings in the laws, policies, enforcement and practices. In their separate responses, the Mayor, interim CPO, and CFO provided copies of the law, policies, and procedures in place in the District for procurement and contracting, including sole source and small purchase actions, exemptions for various agencies such as the public schools and Department of Mental Health, approval of voucher payments to vendors, and procurement and contracting oversight mechanisms through the District's inspector general and auditor's offices. In addition, the interim CPO provided information on recent actions taken by the Office of Contracting and Procurement to improve customer service and streamline the procurement process. However, information provided did not address the range of concerns and shortfalls in the procurement law and management and oversight that we subsequently identified during the course of our review.

NASPO state government and city procurement officials we spoke with said they have confronted similar management and oversight challenges. They recognized that overcoming these challenges and achieving meaningful procurement reform can take several years and requires sustained executive support from elected leaders and legislatures.

Conclusion

To better ensure every dollar of the District's more than \$1.8 billion procurement investment is well spent, it is critical that the District have an effective procurement system that follows generally accepted key principles and is grounded in a law that promotes transparency, accountability, and competition, and helps to ensure effective management and oversight and sustained leadership. Currently, the

District's procurement system is mired in a culture that thrives on streamlined acquisition processes, broad authority for sole-source contracts, and unauthorized payments to vendors that are eventually papered over through ratifications. Given this culture, it is not surprising that public confidence in the District's ability to judiciously spend taxpayer dollars is guarded at best. To effectively address the District's long-standing procurement deficiencies, it is clear that high-level attention and commitment from multiple stakeholders—including Congress—are needed. Until the law provides for the right structure and authority, the District's procurement reforms will likely continue to fail.

Recommendations for Executive Action

To address needed structural and fundamental revision in the District's procurement law and to strengthen management and oversight practices as well as facilitate congressional oversight, we recommend that the Mayor of the District of Columbia submit a comprehensive plan and time frame to Congress detailing proposed changes in line with our recommendations. This comprehensive plan, to be submitted to Congress, should include the following recommendations for revising the procurement law:

- Apply, at a minimum, to all District entities funded through the District's appropriated budget and specify that if exclusions from its authority are necessary, they be defined narrowly by types of goods and services procured.
- Provide the CPO sole authority and responsibility as head of the District's Office of Contracting and Procurement to manage and oversee the entire acquisition function for all entities, and if exclusions from the CPO's authority are necessary, they be defined narrowly by types of goods and services procured.
- Consider reestablishing the CPO as the sole authority for suspension and debarment decisions.
- Eliminate sections 2-303.05(a)(3) and (a)(3A) of the District Official Code that allow noncompetitive procurements with a vendor who (a) maintains a price agreement or schedule with any federal agency; and (b) agrees to adopt the same pricing schedule as that of another vendor who maintains a price agreement or schedule with any federal agency.
- Reconsider appropriateness of high dollar thresholds for small purchases to maximize competition.

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- Revise the DCSS program to (a) cap purchase ceilings at an appropriate threshold; (b) eliminate any schedule that contains fewer than three vendors or combine it with another schedule; (c) establish procedures to ensure all eligible vendors are provided an opportunity to be considered for orders; and (d) require the CPO to monitor and report on patterns of contracting with a limited number of the same vendors.
 - Require that specific guidance on the use of the DCSS program be incorporated into the District's regulations.
 - Eliminate the procurement-related circumstance that allows direct voucher payments for emergency procurements.

To further discourage the use of unauthorized commitments to vendors, we recommend that the Mayor of the District of Columbia, in coordination with the CFO and other stakeholders take the following actions:

- Revise Directive 1800.04 to be consistent with FAR part 1.6 and clearly state, consistent with the policy of FAR section 1.602-3(b), that these ratification procedures are not to be used in a manner that encourage unauthorized commitments by government personnel.
- Refer unauthorized commitments that are not ratified for further resolution under government claim procedures, to include in appropriate cases, possible referrals for Anti-Deficiency Act violations.
- Upon revision of the ratification directive, track and evaluate the use of direct voucher payments and ratifications to improve management attention and oversight of agencies' unauthorized commitments with vendors.

To strengthen management and oversight practices in the District's procurement system, we recommend that the Mayor take the following actions:

- Recruit and appoint a CPO with the requisite skills and procurement experience as required in the law.
- Elevate the CPO's position and office so that it is either in line with other critical cross-government functions, such as OCTO, or higher and would allow participation in cross-cutting executive management, budgeting, planning, and review processes.

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- Direct the CPO to develop a process and tools for frequent and regular interactions with agency heads and program managers to support acquisition planning.
 - Direct the CPO to develop a procurement manual concurrent with revision in the procurement law.
 - Direct the CPO to establish a plan and schedule for professional development and certification programs for contracting staff and to track personnel trained.
 - Direct OCTO to work with the CPO to expeditiously complete installation of an integrated procurement data system.

To help ensure the District makes adequate progress in revising its procurement law and improving procurement management and oversight, we recommend that the Mayor submit periodic reports to congressional oversight and appropriations committees on such elements by agency as (a) competitive actions by agency; (b) number, value, and type of sole source procurements; (c) numbers of procurement personnel trained and the type of training received; and other indicators as appropriate.

In addition, to further discourage the use of unauthorized commitments to vendors, we recommend that the Chief Financial Officer (CFO) of the District of Columbia take the following actions:

- Revise Financial Management and Control Order No. 05-002 to eliminate the use of direct vouchers payments for emergency procurements.
- Work with the CPO and other stakeholders to do the following:
 - (a) Revise Directive 1800.04 to be consistent with FAR part 1.6 and clearly state, consistent with the policy of FAR section 1.602-3(b), that these ratification procedures are not to be used in a manner that encourage unauthorized commitments by government personnel.
 - (b) Refer unauthorized commitments that are not ratified for further resolution under government claim procedures, to include in appropriate cases, possible referrals for Anti-Deficiency Act violations.
 - (c) Upon revision of the ratification directive, track and evaluate the use of direct voucher payments and ratifications to improve

management attention and oversight of agencies' unauthorized commitments with vendors.

Agency Comments and Our Evaluation

We provided a draft of our report to the former Mayor's office and the office of the CFO. The primary focus of our report deals with procurement reform needed in the District that falls under the responsibility of the Mayor. Therefore, most of our recommendations are made to the Mayor's office. Given that the comment period coincided with the final month of the administration, the outgoing Mayor chose not to comment. However, the new administration contacted our office and indicated concurrence with most of the findings and recommendations and, as the principal office responsible for ensuring action is taken, plans to provide formal comments and an action plan within 60 days of the report's public release.

Though most of our recommendations are made to the Mayor's office, there is a role for the CFO to play in helping curb unauthorized commitments. Therefore, we also made recommendations to the CFO. In that context, the CFO provided written comments, which were limited to our discussion on the use of direct vouchers. Our response focuses only on those comments.

In general, the CFO questions our understanding of the direct voucher process and the CFO's authority. We recognize the limitations in the CFO's authority for holding personnel accountable for unauthorized commitments and the CFO's obligation to pay for accepted goods and services. However, focusing on limited authority and payment obligation does not address the larger issue. Specifically, our report raises a concern about the effect of the lack of management attention on prohibiting unauthorized commitments that may be ratified and ultimately paid through direct vouchers—a process CFO staff acknowledge is broken and in need of more stringent controls. Accordingly, we revised our recommendations to the Mayor and the CFO concerning the use of direct vouchers and the ratification process. Strengthening this process is a small part of a larger procurement reform effort that must be headed by the Mayor and implemented by the CPO, CFO, and other stakeholders in the District. The CFO's comments state that the office intends to review and clarify Financial Management and Control Order No. 05-002. We encourage them to implement our recommendations as well as work with the Mayor's office and other stakeholders in coordinating procurement reform actions as applicable.

The CFO's comments are included in appendix III along with our comments on specific points he raised.

As agreed with your office, unless you publicly announce the contents of this report earlier, we plan no further distribution of it until 30 days from the date of this report. We will then send copies to other interested congressional committees and the Mayor and Chief Financial Officer of the District of Columbia. We will make copies available at no charge on GAO's Web site at <http://www.gao.gov>.

If you or your staff have any questions about this report, please contact me at (202) 512-4841 or calvaresibarra@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. See appendix IV for a list of key contributors to this report.

Sincerely yours,

A handwritten signature in black ink that reads "Ann Calvaresi Barr". The signature is written in a cursive style with a large, stylized initial "A".

Ann Calvaresi Barr
Director, Acquisition and Sourcing Management

Appendix I: Scope and Methodology

We conducted our work at the District of Columbia’s Office of Contracting and Procurement, Office of the CFO, Office of the Inspector General, Auditor’s Office, and Center for Innovation and Reform. We did not conduct detailed audit work at the various agencies that procure independently of the Office of Contracting and Procurement since this is the central office that was established under 1996 reform legislation and it procures for 61 District organizations—a majority in the District. We also visited representatives of the National Association of State Procurement Officials (NASPO) in Springfield, Illinois, and city procurement officials in Atlanta, Baltimore, and New York. In selecting cities to visit, we considered those that have faced similar challenges to the District as well as took various approaches to structuring their public procurement systems and implementing reform. We did not assess the effectiveness of their approaches or reform efforts and our report is not intended to suggest that we evaluated or endorse any particular approach from these cities, but only to draw comparisons to the District where applicable.

In developing our criteria for generally accepted key principles for an effective public procurement system, we relied on a variety of sources. NASPO is a nationally recognized non-profit association comprised of directors of central purchasing offices in each of the 50 states and other member jurisdictions. NASPO has published a series of volumes related to state and local government purchasing with the most recent edition describing principles and suggested practices.¹ We also spoke with state procurement officials representing NASPO to obtain their perspectives on our analysis as well as their own states’ guiding principles and practices for an effective public procurement system. In addition to NASPO, the American Bar Association’s (ABA) model procurement code for state and local governments outlines principles for public procurement and provides a variety of options and strategies applicable to all public bodies.² The Federal Acquisition Regulation (FAR) also describes guiding principles of public procurement and though these are aimed at the federal government, many are not unique to the federal acquisition system and are equally applicable to state and local governments. Finally, we leveraged our own

¹ NASPO, *State & Local Government Purchasing: Principles & Practices, Fifth Edition* (Lexington, Ky.: 2003).

² ABA, *Model Procurement Code for State and Local Governments*, adopted in 1979 and updated in 2000.

work since 2001 on effective procurement and acquisition management practices.³

To assess whether the District's primary procurement law reflects fundamental principles that promote transparency, accountability, integrity, and competition, we did a detailed legal review and analysis of the Procurement Practices Act of 1985, as amended. We did not do a similar review or analysis of laws, policies, or regulations governing the various independent agencies or procurement authorities. In comparing the District's primary procurement law to generally accepted key principles and assessing the impact of any shortfalls, we focused on several key elements that are recognized by a variety of sources for promoting transparency, accountability, integrity, and competition: (1) uniform application of the law across all District organizations; (2) adequacy of authority granted to the CPO for the full spectrum of acquisition functions; (3) exemptions in the law through various temporary, emergency, or permanent legislative amendments; and (4) provisions in the law that limit or restrict competition, such as authority for sole-source contracting, simplified acquisition procedures, and use of supply schedule. Our review also examined recent legislation that was passed in response to various procurement challenges that had been identified to include changes in law and policy resulting from the CFO's review of direct voucher payments for unauthorized commitments with vendors for goods and services without valid contracts.

To further understand the rationale and impact of these various provisions and related procurement issues, we interviewed current and former procurement, executive, financial management, and auditing officials in the District. We also spoke to a D.C. Council committee representative regarding legislative actions to address reported procurement problems and related issues. In addition, we interviewed state government

³ GAO, *District of Columbia: D.C. Public Schools Inappropriately Used Gas Utility Contract for Renovations*, [GAO-01-963](#) (Washington, D.C.: Sept. 28, 2001); *Best Practices: Taking a Strategic Approach Could Improve DOD's Acquisition of Services*, [GAO-02-230](#) (Washington, D.C.: Jan. 18, 2002); *Metropolitan Washington Airports Authority: Contracting Practices Do Not Always Comply with Airport Lease Requirements*, [GAO-02-36](#) (Washington, D.C.: Mar. 1, 2002); *Transportation Security Administration: High-Level Attention Needed to Strengthen Acquisition Function*, [GAO-04-544](#) (Washington, D.C.: May 28, 2004); *Homeland Security: Successes and Challenges in DHS's Efforts to Create an Effective Acquisition Organization*, [GAO-05-179](#) (Washington, D.C.: Mar. 29, 2005); and *United Nations: Procurement Internal Controls Are Weak*, [GAO-06-577](#) (Washington, D.C.: Apr. 25, 2006).

procurement leaders of NASPO about sound principles and practices regarding public procurement statutory coverage and their views on issues we raised about the District's procurement law. We also interviewed city procurement officials in Atlanta, Baltimore, and New York to obtain their views on issues we raised concerning the District's procurement law and to learn about related challenges they have faced and their responses to these challenges.

To assess the extent to which the District's management and oversight of the procurement process reflect generally accepted practices, we examined several key elements. First, we examined the organizational alignment and leadership for managing the acquisition function across all District organizations. Second, we assessed management's commitment to competence including elements required for a professional procurement workforce. Third, we reviewed the District's development of procurement management and oversight tools, including a procurement manual and automated data systems for recording procurement information. To gain insights on the challenges of procurement management and oversight in the District, we interviewed current and former city procurement and District executive officials to obtain their perspectives. To obtain an historical perspective on the management and oversight challenges in the District that drove legislation reform in 1996, we reviewed various studies done at that time and their recommendations. To understand how the District has addressed those challenges, we reviewed selected District inspector general and auditor reports since 2004, and the resulting recommendations as well as those from the internal study of the Center for Innovation and Reform. We interviewed responsible city procurement officials on the status of addressing those recommendations. We also interviewed the chairman of the Contracting and Procurement Reform Task Force, which was established in 2006 to review the District's procurement system and attended several public meetings to observe their discussions.

In the course of our review, we relied on various management and other procurement data reports provided by the Office of Contracting and Procurement. Specifically, information on procurement spending in dollars and contracting and competition methods was generated from various procurement data systems or compiled from manual inputs. Though we did not conduct detailed tests of procurement transactions, data reliability was suspect for these various reports based on very limited testing and independent auditors have also raised questions about the data. To fully test data reliability for all the various reports we received would have required resources outside the scope of this review. Moreover,

an independent public accounting firm audits the District's financial statements annually and reports on internal control and compliance over financial reporting. Compliance with procurement regulations was part of the fiscal year 2005 audit in which the District received an unqualified, clean opinion. Despite the limitations, we found the data to be reasonable and sufficiently reliable for our purposes. Further, we have attributed, where applicable and appropriate, this information to the Office of Contracting and Procurement and responsible officials.

This work was done between February 2006 and October 2006 in accordance with generally accepted government auditing standards.

Appendix II: District Governance and Related Procurement Authorities

Home Rule Act

In 1973, Congress enacted the District of Columbia Self-Government and Governmental Reorganization Act or Home Rule Act,¹ which set forth the structural framework of the current District government in the District Charter. The District Charter established the Office of the Mayor and vested the Mayor with the executive power. It also established the D.C. Council and delegated certain legislative powers to it.² Despite the powers delegated to the Council, Congress retained the ultimate legislative authority over the District under the Constitution.³ Generally, the Constitution authorizes Congress to enact legislation on any topic for the District and to amend or repeal any District act.

With regard to the powers delegated to the Council, the Home Rule Act authorized it to pass permanent and emergency acts. A permanent act starts as a bill, which usually gets introduced by a Council member and then gets assigned to and considered by the proper committee. The committee then reports the bill to the Committee of the Whole (the entire Council), which reviews it before it is put on agenda for regular session. Hearings are required for permanent legislation before it is adopted.⁴ The Council votes on a bill two times, during first and second readings. However, 15 days before the Council adopts a bill, it must be published in the D.C. Register.⁵ The Mayor then can either (1) sign the bill or take no action and it becomes an act or (2) veto the bill and Council can override the veto by two-thirds majority. The act must then be published in the D.C. Register. The Council chair transmits the act to both houses of Congress, which have 30 calendar days (or 60 calendar days for criminal acts) to review the act and if they take no action, the act becomes law.⁶

¹ Pub. L. No. 93-198 (1973). The federal Act was supplemented by D.C. Council Rules, which provide rules of organization and procedure for the Council. It should be noted that a Council enactment is cited as an “act” but a congressional enactment is cited as an “Act.”

² The D.C. Council has 13 members who are elected for 4-year terms.

³ U.S. Const., art. I, § 8, cl. 17.

⁴ Council Rule, Art. IV, § 305. Hearings require public notice and may be given by publication in the D.C. Register, in newspapers, mailing notices to a mailing list maintained by the Secretary, and by other means. Council Rule, Article IV, § 425.

⁵ Council Rule, Art. IV, § 422.

⁶ The 30-day period excludes Saturdays, Sundays, and holidays, and any day on which either House of Congress is not in session. Thus, if one or both of the Houses are out of session, a day cannot be counted within that time. Home Rule Act, section 602 (c)(1). Also, Congress usually adjourns in October. As a result, any act passed by the Council after July usually will not become law until the following year.

Congress may disapprove the act by adopting a joint resolution of disapproval, which must be signed by the President. Unless the President vetoes the act, it becomes law within 30 days.

Emergency acts are quicker to pass than permanent acts, since they are not required to go through (1) committee, (2) a second reading, (3) a public hearing, (3) congressional approval, and (4) publication in the D.C. Register before becoming effective, but must be published after that.⁷ For an emergency act, the Council must decide by two-thirds of the members that emergency circumstances make it necessary that an act be passed.⁸ Emergency acts are effective for 90 days.

With regard to the executive power, the Home Rule Act vested in the Mayor, who is the chief executive officer of the District government, the power to properly execute all laws relating to the District. The Mayor may delegate any function to (1) any officer, employee, or agency of the executive office of the Mayor or (2) any director of an executive department who may, with the Mayor's approval, further delegate all or part of the functions to subordinates under the Mayor's jurisdiction.⁹

In addition to establishing these branches of government in the District, the Home Rule Act also established five independent agencies existing outside the control of the executive or legislative branches of the District government. The independent agencies were the (1) Board of Education;

⁷ The legislative history of the Home Rule Act does not provide insight about what Congress intended regarding the frequency or circumstances in which the Council should use the emergency act provision. If the Council finds the existence of an emergency and approves an emergency bill, the Council may, at the same legislative session, consider a temporary bill on first reading without committee referral; the temporary bill must be "substantially similar" to the emergency bill and may remain effective for not more than 225 days. Temporary legislation is passed with an emergency legislation to ensure that some legislation is in effect while permanent legislation is before Congress and to fill the gap between the expiration of an emergency act and the effective date of a permanent act.

⁸ Current Council rules clarify that an "emergency" means a situation that adversely affects the health, safety, welfare, or economic well-being of a person for which legislative relief is deemed appropriate and necessary by the Council, and for which adherence to the ordinary legislative process would result in delay that would adversely affect the person whom the legislation is intended to protect. It also clarifies that legislation must take effect, according to its terms, either immediately or at a specific time. Council Rule, Art. IV, § 412(b)(c).

⁹ The Mayor cannot, however, delegate the authority of approving or disapproving acts passed by the Council. Home Rule Act, § 422(6).

(2) Armory Board; (3) Public Service Commission; (4) Zoning Commission; and (5) Board of Elections.

Procurement Practices Act of 1985

In 1986, the Council enacted the D.C. Procurement Practices Act of 1985,¹⁰ pursuant to the Council's authority to pass acts under the Home Rule Act.¹¹ One of the primary underlying statutory policies of the act was to provide for a uniform procurement law and procedures for the District of Columbia government. To achieve this policy, the Procurement Practices Act applied to all agencies and employees of District government which were subordinate to the Mayor.¹² The Procurement Practices Act excluded from its application a separate branch of government or an independent agency (as defined in D.C. Administrative Procedures Act) that had authority to enter into contracts or to issue rules and regulations for awarding contracts pursuant to existing law.¹³ The Procurement Practices Act applied to every contract, interagency agreement, or intergovernmental agreement for procurement or disposal of goods and services by covered agencies and employees.

The Procurement Practices Act also created in the executive branch of the District government the Contract Appeals Board. The appeals board was the exclusive hearing tribunal for and had jurisdiction to review and determine de novo throughout the District government the following: (1) protests of a solicitation or contract award and (2) appeals from a final decision of the Director of Administrative Services. It allowed disappointed contractors to appeal board decisions to the D.C. Court of

¹⁰ D.C. Law 6-85 (1986), codified at the D.C. Official Code, § 2-301 *et seq.*

¹¹ Home Rule Act, § 412(a). The Procurement Practices Act provided that nothing in the act or in its implementing regulations abrogates the powers and duties of the Mayor pursuant to the Home Rule Act or any other law not specifically repealed by the Procurement Practices Act. D.C. Law 6-85, § 201(b) (1).

¹² Although the Procurement Practices Act did not define the term "subordinate agency," it defined the term "agency" as used in the act to exclude an independent agency from its application, so we know that a subordinate agency is not an independent agency. D.C. Law 6-85, § 107(2).

¹³ The D.C. Administrative Procedures Act provides that "independent agency" means any agency of the government of the District with respect to which the Mayor and the Council that is not authorized by law, other than by this title, to establish administrative procedures, but does not include the courts of the District and the District of Columbia Tax Court. The District of Columbia Administrative Procedures Act of 1968, Pub. L. No. 90-614, § 102(5). The Act did not enumerate specific agencies that were independent.

Appeals. It also established bid protest procedures for protests of the solicitation or award of a contract.

Procurement Reform Amendment Act of 1996

The Procurement Practices Act was amended by the Procurement Reform Amendment Act of 1996 (reform act) with the primary statutory purpose to centralize procurement in the Office of Contracting and Procurement.¹⁴ The law required this office to be headed by a Chief Procurement Officer (CPO). By delegation of the Mayor, the CPO has the exclusive contracting authority for all procurements covered by the Procurement Practices Act.¹⁵ The reform act further centralized procurement in the CPO by requiring the CPO rather than the Mayor to delegate contracting authority to employees of District entities subject to the act and to employees of Office of Contracting and Procurement who are contracting officers and specialists in procurement. All delegations must be subject to limitations specified in writing.

The reform act also changed some of the requirements for sole-source emergency procurements, which the Procurement Practices Act authorized the executive branch to use. Specifically, the reform act allowed contracting officers to make and justify sole source emergency procurements when there was an imminent threat to the public health, welfare, property, or safety under emergency conditions.¹⁶ The requirement is implemented in the District's regulations, which defines an "emergency condition" as a situation, such as a flood, epidemic, riot, or equipment failure that created the imminent threat.¹⁷

The reform act expanded the Procurement Practices Act's application to include independent agencies, which were previously excluded from its application. Specifically, the act applied to all departments, agencies, instrumentalities, and employees of the District government, including agencies which are subordinates to the Mayor, independent agencies, boards, and commissions. It applies to any contract for the procurement of goods and services, including construction and legal services.

¹⁴ D.C. Law 11-259 (1997).

¹⁵ Id. at § 105 (a) (b).

¹⁶ Id. at § 105 (p) (codified at D.C. Official Code § § 2-303.05(a) (4) and 2-303.12 (a)(1).

¹⁷ 27 DC ADC 1710.2.

Despite the reform act's primary statutory purpose of centralizing the District's procurement authority in the Office of Contracting and Procurement, it excluded many entities from the authority of both the Office of Contracting and Procurement and the Procurement Practices Act.¹⁸ Specifically, it excluded:

- the D.C. Council;
- the D.C. courts;
- the D.C. Financial Responsibility and Management Assistance Authority (Control Board), as Congress previously statutorily excluded the Procurement Practices Act's application to the Control Board and vested the Board's contracting authority in its Executive Director;¹⁹
- the Office of the Chief Financial Officer (CFO), and required the Chief Financial Office, during a control year,²⁰ to adopt the Control Board's procurement rules and regulations, except that during years other than control years, Office of the CFO must be bound by provisions in this act.²¹

¹⁸ D.C. Law 11-259, § 104 (a)(c) (codified at D.C. Official Code § 2-301.04).

¹⁹ Under the District of Columbia Financial Responsibility and Management Assistance Act (FRMAA) of 1995, Pub. L. No. 104-8 (1995), Congress established the Control Board upon finding that the District government was in a fiscal emergency, was plagued by pervasive mismanagement, and failed to deliver effective or efficient services to residents. FRMAA, at § 305(4). The Control Board was provided wide-ranging statutory powers to improve the District government's operations, including authority to award contracts and review and approve certain contracts. FRMAA, at §§ 102(c)(2), 103(g), and 203(b).

²⁰ A control year, as defined in the FRMAA, means any fiscal year for which a financial plan and budget approved by the Control Board is in effect, and includes fiscal year 1996. FRMAA, § 305(4). The District government was under the Control Board's authority from April 1995 until September 2001.

²¹ D.C. Law 11-259, § 104(c). Despite the provision that the Office of the CFO must be bound by provisions in the Procurement Practices Act during years other than control years, Congress has extended the authority provided to the CFO to exercise the procurement authority granted to it during a control year in several appropriations acts relating to the District. The most recent appropriation act relating to the District exempts the CFO's acquisitions from all provisions of the Procurement Practices Act. Transportation, Treasury, Housing and Urban Development, the Judiciary, the District of Columbia, and Independent Agencies Appropriations Act, 2006, Pub. L. No. 109-115, § 132 (2005).

Further, the reform act added a new section in the Procurement Practices Act,²² exempting the following entities from the authority of the Procurement Practices Act and Office of Contracting and Procurement:

- Redevelopment Land Agency with regard to real property or interests therein;
- Administrator of Homestead Program Administration under Homestead Housing Preservation Act of 1986 with regard to disposal or transfer of real property;
- Mayor to sell real property in D.C. for nonpayment of taxes or assessments of any kind;
- Mayor and D.C. Council pursuant to D.C. Public Space Rental Act;
- Convention Center Board of Directors pursuant to the Washington Convention Center Management Act of 1979;
- Sports Commission pursuant to the Omnibus Sports Consolidation Act of 1994;
- D.C. Housing Finance Agency;
- D.C. Retirement Board pursuant to the D.C. Retirement Reform Act; and
- Metropolitan Police Department's authority to make procurements of \$500,000 or less, as provided in the D.C. Appropriations Act, approved April 6, 1996. (Pub. L. No. 104-134).

Since enactment of the 1996 reform act, the Council has amended the Procurement Practices Act many times to exempt additional entities from falling under the authority of the Office of Contracting and Procurement or Procurement Practices Act or both, despite the Procurement Practices Act's statutory purposes of creating uniform procurement laws in the District and centralizing the District's procurement authority in the Office of Contracting and Procurement. To date, in addition to those entities mentioned above, the council excluded the following entities from the authority of both Office of Contracting and Procurement and Procurement Practices Act:

- D.C. Water and Sewer Authority;
- D.C. Public Service Commission;
- D.C. Housing Authority, except for the provisions regarding contract protests, appeals, and claims arising from procurements of the Housing Authority; and
- D.C. Advisory Neighborhood Commissions.

²² D.C. Law 11-29, § 320 (codified at D.C. Official Code § 2-303.20).

Further, the Council amended to Procurement Practices Act to exclude the following entities from the authority of Office of Contracting and Procurement, but they are subject to the Procurement Practices Act:

- Director of the Child and Family Services Agency;
- Criminal Justice Coordinating Council;
- Director of the Department of Mental Health; and
- Board of Education to solicit, award, and execute contracts, except for security for the District's public schools for security contracts to begin on or after June 30, 2005.

Also, the Council exempted delivery of electrical power and ancillary services for the District from certain requirements of the Procurement Practices Act, subject to Council approval.

In addition to these exemptions, the Council continues to use its emergency act authority under the Home Rule Act to exempt the application of all or certain provisions of the Procurement Practices Act or the authority of the Office of Contracting and Procurement for certain District entities or projects. These exemptions can last no more than 90 days or can become permanent if the emergency bill is accompanied by a temporary bill bridging the gap between expiration of the 90-day emergency bill and congressionally-approved permanent legislation on the same matter.

Appendix III: Comments from the Chief Financial Officer for the District of Columbia

Note: GAO comments supplementing those in the report text appear at the end of this appendix.

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



Natwar M. Gandhi
Chief Financial Officer

January 5, 2007

Ms. Ann Calvaresi Barr
Director, Acquisition and Sourcing Management
Governmental Accountability Office
441 G Street, N.W.
Washington, D.C. 20548

Dear Ms. Calvaresi Barr:

In your draft report on *District of Columbia Procurement System Needs Major Reform* (GAO-07-159), the Governmental Accountability Office (GAO), in particular the section, "The District's Law Allows Payments for Unauthorized Commitments to Vendors," the District's Office of the Chief Financial Officer takes very strong exception to the tone, language and details of that section, and believes that the GAO does not understand the OCFO's position.

The District is required by Generally Accepted Accounting Principles (GAAP) to book a liability whenever the District has "received" and "accepted" goods and/or services from a vendor, regardless of whether that vendor had a valid contract or purchase order. The improper receipt and acceptance of goods and/or services is a procurement responsibility which will have to be resolved by procurement officials, and not by the OCFO.

The OCFO has no authority over the actions of procurement staff, nor does the OCFO have authority to discipline procurement staff for entering into improper procurements. But, once such improperly procured good and/or services have been actually received and accepted, the District has a responsibility under GAAP to record the liability; the legal responsibility to make payment is determined separately through the ratification process. The original policy, Resource Management Guidance No. 96-02, was promulgated not for procurement purposes but for budget control purposes, to direct financial staff to record all obligations. Financial Management and Control Order No. 05-002, issued July 22, 2005, and revised October 17, 2005, neither encourages, authorizes, nor condones improper procurements; it merely sets up the mechanism for the legally required payment to be made.

The remainder of this response will discuss certain findings, or statements, made by the GAO in the draft report, concerning OCFO, and the OCFO's response to each of those statements.

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GAO Statement: “The analysis confirmed that of the vouchers reviewed, over 11,000 totaling \$217 million were not in compliance with 21 allowed uses under the 1996 CFO policy.” (Page 26)

See comment 1.

The CFO Response: Only \$4 million in payments for 461 transactions actually fell outside of the Financial Management and Control Order No. 05-002 - Revised October 17, 2005, not \$217 million, pursuant to the analysis that the OCFO conducted in late-2005 on the District’s use of direct vouchers. These improper transactions averaged less than \$9,000 each, and while troublesome, are not evidence of any material breaches of internal control, or damage to the District’s financial stability.

The CFO Order provides requirements for the authorization of miscellaneous vouchers, which state that: “The Deputy CFO for the Office of Financial Operations and Systems (OFOS) may authorize the use of miscellaneous vouchers for other purposes upon making a determination that:

1. The transaction is not subject to the District’s procurement rules and regulations, and that;
2. an alternative means of processing the transaction is not available and that;
3. such voucher processing is not in violation of applicable law.

The OCFO believes that the District’s use of its policy on direct vouchers is used appropriately in over 99% of the transactions in which it is being used, and also for over 99% of the dollars that are being spent through the use of direct vouchers.

GAO Statement: “Rather than take steps to hold agencies accountable for these violations, the CFO’s policy was changed without consulting the CPO’s office on the merits of the change. CFO officials told us their office determined it was necessary to accommodate agency circumstances for bypassing the procurement process to more promptly obtain goods and services needed for critical operations.” (Page 26)

See comment 2.

The CFO Response: This statement is inaccurate and reflects a misunderstanding of the respective CFO and CPO roles. The CPO has no role in financial management policies including the liquidation of liabilities. The policy was not changed to accommodate agency circumstances or bypass the procurement process to more promptly obtain goods and services. As stated earlier, the District is required by Generally Accepted Accounting Principles (GAAP) to book a liability whenever the District has “received” and “accepted” goods and/or services from a vendor, regardless of whether that vendor had a valid contract or purchase order. The improper receipt and acceptance of goods and/or services is a procurement responsibility, which will have to be resolved by procurement officials, and not by the OCFO.

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GAO Statement: “Under Financial Management and Control Order No. 05-002, issued July 22, 2005, and revised October 17, 2005, the CFO added seven new circumstances for direct voucher payments to the 21 already included in the 1996 financial guidance. Five of the seven added circumstances were for new non-procurement related transaction, such as temporary welfare payments to families and certain lawsuit settlement payments. The remaining two are for procurement-related transactions, however, and are problematic.

The first circumstance – which allows direct voucher payments for goods and services needed for an unanticipated and nonrecurring extraordinary emergency – duplicates provisions in the District’s procurement law that establish procedures for handling such circumstances under emergency contracting procedures.” (Page 26)

The CFO Response:

We disagree that this is a needless duplication. Rather, it reasonably parallels other non-financial policy. We agree that the Office of Contracting and Procurement should be the determining agency as to what constitutes an “*unanticipated and nonrecurring extraordinary emergency*.” The OCFO is currently reviewing Financial Management and Control Order No. 05-002 - Revised October 17, 2005, and, if necessary, we will clarify this item; OCFO personnel should not be perceived as being responsible for making procurement related determinations. Our revision, if any, will be completed within the next three months, and we will include comments from District agency CFOs, the Office of Contracting and Procurement (OCP), in addition to the District’s Office of the Attorney General and the CFO’s General Counsel

GAO Statement: “The second circumstance allows agencies to make direct voucher payments for liabilities incurred through unauthorized commitments to vendors for goods and services without valid contracts after payment has been ratified – a practice that could further encourage employees to bypass established contracting procedures.” (Pages 26-27)

The CFO Response: We strongly disagree that this item encourages agency personnel to bypass established contracting procedures. As stated earlier, the District is required by Generally Accepted Accounting Principles (GAAP) to book a liability whenever the District has “received” and “accepted” goods and/or services from a vendor, regardless of whether that vendor had a valid contract or purchase order. The improper receipt and acceptance of goods and/or services is a procurement responsibility which will have to be resolved by procurement officials, and not by the OCFO. In fact, the OCFO has not used this exception to approve payment for unauthorized contracts.

See comment 3.

See comment 4.

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For example, the D.C. Public Schools did make such a request, in fiscal 2005, of the Deputy Chief Financial Officer, Office of Financial Operations and Systems, for the payment of Vendor Settlement Agreements and also for Accrued Liabilities. After thorough review, the Deputy CFO rejected the DCPS request, and directed them to initiate a proper ratification determination that followed D.C. law, OCP regulations, DCPS Office of Contracts and Acquisition (OCA) and OCFO requirements, before payment of such a request would be approved. The following language was used to deny the DCPS request:

“A DCPS OCA official will have to certify that the goods and/or services in question were “actually” received, not “probably” received, and to ratify each procurement. DCPS OCA officials will also have to follow both DCPS and District procurement authorization policies and procedures in order to make sure that each requested vendor payment is valid. Because of the large dollar amounts of some of these claims, the approval of the DCPS Superintendent or School Board may also be required. At that point, and only then, will OFOS reconsider your request for the authorization of direct vouchers to make these payments.”

This is the sort of payment request that should only be approved after the OCP, following District law and its procedures on contract ratification, determines that ratification of the unauthorized procurement is appropriate. Once proper ratification has taken place, the OCFO must have a mechanism for making the actual payment, and the use of a direct voucher is the only appropriate mechanism to do so. We must retain this item in the CFO Order to create the obligation in the financial management system to make the payment.

GAO Statement: “New York’s CPO described the city’s stringent controls and regular monitoring to detect and publicize agencies’ unauthorized commitments with vendors as well as its discipline of employees for bypassing contracting rules – steps that have greatly decreased the number of unauthorized commitments in that city’s procurement system.” (Page 28)

The CFO Response:

We would agree that the CPO’s stringent controls, regular monitoring, and discipline for infractions of the procurement process would greatly reduce unauthorized commitments. The OCFO does not have any control over the activities of OCP employees, or for the unauthorized commitments with vendors made at the agency level. Where such unauthorized commitments have been made and the goods or services have been delivered, the OCFO’s position, as stated earlier, is that a real “liability” has been created and must be recorded; actual payment should await the completion of the ratification process. However, as indicated previously, payments were made on 461 unauthorized commitments totaling \$4 million, and the average payment amount was less than \$9,000.00. These minor infractions in no way harmed the District’s financial stability.

See comment 5.

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This is not to dismiss the seriousness of the issue. The OCFO has implemented better internal controls at the agency level to make sure that all responsible employees -- OCP, agency procurement, and OCFO employees -- are made aware of the prohibitions against making unauthorized vendor commitments, and that their performance plans and evaluations will begin to reflect such errors in applying District procurement regulations.

OCFO General Comments: The use of direct voucher payments is not an unusual occurrence, either for governments or businesses, although there are different terms that are used for the process, such as: direct payment, direct payment orders, direct voucher, voucher payment, special payment, special expenditure, direct purchase order, etc. The District's financial operations are audited every year for the preparation of the District's Comprehensive Annual Financial Report (CAFR), and the District was not cited for a Yellow Book violation of a Material Weakness, Reportable Condition, or instance of Material Noncompliance, in regards to its use of direct vouchers during the entire period that direct vouchers have been in use by the District, from fiscal year 1996 through fiscal year 2005.

The use of direct vouchers is an accepted procedure that private businesses and governments use to make payments to other governments, business, or individuals, for items that are non-procurable. The contracting and procurement process anticipates procurements, or purchases, that can be issued as a result of competitive bidding, and in those cases where the good or service and its quantity is known in advance, then that is the practice that should be used.

Realistically though, there are many specific situations where the item is not a procurable item, such as the requirement to make a court ordered payment, payment (or transfers) between agencies or governments, utility payments, employee related benefits, worker's compensation and unemployment benefits payments, jury duty, court witness fees, stipends, debt service, payroll withholding, revenue refunds, etc.

These are not procurable because they are required payments by law, they are payments made directly to individuals, or they are refunds of payments made to the District, either in error or an excess amount, etc. Other governmental jurisdictions and private corporations have similar needs and in those situations they can, and do, make similar payments, although they may call them something else.

The two changes cited under Financial Management and Control Order No. 05-002, issued July 22, 2005, and revised October 17, 2005, in regards to emergency procurements and contract ratifications were undertaken, not to thwart OCP's ability to perform their responsibilities, but to document those instances where necessary goods or services were *actually* received, or unauthorized contracts where the goods or services were *actually* received, and to specify the conditions that must be met for the payment to be made.

See comment 5.

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The OCFO believes that GAO has failed to research the methods and procedures that other jurisdictions use to make payments in situations similar to what the District has been cited as having done improperly. We believe that if GAO had done such a study, then it would have been exceedingly clear that jurisdictions all face similar situations, and must use responses very similar to what the District use, even though they may call the process something other than "direct vouchers."

The OCFO is in the process of updating its Financial Management and Control Order No. 05-002, issued July 22, 2005, and revised October 17, 2005 to make necessary clarifications in response to the concerns of both the U.S. Government Accountability Office and the D.C. Office of Contracting and Procurement. We also plan to work with OCP to develop better communication and integration between OCP and OCFO computer systems and procedures.

We look forward to working with officials in the Administration and the Congress to find solutions to the District's procurement system issues.

Sincerely,



Natwar M. Gandhi
Chief Financial Officer

The following are GAO's comments on the CFO's letter dated January 5, 2007.

GAO Comments

1. As we state in the report, the CFO's analysis of fiscal year 2004 direct voucher payments showed that \$217 million fell outside a 1996 financial management and control order. It was only after the CFO, in 2005, added 7 more acceptable uses of direct vouchers to the original order, that these payments were found to be acceptable. The \$4 million in payments referred to in the CFO's comments are those that fell outside this updated policy.
2. We recognize that the CPO's office is not directly responsible for developing financial management policies. However, we believe that in order to effect meaningful procurement reform, the CPO should be consulted on any policy changes that affect procurement—particularly as such changes have been amended into the procurement law. Elevating the CPO within the District government, as we recommend, would facilitate needed coordination.
3. Because the District's procurement law already establishes emergency contracting procedures, we stand by our finding and recommendation that including emergency procurements as an acceptable use of direct vouchers duplicates the provision in the law and allows agencies to bypass established contracting procedures.
4. As we state in the agency comments section, we recognize the obligation to pay for accepted goods and services, but we are concerned that the current policy, now codified in the law, is a symptom of the lack of necessary management focus to minimize the number of unauthorized commitments that may be ratified and ultimately paid through direct vouchers. In meetings with CFO staff, they acknowledged that the ratification process needs strengthening to include, in appropriate cases, possible referrals for Anti-Deficiency Act violations.
5. The scope of our review was on the District's procurement system as a whole, not on the direct voucher process. As part of this review, we examined and discussed with chief procurement officers reform efforts in other cities. Through these discussions, we learned that other cities have consistently taken steps to curb the use of direct vouchers where at all possible and to ensure strict controls are in place to hold employees accountable when their actions result in an unauthorized commitment to vendors.

Appendix IV: GAO Contact and Staff Acknowledgments

GAO Contact

Ann Calvaresi Barr (202) 512-4841 or calvaresibarr@gao.gov

Staff Acknowledgments

In addition to the individual named above, Carolyn Kirby, Assistant Director; Barry DeWeese; Cynthia Auburn; Rachel Girschick; Kevin Heinz; Bill Petrick; Sylvia Schatz; and Karen Sloan made key contributions to this report.

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Government of the District of Columbia
Office of Contracting and Procurement



Process Transformation

Procurement Management Assistance

28 September 2007

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EXECUTIVE SUMMARY

The Office of Contracting and Procurement (OCP) has embarked on a comprehensive set of initiatives to transform its procurement operations. Opportunities for procurement reform are targeted at streamlining and simplifying the procurement process, enhancing client satisfaction by authorizing procurement actions at the lowest reasonable level, and increasing the quality and value of goods and services procured by maximizing use of the competitive marketplace.

NIGP was tasked to contribute directly to the continuing success of OCP in striving to achieve significant business process improvements for the District of Columbia by:

- ✓ a) Examining the regulatory environment and current purchasing operations;
- ✓ b) Identifying regulatory and policy constraints;
- ✓ c) Seeking to optimize the balance between centralization and decentralization through a structure of delegation, metrics and monitoring;
- ✓ d) Analyzing process flows against current best practices;
- ✓ e) Leveraging the application of technology, including options for the procurement of low-value, repetitive goods and services;
- ✓ f) Assessing the organizational structure and corresponding staff knowledge, skills and abilities; and
- ✓ g) Identifying opportunities for improvement

Recommendations reflect best public procurement practices. The report presents a total of 24 recommendations impacting the regulatory environment, organization, OCP procurement processes, and information technology; all recommendations will contribute directly to the goals of significantly enhancing client service, enable operational improvements, improve and increase accountability, and strengthen fiscal responsibility. In order to serve as a strategic plan or roadmap for improvement, recommendations are prioritized as taking place in the Short Term (0 – 6 months), Medium Term (6 – 12 months) or Long Term (12 – 24 months), each with an indication whether it would be best carried out with internal or external resources. Preliminary cost estimates are provided for those recommendations requiring the use of external resources. Interdependencies between all recommendations are shown.

The procurement transformation initiative is a daunting challenge, but certainly not impossible. Standing out from the total of 24 recommendations being proposed, there are four keys to success for OCP... refreshing and simplifying the Procurement Practices Act and DCMR 27, realigning OCP, reducing the number of low-dollar value transactions flowing through OCP, and expanding the p-card program.

A draft report of significant findings and preliminary recommendations was presented on 21 September 2007 to David Gragan (Acting Chief Procurement Officer). Throughout the project, the team enjoyed excellent support. Cooperation and support from David Gragan; Karen Hubbard, the OCP project coordinator; and OCP managers and staff was excellent



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1. INTRODUCTION

1.1 Background

1.2 Project Scope

The Office of Contracting and Procurement (OCP) has embarked on a comprehensive set of initiatives to transform its procurement operations. Opportunities for procurement reform are targeted at streamlining and simplifying the procurement process, enhancing client satisfaction by authorizing procurement actions at the lowest reasonable level, and increasing the quality and value of goods and services procured by maximizing use of the competitive market.

NIGP was tasked to contribute directly to the continuing success of OCP in striving to achieve significant business process improvements for the District of Columbia (DC) by:

- h) Examining the regulatory environment and current purchasing operations;
- i) Identifying regulatory and policy constraints;
- j) Seeking to optimize the balance between centralization and decentralization through a structure of delegation, metrics and monitoring;
- k) Analyzing process flows against current best practices;
- l) Leveraging the application of technology, including options for the procurement of low-value, repetitive goods and services;
- m) Assessing the organizational structure and corresponding staff knowledge, skills and abilities; and
- n) Identifying opportunities for improvement

Recommendations will reflect best public procurement practice, support management strategic objectives and simplify and streamline existing processes. In order to serve as a roadmap for improvement, recommendations are detailed as Short Term (0 – 6 months), Medium Term (6 – 12 months) and Long Term (12 - 24 months), each with an indication whether it would be best carried out with internal or external resources

1.3 Methodology and Timeline

The methodology consisted of:

- Detailed review of relevant legislation, regulations, policies and procedures;
- Examination of departmental Internet resources;
- Application of web-based surveys targeting client departments, suppliers, and staff of OCP (a summary of results is attached at Appendixes C, D, and E);
- Structured interviews with key executives and managers, focus groups with OCP staff, interviews of a limited number of major client representatives, telephone interviews with a limited number of suppliers, (a list of interviewees and focus group participants is shown at Appendix A);
- Review of financial and procurement reports (an overview of OCP procurement data is attached at Appendix B);



- Review of a subjective sample of 31 procurement files;
- Application of a web-based Experience, Training and Qualifications Questionnaire for OCP staff, administered by NIGP;
- Overview of PASS (Ariba) functionality;
- Utilization of external data extracted from the NIGP Benchmark Surveys relating broadly to all participating member agencies within NIGP; and
- Application of best practices in public procurement for process improvement, enhanced integrity and transparency.

Work was divided into three phases:

1. Planning and preparation, review of pre-visit data (29 August – 7 September 2007)
2. On-site visit to gather data and conduct interviews (10 - 21 September 2007)
3. Analysis, follow-up for additional information, conclusions and report generation (24 – 28 September 2007))

A draft report of significant findings and preliminary recommendations was presented on 21 September 2007 to the Acting Chief Procurement Officer.

Throughout the project, the consultants enjoyed excellent support and cooperation from the offices of all departments contacted. Cooperation and support from the Acting Chief Procurement Officer (David P. Gagan), the coordinator for this project in the OCP office (Karen Hubbard), and all purchasing and non-purchasing staff within OCP was outstanding.

1.4 Project Team

This project was conducted as part of the Procurement Management Assistance Program of the National Institute of Governmental Purchasing. The project consultants were:

- Stefan Rollwage, MPA, CPPO (Team Leader)
- Philip E. Scales, MA, CPPO
- James B. O’Neill II MBA, CPPO, FNIGP
- Terry McKee MPA, CPPO, CPM

Mr. Rollwage is a former public purchasing executive, highly experienced in procurement operational and policy activities, and a leading member of the PMAP program. He has conducted previous engagements for public entities at all levels of government within the USA and internationally, including a states, counties, municipalities, utilities, K12 school districts, colleges and universities.

Mr. Scales is also a leading member of the PMAP program. He has provided comprehensive consulting services to state and local governments in purchasing and materials management. Throughout his career, he has also been extensively involved in the development and application of electronic commerce initiatives. Prior to joining the NIGP PMAP team in 1995, Mr. Scales was Director of Purchasing for the County of Lake, Illinois.

Mr. O’Neill has served as Director of Purchasing and Risk Management for the City of Fort Collins, Colorado since 1985. As Director, Mr. O’Neill has been responsible for all purchasing and contracting.



In the area of building and construction, Mr. O'Neill has been directly responsible for: managing the purchasing process for major capital building projects using design-build, design-select and standard building methods; for securing construction services from architectural and engineering firms for all City public improvement projects; for developing standard construction and professional service terms and conditions; and for resolving contractual disputes.

Mr. McKee is the Purchasing and Materials Manager for Knoxville's Community Development Corporation in Knoxville, Tennessee. In this role he oversees the procurement and warehousing functions for this public housing and community redevelopment agency. This agency works within HUD's Procurement Guidelines including the agency's Davis Bacon determinations. Mr. McKee has also served as Purchasing Supervisor of the Knox County Schools Maintenance and Operations Department, including not only procurement, but also management of departmental computer systems and administration of the provision of utilities for the school district. Prior to his appointment to Knox County Schools, Mr. McKee served as the Purchasing Manager for Knox County, Tennessee.

1.5 Project Constraints

In spite of the best efforts of the project sponsor and the consultants, full application of the methodology and consequent impacts on the potential for data gathering and analysis suffered from a number of significant constraints:

- Limited time to validate contracting data (Appendix B - Benchmarking Questionnaire);
- Limited time available for data gathering:
 - Insufficient time to meet with all client departments and to conduct site visits;
 - A review of a larger sample of contract files was not possible during the time available;
- Insufficient time for individual interviews and desk audits with OCP procurement staff; and
- Limited opportunity to examine work processes and workflow in detail
- Limited time and information to develop comprehensive cost and resource estimates for the recommendations

In order to cope with these constraints and meet the scope of the project, the consultants extensively utilized OCP focus groups and relied more heavily on a higher level of abstraction for analysis and for the generation of some of the recommendations. Detailed analysis requiring complete procurement volumes, commodity and procurement management data could not be carried out; however, since the report was intended to reflect a high-level assessment of procurement operations, the impacts of these constraints are minimized. Client and supplier service satisfaction and feedback was verified through application of web-based surveys, a sharply limited set of client interviews and a small number of supplier telephone interviews.



2. OVERVIEW

2.1 Nature of the Purchasing Work

The Office of Contracting and Procurement (OCP), under the direction of the Chief Procurement Officer, was established by DC law in 1997 and provides contracting services for selected agencies and offices in the District.

Consistent with all public procurement agencies, purchasing work at OCP is divided between formal contracting for long-term, capital acquisition and construction projects and routine, repetitive purchases for maintenance and other ongoing operational requirements. In addition, OCP operates a central warehouse and an extensive network of satellite storerooms; the warehouse and storeroom facilities are replenished through routine, repetitive purchases as well.

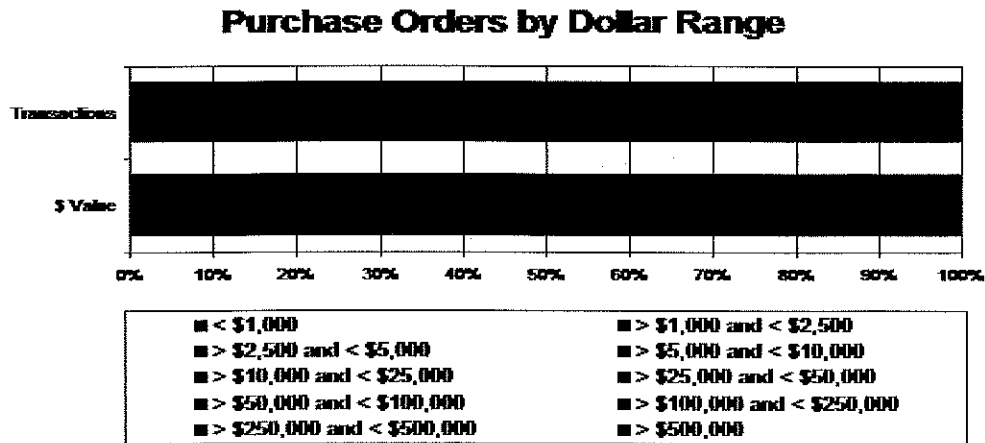
OCP follows the same general Pareto distribution pattern as other public procurement agencies whereby a large number of transactions would be for routine, repetitive, simple, largely low-value requirements. Only 20% or less of transactions would be for complex, high value contracts. The reverse is true when considering purchasing dollars spent.

Utilizing the business volume data reported by OCP (see Appendix B)

- o There are 4,784 transactions under \$1,000 processed by OCP accounting for 24.4% of the total number of POs. The average PO value was \$405.
- o There are 2,879 transactions between \$1,000 and \$2,500 representing 14.7% of the total number of POs. In this range, the average PO value was \$1,623.
- o In all, there are 7,673 transactions under \$2,500 for 39.1% of the total number of POs. The average value is \$862. Note that \$2,500 is the current Procurement Card Limit. Many of these transactions are candidates for delegated or decentralized purchasing backed by term contracts, electronic catalogues, P-cards, or other alternate approaches.

Portrayed in graphical form, the relationship between the relative percentage of the number of transactions and the total dollar value is dramatic.

Figure 2.1: Relative Distributions of Purchase Order Volumes and Value at OCP





It is precisely these relationships that are contributing to much of the client frustration with the current DC purchasing process. OCP management and staff are burdened with the continuing, relentless requirement to conduct extreme low-value, routine, repetitive, low-risk transactions. This work is not where procurement staff adds value to DC. Value is added in complex contracting, analysis and strategic procurement planning, and with the development of contracting tools so that operating departments can easily and safely order routine requirements themselves.

Reducing this number of low value transactions also represents potential resource savings. It is generally understood that it costs about \$150 to process a low value, routine Purchase Order. Recognizing that it is difficult to harvest such savings, it is important to note that extended over the total range of POs below \$2,500, this represents \$1.15 million dollars in process costs, or 8.6% of the OCP operating expenditures. Even a reduction of half of the number of POs between \$0 to \$2,500 may yield 4.3% of the OCP operating expenditures.

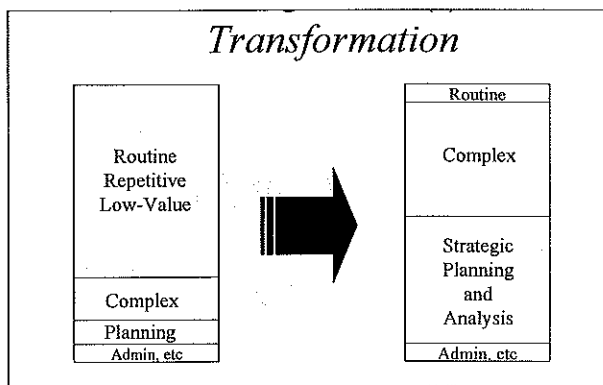
The work of complex procurement (i.e. formal contracts and contract administration) certainly has its own unique stresses and challenges. During fiscal year 2006, OCP staff issued 1,333 formal contracts over the small purchase limit of \$100k (\$500k for IT and construction) for a total of \$878.8 million through competitive sealed bids, competitive sealed proposals and non-competitive negotiations.

2.2 The Transformation Challenge

By virtue of being a public procurement agency, there is a strong and continuing focus on formal contracting processes. The major target areas for transformation and process improvement include both low-value, routine purchasing as well as the work of complex procurement.

This focus on reducing routine, repetitive purchasing, represents a very strategic transformation challenge for OCP. As depicted conceptually in Figure 2.2, this fundamental shift not only depicts the necessary change in the nature of purchasing work within DC, it signals the need for a new orientation and a suite of new skill sets for those OCP staff now dedicated to routine, repetitive, largely low value procurements. It also provides a basis for aligning accountabilities and detailing the new toolkits and system functionalities necessary to support the transformation.

Figure 2.2: Evolving the Nature of Procurement Work



OCP and operating departments can clearly see how their roles evolve. Purchasing and their prime clients understand that the shift from having purchasing directly involved in all simple purchases needs to be supported by the provision of tools such as additional blanket order agreements, electronic



catalogue ordering, substantially increased purchase card use, push replenishment and vendor managed inventory. The new tools must be at least as responsive, convenient and simple as the old ways or else they will not be adopted. Indeed, an ever-present danger is that clients may resort to “maverick buying”, to unauthorized methods or sources in order to meet their operational needs expeditiously.

But new business processes will flow directly from such a strategic transformation, leveraging the computing and telecommunications infrastructure of DC. The challenges are not trivial, but it can serve as the basis for developing a roadmap to the future. This will necessitate organizational realignment within OCP as well as cross-functional, business process redesign and a pragmatic, focused approach to ensure that purchasing improvements are delivered in an incremental yet cohesive way. It is critical that improvements concentrate on the majority of requirements, not on the esoteric and rare requirements.

2.3 Expectations and Frustrations

Much of the current frustration, which clients and executive management experience with the OCP flows directly from two highly interrelated factors - purchasing being reactive and also bogged down with processing a large number of extremely low dollar value transactions while being unable to track delivery. These frustrations can be articulated in performance terms:

- o Neither clients nor purchasing have a sense that quality service is being provided;
- o Contract status information is not available;
- o Purchasing and clients become isolated from each other;
- o Supplies and services are not received in a timely manner;
- o Informed guidance is not available to clients and managers; and
- o Purchasing displays insufficient sensitivity to quality, time, cost savings and contributions to the overall mission.

It is noteworthy that the satisfaction survey results (summarized at Appendixes C, D, and E) reflect varying degrees of frustration with both complex and more routine and repetitive procurement processes. In general, satisfaction levels were low compared with those of other public agencies. Most aspects of client, supplier and internal frustration revolved around:

- | | |
|--|---|
| - paper burden for small purchases | - complex solicitation documents are not standardized, |
| - the need for more proactive involvement with buyers | - the desire for a single point of contact and assistance |
| - inconsistent documentation and approach from buyers | - perception that quality is sacrificed in favor of low-bid |
| - slow response and difficulty in obtaining status information on requisitions | - focus on bureaucratic control rather than results |
| - responsibility for development of specifications | - extended time required for procurements |
| - slow payment | - LSDBE requirements |



All stakeholders (including managers and staff within OCP) clearly demonstrated an intuitive sense of what constitutes effective purchasing service. In order for OCP to be perceived as performing a truly valued function, and to achieve respect within DC, they must reverse the current reality.



3. REGULATORY ENVIRONMENT

3.1 Overview

The primary law governing procurement by the District of Columbia is the Procurement Practices Act of 1985 (PPA). This legislation was loosely adapted from the American Bar Association's Model Procurement Code for State and Local Governments.

Title 27, District of Columbia Municipal Regulations (DCMR), adopted in 1988 implemented the PPA. The official compilation of 27 DCMR has not been updated since it was originally promulgated. Amendments to 27 DCMR from 1988 through 1999 are listed on the Office of the Secretary website. Subsequent amendments are not readily accessible.

The most substantive amendment to the PPA was the Procurement Reform Amendment Act of 1996 (effective 1997), which centralized all District procurement under the Office of Contracting and Procurement (OCP), under the direction of a statutory Chief Procurement Officer (CPO) who would meet certain minimum qualifications. Subsequently, the Council has adopted a number of exceptions that allow twelve agencies to each establish and follow their own procurement rules and regulations, completely independent of the PPA and OCP. Other District entities, including the Board of Education, while following the PPA, procure independently of OCP.

The District has not published any type of comprehensive procurement manual in several decades. This is a major source of frustration for both OCP staff and clients. Procedures adopted in the last five years are available on the OCP website. Those adopted prior to November 1, 2001 are only available by filing a written Freedom of Information Act (FOIA) request.

3.2 Recent Reports

The District of Columbia Contracting and Procurement Reform Task Force was established to make recommendations to the Mayor and Council to "improve the District's contracting and procurement laws and regulations." Its report was issued on December 4, 2006.

A month later (January 19, 2007), the United States Government Accountability Office (GAO) issued a report entitled "Procurement System Needs Major Reform."

Both reports provide a comprehensive analysis of the regulatory issues confronting the District's procurement program. Both reports provide a number of excellent recommendations, few of which have been implemented. However, it should be noted that the Mayor has recruited and appointed a Chief Procurement Officer who clearly exceeds the qualifications set forth in the 1996 reform act and has elevated the CPO's position – a major recommendation in both reports.

It is interesting to note that the two reports resulted in polar opposite findings. "The Task Force concludes that the problems in the procurement system are not in its laws, regulations and implementing procedures, but rather in the commitment of the government to train its personnel and to follow existing rules and generally recognized best practices." Conversely, the GAO states: "The District's procurement law as currently in effect does not incorporate accepted key principles of sound procurement as established by NASPO, the ABA model procurement code, and the FAR. As a result, the law fails to adequately promote transparency, accountability, and competition to reduce the risk of fraud, waste and abuse."

It is not the intent of this report to replicate the work previously done by both the Task Force and the GAO. Instead, the goal is to identify key issues and provide guidance in implementation.



3.3 The District Is Special

The Government of the District of Columbia is indeed unique. It functions as a state government, a county government and a municipality. It has responsibility for a large urban school district and a university. In almost every focus group discussion, a District employee would state that the principles and rules that apply elsewhere do not apply here because “the District is special.” Yet the procurement challenges within the District are little different than those faced by any major city or county.

When it comes to procurement laws and regulations, the District appears to suffer from an identity crisis. It cannot decide if it is a local government or a federal agency; therefore, it has attempted to synthesize both the Model Procurement Code (MPC) and the FAR. While both share common principles of sound public procurement, the means of achieving those principles are inherently different. Unfortunately, the result for the District is a regulatory environment that fails to work for every major stakeholder – suppliers, clients, or citizens. The District needs to choose a single model, either the MPC or the FAR, not both. “The Task Force believes that since many local businesses and professionals deal with both the District and Federal governments, there are public and private efficiencies to be achieved through conformity with Federal procurement practices.” The Consultant does not concur. The District is inherently a local government and should follow the MPC which is the established standard for state and local governments. Both Maryland and Virginia were early adopters of the MPC; therefore, local business and professionals doing business in either of those states are already familiar with MPC provisions. It should also be understood that procurement practices that are effective for the federal government may not work well at the local level.

Winston Churchill once wrote: “This report, by its very length, defends itself against the risk of being read.” One could easily substitute “PPA” or 27DCMR” for the word “report.” The original 27DCMR is a svelte 432 pages prior to any amendments that undoubtedly have added several hundred more. The District has succeeded in creating an overly rigid structure that constricts good procurement practices, hinders improvement and reform, and frustrates initiative and innovation.

3.4 Regulatory Findings

3.4.1 Diffuse Authority of Chief Procurement Officer

Both the Task Force and the GAO reports document the diffusion of procurement authority subsequent to the adoption of the Procurement Reform Amendment Act of 1996. It appears that at least one-third of the District’s total procurements are not subject to the PPA. The reform act established what is considered as best practice with all District entities adhering to the same policies and procedures and all procurements being made by or under the direction of a single contracting office. It should be noted that one of the key provisions of the MPC – that the Chief Procurement Officer shall “procure or supervise the procurement of all supplies, services and construction needed by the District” – is conspicuously absent from the PPA. The MPC envisions that agencies other than OCP may make purchases under delegation and supervision by the CPO.

What is absolutely critical is that the District has only one set of policies and regulations that uniformly apply to all entities. The CPO should have the responsibility for recommending changes to the policies and recommendations, and for ensuring compliance.

3.4.2 Ratifications

The City Council adopted stringent policies to minimize unauthorized contracts. However, the policy may have had the unintended consequence of establishing a mechanism for using agencies to bypass the procurement process entirely. The Task Force reported 19 transactions in FY2004 for \$896,183 and 59



in FY2005 for \$34,332,433. According to the GAO report, this excluded potentially another 11,000 direct pay transactions totaling \$217 million. Undoubtedly, some of those direct pay transactions were not “procurements” and direct pay was an appropriate method for payment. Subsequent to the release of the GAO report, the OCFO has apparently tightened the rules for direct payments. OCP is now inundated with a flood of over 400 ratifications. Consistent with the Task Force and GAO reports, this is clearly an area where the rules are not being enforced. Effectively, there are no adverse consequences for personnel in the using departments who chose to circumvent the procurement process, including contracts that would otherwise require Council approval.

OCP currently has the responsibility for reviewing contract ratifications and submitting them to Council for approval. This places them in an enforcement role that is in direct conflict with their primary mission of partnering with their clients to obtain supplies, services and construction at the best overall value consistent with District policies and procedures.

3.4.3 Approval Process for Major and Multiyear Contracts

The PPA requires Council approval for all contracts of \$1,000,000 or more and all multiyear contracts, regardless of dollar value. That means that a three year contract for \$3,000 for copier maintenance requires a Council approval (which may be a passive 45 day holding period). The workaround is to issue a contract every year, tripling the administrative burden (which may be greater than the value of the order). The best practice, as identified by the National Association of State Purchasing Officials (NASPO) is to enter into long term mutually beneficial relationships with suppliers, based on an initial competitive process. This is not to mean that contracts are indefinite – the common term is three to five years. What it does mean is that there is little value in constantly churning the contracts. Under the current practice of constantly re-competing requirements, suppliers seek to maximize their profits on the few contracts they win by investing as little as possible and performing at the minimal level necessary. The District bears most, if not all, of the financial risks associated with the project or contract. In a long-term relationship, each party is willing to invest in efficiencies that reduce costs for both parties.

3.4.4 LSDBE, DCSS

OCP staff, using agencies and suppliers all identified major deficiencies in both the Local, Small, Disadvantaged Business Enterprise and DC Supply Schedule programs, which are closely interrelated. The GAO report also expressed concerns regarding the supply schedules which are modeled on the General Services Administration’s (GSA) multiple award schedules (MAS) program. It should be noted that the use of multiple award schedules in state and local government are the exception rather than the rule, due in part to the lack of effective competition. Schedules are not contracts. None of the primary stakeholders – OCP, clients or suppliers, derive substantive value from the current DCSS program. As currently constituted, the LSDBE program inhibits performance with respect to time, cost, quality, competition and efficiency.

3.4.5 Cooperative Purchasing

One of the best practices to emerge in the past few years is the explosive growth of cooperative purchasing. To some degree, cooperative purchasing has existed for decades. Political subdivisions have been able to “piggyback” on state contracts. Local groups, such as the Council of Governments have been able to bid and award contracts on behalf of multiple local governments. However, the Internet has created the ability to create national cooperatives, starting with the Western States Contracting Alliance, a cooperative of eighteen states that now permit other public entities to utilize their contracts. The largest such cooperative purchasing alliance is U.S. Communities, sponsored by



the Association of School Business Officials International (ASBO), the National Association of Counties (NACo), the National Institute of Governmental Purchasing (NIGP), the National League of Cities (NLC), and the United States Conference of Mayors (USCM). U.S. Communities now has over 18,000 participating local governments.

The PPA authorizes cooperative purchasing: “The Director (CPO) shall be authorized and encouraged to participate in, sponsor, conduct, or administer cooperative purchasing agreements with any state, county, or municipal jurisdiction for the purpose of procuring supplies and services....” The next subsection provides: “The District government may not participate in any cooperative purchasing agreement pursuant to subsection (a) of this section that does not mandate minimum local, small or disadvantaged business participation levels equal to those required by subchapter IX-A of Chapter 2 of this title.” The practical effect of subsection (b) is to preclude the District from enjoying the substantial benefits of the national cooperatives.

The public agencies conducting bids on behalf of U.S. Communities include: the County of Fairfax, Miami-Dade County, City of Charlotte/Mecklenburg County, the County of Maricopa and the County of Los Angeles. Both the initiating agencies and the awarded contractors have been sensitive to the need to include small, local vendors into the process. While the contractors may be national, they work in partnership with small local vendors to service the accounts. Again, the concept is one of mutually beneficial partnerships. The public entity enjoys high quality products and services at highly advantageous prices with minimal administrative burden. The national contractor achieves economy of scale and increased sales. Local vendors provide employment and earn profit by servicing the account, with the added benefit of the relationship with the national contractor who may also serve as a mentor and provide other opportunities.

3.4.6 Policy and Procedures Manuals

The constant refrain in DC is that no one follows the procurement rules. A bigger issue may be that no one can find the rules. How can anyone possibly comply with 27DCMR when the amendments have never been compiled? How can anyone comply with procedures issued prior to 2001 when they are not readily accessible?

3.5 Regulatory Recommendations

3.5.1 Temporary Amendment

The Consultant believes that some issues are sufficiently critical that the Council should consider a temporary amendment:

- Transfer the contract ratification process to the Contract Appeals Board. This may be an interim solution, but addresses two key issues. It removes what is becoming an increasingly burdensome non value-added task for OCP. It also resolves the conflict for OCP by vesting the process with an independent agency that has both enforcement responsibility and experience. The Contract Appeals Board is likely to strictly adhere to the disciplinary requirements of the PPA, which should quickly and effectively deter future violations.
- Simplify process for multiyear contracts. Section 2-301.05a should be amended so that Council approvals for multiyear contracts are required only when the estimated aggregate total of the contract, including any option periods, exceeds \$1 million. As a safeguard, the Council may also want to amend Section 2-303.13 to limit contracts, including any extensions thereof, to five years unless otherwise approved by Council.



- Establish a pilot program for cooperative purchases. The Council should suspend Section 2-311.02b to enable to District to participate in various cooperative purchasing programs. The CPO is encouraged to establish pilot programs using those cooperative contracts that encourage the participation of local, small disadvantaged business enterprises.
- Uniformly apply PPA and 27DCMR to all District entities.

3.5.2 Promulgate User Guide and Vendor Guide

Both a comprehensive user guide and a comprehensive vendor guide are scheduled to be promulgated in December 2007. Both guides would be posted to the OCP web site, facilitating access by OCP staff, clients, suppliers, and the general public. Keeping the guides in an electronic format facilitates future revisions. One major articulated goal of the guides is that they be user friendly and easy to comprehend. Simply publishing the basic rules will certainly go a long way to resolving enforcement issues. The Acting CPO has outlined a procurement transformation initiative. Meeting the December deadline for issuing these guides will send a strong initial notice that this initiative is tangible.

Once the PPA and 27DCMR have been completely revised as recommended below, it will become necessary to develop both a new user guide and a new vendor guide.

3.5.3 PPA and 27DCMR

The American Bar Association (ABA) approved the original Model Procurement Code for State and Local Governments in 1979. The ABA, in conjunction with the National Institute of Governmental Purchasing, the National Association of State Purchasing Officials, Public Technology, Inc., and other professional organizations, commenced a Model Procurement Code revision project in May 1997. The revised version of the MPC was approved by the ABA in July 2000. The revision adds a new purpose for public procurement consistent with the procurement transformation initiative: “to obtain in a cost effective manner the materials, services and construction required by [district agencies] in order for those [agencies] to better serve this [district’s] businesses and residents. In addition, there were four focus areas for the revision project:

- Electronic commerce;
- Cooperative purchasing;
- Flexible purchasing methods; and
- Infrastructure, construction and facilities operations.

The key question – does the current policy facilitate procurement excellence? If the answer is “no,” then a complete refresh of the PPA is appropriate. The revised statute should embrace transparency, integrity, fairness, competition, best value, accountability and performance. The issues identified in the various reports should be thoroughly addressed, including redesigning the LSDBE program. This is a major initiative that will take several months to complete. The District would be well advised to engage a consultant familiar with adapting the MPC for state and local jurisdictions to assist with drafting the new PPA, both to facilitate the process and to assure a policy that will meet the requirements for all stakeholders.

Once the new PPA has been adopted, it will necessary to completely refresh 27DCMR to implement the policy. The same principles apply, especially with respect to simplification. The goal is to enable outstanding performance, not completely eliminate all discretion. Again, for the reasons stated above, the District should engage a consultant to assist with this project.



In summary, the recommendations for this section are:

- 3.1 Seek enactment of a temporary amendment to the District of Columbia Procurement Practices Act through emergency rulemaking to enable: [Short term; internal]
 - a) Transfer of the contract ratification process to the Contract Appeals Board;
 - b) A streamlines approval process for multi-year contracts;
 - c) Initiation of a pilot program for cooperative purchases; and
 - d) Establishment of the authority of the Chief Procurement Officer to cover all District of Columbia agencies with respect to procurement policies.
- 3.2 Promulgate a procurement user guide for client agencies and a vendor guide for suppliers. [Phase One – Short term; Phase Two – Long term; internal]
- 3.3 Refresh and simplify the District of Columbia Procurement Practices Act. [Medium term; external]
- 3.4 Refresh and simplify Title 27, District of Columbia Municipal Regulation. [Medium term; external]



4. ORGANIZATION

4.1 Current Structure

A Chief Procurement Officer heads the current OCP organizational structure. It is designed to perform a range of procurement and personal property management functions in support of agencies in the District of Columbia, although some District agencies are specifically exempted from having to utilize the services of OCP. In order to carry out its mission, OCP consists of 152 full-time equivalent positions, including positions and staff augmentation resources funded by client agencies. Some OCP staff groups are deployed directly in their client facilities, outside of the OCP main office at Judiciary Square.

The work of contracting is primarily conducted with a client orientation. There are 15 separate contracting groups, headed by Contracting Officers or Supervisory Contract Specialists:

- **Information Technology/ DC Government Preparedness** (Office of the Chief Technology Officer, Officer of Unified Communications, City-Wide DC Government Preparedness)
- **Construction, Design and Building Renovation** (Office of Property Management)
- **Roads, Highways, and Structures** (District Department of Transportation)
- **Transportation and Specialty Equipment** (Department of Public Works)
- **Group I** (Department of Housing and Community Development; Department of Insurance, Banking and Securities; Office of Planning; Department of Consumer and Regulatory Affairs; Zoning, Alcoholic Beverage Regulatory Administration; Taxicab Commission; Board of Real Property Assessment and Appeals)
- **Group II** (Department of Employment Services)
- **Group III** (DC Public Libraries, Department of Parks and Recreation, Commission of the Arts and Humanities, Executive Office of the Mayor, Office of Risk Management, State Education Office, Deputy Mayor for Public Safety and Justice, Office of the City Administrator, Boards and Commissions, Deputy Mayor for Children, Youth, Families and Elders, Deputy Mayor for Operations, Office of the Secretary, Office on Asian and Pacific Islanders, Office on Latino Affairs, Customer Service Operations, Sentencing Commission, Serve DC)
- **Group IV** (Department of Youth Rehabilitation Services)
- **Group V** (Metropolitan Police Department, Police Complaints, Emergency Management Agency, Department of Motor Vehicles, Deputy Mayor for Planning and Economic Development, Office of Administrative hearings, Justice Grants, Office of Veterans, Public Employees Relations Board)
- **Group VI** (Department of Health, Department of Environment, Office of the Medical Examiner, Human Care Agreements)
- **Group VII** (Department of Corrections, Fire and EMS, Commission of Judicial Disabilities and Tenure, Criminal Justice Coordinating Council, Judicial Nomination Commission)
- **Group VIII** (Department of Human Services, Office on Aging)
- **Group IX** (Office of Contracting and Procurement, DC Office of Personnel, Department of Small, Local Business Development, Employee Appeals, Cable TV, Office of Human Rights, Campaign Finance, Contract Appeals Board, ANC, Board of Appeals and Review,



Office of the Attorney General, Office of Motion Pictures, Board of Elections and Ethics, Office of the Inspector General)

- **Group X** (University of the District of Columbia)
- **Group XI** (DC Supply Schedules)
-

Within this client orientation, there is some degree of commodity specialization simply by virtue of the mission-focused requirements of specific client agencies. For example, construction services, information technology systems development services, software licensing, police and fire equipment, and professional services for human care are unique to the mission of certain agencies. However, there is significant redundancy since all groups purchase the same routine and repetitive requirements of common goods and services. As shown as Appendix B, most of these requirements fall within the low dollar value range

4.2 Current Distribution of Work

Due to time constraints, it was not possible to conduct desk audits to determine the nature and extent of work conducted by various levels of procurement staff across all groups, but the feedback during staff focus group sessions indicated an apparent lack of distinction between work done by various levels of purchasing staff. While the job titles appear to be consistent across the teams, there appears to be a significant variance in the actual tasks performed, as well as a lack of consistency about the specific duties and tasks that each individual is expected to perform. Similarly, the span of control or relationship between the number of supervisors and subordinates was inconsistent.

Staff indicated that work was primarily assigned based on workload rather than by commodity or by matching position level with complexity. Staff also indicated concern that workload may be imbalanced between groups.

Review of regulations and procedures, as well as interviews and focus group sessions with OCP staff clearly indicated that the personal accountabilities of procurement staff were blurred through a lack of an internal, structured delegation of contracting authority. This was further exacerbated by an overarching focus on control on a transactional basis rather than on monitoring and managing the business process.

Within OCP, a misperception persists that the review of each requisition and personal handling of every purchase order provides the controls needed to ensure the accountability of every penny. This is in direct conflict with accepted public procurement practice. It is commonly maintained that professional procurement staff add little if any value to small dollar value transactions. OCP utilizes much of its resources on low-value, recurring, "routine" purchases; this means that there are limited resources available to be applied to more "complex" procurements, and virtually no resources available for Management, Control and Planning. Only 19.6% of purchasing transactions are over \$25,000 and may be considered relatively complex, while 39.1% of transactions are under \$2,500 (the current limit for p-card transactions). This dramatically indicates where purchasing resources are misapplied. It must be noted that the emphasis on small dollar procurements also serves to limit the time and resources available to provide adequate contract administration or the research and planning necessary to ensure that appropriate overarching contracts are in place.

Within the existing organization, there is not a structured approach in place for the sharing of information, skills, knowledge and historical information. This creates a situation whereby different people handle situations differently and clients often receive inconsistent if not conflicting answers from different procurement officers. In addition, by focusing primarily on client areas, OCP loses the opportunity to leverage the procurement of common goods and services. However, the danger is that if



the balance between a commodity and a client orientation shifts to the extreme where the primary emphasis is on alignment by commodity, then OCP loses the essential value of client relationships and commodity teams become transactionally (not client) oriented, focusing on the transaction rather than the client.

4.3 Realigned Organization

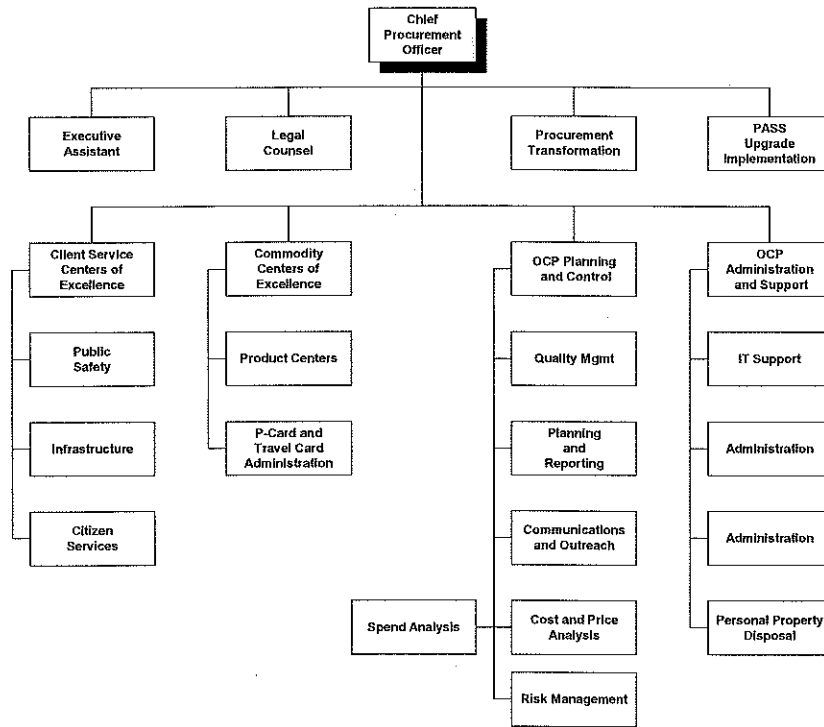
In order to enable the provision of enhanced procurement service across the District, the organizational structure of OCP must be fundamentally realigned. This will include the District-wide reinforcement of the position of Chief Procurement Officer with the authorities and accountabilities as recommended by the American Bar Association in their guidance document entitled *Model Procurement Code (2000)*¹ and also advocated by the National Association of State Purchasing Officials (NASPO)².

“The Central Procurement Official should be identified in the procurement law as the individual with full time, sole and direct responsibility for the procurement program. The principles of the law of agency are best served by placing immediate authority and accountability with a hands-on professional”.

Figure 4.1: Functional Overview of the Proposed Organizational Structure (1 of 3)

¹ See Article 2 “Procurement Organization” for authority, duties and responsibilities of a Chief Procurement Officer.

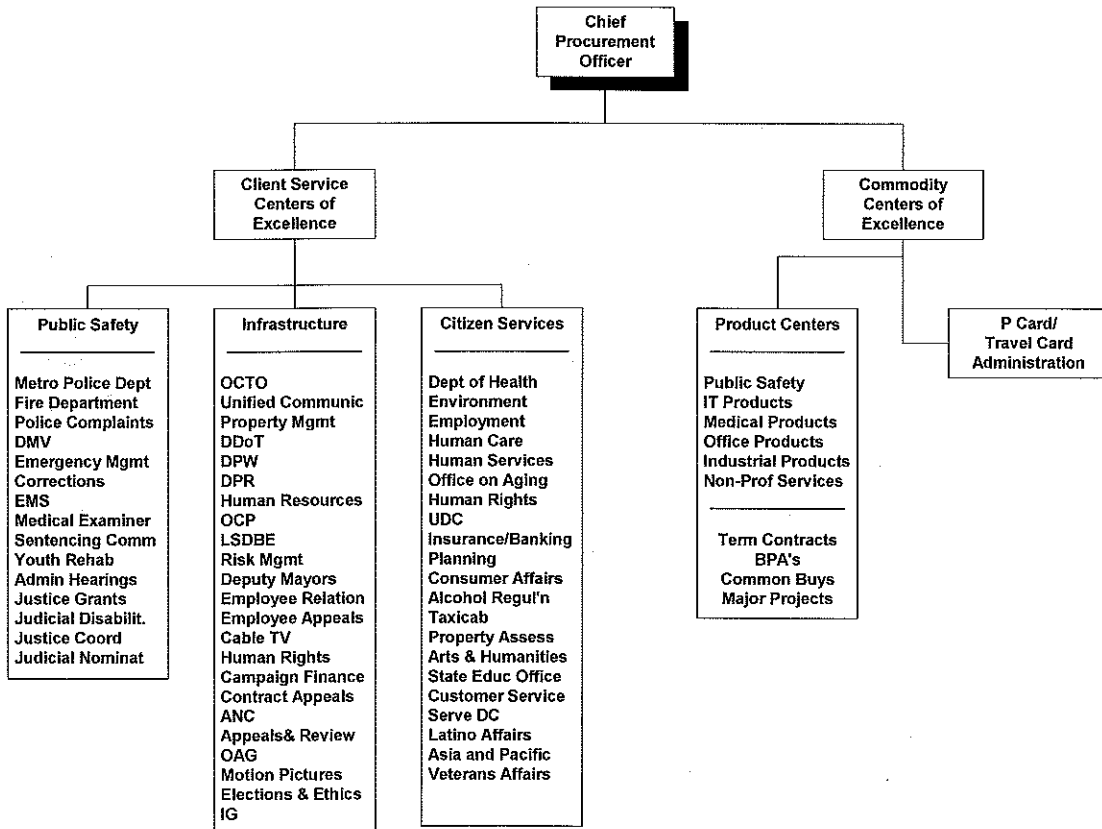
² NASPO, State and Local Government Purchasing Principles and Practices; Fifth Edition; Lexington K. 2001.





The CPO position is established to provide procurement policy for the District, and to provide the leadership and management necessary for OCP staff to maximize their potential and achieve the greatest possible value for the organization.

Figure 4.2: Functional Overview of the Proposed Organizational Structure (Operations)



It is envisaged that the CPO will manage several teams of procurement professionals focusing on the functions of a valued procurement service – carrying out a higher order of purchasing work with greater complexity, conducting method of supply analysis and optimizing methods of procurement, managing and controlling the procurement service, and leveraging the benefits of an aggressive p-card program. This orientation will enable the purchasing department to deploy appropriate resources in areas that will not only maximize their operational and strategic value to the District, but also to ensure that the purchasing department functions effectively and efficiently. High performing public and private sector purchasing organizations reflect this kind of structure.

Within the area of procurement operations, this structure represents a strong blend of client and commodity orientation. OCP has a history of close collaboration and, in notable instances, co-location with the client. However, in order to ensure that OCP is focused on the right goals – providing valued procurement service to clients (not simply transactional processing) and strategic value to the District of Columbia, it is felt that a better span of control and greater client focus may be achieved by re-bundling



the existing fifteen groups into three areas dealing with clients in those departments providing direct services to District citizens, clients in the general area of public safety, and then those clients providing services internal to District government. There was neither time nor sufficient workload data available to further break those areas into distinct sub-groups and to determine their optimum locations. A strong client orientation and dispersal into the client zone presents management challenges, but it also serves to "...break down the barriers between the procurement function and the internal customer and thus promotes collaboration to the advantage of the organization."³ Along with greater focus on the client and deeper penetration into the client zone, it is important that OCP staff in the client zone have reasonable procurement authority to go along with their increased presence.

Procurement managers, supervisors and staff in the Client Centers of Excellence must be encouraged to remain deeply involved in the resolution of problems for their clients and to participate fully in their operational and planning meetings. OCP must become more proactive. Within the Centers of Excellence, there should be a "client executive" approach whereby each client department has a procurement officer assigned not only to carry out contracting for that department, but also to act as the advisor and liaison point for that client department to the rest of OCP. A recurring theme in the client survey feedback is that there is inadequate internal and external communication with clients.

In order for the Client Service Centers of Excellence to concentrate on mission-oriented requirements, it is proposed that Commodity Centers of Excellence be established in order to deal with the purchase of commonly required goods and services, as well as to provide the mechanisms for effecting low dollar value requirements. Product centers would put in place tools such as indefinite delivery/ indefinite quantity (IDIQ) contracts, blanket purchase agreements, electronic ordering catalogues, term contracts, and vendor-managed inventory arrangements. Such tools would be responsive to client needs, comply with District purchasing regulations and provide the necessary transparency and oversight, while serving as ways for clients to place their orders directly rather than submitting requisitions to OCP. Tools to enable delegation of procurement authority into the client zone would not only boost customer service, but also free up resources for effective contract administration activities.

Directly linked with this concept is the placement of the P-Card Administrator in the operational area of procurement, rather than viewing it simply as an administrative function. It is envisaged that this will be a senior position, responsible for advocating and directly monitoring the Procurement Card program. Responsibilities will include establishing adequate training and control standards while also implementing programs and policies that actively promote the use of p-cards in order to effect process savings and harvest maximum rebates (revenue) for the District.

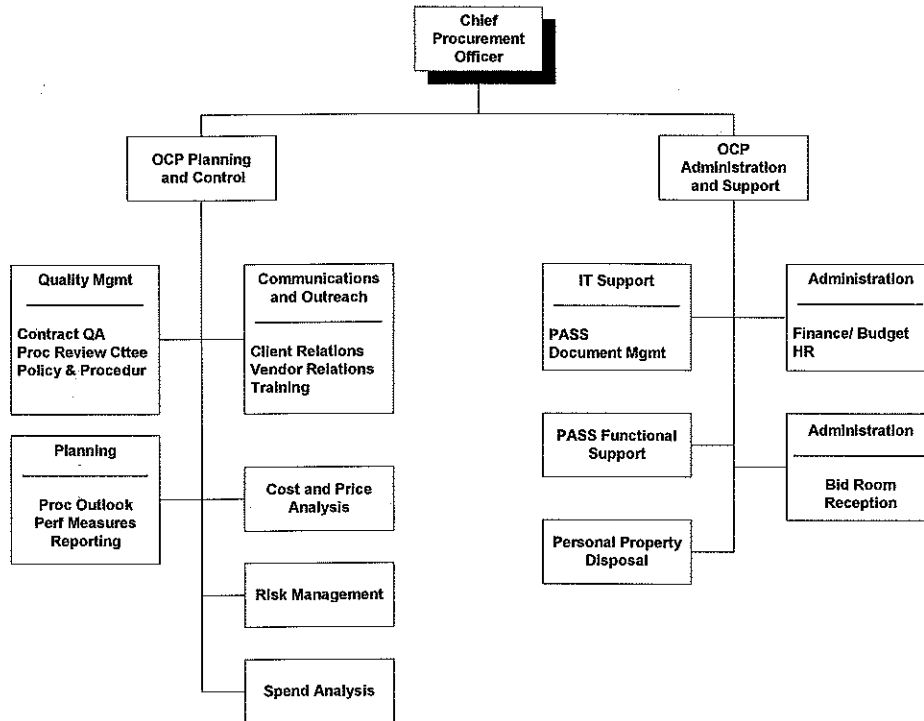
The kind of client and commodity specialization advocated for OCP can enhance customer service and increase process efficiency, but with such "...specialization should come a clear delineation of authority, coordination, planning and control."⁴ In the existing organization, there is limited emphasis on planning and control.

³ Cannon, Stephen. Structure, Location and Role of Purchasing Management. Purchasing and Supply Management. December 1994.

⁴ Rollwage, Stefan. Centralisation or Decentralisation of the Supply Management Function. Business Briefing: Global Purchasing & Supply Chain Strategies. 2003.



Figure 4.3: Functional Overview (Planning and Control)



There is currently a strong emphasis on transactional compliance and excessive checking, rather than the kind of contract quality management that supports greater consistency and increased accountability for individual procurement officers. Establishment of a Quality Management Group would provide the opportunity to reduce the number of existing control and review points. It would not only serve a continuing oversight function through a program of sampling contract files from within OCP as well as sampling delegated procurement carried out by client departments, but also in reviewing those files requiring approval of the Chief Procurement Officer and City Council. Since this group has both a comprehensive overview of all OCP and client contracting activity and the responsibility to review contract files against regulations and procedures, it would also serve as the ideal point from which to standardize and maintain procurement policies and procedures.

The Quality Management Group is also in the ideal position to directly support the work of a Communications and Outreach Group. Currently, there are a number of different client and vendor outreach streams of activity and they need to be rationalized and brought into sharper focus. The Communications and Outreach Group will serve as the central point for client and vendor relations, as well as for the coordination of internal and external training programs.

The need for additional operational procurement support functions has to become more visible, available and integrated. Currently, there is limited leverage of the value that effective cost analysis and risk management can bring to the procurement process. Bringing them directly under the planning



and control area will serve to ensure that these resources are better utilized during solicitations, evaluations, negotiations and contract administration.

Similarly, in the present organization there is little focus beyond immediate transactional processing. The Spend Analysis Group would have the responsibility for a program of reviewing purchasing patterns and, in conjunction with commodity and client group procurement staff, to carry out the necessary analysis to discover better methods of buying and seek opportunities for continuous process improvement.

Monitoring business processes is a key element in achieving and maintaining organizational excellence. The Planning Group will not only be responsible for compiling and maintaining a “corporate” view of upcoming procurement forecasts (invaluable for strategic planning and also for vendor outreach) but also for benchmarking, monitoring and reporting performance against a suite of metrics. In addition to management and performance reports, this group will also serve as the central point within OCP for providing customized or ad-hoc reports.

OCP Administration and Support will function largely as it does now, performing the usual administrative support functions, PASS technical and functional support, and personal property management services. It is assumed that the forthcoming upgrades to PASS (Ariba) will include document management capabilities, so that the need for a file repository is diminished.

There is insufficient data to adequately determine the number of staff required, particularly since the transition of staff to a new structure and the implementation of major systems changes requires a period of adjustment. After that adjustment, the number of positions required can be prudently examined in relation with emerging workload data, transaction complexities, and comparative benchmarks.

Recommendation 4.1: Implement a revised organization structure for OCP. (Short Term. Internal.)

Recommendation 4.2: Empower OCP staff through a warrant structure for contract approval authority. (Short Term. Internal)

Recommendation 4.3: Delegate low-value, low risk transactions to trained agency staff. (Medium Term. Internal)

4.4 Making the Case for Training and Professional Development

In the quest to achieve acceptable levels of purchasing support to internal and external clients, the education, training and professional development levels of procurement staff takes on a critical dimension. Public purchasing is an open and complex process with levels of transparency that are built in to guarantee that all clients, internal and external, are treated with a high degree of fairness, equity and consistency. Providing the highest degree of service support mandates that public organizations take the lead in providing for the professional development of their procurement staff. Additionally, procurement staff should be actively participating in the strategic planning for the organization and operating at a professional level. Their procurement duties and responsibilities are no longer the administrative or “blue collar” duties of the past.



In all high-performing public procurement organizations, the procurement staff is considered to be members of a profession - defined as a calling that requires specialized knowledge and often long and extensive academic or formal preparation. Additionally, as professionals they are set apart by their mastery of a commitment to a body of knowledge, a recognized code of ethics, continuing effort to increase their abilities in and knowledge of the profession, and willingness to communicate with others and exchange information about their profession. These are the measures that distinguish and identify them as professionals.

In order to assess the level of education, experience and professional development within OCP, a web-based Procurement Staff Qualifications and Experience survey was circulated to collect information regarding:

Experience is an indicator of an individual's overall level of knowledge and career growth.

Formal education is a fundamental ingredient in a professional's growth. Public purchasing officials write many types of correspondence, develop project plans, and provide presentations to internal and external clients. They are generalists and must have a general knowledge of many fields, hence the importance of a formal education. Public procurement professionals usually have a certain amount of formal education when they enter the profession.

Procurement certification is a symbol to internal and external clients that the certified individual has reached a zenith in his or her chosen profession and possesses a high level of education and experience. Additionally, procurement certification indicates that the individual operates within a profession that maintains a high degree of ethics and operates under a code of conduct. Certification ensures that the procurement staff is well trained and maintains a high-level of competency. A properly trained and certified Procurement Officer has a direct impact on the quality of service provided to internal and external clients.

Professional development is the training that an individual receives that prepares them for certification. Other training is that training that individuals receive to maintain their proficiency. Training tends to make one more proficient and specialized within the career ladder. Continuous training maintains an individual at the highest level of knowledge and presents those up-to-date changes in the profession. Ensuring that Procurement Officers have the right skills to perform their jobs successfully is critical to managing an efficient workforce.

4.5 The Right Person in the Right Job

A web-based survey of staff qualifications and experience was circulated to all members of the OCP. Responses were received from 98 personnel; the responses are presented at Appendix F. In summary, OCP staff is well experienced both in public purchasing and in the amount of service with OCP. The level of formal education is higher than that for many public procurement organizations, but the level of professional certification is low and the professional training (reported as a total of 53.67 days on average over the last five years) appears useful but somewhat unfocused.

The value of certification is that it provides a framework against which both OCP employees and management can plan and monitor their training investments. Professional training is indeed an investment on the part of the employee and also on the part of the organization for which they work.

The realigned organization provides an expanded scope of career opportunities for staff by more clearly structuring contracting jobs and responsibilities, enabling greater mobility and range of experience within groups, and also providing the opportunity for staff to expand their skill sets into the area of procurement planning and control functions. Maximizing the benefits of broader experience and training through job rotation will re-energize and revitalize both the employee and the organization.



Recommendation 4.4: Establish a strategy for the career path development of OCP staff. Long Term. Internal.

4.6 Provide a Training Capability

Training in the procurement regulations and processes of the District of Columbia is not just a requirement for OCP staff, but rather also for client agencies. Indeed, the implementation of a warrant program for the delegation of contracting authority within OCP and also in the client zone demands a strong training capability. That capability should have both classroom and web-based offerings.

Specific programs need to be developed quickly to support the introduction of warrant programs, but a higher profile is required in order to maintain a viable training capability over the long run. An effective approach to raise the profile of procurement training, to demonstrate organizational commitment, and to reinforce the District-wide role of the Chief Procurement Officer would be the establishment of an OCP Procurement University, complete with a calendar of course offerings for OCP and client staff in traditional and web-based formats. Courses would include those developed by OCP, as well as those developed by external agencies such as professional associations.

Recommendation 4.5: Charter a Procurement University for OCP and client employees. (Long Term. Internal/ External).

4.7 Workload Distribution

As indicated earlier, there was insufficient data and time to assess the balance of work among OCP groups. However, throughout the focus group session there were many anecdotal references concerning relative workloads, indicating that the perceived imbalance had become a concern and an irritant to staff. With the upcoming implementation of additional PASS (Ariba) modules and the delegation to client agencies, the amount of work required to process procurements (sourcing, assembling solicitations, evaluating responses, assembling contracts, seeking approvals, administering and closing out contracts) will change significantly. Furthermore, along with the reduction of some task burdens, there will be the introduction of new workflow and new positions.

Instead of attempting to balance workload now and then have to rework to find a new equilibrium after the new PASS (Ariba) modules are implemented, it would be more effective and less disruptive to do that only after implementation, once the new workflow and business processes have stabilized.

Recommendation 4.6: Ensure a balanced workload after the implementation of new PASS modules. (Medium Term. External)

4.8 Flex Time – A Morale Issue

Related indirectly to the procurement process transformation initiative, is a morale issue that was raised a number of times during focus group sessions. Employees would like the opportunity to work more flexible hours, similar to the programs offered and encouraged in other governments. With the degree



of motivation required of employees for transformation to be successful, and to attract additional well-qualified resources, flex time would prove to be a useful benefit.

Although flex time emerged as a long-term action through the prioritization of all transformation initiatives, it did not fit the model used to distinguish or rank initiatives. Since the adoption of flextime would demonstrate clear management commitment to the welfare of employees and verify their key role in transforming procurement for the District, it is felt that it should be implemented quickly.

Recommendation 4.7: Offer the option of flexible working hours to OCP staff. Short Term. Internal.



5. PROCUREMENT PROCESS

5.1 Strategic Sourcing

Strategic sourcing is defined as “a disciplined, systematic process for reducing the total costs of externally purchasing materials, products and services while maintaining or improving levels of quality, service and technology.”⁵ There are five characteristics of strategic sourcing:

- It focuses on total cost, not purchase price. Cost may include life cycle costing and the administrative cost of acquisition;
- It consolidates purchasing power;
- It establishes mutually beneficial partnerships with suppliers;
- It leverages supply chain management and information technology to improve business processes; and
- It improves collaboration through cross-functional teams.

While the term “strategic sourcing” may be relatively new, many of the characteristics have been applied for decades. What has changed is the information technology used to support the process, and redefining the supplier relationship. Most state and local governments have established competitively solicited fixed price term contracts to fulfill common requirements. Spend analysis is used to track utilization so that procurement can leverage that information to obtain optimal pricing. Once the contracts are awarded, using departments are enabled to order directly from the contracts. Freed from routine transactions, Procurement can then assume a strategic role in managing the organization’s relationships with its suppliers and developing and delivering innovative, cost-effective solutions that achieve their clients’ missions.

The regulatory requirements of the District virtually preclude strategic sourcing. There are few if any term contracts for common requirements. OCP is caught in a vicious cycle of processing routine transactions where they add time and cost but minimal value. The only way that OCP can escape from the current abyss is to start establishing term contracts and enabling using agencies to order from those contracts.

The DC Supply Schedules (DCSS) were intended to be the solution to this problem. They were modeled after the GSA Multiple Award Schedules. But as outlined in the GAO report, there are substantial differences between the GSA schedules, which provide a simplified procurement process, and the DCSS that is designed to promote LSDBE’s (Local Small Disadvantaged Business Enterprises). For both programs, competition is limited and there is little incentive for a supplier to offer its best price. For OCP and users, the practical issue is that a schedule is not a contract. It is merely a list of pre-qualified suppliers from which to solicit. The objective appears to be to spread the District’s business among as many businesses as possible. Thus, contract specialists are competing \$700 orders for paperclips and pens! From the vendor perspective, one LSDBE stated in the supplier survey: “I’ll give 2% back on any contract if I didn’t have to be on the DC supply schedule, which doesn’t do anything other than put you into a contract with no guaranteed business.”

The selection and implementation of Ariba as the e-procurement solution for the District would make one believe that at that time the District intended to establish term contracts. This is the strength of the

⁵ Royal Bank of Canada. http://www.rbc.com/sourcing/source_what-is.html. 27 Sept. 2007.

do not touch



Ariba system and it was this function that was fully implemented in 2003. If the District (OCP) did not intend to establish term contracts, then Ariba was an extremely costly and inappropriate choice of systems. So while the technology is fully implemented, there is no content. In some cases DC Supply Schedule data has been loaded into Ariba, but because the actual order may not be placed with the supplier associated with the item, it has the perverse effect of decreasing productivity.

The current rules provide for informal solicitations for requirements under \$100,000 to be conducted in three distinct phases: first to suppliers on the DCSS, then to LSDBE suppliers, then to the open market. It is easier and takes far less time to simply conduct a formal solicitation than a “small purchase.” While there may indeed be a need to promote socio-economic goals, when reading the survey responses it becomes clear that this is one of the most burdensome, most costly and least effective programs for accomplishing those goals. The entire concept of strategic sourcing can and should be integrated with the LSDBE program to strengthen the local business community. The program should be redesigned to encourage competition between LSDBE firms and the open market, understanding that certain preferences may be applied.

- | |
|---|
| 5.1 Implement strategic sourcing mechanisms. [Short term; internal] |
| 5.2 Phase out the use of DC Supply Schedules. [Medium term; internal] |
| 5.3 Enable competition between LSDBE vendors and the open market. [Long term; internal] |

5.2 Purchasing Cards

Purchasing cards were developed in the late 1980's as a way to help federal government employees acquire small dollar goods in an efficient and effective manner. The concept quickly migrated to the private sector in the early 1990's.⁶ The fundamental goals of a purchasing card program are:

- Reduce process cost;
- Increase process efficiency;
- Increase convenience for employees;
- Reduce time need to obtain goods/services; and
- Reduce number of paperwork errors.

As purchasing card programs mature, the organizational goals expand to include:

- Obtain better data about spending;
- Increase control over spending;
- Leverage spending to reduce prices; and
- Generate rebates.⁷

⁶ Palmer, Richard J. and Gupta, Mahendra. 2003 Purchasing Card Benchmark Survey Results. RPMG Research Corporation, 2003. Pg. 18.

⁷ Palmer and Gupta. 2003. Pg. 38.



Between the 1990’s and 2003, purchasing cards evolved from “best practice” to “common practice” for both public and private sector organizations. Since 2003, the focus has been on “controlled growth” of existing purchasing card spending programs.⁸

5.2.1 DC Purchasing Card Program

The District has separate purchasing card and travel card programs, both administered by a program manager in OCP. The District is piggybacking on the SmartPay Program administered by the General Services Administration. The results from NIGP benchmark survey⁹ compares the District’s program with comparably-sized public agencies (Population 250,000 – 1,000,000) and all local governments.

Table 5.1: Comparing Procurement Card Usage at DC with Other Public Organizations

NIGP-Comparable Organizations		NIGP: Local Govt.		DC
Mean	Median	Mean	Median	

With respect to the percent of purchase spend made via P-cards, the District’s program is significantly underperforming. This is in part due to the number of agencies who do not participate in the program. The above data represents FY2006. In May 2006, the Mayor issued an Order that made use of the card mandatory. Between FY2006 and FY2007 there are ten more agencies actively participating in the program, leaving only a handful that have not been deployed. This should significantly improve p-card utilization.

5.2.2 DC Purchasing Card Potential

OCP issued 7,673 purchase orders in Fiscal Year 2006 that were less than \$2,500 with a total value of \$6,612,200. This represents 39.1% of the total OCP purchase orders and 0.6% of the total dollars spent. Almost all of these transactions could have been processed through the purchasing card program. An August 2002 study by the National Association of Purchasing Card Professionals found that the average cost of the traditional purchase order process, including receiving and payment, was \$79.73 per transaction. The average cost of a purchasing card transaction was \$16.28, a savings of \$63.45 per transaction. The potential administrative savings for converting all of those under \$2,500 purchase orders to p-card transactions is \$486,852. The 2005 Palmer and Gupta study,¹⁰ which includes both

⁸ Palmer, Richard J. and Gupta, Mahendra. 2005 Purchasing Card Benchmark Survey Results. RPMG Research Corporation, 2005. Pg. 22.

⁹ National Institute of Governmental Purchasing, Inc. 2004 Benchmarking Study (Unpublished). Data Year 2004.

¹⁰ Palmer and Gupta. 2005. Pg. 44.



public and private sector organizations, shows similar results, with a traditional process cost of \$89.21, a p-card cost of \$21.83 and a net difference of \$67.38.

Table 5.2 - Purchasing Card Usage Statistics

2005 Benchmark Average ¹¹	DC FY2006 Actual

Another method for determining the potential of the purchasing card program is to apply average benchmark data to DC. The Purchasing Card Use Statistics table compares the District's actual data with the national benchmark average for all respondents to the Palmer and Gupta 2005 study. Applying the national average data, the District program should generate \$29,237,466 annually in p-card spending for those agencies for which OCP buys. Including all DC agencies, the p-card potential escalates to \$51 million. Increasing the card usage to "average"

would mean that 2.67% of the total spend would be made via purchasing cards, consistent with the median for both comparable agencies and all local governments.

The data shows a higher average spend per transaction and a higher monthly spending per card. This is consistent with the low number of cards being issued – many agencies have only one card. The District also has a lower percentage of active cards than average. It does not appear that the p-card limits are having a detrimental impact on performance.

In addition to transaction cost savings, Palmer and Gupta report a 68% savings in total procurement cycle time from 9.26 days to 2.96 days (2005, Pg. 47). Nationally, there was also a 57% reduction in petty cash. Perhaps most importantly, suppliers to the District enjoy the benefit of eliminating the process cost of preparing invoices and at the same time receiving prompt payment.

5.2.3 Impediments to P-Cards

The risk of fraud or misuse is one of the greatest impediments to p-card implementation. However, the perception of misuse has been proven to be far greater than the reality. Purchasing card misuse accounts on average for 0.034% (3.4 "basis points") or \$340 for every \$1 million of p-card spending. Improper purchases account for only one out of every 14,925 transactions. The Palmer and Gupta study also showed that 80% of the misuse spending occurred in 12% of the organizations, indicating poor controls in those select few companies.

Effective internal controls will prevent fraud and misuse and quickly identify any potential improper purchases so that they can be rectified. The Consultant recommends the District review "Auditing and Investigating the Internal Control of Government Purchasing Card Programs," published by the United State General Accounting Office (May 2003), to determine if effective controls have been established. Periodic internal audits and an annual external audit will also reduce the incidence of improper purchases. The external audit should be conducted following the guidelines set forth in the GAO Audit Guide referenced above.

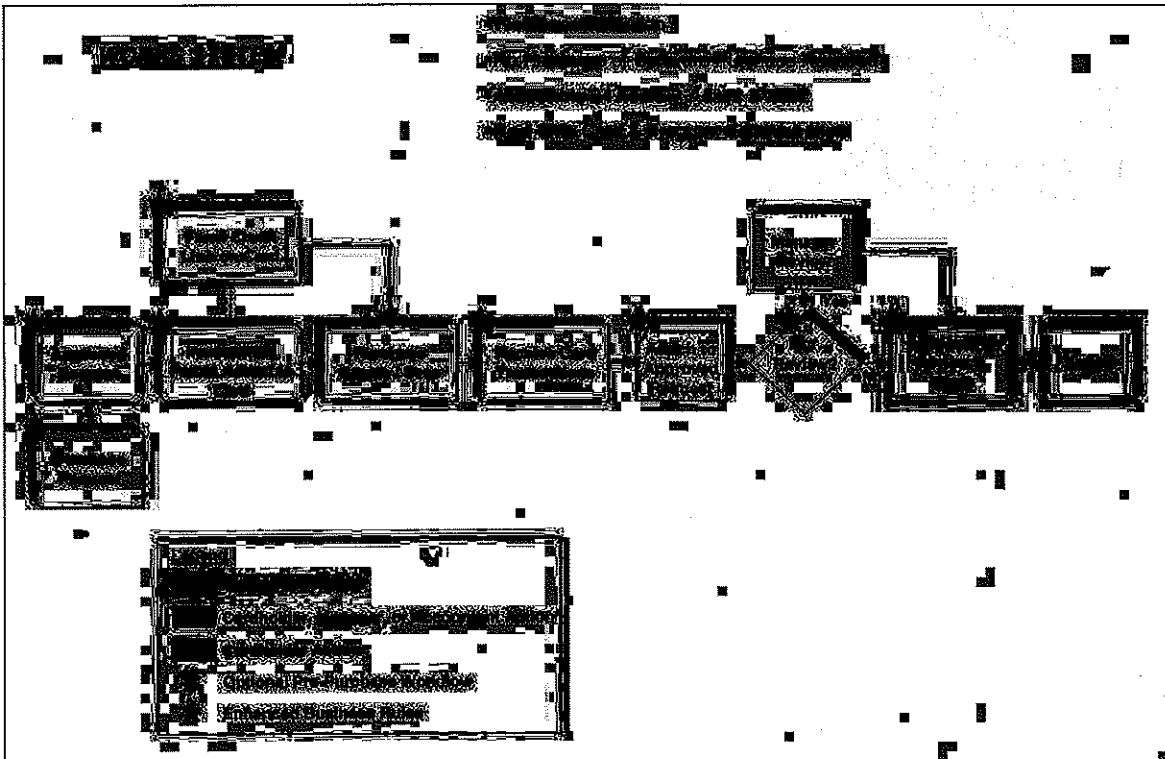
¹¹ Palmer and Gupta. Pg. 34.



5.2.4 Improving the P-Card Program

There appears to be a high correlation between p-card technology and program success, confirmed by the 2005 Palmer and Gupta report. Virtually all of the high performance p-card organizations NIGP has reviewed utilize card management software that enables real-time self-management, built-in controls, and robust reporting capabilities, such as Works™ Payment. A diagram of the Works™ system from the Norfolk Public Schools is provided in Figure 5-1. A review of U.S. Bank's Access Online was beyond the scope of this engagement. OCP plans to conduct a competition among the GSA SmartPay contractors. The Consultant strongly recommends that the p-card technology offered be a primary criterion in awarding the contract.

Figure 5.1 – Purchasing Card Flow Chart, Norfolk Public Schools



5.2.5 Targeted Applications

There may be a perceived conflict between purchasing via a contract and purchasing via a p-card. The best public procurement practice is to actually combine the two, purchasing items on contract via the p-card (preferably using e-procurement). Under this model, OCP establishes and administers the relationship with the supplier, while routine transactions are fully delegated to the end users. Processes that add time and cost but no value, such as requisitions and purchase orders, can be eliminated. By combining p-cards with established competitively bid contracts, there is no rationale for conducting informal competition at the time of purchase as currently recommended by the internal auditors.

In establishing term contracts as previously recommended, OCP should look to incorporate p-cards as an ordering/payment mechanism.



The District has a well-established p-card program. What now needs to occur is to develop a strategy to optimize utilization of p-cards. This may involve re-engineering business processes, leveraging technology, identifying additional ways the cards can be used, and engaging in change management, particularly at the using department level, to encourage appropriate utilization. The goal should be the virtual elimination of all requisitions/purchase orders less than \$2,500.

5.4 Develop a strategy to optimize the p-card program. [Short term; internal/external]

5.3 Commodity Code

The commodity code is the cornerstone of any automated purchasing system. It is used to register and maintain the vendor files, capture purchase history, maintain specification files, issue purchase orders, and generate management reports.

Effective commodity coding systems have a hierarchical structure to both facilitate searching and to enable spend analysis. The NIGP Commodity/Service Code is the most prevalent in use by state and local governments. It was developed by NIGP to meet the specific needs of local governments and is continuously updated. It also provides excellent classification of services used by governments and a high level of detail to support term contracting and electronic catalogs. To conduct spend analysis, a comprehensive commodity code system must be fully integrated with the automated purchasing system (PASS).

Spend analysis is the process of aggregating, cleansing, and analyzing organizational purchasing data to identify opportunities for reducing costs. This is both a business process issue and an information technology issue. In a recent study, the Aberdeen Group reports that public sector organizations can reduce total spending by 2% to 15% through spend analysis.¹² That translates to \$16.5 to \$123.9 million in annual savings for the District.

The District has fully integrated the NIGP Code into both the PASS system and the stand-alone vendor registration system. The Consultant examined the spend analysis data from PASS and has a number of major concerns as to whether the system will provide meaningful data ultimately resulting in the projected savings

The Consultant identified several commodity codes which using agencies appear to be using for most of their purchases:

• 952-85	Support Services	\$229,505,887
• 962-58	Professional Services (not otherwise classified)	\$123,083,014
• 961-00	Miscellaneous Services	\$110,155,044

An analysis of the purchases using these codes showed that they were frequently used for office supplies, meals, computers, motor vehicles – virtually any supply or service required by the District. The District has invested millions of dollars in a premier electronic procurement system, clearly with the objective of achieving the savings outlined above. Yet the spend data currently being collected is absolutely worthless! This is not a system issue; this is not a code issue; this is an implementation issue.

¹² Minahan, Tim A. et al. Supply Management in the Public Sector. Aberdeen Group and Government Procurement News: May 2004.



Personnel in the using agencies enter the commodity code at the time they create the requisition. There is a comprehensive electronic index (key word search) to provide assistance. The commodity code is then linked to budget object code, thus in theory preventing a user from office supplies budget line item for services. However, the user can easily circumvent the control by entering a “generic” commodity code. Users may also find it easier to simply use a “generic” code for everything rather than go to the effort of looking up the correct code. To complicate the situation, because the commodity code is tied to the budget object code, the contract specialist cannot correct the commodity code.

The first action is that the link between the commodity code and the budget object code in PASS be eliminated. The control has proved to be a completely ineffective and perverse impact upon procurement performance. The incentive for using an invalid code will be eliminated. OCP staff will be able to correct invalid codes. Longer-term correction will include training of using department personnel. Once term contracts have been established, using departments will need to use the correct code in order to access the appropriate catalogs and create release orders.

The second issue relates to how the NIGP Code was implemented. As stated previously, the NIGP Code has a hierarchical structure. The three-digit “class” code provides a brief description, such as “office furniture.” The five-digit “class-item” code is used for vendor registration and management, open market purchasing, services, preliminary spend analysis and management reports. It provides a more detailed description, such as “file cabinets.” The seven-digit “class-item-group” code provides yet another level of detail, such as “file cabinets, four drawer, vertical, metal.” It is used to create specification files and with the 11-digit code to create a full purchase description. Finally, the eleven-digit “class-item-group-detail” code identifies a specific item, adding details to the file cabinet example, such as “grey, with lock,” manufacturer and model number. The eleven-digit code is used to develop internal catalogs and can be integrated with warehouse inventory systems to facilitate re-ordering. Most purchasing applications utilize either the five-digit or eleven-digit codes, especially the five-digit for externally facing functions such as requisition entry and vendor registration. The seven-digit code is intended primarily an internal tool for purchasing professionals.

The issue at the District is that the seven-digit “class-item-group” code is being utilized for externally facing functions such as requisition entry and vendor registration. Quite simply, this is information overload for non-procurement professionals and serves no valid purpose. It may be especially frustrating for vendors who are artificially limited to registering for only five codes. For externally facing functions, the District should revert to using the five-digit code. Internally, OCP may utilize both the seven and eleven-digit codes. Once internal online term contracts have been implemented, the eleven-digit code may be fully integrated but should be transparent to the end user.

- 5.5 Eliminate the link between the financial code and the commodity code on requisitions. [Short term; internal]
- 5.6 Utilize the five-digit commodity code for requisitions and vendor registration. [Medium term; internal]

5.4 Performance Measures

A fundamental truth is that what gets measured gets done. Currently there are few performance standards for procurement operations. The only measure currently in place is throughput time, the elapsed time between when a requisition is received and when the purchase order is issued. While this is an important measure, it is by no means the only measure. Other than procurement acquisition lead



time (PALT), there are no mechanisms in place to capture and report performance. Objective, measurable goals other than PALT have not been established for OCP personnel.

“Timeliness of the procurement process” ranked lowest in satisfaction in both the client and staff surveys. The benchmark analysis indicates that it takes OCP twice as long to process an IFB or an RFP than it takes comparably sized jurisdictions. Some of that time may be attributed to Council approval and other policy mandates. Therefore, seeking to improve PALT and thus client satisfaction is an appropriate measure. However, the contracting officers and specialists do not believe that time is being tracked correctly and that with the only emphasis being time, there may be adverse impacts on competition, quality and other performance issues. The Consultant reviewed the methodology for tracking time in PASS with the PASS Program Manager and it appears to be valid. The issue with the buying staff regarding how PALT is tracked may be resolved by better communication.

To resolve any issues that may result from focusing solely on PALT, a comprehensive suite of efficiency and performance measures, including customer satisfaction, needs to be developed to reflect the transformation objectives of OCP. Such internal and external measures are critical not only to drive strategic objectives, but also to enable a program of continuous improvement. Mechanisms for gathering and monitoring performance must be built into the procurement processes and systems. Further, performance standards must be developed in consultation with using agency clients and be made fully visible to them.

Performance standards for procurement should measure the key attributes of outcomes, outputs and efficiencies of the business process of purchasing. There should be a strong focus on client service and satisfaction for using departments, on vendor service and satisfaction because they represent a distinct group served by procurement, and on process efficiencies (outputs divided by inputs and cost savings). Finally, there should be a mechanism to celebrate anecdotal successes.

Although there is no single magic formula, there exists considerable guidance for setting up performance standards for purchasing. A Balanced Scorecard approach provides an excellent platform for casting operational metrics. Furthermore, in conjunction with NIGP, research staff at Florida Atlantic University had proposed a parsimonious set of public purchasing metrics and validated those with a panel of public procurement experts during the 2003 NIGP Forum.

- Efficiency measures
 - Purchasing budget divided by purchasing volume
 - Dollars purchased per purchasing employee
 - Percentage of dollars spent through term contracts and cooperative purchasing
- Effectiveness measures
 - Average cycle time (formal bids)
 - Average cycle time (informal bids)
- Quality measures
 - Average training hours per employee
 - Average errors per Purchase Order
 - Average time to answer complaints

Since the application of electronic catalog ordering and payment through purchasing cards constitute such a major part in the strategy to eliminate low dollar value transactions, it would be useful to consider additional measurements directly targeting the p-card program such as:

- Cardholder satisfaction with the p-card program
- Number of active cardholder accounts



- Dollar amount of p-card purchases
- Number of transactions on p-cards
- Average dollar value of p-card purchases
- Targeted percent of small dollar transactions charged on p-card
- Rebate paid by the card issuer

5.7 Establish internally and externally facing performance standards for OCP. [Short term; internal/external]

5.5 Tax Certifications

Prior to awarding any contract in excess of \$100,000, the Contracting Officer must obtain certification from the Office of Tax and Revenue that the supplier has paid all taxes due the District or is in compliance with any payment plan. A similar certification must also be obtained from the Department of Employment Services regarding unemployment taxes. This process is still paper driven (via fax) and adds several days to the award process, particularly for transactions less than \$1 million. The threshold of \$100,000 has not been revised since originally adopted in 1988 and the language of the current regulation would appear to preclude a more efficient solution.

This is clearly a process that should be re-engineered. Identifying an appropriate solution was beyond the scope of this engagement. However, it appears to be a major source of aggravation for contracting officers and specialists. While the appropriate electronic tools may not have existed in 1988, they certainly exist now. As part of the implementation of the new PASS (Ariba) modules, the Consultant strongly recommends developing a more efficient solution, making whatever changes are necessary to the Regulations to enable this to occur.

5.8 Re-engineer the business processes for tax verifications. [Long term; internal]

5.6 Contract Administration

Contract administration (or the lack thereof) appears to be a major issue, especially for OCP procurement professionals, including senior management. On the positive side, OCP conducts comprehensive Contracting Officer Technical Representative (COTR) training for using department personnel. OCP has also sought to address this issue through several stand-alone software applications as further described in the section on Information Technology. Implementing the PASS Contract Compliance module will provide the functionality of the stand-alone systems in a more robust fully integrated solution. The Consultant has recommended focusing resources on contract administration in the Planning and Control Group.

It was beyond the scope of this engagement to thoroughly review the contract administration issues. However, the Consultant believes one particular issue – insurance administration – deserves immediate attention. In every contract, the District requires that the contractor have specified insurance coverage in effect throughout the term of the contract. This is to protect the District in the event of an accident or other loss. Only recently has the District begun reviewing supplier certificates of insurance. There still does not appear to be a program in place to monitor whether the supplier maintains that insurance (pays the premiums) throughout the life of the contract. In order to protect the interests of the District, it is imperative that this function be proactively managed. It does little good after a loss to discover that the contractor's insurance coverage had been canceled or materially changed.



Certificate of insurance management can be performed internally or externally through a third party service. If managed internally, the District should develop a business process to manage this function, and identify and implement appropriate information technology to support the process.

5.9 Centralize the administration of certificates of insurance. [Medium term; internal/external]



6. INFORMATION TECHNOLOGY

6.1 IT as a Business Process Enabler

Supply chain management is defined as “the integration of business processes from end user through original suppliers that provide products, services and information that add value for customers.”¹³ For the Government of the District of Columbia, there are several key components to this definition. The supply chain extends from the supplier to the end user; it focuses on relationships as opposed to transactions; and it includes both information and physical product flows. In order to best support District operations, the Office of Contracting and Procurement must be able to access comprehensive, accurate and timely data.

If an organization’s most valuable resource is knowledge, then for OCP there must be a robust information technology system to capture, communicate and report essential data to everyone in the supply chain.

Dr. Michael Hammer: “Without the creative use of technology, there is no reengineering.”¹⁴

This section examines the existing environment and discusses the enhancements necessary to fully support the procurement function.

6.2 Existing Environment

In 2003 the District implemented an electronic purchasing system from Ariba. The District entitled the system the Procurement Automated Support System (PASS). Three modules were licensed from Ariba: Buyer, Strategic Sourcing and Contracts. Only the Buyer module was implemented. The application is deployed district-wide and is used by over 60 agencies with 3,800 users, including those agencies that do not purchase through OCP, such as DCPS.

Ariba Buyer appears to have resolved many of the accounting and budget-control issues that the District experienced in the past. From that perspective, it has been a good system. The strength of Ariba Buyer is its electronic catalog system that enables end user to order directly from suppliers using approved term contracts. While the technology is in place, the contracts are not. Thus, the process improvements anticipated when PASS was initially implemented were never achieved. Absent the other two modules, PASS is not an e-procurement system, but an accounting system, focusing on the requisition, purchase order, receipt, and payment functions.

The scope of this engagement did not include a detailed examination of purchasing functionalities available in PASS. However, based upon a system demonstration and an interview with OCP PASS staff, a preliminary analysis indicates that PASS provides approximately 59% of the functional needs of OCP. Of those available functions, 74% have been implemented, which means that PASS provides only 44% of the functionality required by OCP. To compensate for the lack of functionality in PASS, OCP has developed and deployed a dozen web applications (shadow systems):

¹³ Giunipero, Larry C., and Sawchuk, Chris. E-Purchasing Plus. Goshen, NY: JGC Enterprises, 2000, p. 101.

¹⁴ Hammer, Michael. “Public Sector Reengineering.” Interview. By Brian Miller. Government Technology September 1995: 30-31.



- Contract Activity Reporting System (CARS)
- Online Vendor Registration
- OCP Solicitations
- Contract Awards
- HomeLand Security
- DC Supply Schedule
- Contract Activity Database System (CADS)
- Training
- Service Level Agreement (SLA) Automated Program
- Central Contract Tracking System (CCTS)
- Contract Past Performance Evaluation (eVAL)
- Construction, Design and Building Renovation (under development)

It is highly commendable that OCP has sought to fill the gaps in the PASS system with these applications. However, these various shadow systems are not integrated with PASS or each other, meaning that OCP employees must re-key the same data over and over into multiple systems. Implementation of the Ariba Strategic Sourcing and Contracts modules should eliminate the need for most of these stand-alone applications.

Purchasing automation is the replacement of manual operations by computerized methods to assist with managing the internal purchasing functions of an organization. E-procurement comprises the actions taken by a purchasing organization to integrate Internet-based technologies into the role of managing the upstream (supplier) portion of the supply chain in order to reduce costs and time and increase productivity. The primary difference between purchasing automation and e-procurement is that purchasing automation is **internal**, while e-procurement is **external** in order to facilitate the communication of information to enable supply chain management. The current implementation of PASS minimally supports procurement automation and e-procurement; the primary focus is on financial/budget controls. There is absolutely no support of the solicitation process, and minimal support of contracting and supplier management, all critical procurement functions. The good news for the District is that Ariba is considered a best-in-breed e-procurement system, and once fully implemented it will fully support those functions.

Supply chain management, which includes information flow between the District and its suppliers exists only minimally in the current environment – purchase orders are electronically transmitted to suppliers. Otherwise, the current processes are manual and paper-driven. Six-million dollars has been appropriated in FY2008 to complete the PASS implementation. This implementation is critical because information technology is absolutely critical to enable the procurement transformation process. A study of e-procurement in the public sector by the Aberdeen Group found that it:

- Reduced prices paid by 7% (potentially \$57.8 million annually for DC, excluding construction);
- Improved compliance by 50%;
- Cut process costs by 73%; and



- Shortened the requisition-to-order cycle by 75%.¹⁵

Currently the Office of the Chief Technology Officer (OCTO) and OCP are upgrading Ariba from Version 7.1 to 8.2. This upgrade is required in order to implement the other two modules. The upgrade should also resolve system performance issues, especially screen refresh times. Once the Strategic Sourcing and Contract modules are fully implemented, Ariba should provide 86% of the needed functionality, nearly double of what exists today. The Contracts module is scheduled to go live in May 2008 and the Strategic Sourcing module in December 2008.

There was minimal business process re-engineering at the time Ariba Buyer was implemented in 2003. If the Ariba implementation process and the regulatory revision process are conducted in parallel along with a comprehensive re-design of business processes, the District truly has the opportunity to transform procurement to the model envisioned by the Acting Chief Procurement Officer. OCP, in conjunction with OCTO, needs to fully analyze the functionality provided in Ariba so that it can be fully leveraged during the implementation and the remaining gaps, if any, are addressed by other means.

6.1 Complete the functional analysis and implement the contracting and sourcing modules of Ariba in PASS. [Medium term; internal/external]

6.3 The Creation and Control of Documents

Currently, OCP staff utilizes the Microsoft Office suite to create solicitation and contract documents, with templates for terms and conditions. This is a cumbersome process and has the distinct danger of leading to differences among contracting officers in critical aspects of boilerplate templates.

Document Management System

A **document management system** typically includes document creation, revision, archiving and retrieval. Documents can be created and revised using familiar, inexpensive office suites from Microsoft or Corel. Paper documents can be imaged, indexed and stored electronically. More robust systems include revision control, which permits the tracking of all changes to a document. Document management systems also include sophisticated criteria-based searching, that includes key words, logical operators, and variable ranges, such as date or price. Incoming documents, such as bids and proposals, are immediately tagged with critical index data and archived. This facilitates almost instantaneous retrieval of any document by anyone with the proper authority to view it.

Document Automation

A **document automation system** works with standard word processors, such as Microsoft Word or Corel WordPerfect. Completed documents are saved as word processing documents or Adobe Acrobat files. Solutions such as HotDocs from Matthew Bender & Company, Inc. can interface with database programs, such as a purchasing automation system, to import data into an “answer file.” One of the major advantages of a document automation system is to minimize errors:

¹⁵ Minahan, Tim A., et al. Supply Management in the Public Sector. Aberdeen Group and Government Computer News: May 2004.



- Standard documents, such as solicitations and contracts, are perfected as templates. Templates can be “locked” or protected to prevent unauthorized revisions.
- The interview requires users to provide all necessary information, providing help messages where appropriate.
- The system automatically corrects verb tenses, gender references, dates/numbers and other fields as users enter information.

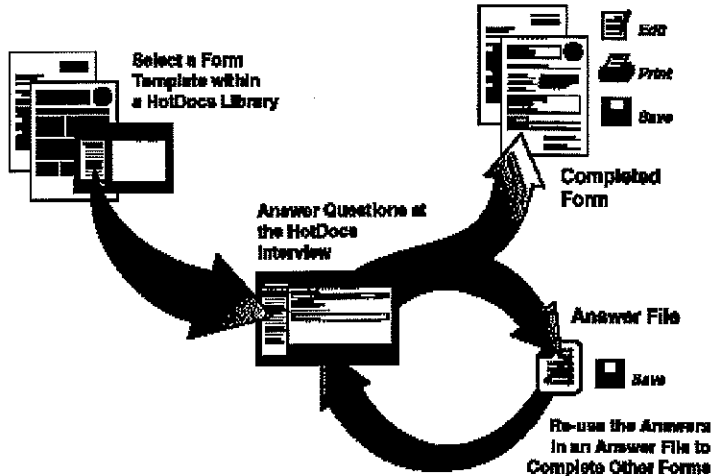
The other major advantage is timesavings both to create and review complex documents. HotDocs estimates that the time to create/assemble a complex document can be reduced by 25% to 75%, although this does not reflect the time for the contracting officer or specialist to meet with the client, conduct market research, draft specifications and other value-added tasks. Even so, document automation would improve productivity within OCP.

It is the Consultant’s understanding that both document management and document automation are included as an integral part of the Contracts module already licensed and schedule for implementation in May 2008. However, the Ariba Contract module has two parts: Ariba Contract Workbench and Ariba Contract Compliance. The District has licensed only Contract Compliance (Contract Workbench was not released in 2003 when the District purchased the license). The published literature from Ariba indicates that document management and assembly is part of Contract Workbench. Thus, it’s important to carefully examine the functionalities that will and will not be included in the planned implementation of the Contracts module (Recommendation 6.1). If document management and assembly are not included in the software currently licensed, the District should immediately explore licensing and implementing Ariba Contract Workbench¹⁶ or third party solutions.

¹⁶ The Consultant requested a preliminary estimate from OCTO for Contract Workbench: Software \$200 thousand, Implementation \$2 million; Implementation Time – Six months. OCTO believes that it may be possible to substantially reduce these estimates due to the implementation of the other modules.



Figure 6.1: Creating Standard Documents Using a Document Automation System¹⁷



6.2 Automate document creation for procurement. [Medium term; internal/external]

6.4 Supplier Registration

This is the perfect example of a broken business process that adversely impacts both the District and its suppliers. The District has an online registration system - a best practice. However, if the supplier qualifies as an LSDBE they must first complete and submit a separate application to DSLBD. Once the supplier submits their online application to OCP, it must then be re-keyed by OCP personnel into the PASS system because there is no integration between the two systems. If OCP awards a contract to the supplier, the supplier is directed to register with the Ariba Supplier Network.

The goal should be to make it as easy as possible, not a difficult as possible, for a supplier to do business with the District. (Having up to twelve other District agencies with whom they may need to register is not supplier friendly either.) Ariba Strategic Sourcing has an online supplier registration function. This will eliminate the need for OCP to re-key the data. It will also facilitate sharing the data with other DC agencies (and hopefully with Ariba). The ideal business process would be for the supplier to complete and maintain one single application through a common portal.

6.3 Create a single, unified point of supplier registration. [Medium term; internal]

¹⁷ Flow diagram is taken from HotDocs, a typical Document Automation System. See more information at <http://www.hotdocs.com>



6.5 Internet Strategy

The creation of Internet portals is a mature and accepted approach by government agencies and private sector entities. Development of portals typically takes place in three stages, based on content, which increase in both complexity and benefits:

- Static – information and copies of documents which do not change and are provided for reference, such as OCP Policies;
- Interactive – content which is indexed and may be searched based on user needs, such as Business Opportunities;
- Transactional – Applications through which a user can carry out a business process, such as Online Vendor Registration.

The term *Internet* refers to the global network of public computers running Internet protocol. The key is that Internet services and information are accessible to everyone. An *intranet* limits access to information and applications only to users internal to an organization; it is firewalled so that its computers cannot be reached directly from the public Internet. An *extranet* provides controlled access through the firewall to selected users (e.g., clients, suppliers, mobile workers). Currently PASS is primarily an intranet application. With the implementation of strategic sourcing, it will evolve into an Internet/intranet/ extranet application.

The current OCP Internet site is primarily in stages one and two of development. It is not integrated with PASS; thus OCP has not achieved business process improvement. The suppliers commented that the information currently available on the web site is frequently incomplete or inaccurate, a direct result of the lack of integration. That should change with the implementation of the additional Ariba modules.

The Consultant recommends that a comprehensive Internet (including extranet/intranet) strategy be developed following a detailed functional analysis. This strategy should be developed in conjunction with the overall organization IT strategy.

6.4 Develop an extranet/intranet strategy for OCP. [Short term; external]

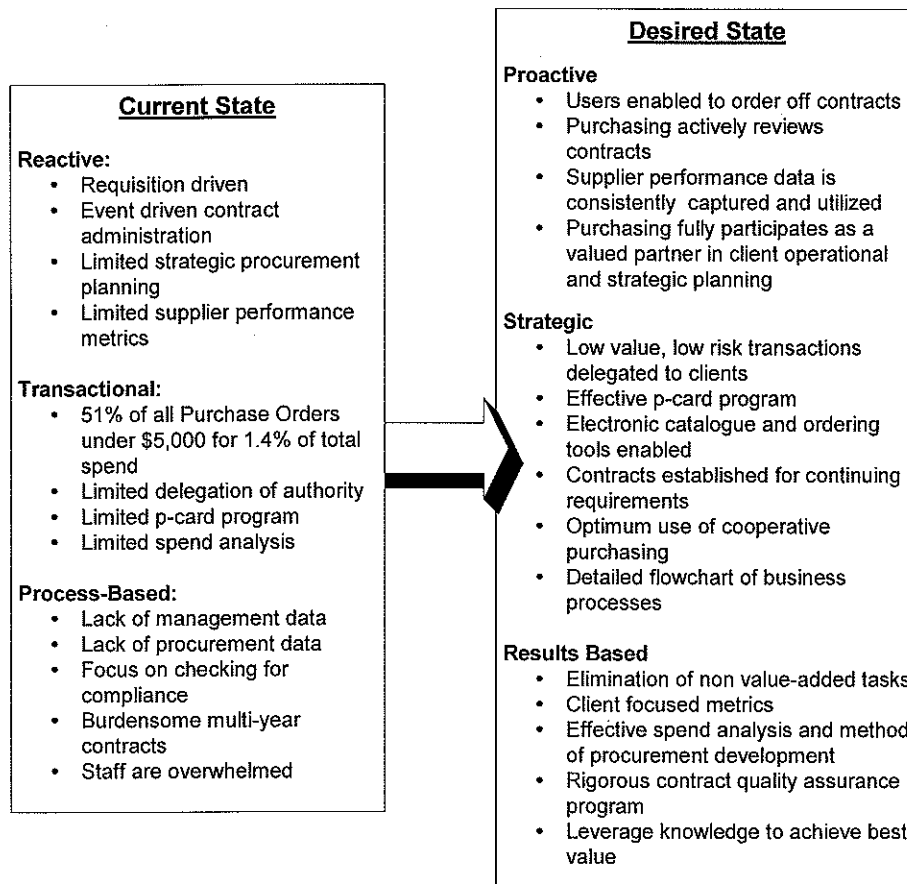


7. TRANSFORMATION PLAN AND STRATEGY

7.1 The Goal

OCP needs to transform itself from a reactive, process-driven bureaucracy to a customer-focused, results-based organization.

Figure 7.1: A Transformation is Required



The first step in procurement transformation is strategic planning – the process of forming a vision of where the organization needs to head, convert that vision into measurable objectives and performance targets, and craft a plan to achieve the desired results. While it is imperative that senior staff formulate the strategic plan internally, it is highly advisable to have the strategic planning sessions facilitated by a



third party knowledgeable in public procurement. Until a strategic plan is adopted, none of the other recommendations can be implemented.

The strategic planning sessions should also address change management – the application of techniques and tools to manage the people side of change to achieve the desired results with minimal disruptions or negative side effects. Similarly, the strategic planning sessions need to consider the risks inherent in achieving the transformation and how to mitigate those risks. Again, someone thoroughly familiar with both public purchasing and change management should initially facilitate this.

OCP will need to establish a cross functional team which includes Procurement, Legal Counsel, Information Technology, Finance, Human Resources and client representatives to guide the transformation initiative. As senior position reporting directly to the CPO has been identified in the proposed organization should head the cross-functional team. This initiative is also closely aligned with the implementation of additional PASS (Ariba) functionalities. A senior resource has also been identified in the proposed organization to ensure that the business requirements of OCP are fully incorporated into the implementation of PASS (Ariba) upgrades.

7.2 Implementation Plan

In order to sequence the work, recommended actions have been identified as Short Term actions (from now to six months), Medium Term (from 6 to 12 months) and Long Term (from 12 to 24 months). The interdependencies between recommendations have also been identified. Transformation work must build incrementally to minimize operational disruptions, and also to ensure that successful completion of one phase establishes a solid foundation for the next phase. Once work commences, it should take approximately three months to complete the first phase.

This transformation is a daunting challenge, but certainly not impossible. Standing out from the total of 24 recommendations being proposed, there are four keys to success for OCP... refreshing and simplifying the Procurement Practices Act and DCMR 27, reducing the number of low-dollar value transactions flowing through OCP, realigning OCP, and expanding the p-card program.

7.2.1 Assessing Recommendations as Short, Medium and Long Term

In order to assess each recommendation in a consistent manner and to be able to discriminate and provide relative rankings, a matrix was developed reflecting three (3) key analytical factors pertaining directly to the OCP transformation initiative. The factors were balanced to ensure that no one factor would swamp the rest.

Factors reflected the audience, the various stakeholders who would be affected to differing degrees. For example, recommendation resulting in improved service delivery for clients was given the most points (4). A recommendation positively affecting OCP would get three (3) points. A recommendation affecting both audiences would get a cumulative total of seven (7) points under the stakeholder category.

The second major analytical factor assessed whether each recommendation met the objectives of the procurement transformation initiative. The recommendation received two (2) points for each objective.

The final factor reflected return on investment against complexity, risk, dependencies and cost. Each recommendation was assessed as High, Medium, and Low with corresponding points assigned to each level.



Figure 7.2: Table of Analytical Factors and Weights

Table of Analytical Factors and Weights			
Clients – 4 points	Improved Customer Service		
Suppliers – 3 points	Better Value		
OCP Staff – 3 points	Increased Competition		
Mayor/City Council – 2 points	Strengthened Supplier Base		
Citizens – 1 point	Transparency and Visibility		
	Streamlined Processes/Eliminated Non-Value Added Tasks		
	Commitment to Change		
Table of Analytical Factors and Weights			
Complexity	Low	Medium	High
Risk	Low	Medium	High
Dependencies	Low	Medium	High
Cost	Low	Medium	High

After the assessment was complete, there were three (3) natural groupings reflecting the relative priority of each recommendation. A total score between 48 and 63 indicated a Short Term recommendation, whereas Medium Term actions were between 42 and 47 points and Long Term actions yielded less than 47 points. These groupings represented an effective way to classify the recommendations and to provide a general sequence. It is anticipated that specific sequencing and scheduling will form part of the development of a detailed project plan by OCP.



Figure 7.3: Assessment and Prioritization Utilizing Analytical Factors

	Audiences					Return on Investment										TOTAL	RESULT	
	Clients	Suppliers	DCP	Mayor/Council	Citizens	Objectives					Complexity	Risk	Dependencies	Cost				
						Client Service	Better Value	Competition	Supplier Base	Transparency					Streamline			Change Commitment
Regulatory Environment																		
Temporary Amendment	4	3	3	2	1	2	2			2	2	2	3	3	3	3	50	S
Refresh PPA	4	3	3	2	1	2	2	2	2	2	2	2	3	3	3	3	45	M
Refresh DCMR27	4	3	3	2	1	2	2	2	2	2	2	2	3	3	3	3	45	M
User/Vendor Guides	4	3	3			2				2	2		3	3	3	3	37	L
Organization																		
Revise Org. Structure	4		3			2	2	2	2	2	2	2	3	3	3	3	48	S
Warrant DCP Staff	4		3			2				2	2	2	3	3	3	3	43	S
Agency Delegations	4	3	3			2				2	2	2	3	3	3	3	42	M
Career Path Devel.			3			2	2			2	2	2	3	3	3	3	40	L
Procurement Univ.	4		3			2	2			2	2	2	3	3	3	3	35	L
Balance Workload	4	3	3			2						2	3	3	3	3	44	M
Flex Time			3									2	3	3	3	3	41	L
Procurement Process																		
Strategic Sourcing	4	3	3	2	1	2	2			2	2		3	3	3	3	48	S
Phase Out DCSS	4	3	3				2			2	2		3	3	3	3	42	M
LSD BE Competition	4	3	3			2	2	2	2	2	2		3	3	3	3	40	L
Optimize P-Card	4	3	3	2	1	2	2	2	2	2	2	2	3	3	3	3	57	S
Commodity Code Entry			3	2	1		2			2	2		3	3	3	3	48	S
5-Digit Commodity Code	4	3	3	2	1		2			2	2		3	3	3	3	48	M
Performance Metrics	4	3	3	2	1	2				2	2	2	3	3	3	3	51	S
Tax Verification	4		3	2	1	2				2			3	3	3	3	32	L
Insurance Management	4	3	3	2	1	2				2	2		3	3	3	3	48	M
Information Technology																		
New PASS Modules	4	3	3	2	1	2	2	2	2	2	2		3	3	3	3	43	M
Document Creation	4	3	3			2	2	2	2	2	2	2	3	3	3	3	42	M
Supplier Registration			3	2	1		2	2	2		2		3	3	3	3	44	M
Internet Strategy	4	3	3	2	1	2	2	2	2	2	2		3	3	3	3	52	S

7.2.2 Interdependencies Between Recommendations

The next step was to assess the degree of dependency between recommendations through an understanding of how the actions related to one another. Only two recommendations were truly independent (Recommendation 4.7 to provide flex-time for staff and Recommendation 5.4 to optimize p-card usage).

All other recommendations either had dependent linkages with other actions, or a link but not a dependency. Some had a single, linear linkage, while others had multiple linkages. For the sake of



clarity and simplicity, the linkages are depicted on two separate diagrams, with horizontal Short/
Medium/ Long Term bands.



Figure 7.4: Dependencies and Linkages (1 of 2)

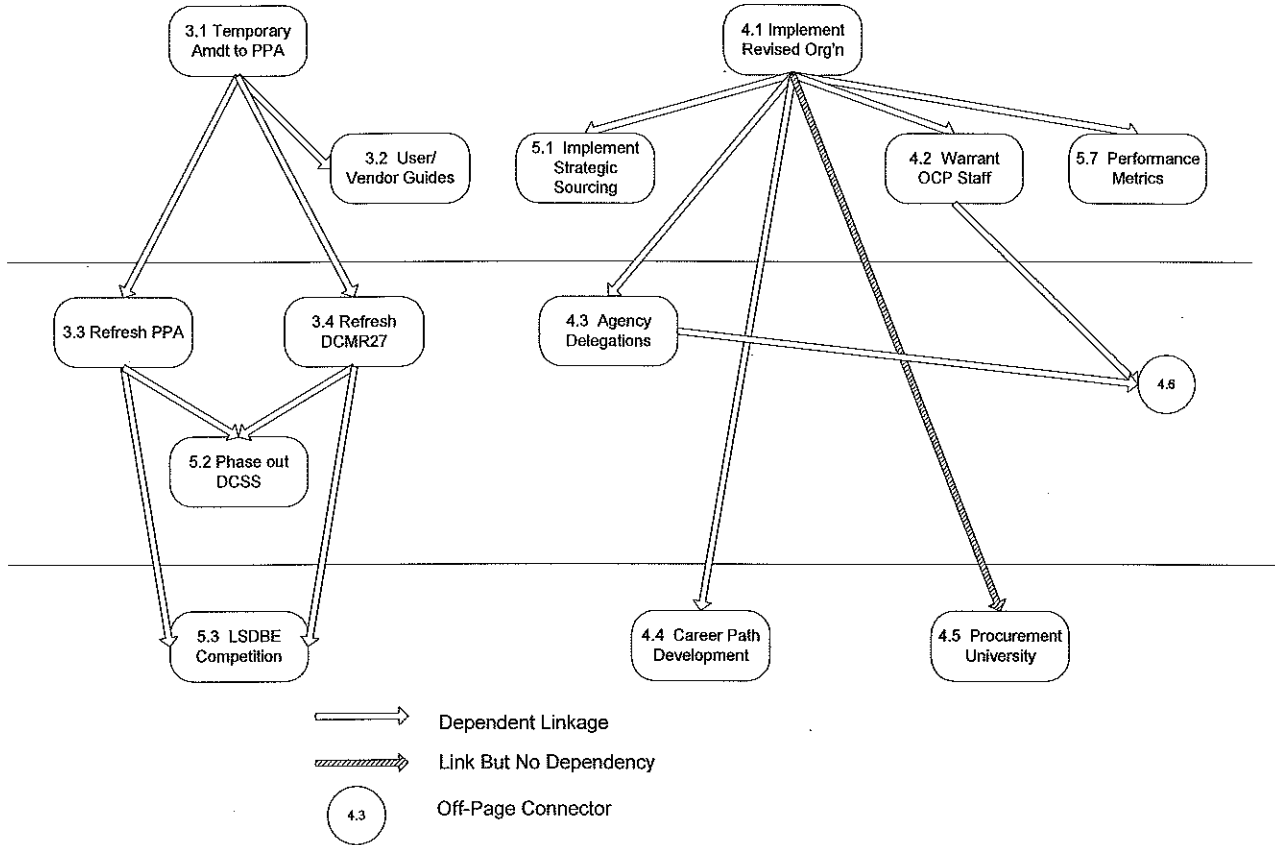
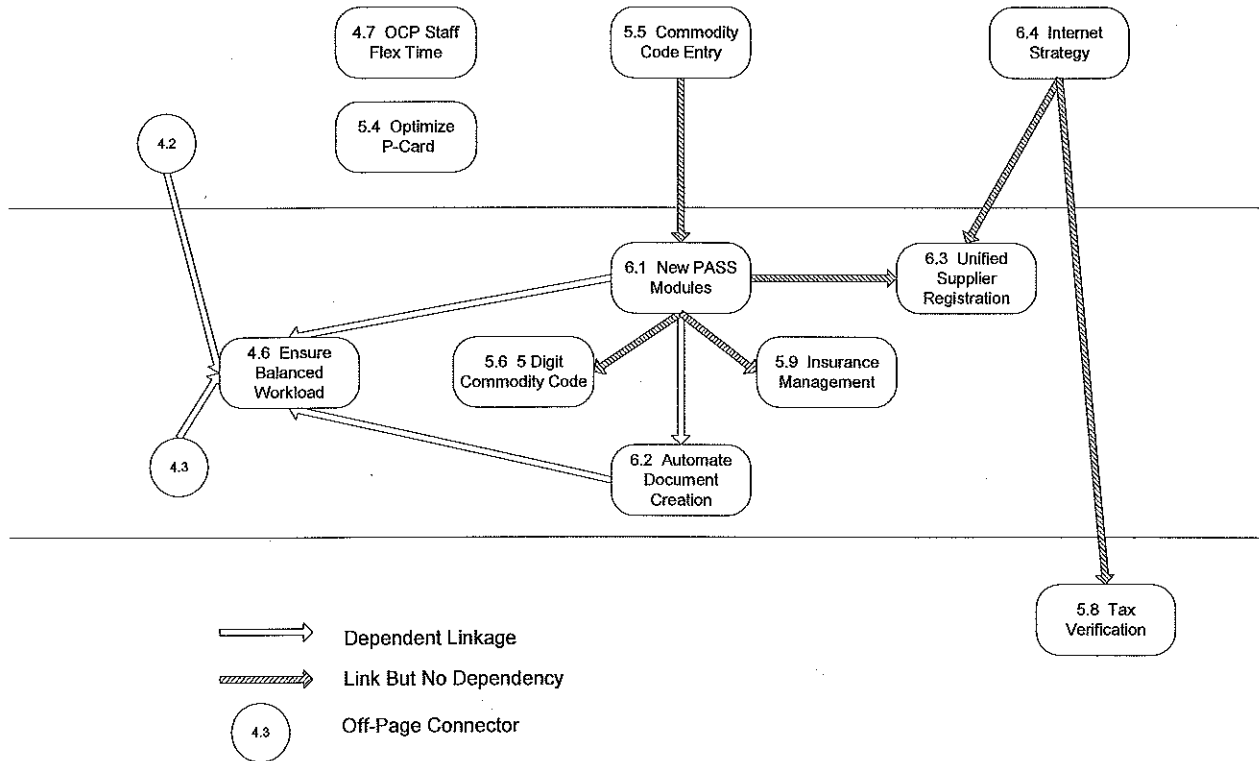




Figure 7.5: Dependencies and Linkages (2 of 2)



7.3 Next Steps

With the identification of the prioritization and inter-relationships of key, recommended actions, along with the costing and anticipated duration of actions requiring external assistance, OCP is in a position to develop an action plan and to broadly communicate that transformation plan.

NIGP fully recognizes that the transformation of procurement operations is a critical initiative for OCP. As indicated in the Annex H showing estimated external resource costs and durations, NIGP stands ready to assist OCP.



APPENDIX A: LIST OF PEOPLE INTERVIEWED

During the data-gathering phase of this project, a total of 138 people were interviewed, either through personal meetings or group focus sessions. Suppliers were interviewed by telephone.

Acting Chief Procurement Officer

David P. Gragan CPPO

OCP Interim Assistant Director

Esther Scarborough

OCP Legal Advisor

Nancy Hapeman

OCP Chief of Staff

Wil Giles

OCP Special Assistant to the Director

Briant Keith Coleman

OCP Program Manager

Karen Hubbard

OCP Policy Analyst

Charles Ellison

OCP Purchase Card Program

Debra I. Paschall

OCP IT Support

Dwayne G. Paxton CIO (Mgr IT Services)

Gary E. Trice CIO (Program Mgr PASS)

Angela M. Ballard (Proc Infmn Specialist)

Antoinette Goins (PASS Program Specialist)

Representative Suppliers

Dawn Rick (Capital Services and Supply)

Melvin York (Digital SafetyNet)

Antwayne Ford (Enlightened Inc)

Brett Greene (American Management Corporation)

Thelma Edwards (Ideal Electric Supply)

OCP - OCTO

William Sharp

Shelvia Armstrong

Lillian Beavers

Linda Boyd

Melford Brown

Brandon Cyphers

Frederick Dorsey

Bradley Hill

Lucy Jackson

Priscilla Mack

Alvey Moore

Lindel Reid

Darlene Reynolds

Veronica Singh

Susan Strakas

Maribel Torres

Mark Valliere

OCP - Construction, Design, Bldg Renovation

Rhonda Meriwether

Geoffrey Mack



OCP Budget Officer

Cynthia Moore

OCP Cost Analysts

Nelson Able

Peter Kern

Office of the Inspector General

Charles J. Willoughby (IG)

William J. DiVello CFE (Asst IG for Audits)

Russell J. Symons CFE (Chief Contracts and Proc)

Dept of Small and Local Business Dev't

Valca Valentine

Harold Pettigrew

Evelyn C. Ross

Ashley Stevens

Jamaine A. Taylor

Office of the Chief Technology Officer

Daniel P. Palmer

Department of Parks and Recreation

Brian Martin-Firvida

OCP -Transportation and Specialty Eqpt (DPW)

James Roberts

Bernetha S. Armwood

Wanda Brevard

Barbara Brown

Yorjai Chandy

Ronald W. Davis Jr.

Joann Garnett

Adeline Isaacs

Calvin L. McFadden

Michael Banner

Barry Jordan

Eddie M. Whitaker

Helena Barbour

Linda Thomas

OCP - Roads, Highways and Structures (DDOT)

Jerry Carter

Cora Boykin

Gloria Grayton

Kathy Hatcher

Frances Howard

Vallarie Howard

Mary Ihuakunwagnum

Jeralyn Johnson

Lisa Minor Smith

OCP Group I

Joseph Albanesi

Shafiqur Choudhary

OCP Group II

Lafayette K. Smith

Dorene Brown

Aileen F. Ingram

Alice Overton

OCP Group III

Elizabeth Kilpatrick

Yvette Henry

John D. Shepherd

Gail Smith

Barbara E. Wormsby

OCP Group IV



Patricia Miller
Silvia L. Owens
Tara Sigamoni
Lucille Vest

OCP Group VIII

Jean Wright
Denise Burton Johnson
Laverne Foster
Alvera Hardy
Andrei Howze
Ramesh (Ray) Sharma

OCP Group IX

Gena Johnson
Uranus R. Anderson
Courtney Lattimore
Lisa Lovelace
Gregory Nance
Angela Turner
Yvonne Wittaris

OCP Group X

Wossen Encubahre
Doris M. Hemsley
Adelia Johnson
Shirley Johnson
Denise Joyner
Jim Pegues

OCP Group XI

Gloria Spann
Judy Cofield
Dorothea V. Coates
Annie A. Kinnuso
Leslie Ramdat

Hans Paeffgen
Gayle Mealy
Marsha Robinson

OCP Group V

Sheila D. Mobley
Cathy D. Berrian
Anthony B. Berry
Darlene Harkins
Samuale A Leonard
Rhonda P. Martin
Kenneth Morrow
Christian C. Nwachukwu

OCP Group VI

Jim Marshall
Dwight D. Hayes
Betty Marshall
Elona Evans McNeil
Ladousca Y. Mitchell
Rotimi T. Osunsan
Clarke C. Pleasants
George D. Wheeler
Callie Byrd-Williams
Jennifer Wimbish
Darnice L. Wright

OCP Group VII

Jeanne M. Sheridan
Irene E. Anderson
Janice Brown
Ruby Nelson



Simone Richard



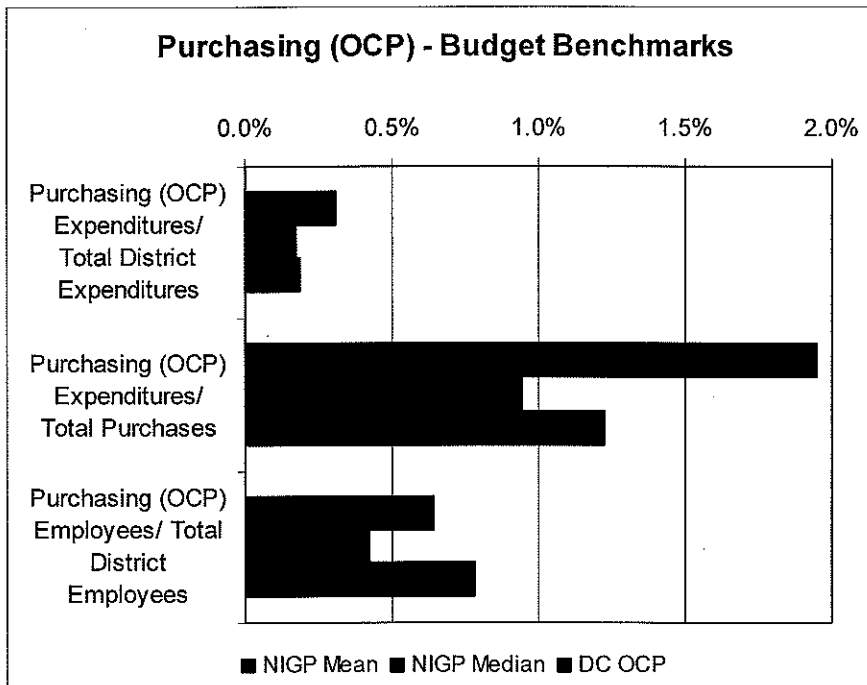
APPENDIX B: OCP PURCHASING BENCHMARKS



B1: Purchasing Benchmarks – BUDGET

Purchasing - Budget Benchmarks

	NIGP ¹⁸		DC
	Mean	Median	OCP ¹⁹
Purchasing (OCP) Expenditures/ Total District Expenditures	0.31%	0.17%	0.18%
Purchasing (OCP) Expenditures/ Total Purchases	1.95%	0.94%	1.23%
Purchasing (OCP) Employees/ Total District Employees	0.64%	0.42%	0.78%



¹⁸ National Institute of Governmental Purchasing. 2004 Benchmarking Study (Unpublished). Data Year 2004. (Cities, Counties, States, Special Authorities with population between 250,000 and 1,000,000; 43 respondents.)

¹⁹ OCP furnished benchmark data for FY2006 for purchasing data. OCFO FY2006 Budget for budget and FTE data. All data excludes agencies that do not purchase through OCP, including DCPS, Mental Health, Water and Sewer Authority, etc. NIGP makes no representation with respect to the accuracy of data furnished by the District.



B2: Purchasing Benchmarks – STAFFING

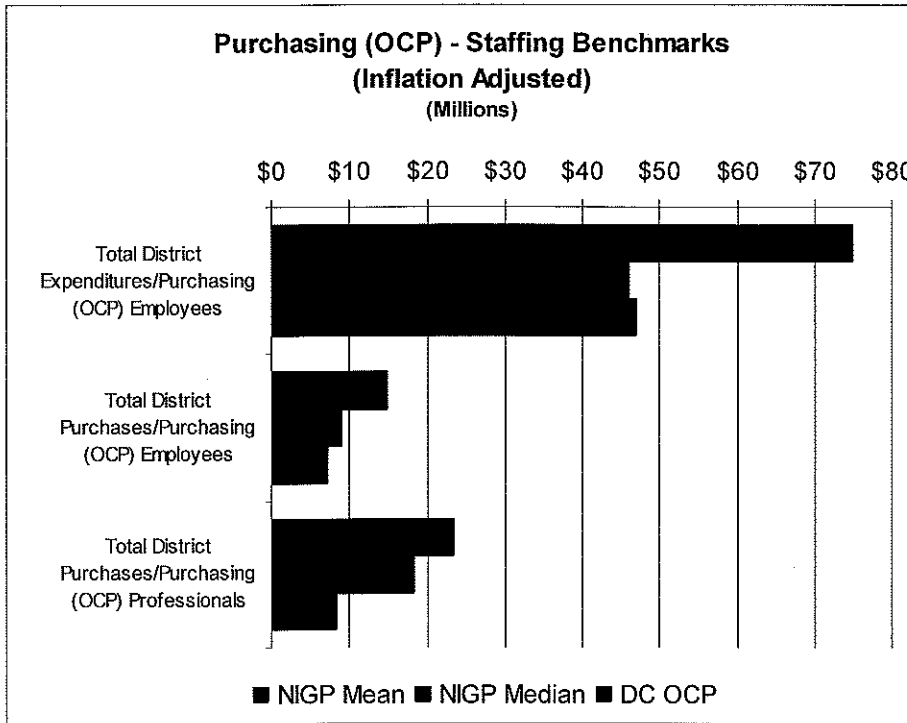
Purchasing - Staffing Benchmarks

	NIGP		DC OCP
	Mean	Median	
Total District Expenditures/ Purchasing (OCP) Employees	\$70,087,041	\$43,031,688	\$47,000,910
Total District Purchases/ Purchasing (OCP) Employees	13,774,910	8,561,618	7,073,841
Total District Purchases/ Purchasing (OCP) Professionals	21,846,369	17,123,237	8,306,405

Purchasing - Staffing Benchmarks (Inflation Adjusted)²⁰

	NIGP		DC OCP
	Mean	Median	
Total District Expenditures/ Purchasing (OCP) Employees	\$74,798,993	\$45,924,709	\$47,000,910
Total District Purchases/ Purchasing (OCP) Employees	\$14,700,998	\$9,137,216	7,073,841
Total District Purchases/ Purchasing (OCP) Professionals	\$23,315,100	\$18,274,432	8,306,405

²⁰ NIGP Data Year 2004. Inflation Factor 1.06723 (2006). Source: Bureau of Labor Statistics.

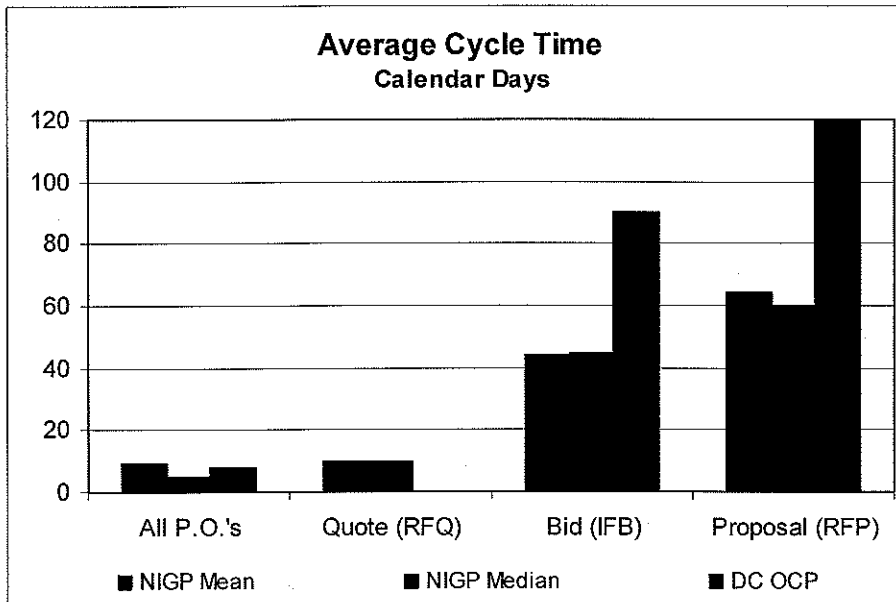




B3: Purchasing Benchmarks – PURCHASING PERFORMANCE

Average Cycle Time - Calendar Days

	NIGP		DC
	Mean	Median	OCP
All Purchase Orders	9	5	8
Informal Written Quotations (RFQ)	10	10	N/A
Competitive Sealed Bids (IFB)	44	45	90
Competitive Sealed Proposals (RFP)	64	60	120





B4: Purchasing Benchmarks – TRAINING

Purchasing Training

	NIGP		DC
	Mean	Median	OCP
Training Hours per Purchasing (OCP) Employee	24	24	108
Training Budget per Purchasing (OCP) Employee	\$616	\$554	\$5,161
Percent of Purchasing (OCP) Budget Spent on Training	1.82%	0.61%	5.95%

Purchasing Training (Inflation Adjusted)

	NIGP		DC
	Mean	Median	OCP
Training Hours per Purchasing (OCP) Employee	24	24	108
Training Budget per Purchasing (OCP) Employee	\$657	\$591	\$5,161
Percent of Purchasing (OCP) Budget Spent on Training	1.82%	0.61%	5.95%



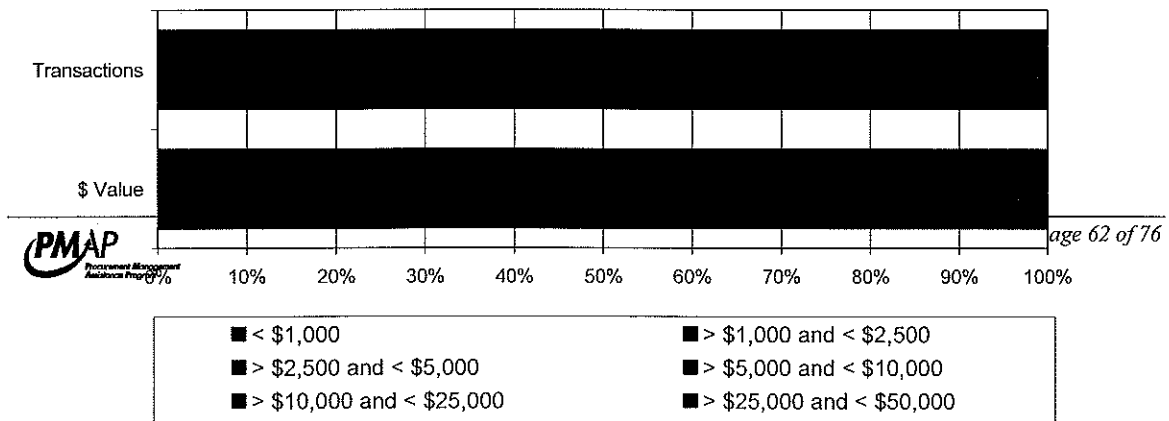
B5: Pareto Data

Purchase Orders by Dollar Range

Purchase Order Value	Total \$ Value	Transactions	\$ Value	Transactions	Avg. Value
< \$1,000	\$1,939,745	4,794	0.2%	24.4%	\$405
≥ \$1,000 and < \$2,500	4,672,455	2,879	0.4%	14.7%	1,623
≥ \$2,500 and < \$5,000	8,440,206	2,365	0.8%	12.1%	3,569
≥ \$5,000 and < \$10,000	18,216,983	2,587	1.7%	13.2%	7,042
≥ \$10,000 and < \$25,000	53,127,994	3,138	4.8%	16.0%	16,931
≥ \$25,000 and < \$50,000	47,655,382	1,351	4.3%	6.9%	35,274
≥ \$50,000 and < \$100,000	83,558,848	1,165	7.6%	5.9%	71,724
≥ \$100,000 and < \$250,000	111,013,352	725	10.1%	3.7%	153,122
≥ \$250,000 and < \$500,000	99,521,004	288	9.1%	1.5%	345,559
≥ \$500,000	668,299,426	320	61.0%	1.6%	2,088,436
Total	\$1,096,445,394	19,612	100.0%	100.0%	\$55,907

Ascending		Descending	
\$	#	\$	#
0.2%	24.4%	100.0%	100.0%
0.6%	39.1%	99.8%	75.6%
1.4%	51.2%	99.4%	60.9%
3.0%	64.4%	98.6%	48.8%
7.9%	80.4%	97.0%	35.6%
12.2%	87.3%	92.1%	19.6%
19.8%	93.2%	87.8%	12.7%
30.0%	96.9%	80.2%	6.8%
39.0%	98.4%	70.0%	3.1%
100.0%	100.0%	61.0%	1.6%

Purchase Orders by Dollar Range





APPENDIX C:

(See attached Supplemental Report)



APPENDIX D

(See attached Supplemental Report)



APPENDIX E

(See attached Supplemental Report)



APPENDIX F

(See attached Supplemental Report)



APPENDIX G: SUMMARY OF RECOMMENDATIONS BY SECTION

There are a total of 24 recommendations offered to OCP as Short Term (0 to 6 months from now), Medium Term (6 to 12 months), and Long Term (12 - 24 months) activities to be conducted by internal or external resources. In some cases, recommendations are indicated as Internal/ External to indicate where work is to be done by OCP but with support and facilitation by external resources; in the summary table, those recommendations are indicated as External to reflect the external component.

Figure D.1: Summary Table of Recommendations

Report Section	Number of Recommendations			Number of Internal Rec's			Number of External Rec's		
	S	M	L	S	M	L	S	M	L
Short/ Medium/ Long Term									

There are no recommendations contained in Sections 1 (Introduction) and 2 (Overview) of the report. The following is a list of recommendations presented by individual section:

Regulatory Environment

- 3.1 Seek enactment of a temporary amendment to the District of Columbia Procurement Practices Act through emergency rulemaking to enable: (Short Term. Internal)
 - a) Transfer of the contract ratification process to the Contract Appeals Board;
 - b) A streamlined approval process for multi-year contracts;
 - c) Initiation of a pilot program for cooperative purchases; and
 - d) Establishment of the authority of the Chief Procurement Officer to cover all District of Columbia agencies with respect to procurement policies.

- 3.2 Promulgate a procurement user guide for client agencies and a vendor guide for suppliers. (Short Term. Internal)



- 3.3 Refresh and simplify the District of Columbia Procurement Practices Act. (Medium Term. External)
- 3.4 Refresh and simplify the District of Columbia Municipal Regulation 27. (Medium Term. External)

Organization

- 4.1 Implement a revised organization structure for OCP. (Short Term. Internal)
- 4.2 Empower OCP staff through a warrant structure for contract approval authority. (Short Term Internal)
- 4.3 Delegate low-value, low risk transaction to trained agency staff. (Medium Term. Internal)
- 4.4 Establish a strategy for the career path development of OCP staff. (Long term. Internal)
- 4.5 Charter a Procurement University for OCP and client employees. (Long term. Internal/ External)
- 4.6 Ensure a balanced workload after the implementation of new PASS modules. (Medium Term. External)
- 4.7 Offer the option of flexible working hours to OCP staff. (Short Term. Internal)

Procurement Process

- 5.1 Implement strategic sourcing mechanisms. (Short Term. Internal)
- 5.2 Phase out the use of DC Supply Schedules. (Medium Term. Internal)
- 5.3 Enable competition between LSBDE vendors and the open market. (Long Term. Internal)
- 5.4 Develop a strategy to optimize the p-card program. (Short Term. Internal/ External)
- 5.5 Eliminate the link between the financial code and the commodity code on requisitions. (Short Term. Internal)



- 5.6 Utilize the five-digit commodity code for requisitions and vendor registration. (Medium Term. Internal)
- 5.7 Implement comprehensive, client-facing performance metrics. (Short Term. Internal/ External)
- 5.8 Reengineer the business process for tax and employment verifications. (Long Term. Internal)
- 5.9 Centralize the administration of certificates of insurance. (Medium Term. Internal/ External)

IT Recommendations

- 6.1 Complete the functional analysis and implement the contracting and sourcing modules of Ariba in PASS. (Medium Term. Internal/ External)
- 6.2 Automate document creation for procurement. (Medium Term. Internal/ External)
- 6.3 Create a single, unified point of supplier registration. (Medium Term. Internal)
- 6.4 Develop an extranet/ intranet strategy for OCP. (Short Term. External)



APPENDIX H: COST ESTIMATES FOR EXTERNAL RESOURCES

During the analysis phase, recommendations were identified as requiring:

- only internal resources in order to conduct the work (“Internal”),
- external resources to conduct the work (“External”), or
- a combination of both (“Internal/ External”).

Recommendations are summarized at Appendix G. Although Internal recommendations very obviously entail a significant commitment of time from existing internal staff, they are not considered to have an incremental cost.

Preliminary cost estimates for External and Internal/ External recommendations are provided on the understanding that they represent only very general, planning estimates. Due to the time constraints for this project, it was not possible to obtain sufficient information to more precisely cost-out each recommendation.

Costs are shown as total project cost, including professional fees, travel and living expenses and administrative fees. Duration reflects an estimate of the total time required for completion of the work and implementation.

In those cases where NIGP can offer to provide expert external consulting resources through the Procurement Management Assistance Program (PMAP), that capability is noted.

Regulatory Environment

3.3 Refresh and simplify the District of Columbia Procurement Practices Act. (Medium Term. External)

NIGP has done similar work for other clients. Resources assigned to this project would include a PMAP Senior Consultant and a Legal Advisor, both with specialization and experience in public procurement laws and regulations.

Estimated Cost: \$67,600

Estimated Duration: 6 months

3.4 Refresh and simplify the District of Columbia Municipal Regulation 27. Medium Term. External)



NIGP has done similar work for other clients. Resources assigned to this project would include a PMAP Senior Consultant and a Legal Advisor, both with specialization and experience in public procurement laws and regulations.

Estimated Cost: \$68,920

Estimated Duration: 6 months



Organization

4.5 Charter a Procurement University for OCP and client employees. (Long term. Internal/ External)

Work requires establishment of traditional classroom training, as well as a web-based training platform including licensing for course delivery and registrar applications. NIGP can both develop new content and offer existing course content to support OCP.

Estimated Cost: unknown Estimated Duration: 6 months

4.6 Ensure a balanced workload after the implementation of new PASS modules. (Medium Term. External)

NIGP has done similar work for other clients. Resources assigned to this project would include a PMAP Senior Consultant, and three (3) Consultants.

Estimated Cost: \$77,780 Estimated Duration: 45 days

Procurement Process

5.4 Develop a strategy to optimize the p-card program. (Short Term. Internal/ External)

NIGP has done similar work for other clients. Resources assigned to this project would consist of one (1) PMAP Senior Consultant experienced with the operation of p-cards in a public sector environment. The work would also include commitment and input from the P-Card Administrator within OCP, a communications resource from OCP, and the Merchant Bank.

Estimated Cost: \$14,660 Estimated Duration: 3 months

5.7 Implement comprehensive, client-facing performance metrics. (Short Term. Internal/ External)

NIGP has advised many other public sector clients on the development of metrics. Resources assigned to this project would include a PMAP Senior Consultant and a Legal Advisor, both with specialization and experience in public procurement laws and regulations. The work is



envisaged to have a major facilitation component and commitment from OCP managers and staff.

Estimated Cost: \$28,950 Estimated Duration: 45 days

5.8 Centralize the administration of certificates of insurance. (Medium Term. Internal/ External)

This work would entail functional analysis; selection, licensing and implementation of an appropriate software application. It is anticipated that functional analysis and software selection can be done internally.

Estimated Cost: unknown Estimated Duration: 3 months

IT Recommendations

6.1 Complete the functional analysis and implement the contracting and sourcing modules of Ariba in PASS. (Medium Term. Internal/ External)

OCP will require substantial functional analysis, a systems integrator and potentially additional software licensing from Ariba or a third-party application provider.

Estimated Cost: unknown Estimated Duration: 18 months

6.2 Automate document creation for procurement. (Medium Term. Internal/ External)

OCP will require substantial functional analysis, a systems integrator and potentially additional software licensing from Ariba or a third-party application provider.

Estimated Cost: unknown Estimated Duration: 18 months

6.4 Develop an extranet/ intranet strategy for OCP. (Short Term. External)

NIGP has done similar work for other clients. Resources assigned to this project would include a PMAP Senior Consultant and a Consultant, both with significant experience in the area of leveraging the Internet for public procurement initiatives.

Estimated Cost: \$68,920 Estimated Duration: 6 months







Government of the District of Columbia
Office of Contracting and Procurement



Process Transformation
Procurement Management Assistance

Appendix C
Supplier Survey Analysis

28 September 2007

Stefan Rollwage MPA, CPPO

Philip E. Scales MA, CPPO

James B. O'Neill II MBA, CPPO, FNIGP

Terry McKee MPA, CPPO, CPM



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Appendix C

DC Office of Contracting and Procurement
Supplier Survey Analysis

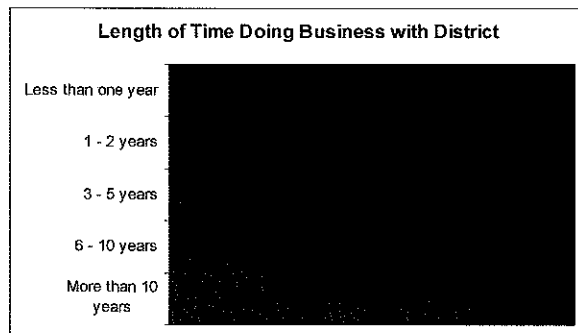
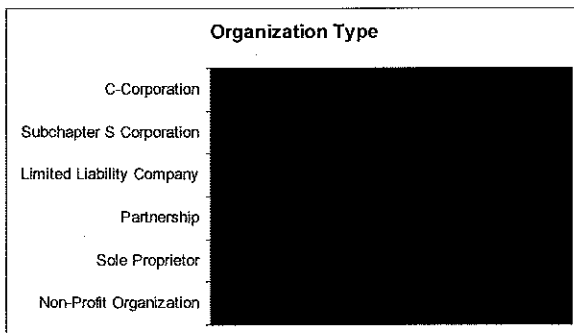
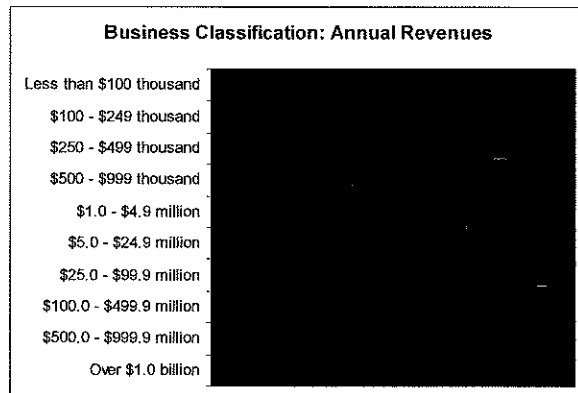
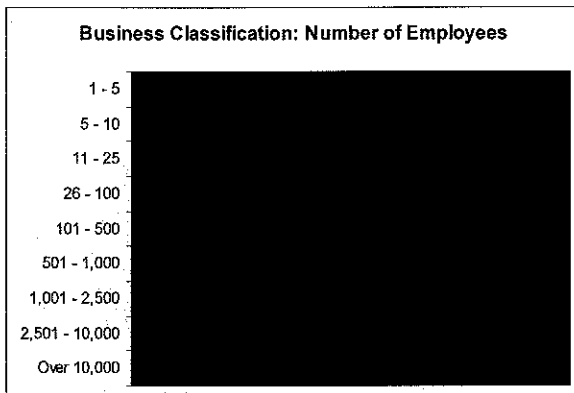
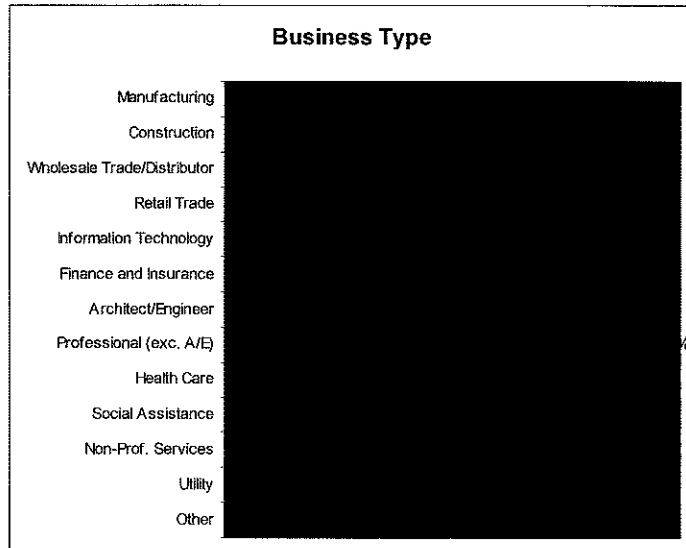


SUPPLIER SURVEY ANALYSIS

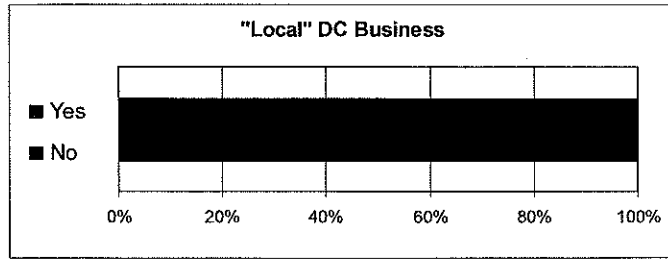
NIGP conducted an Internet-based supplier survey as a part of this engagement. The Office of Contracting and Procurement e-mailed a notice to all registered District suppliers. Five-hundred twenty-nine (529) surveys were submitted.

Business Information

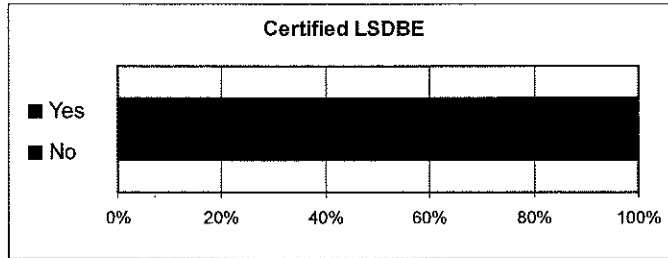
1. Business Type – select the most applicable classification for your organization. See list of “Other” businesses at the end of this Appendix.
2. Business Classification – Number of employees.
3. Business Classification – Annual Revenues.
4. Organization Type.
7. How long has your company been doing business with the District?



5. Business Type – Are you a “local” business, located within the District of Columbia?

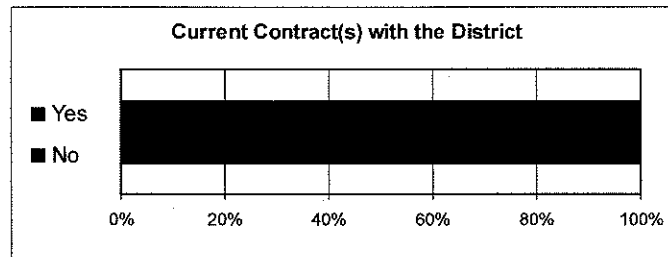


6. LSDBE – Are you certified as a local, small, disadvantaged business enterprise?

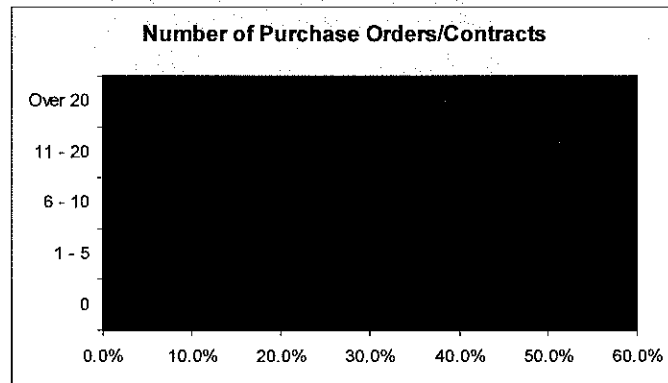


District Business

10. Do you currently have one or more contracts with the District?

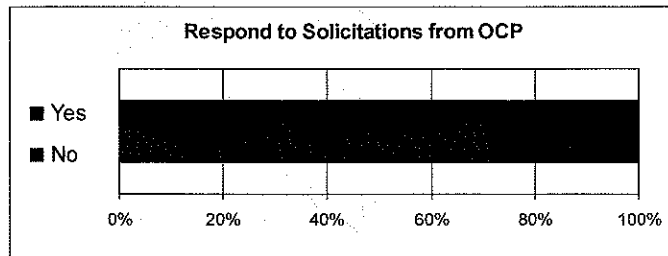


11. In the past twelve months, approximately how many contracts, purchase orders, and/or release orders have you received from the District?

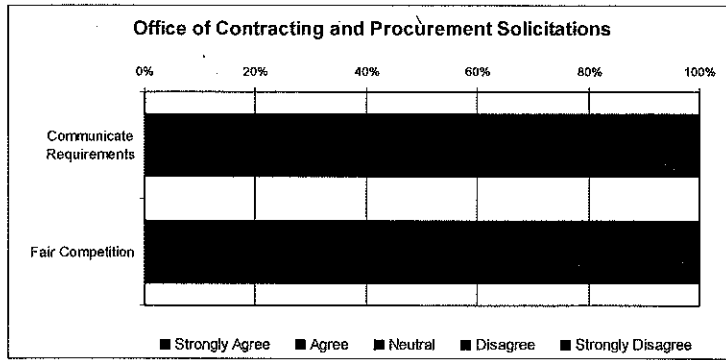


OCP Solicitations

12. Do you respond to invitations for bids, requests for proposals or quotations from the District of Columbia Office of Contracting and Procurement (OCP)?



13. Please rate your agreement with the following: In general, the invitations for bids and requests for proposals from the Office of Contracting and Procurement clearly communicate specifications and contractual requirements.

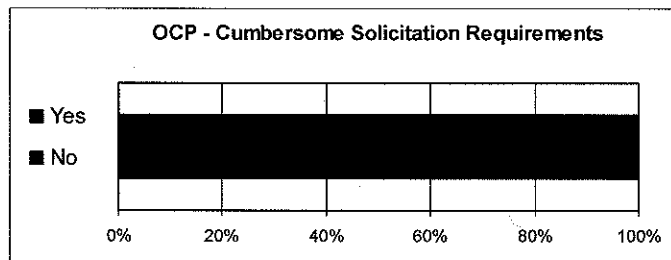


14. Rate your agreement with the following: In general, the specifications from the Office of Contracting and Procurement provide for fair competition.

Office of Contracting and Procurement Solicitations

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Response Average
Communicate Requirements	7%	46%	33%	9%	4%	3.42
Fair Competition	7%	37%	35%	14%	8%	3.23

15. Is there anything about the bid process that is particularly cumbersome or which increase your costs of responding? If yes, please describe.



- Procurement requests usually come out last minute and require 48-hour turnaround. Product requirements are often not well thought out or specified.
- Feedback regarding the status of the procurement action once bidding has taken place is almost nonexistent.
- Statement of requirements do not provide enough detail for those who are not incumbents.
- As long as there is no fee to bid, we'll do it. We're happy to fill out paperwork and send catalogs.
- Length of time from award to p.o
- I have never had the pleasure to do business with The District of Columbia.
- Very confusing.
- Insufficient scope/requirements specification. Cancellation of RFPs after proposal submission.
- All the paperwork involved with getting the bid, and then when doing the work.



- The requirements for responding to requests for potential under \$100,000 needs to be modified so that small businesses can compete. The response burden for these smaller contracts is too cumbersome.
- I do not receive any RFPs, though I would like to.
- Some of the delivery requirements of the salt bid affect the pricing (ie: emergency delivery). We continue to try to work w/ the department to ensure they plan better/order early in the season to fill up the sheds to alleviate the need for emergency deliveries.
- Blanket references to seemingly outdated contract general provisions.
- Lack of time from request to opening of bids.
- Responding to all the add on data about local employment, LSDBE information, and other special functions allowed by DC Government on very mundane procurements.
- 1. Number of copies - Paper Utilization 2. Delivery Requirements (no email, PDF's, CD/DVD Utilizations)
- Most contracts are for giant corporations. Contracts should be broken into smaller sets, to give greater access to small local companies.
- no response from OCP for most bids. no listing of whether there is an incumbent on the RFP like for GSA bids. some contractors know what is the PIF amount and bid to it. contractors are making technical evaluations of bids for DC.
- The lack of time to respond on many of the higher dollar figure contracts, and the fact that a lot of the contracts that should be open for bid never come up for general bidding.
- The information in some of the bid requirements is not accurate (up to date)
- Need to be more precise when they send over bids and wait for the final quote before submitting a purchase order.
- I would like opportunities emailed to me!
- Maintain compliance for the District is ridiculous. Please create a system that each contractor can long on to create a tickler for maintaining compliance.
- The procurement officer made repeated requests for additional information with little bearing on the procurement. Also, my company was required to submit several proposals within a several month span for the same work.
- Too many forms and requiring certain documents to me notarized
- Not enough time was given to complete the packet that they requested.
- The cost of purchasing plans. Limits the opportunities our company participates in.



- Redoing octo pos 5-6 times a year for 200-300 hours rather than 1 po for entire year
- Delays in releasing bid results.
- Lack of response time once bid is submitted to OCP. Since Sept 2006 we have 4 RFP's in which we replied to that OCP has not made a determination on nor has provided any feedback as to the status of the review. OCP needs to be more proactive in following up with contractors who incur the human capital cost and production cost of responding to RFP's
- Perhaps I should not have responded to 11 & 12. I have not received an RFP in several years, although past service was rated very good and you state I am on the vendor list! I am an 8(a) firm as Small minority woman owned business.
- Bonding is so unnecessary for renovations and alterations. It increases OCP/Contractor's cost and shuts down some of LSDBE from participating. Component replacements in the buildings should not be subject to bonding. Though Insurance limits should be increased.
- 1. There is no standard procedure, each contracting officer has slightly different requirements. 2. Usually 5 hard copies of (separate) price and tech proposals are required. Electronic submittals would be cheaper and more efficient. 3. Supporting documents (e.g. tax affidavit, LSDBE certificate, etc.) have to be submitted with every response. Can these be kept on file?
- Delays in procurement and multiple resubmittals of proposals for the same effort
- Lack of cooperation and acceptance from those with purchasing authority within specific district departments. This includes unwillingness to notify of us of purchasing opportunities or following through with quotes tendered.
- Bid and performance bonds.
- Poorly prepared scopes of work.
- Payment is always outside the net 30 terms
- I do not believe that I am always notified of the bidding opportunity
- For IT staffing, the decision process is much longer. Candidate is not available by the time management makes the final decision.
- The fact that our business is penalized for being a corporation and are now restricted from doing any business with the district. We have to go through an MBE or LSDBE which creates higher costs for less product.
- Always ask for proposal at the last minute along with requesting multiple paper copies of the proposal sometimes up to 800 pages of duplicate paperwork. Then, we almost never hear back from them for months until we followup with a call.
- I have never received any notice of bids for landscaping through my registration on the DC site.



- The response time for bid responses is often too short and creates difficulty for small businesses to respond with a quality bid.
- Items in original RFP that are found to be in error are then corrected in a modified RFP - increases our time to review and respond to multiple RFPs.
- don't get notices in a timely fashion. doesn't seem like they're actually considering us - just fulfilling their obligation to get bids.
- Permits are impossible and getting increasing worse. We are very hesitant to do any work in the district now with this big huge headache. It take us roughly a year to pull a mechanical permit which is ridiculous.
- The bid documents are too way too long. Too difficult to work with LSDBE requirements. Not a fair bidding process with so many LSDBE set asides.
- The period of time and the number of repetitive responses required is cumbersome.
- We are and have established partnerships with LSDBE businesses using state of the art e-commerce solutions. This offers the DC Government the best of both worlds opportunities to achieve established goals. We would like to speak with the DC Government to share ideas and best commercial practices that can save time, money, and achieve goals.
- Required duplication of paperwork (certifications, etc) already filed with OCP. It seems that every time we bid on a new contract, we are required to submit the same paperwork that has been submitted numerous times before.
- It takes too long to get a purchase order. The specs do not cover all of the areas of work that the project managers would like for us to do.
- At times bonds requirements make it difficult for small businesses such as ours to compete.
- Have not been requested to respond to any bids as yet.
- Just the need for more specificity
- The following provides a simple sample of issues: 1) Requirement to provide notarized tax certification document with each proposal response. The Contracting Specialist should be able to use what is on file centrally or contact OTR directly or research via website. 2) Requirement to have vendor submit 3 signed reference documents with each proposal increases the burden on current and previous clients, particularly when the contact has left the government. 3) The OCP website does not include all solicitations (even the ones required for posting), and the website is extremely cumbersome to locate opportunities. Furthermore, if and when solicitations are posted they are not done so timely; i.e., the same day the solicitation is issued. 4) Perceived discriminatory selection of vendors to solicit; i.e., identification of vendors on the bidders list. 5) Issuance of "RFQ's" and "IFB's" under the guise of an "RFP" for arbitrary evaluation and award. 6) Evaluating RFQ's and awarding a contract to a vendor based on resumes and then not providing the resource. 7) Extensive delays in evaluations; e.g., required to submit proposal within 5 days, however the evaluations and awards are not complete for months. 8) Most solicitations require a 3, 5 or 10 day response time; i.e., from date of issuance to due date is 3, 5



or 10 days. This is unrealistic for services which require a thorough proposal response. 9) Allowing straight pass through arrangements. 10) Multiple solicitation formats and proposal submittal requirements depending on the OCP department, and then furthermore depending on the Contract Specialist. There is no standardization. 11) Numerous conflicting errors and contradictory requirements and conditions in solicitations.

- Audit requirements
- Extended bid deadline after the 1st deadline
- LSDBE intent is great/execution is poor. If an LSDBE is capable, that's one thing .. if it's just a pass-thru vehicle and an alternative welfare system for DC, they are probably better, more equitable/efficient ways to get the dollars to the population that needs it. As it is now, frequently DC taxpayers just pay more for a given service.
- Unrealistic turn-around times, causing us to respond in emergency fashion.
- We have never received a Bid, since 1st order received from you.
- Sometimes the District doesn't respond for long periods of time.
- We traditionally are involved in supplying material on construction contracts to electrical contractors. We find the site that advertises and publishes addendums and bid delays unreliable.
- DC does not pay attention to small businesses in VA which have the capability and can provide products and services at a better cost to the district.
- Very unclear technical specifications in RFP lead to VERY difficult costing for us. Also, there was no bidders' meeting so that the process of obtaining answers to questions needed to properly cost and therefore price was made quite difficult.
- Receiving quotes the same day in the evening the bid is due.
- We often need to get clarification on the requested bill of material (see #11 above). The indicated procurement individual is sometimes inadequate for answering our questions, thereby adding to the frustration. There are times we get the sense that the procurement individual is not motivated to put in the necessary extra effort to help clear up issues. Because of this, there are occasions that we will "No Bid" an RFQ just to spare our company from inevitable problems down the line. FYI, we rarely experience this problem with Federal Government agencies.
- Tax certification requirements for every bid. It should be done once a year.
- The process is full of checks and balances- -which makes it long and drawn out. Also, the LSDBE seems to favor any company that professes to locate to the district irregardless of size or principal residence of the company.
- They need to let the vendor know up front if there is an incumbent in the position. This really makes or breaks the decision for small businesses to even respond. Also, they should give more time--it is hard for small businesses to find people to fill these positions. We need 2 or more weeks.



- Other than this survey, I haven't received emails from the District.
- 1) Open the process to qualified vendors rather than limit to LSDBEs. 2) Do allow Health Chair of City Council decide who gets contracts or threatens small business owners
- Frequently, District Agencies only make solicitations available to a select group of firms the agency likes to contract with.
- They should use credit cards
- One agency at DC does do what they said in the RFP. They are not professional.
- Everything, mostly pre wired
- Often, many solicitations that are awarded in the District are not made "public" on the website or to LSDBE or DCSS Schedule holders. The opportunities get funneled to "Preferred" companies which Purchasing agents are familiar with or know.
- Lengthy times to decide if contract awarded
- Many times for small businesses the proposals seem geared to specific companies and I am being included to fulfill the three company rule. In addition, not all bids are posted on the Site and the companies that get the proposals are carefully selected by the contracting officer or person in charge in developing the SOW. When the proposals are released they are specifically geared to a specific company thereby denying fair or open competition. In addition, I know of several companies that are not on the LSDBE supply, not local based, nor on DC supply schedule and they continue to get contracts (this creates unfair competition).
- A lot of the people that I receive request from have had them on there desk for awhile. 2 I have had the end user to call me and ask where is there stuff and I have not got a PO fax to me. I try and tell the people that send request that the more time they give me I can give better numbers. I have met with several people in purchasing given them my company's info of goods that we carry and only get a few response. I have had to come to OCP a few times MAD and ANGRY because we have not got much BIZ. I THANK YOU for given me the space and time to say what has been on me for sometime. I also ask if I could put a workshop together for the end user and purchasers!
- LSBDE Certification requires burdensome paperwork and the financial information is not held as confidential by the District employees. This is why we have not applied for certification. It is not necessary--we provided services to DC DOH agencies for 7 years and they were very satisfied.
- Specifications for vehicles are not up to date for the model year being bid, sometimes model is already discontinued.
- Too many telephone contacts requirement for clarifications.
- Responses to queries.
- Make it easier for new companies to secure bids.

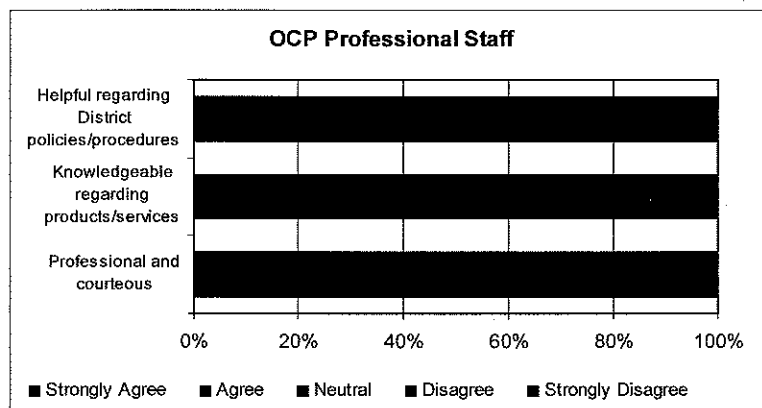


- Not enough time to respond to bids. The internal resources of the company are being depleted in order to respond for one bid.
- Too much paper work - on line response will be great.
- Bid listing in obscure locations requires either large time investment for personal screening for listings or contracting with agencies whose business it is to screen. Opportunities not easily discernible.
- Supposed to be geared to small minority-based businesses. DC does not have a reciprocity agreement with Md or VA. You must go to another DC Agency to become certified. The process is long and cumbersome and prevents many small firms from bidding or even receiving the RFP's and requirements. My firm registered for DC RFP's about a year ago with the OCP; yet, I have still not received any requirements or a single opportunity to even bid. I met OCP staff and got the routine and found out that there were opportunities for my firm. I called back when I was instructed to do so but never got a single response. It seems that the "Good old boy network" is still prevalent.
- Paperwork
- Detailed submissions to meet all DC rules and regulations, i.e. hiring, Small business plans. etc, etc.
- [Company Name] is pleased to share with your office the great cooperation received by all OCP Staff. Thank you and please keep up the excellent work.
- Short turn around time to response.
- Better communications of bids
- I think the most difficult part is weeding through so many pages to find every requirement to submit the bids. It doesn't appear as if all the information needed can be found in the same place on the RFP.
- In working with the DC Commission on the Arts and Humanities, DDOT and DPR, I have had contracts held up for over 3 years in some cases. Not really sure who is creating the back up.
- Not commercially focused
- We haven't received any invitations to bid in months or years!
- Timeframes are very short. The appearance is that you already have the vendors in place, and are looking for bids to fulfill requirements.
- It makes it extremely difficult to hand deliver RFQ's when most other organization allow email.
- Office of Contracting and Procurement many times issues solicitations with quick turn around response times, without providing the essential information needed for a contractor to properly respond to the solicitation responsibly. The office also has a very poor record of informing competitors of the solicitation results.



- The District employs several design firms that we will no longer respond to RFP's or RFQ's because the firm's work is horrible and the contractor is forced to resolve problems on his own. Also, several projects have been set aside for firms that are certified as Small for certain NIGP codes. This practice steers contracts to a handful of companies.
- Not easily accessible or understandable. The rules and regs seem to be written by lawyers for lawyers. The only one worse is the Federal government.
- I would respond, but nothing lately has been a good fit. Electronic submittal, no hard copies, of the response is the least cumbersome for us.
- The contracts have previously been decided whom they will go and this is just a game to send out and waste everyone's else time. Not an OCP problem ...
- It would be valuable to be able to have a better question and answer system. Often times, as a marketing agency, we require more dialogue to properly develop strategy and implementation plans then is easy to make happen given the existing fairness guidelines.
- Recompetes of existing contractors is stupid and wastes everyone's time. We do not bid on new requests unless we know someone on the inside to tell us if the procurement is real and the district is truly interested in a new contractor vs or just a re-compete.
- I do not recall any bids that have through this office regarding subscriptions either in print, web or software based. Thank you!
- Electronic submissions might be helpful when we are traveling.

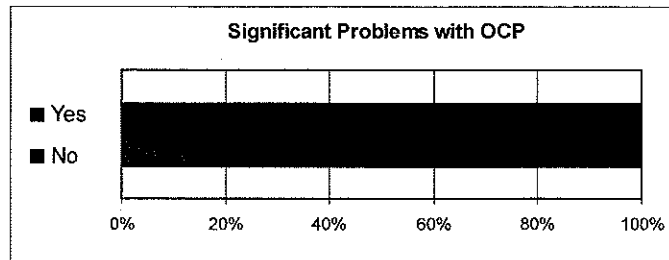
14. Rate your agreement with the following: In your relationship with the Office of Contracting and Procurement, the professional staff is:



	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Response Average
Professional and courteous	18%	43%	32%	5%	2%	3.69
Knowledgeable regarding products/services	13%	33%	40%	9%	4%	3.42
Helpful regarding District policies/procedures	13%	36%	38%	8%	5%	3.45



15. In conducting business with the Office of Contracting and Procurement, have you encountered any significant problems in the past three years? If yes, please describe.



- Fixed fee arrangements for services often result in problems for us. Agency clients routinely make more revisions than we have allowed for and specified in our proposals, and it takes us extra time to deliver the product. Fixed fee allows us no room to compensate for this time. We often don't bid on opportunities because of the hassle and this lost time.
- The LSDBE certification process while not directly related is indirectly. That office is nonresponsive to the certification process and contracting activities. This has had a negative spill over effect for our organization with OCP. In addition, OCP support for customer agencies lacks coordination between CO and COTR. This makes technical problem resolution, corrective actions, and invoice issues with a very low level of vendor satisfaction.
- They are not proactive in resolving contractual issues
- Just slow pay. That's not uncommon with east coast school systems, though.
- Very difficult to find information and the "right" person to speak with that has the information.
- I have never had the pleasure to do business with The District of Columbia.
- Process for competing has not been clear.
- We have been unable to update our LSDBE profile after several calls. In one case, the DC Employee was yelling at us for asking for assistance. We have been unable to update our NIGP codes after several calls. The staff refused to provide guidance and assistance. We have been unable to have our DCSS approved because. Overall, there needs to be more focus on customer satisfaction.
- Cancellation of RFPs after proposal is submitted
- Issued purchase order for 1 year of software maintenance, then never cut the check to pay us. We never got paid.
- Contracts were awarded for 3 Phase I Environmental Site Assessments. Two reports were completed and payment was received. The third report was nearly complete when OCP canceled the order. We did not receive payment for costs / expenses to date.
- How long it takes to get everything processed.
- The current staff that is running the Rec's & Parks Division isn't knowledgeable in their field - the prior staff was prior to 2005.



- Difficulty getting annual renewals approved despite initial contracts
- If you ever call them, they never return calls. This also includes the LSDBE office. Not helpful at all.
- Staff in the general consulting/services cluster generally do not have the broad knowledge base to prepare solicitations and in turn lack a broad based understanding of this segment of the market.
- Have been in business for 26 yrs. Am certified S.B.E in most states. My application for District certification was tossed aside in an unfair and unprofessional manner.
- I am unable to be added to the request for RFQ's - have heard of opportunities in the IT dept but it appears managers can not even give advice on how I can also bid on replacement personnel
- There was suppose to be option years they were not put on it, although on the RFP and the proposal it was stated that there would be option years. As a result, our contact could not bring us back in.
- The office is extremely non-responsive to our inquiries as well as inquiries or contract modifications by the District agencies we work with.
- Lost invoices, late payment and payment not in full
- Too much time to put an RFP on the street. I had one procurement from RFP thru evaluation & selection, & PO issuance that took almost a year.
- Has been very difficult to obtain a written contract.
- I have, but I will not go into it.
- Sometimes you submit a proposal and never hear anything about the outcome; e.g., who won the contract? There is never any feedback about your application.
- If your not a business inside the District of Columbia it's hard to acquire contracts. What is the procedure? Our company tried a couple of years ago and we were basically shut out because our business did not reside in the District of Columbia
- The district hiring our employees before the conclusion of the hours stipulated in the RFP.
- Getting paid upon job completion, one time it took a year. Untimley processing of payments by program manager.
- Our problems are mainly with disagreements about contracting laws and regulations with the Contracting Officers.
- There has been a recent award of business for Documentum (content management) business that we did not feel we were able to compete fairly nor really understand the process.



- The follow-up after the RFQ/RFP has been submitted is very poor. Sometimes it like dropping your proposals into a black hole. Once it's been submitted, it just disappears. It seems that if the company doesn't try to follow-up on the status, nothing happens.
- Billing is not what it should be. Too many hands not knowing what the others are doing
- No opportunities...
- Poor specifications, limited time to respond, limited opportunities for small, local firms to compete, limited access to information, limited help marketing services to agencies.
- Failure to bills in any reasonable manner. We have discontinued their credit line and no longer accept orders. Purchasing/accounting and school personnel would in engage in open arguments on conference calls regarding open invoices and orders that were delivered but not paid. Personnel could not release orders or alter P.O's and refused to pay anything even if a proper PO was executed.
- Contracts are not thorough and detailed. Statements of work are vague which could create conflicts and with the contractor and business unit. Typos in contracts.
- Have never conducted business with the Contracting and Procurement office.
- The procurement contact that we worked with was disorganized (lost paperwork), demanding of our time, and then ultimately not responsive following final submission of a proposal.
- Extremely slow in processing
- Some people have been very slow in calling us back--ie it took 5 phone messages and a month for them to finally get back to us.
- To the best of my knowledge we have not received any bids from the OCP.
- OCP did not pay a contract for 10 months totaling over \$250,000, despite a court order. Securing payment required an inordinate amount of time, mailings, phone calls, faxes and legal expenses.
- Lack of response to proposals after submission. Request for status of a submitted RFP goes unanswered.
- They take too long to pay our bills. Sometimes 9 months or longer.
- No options to do business!
- It was very difficult to actually talk to someone who understood the entire process. The vendor was forced to send someone to the offices to walk the contract through the process from office to office for approval after first learning who had to sign off on what. We got into a Catch 22 situation where one division (employment tax) could not take action until another division had signed something, but that office said they could do it until Tax had signed off on our clean status. Neither office would talk to the other directly to understand and resolve the issue



- Only one Problem. Submitted an IDIQ proposal that had 50 pages to fill and then it required 7 copies which was a hardship and unnecessary. Even though it was not a BID, we were held back because we were total of 6 minutes late for 2 PM submission. We feel we worked extremely hard on putting that proposal together and it was arbitrarily accepted but then termed LATE SUBMISSION to be later rejected. This was a proposal and not a bid with no pricing, it was only a qualification bid (OCP needed 30 qualified contractors and did not even receive 15 but rejected ours, and we were well qualified)
- 1. Delay between proposal submittal and next steps (interview, award) often exceed one month -- proposed candidates are no longer available. 2. Option periods are too difficult to exercise. It's essentially like a brand new procurement.
- Calls are never returned in a timely fashion
- Payment of invoices for Firm Fixed Price services work.
- Have been unable to contact OCP for help. We have no contact information.
- 12 months of invoices not paid
- It took me 3 yrs to collect a receivable which was undisputed by my DC Gov't client. Need I say more?
- Takes too long to process POs and invoices. They always pay 6-9 months late!
- I do not fully understand the best way to do business with the District, lack of understanding the process/lack of proper contact.
- We have not done business with them.
- People from the schools ordering, yet not informing the District, which results in PO mixups, disputes, and other forms of confusion.
- We have had problems getting our address changed. Also problems with getting shipping charges approved and paid.
- Receive very few bids and are at a tremendous disadvantage because, although we are a small business, we are not minority owned, and feel we are discriminated against because of this.
- We were not able to collect monies due to our company as a result of services performed at the D.C. Library System.
- The restrictions now in place and the fact that when our contracts come up for renewal and being the incumbent, there is NO notification to me directly. Our contracts expire and our customer loses their resources.
- Non-payment of invoices and collection calls gone unanswered. Hard to reach management, difficult to understand who is responsible for receipt, approval, payment of invoices.



- It's hard to know if OCP or the program office was to blame in the end - but it took over nine months to get a contract through procurement and the program office claimed it was OCP.
- Contract renewals have not been done in a timely fashion, leading to service expirations and financial penalties for the District.
- Delay in Payments and some invoices never paid
- Even though we were low bidder on a proposal (we witnessed the public opening) and we were offering superior professional talent to conduct the work, we were not awarded the contract. In the de-brief, we were not allowed to demonstrate that their scoring was blatantly incorrect. Additionally before the bid opening we were encouraged to consider increasing our bid (we rejected this because we were aware that we were low but wanted to get an initial contract with the District as a 12 point LSDBE and DC supply schedule holder.) We met twice with OCP to present our case of them incorrectly scoring this award but they refused to consider bid details during this debrief. In our opinion this was obvious bid rigging that significantly increased the cost to the District. Additionally we believe there is racial profiling of vendors that is discriminatory towards us.
- It has taken a very long time for processing and to be paid.
- Timely payments
- Because non-profits cannot qualify for LBSBD "bonus points," they are at a distinct disadvantage.
- The process of becoming registered as a business in the district is very time consuming and turns many potential companies away
- Obtaining information related to lessons learned from bids that we did not win is difficult. We can only improve our responses if we understand areas of weakness. Many times calls to OCP to identify whether we won, lost or whether a competition was cancelled goes unanswered.
- Once again, not sure if the Office of Contracting and Procurement is involved with permits but we can get nothing done and all of our customer get very upset with us because it takes so long to get anything done
- Do not get call backs for days. Cannot understand some people's foreign accents.
- Sometimes it is hard to get someone to call you back.
- Getting paid on time. No one seems to want to take responsibility for processing payment. Accounts payable blames receiving for not providing a receiving report and receiving blames acct payable
- Receiving timely payments
- With a time deadline necessary for delivery of product, there seems to be no urgency in issuing the paperwork and starting the process.



- Payments have been hard to receive. We do most of our business with DC Public Schools. They want to pay on time, but sometimes information- receipts - and po numbers are not up to date in systems. The AMEX program currently used at DCPS is a good way to conduct business for the schools and the vendors.
- Receiving Payment for services provided.
- Not sure it is this department. But getting paid for time due to circumstances not specified in bid process but required to complete the deal in time to meet end users needs
- Dealing with OCP is a "luck of the draw" situation...sometimes the person we are dealing with is very professional, knowledgeable, and proficient. Other times, they seem to be completely ignorant of their own rules. One never knows till the dance begins.....
- Sometimes it is not always open for small businesses. Procurement officers feel safe using the same people over and over again.
- Unprofessional
- We were not paid the agreed upon amount, and we were told several different stories about when and why we were being paid late. Also, interest owed for late payment was never paid!
- The invoice processing time has decreased substantially in the past three years.
- Payment issue, dollar amount over PO
- Payments are too late
- At times, it seems that there is a poor flow of information within the DC government.
- The LSDBE certification really hinders companies from other states who are Foreign Corps in DC compete and bid on projects.
- The payment process is too long
- Too numerous to detail herein.
- I have not had the opportunity to have any contracting or procurement from the DC Government yet.
- Slow payments
- Large delay in getting bid award, delay in payment
- Timeliness of checks
- I gave a workshop and it took me six months to be paid for it.
- Payment takes too long to process



- Not clear on costs or authorities for which resources are directed
- I have not received any Bid since the 1st & the only order received from you.
- Getting paid for your services is always a problem. There is no accountability. Particularly being a small business we have suffered from not getting reimbursed in timely manner, and not getting paid rightly.
- I had to discontinue the provision of services, taking some losses, because of extensive (up to six months) delays in payment. These delays were due solely due to DC's failure to process invoices. Nobody ever disputed the invoices or the quality of work, but repeated calls to OCP still did not facilitate timely payment.
- It is almost impossible to speak with a person who will answer questions about the status of invoices. Personnel change too often as well.
- Responded to an RFP and never received a response. I learned later that the RFP had been cancelled, but not from the office that issued the RFP or any official communication.
- Unclear procedure for issuing a purchase order. Purchase order was awarded than cancelled costing my small business over \$70,000.00
- DC procurement personnel are fine folks and are very capable. However, they are limited by the rules of being forced to giving business to DC companies despite the fact that those companies do not have the capability to perform and if they do, do so at a high cost to the district.
- Deep disinterest in understanding what was being procured and how what was being sought was inexactly and vaguely described
- Poor communication (see earlier comment). We still experience some frustrations in receiving timely payments of our invoices.
- It takes entirely too long to get paid.
- It took us more than a year to get our DC supply schedule contract.
- Processing a small order of games was extremely difficult. I was forced to spend hours learning how to use the ARIBA system for an order worth only a couple hundred dollars, and then I had to send dozens of emails and make more than a dozen phone calls to various people until I finally got paid. It was not worth the effort, for a small order of games!
- I have to resend several invoices because they are lost.
- Office has been unable to locate purchase orders. After submitting proposals, wait time varies between one day to several months.
- Although we are the only sign company located in DC proper, we find that we don't get the opportunity to bid on most jobs. Many jobs are sourced to companies outside the DC. This situation has improved over the past 18 months.



- Never have received any notification of any bids.
- I became an approved vendor 4 months ago. Thus far, none of the orders for educational products that teachers submitted were approved for purchase.
- They have often randomly substituted other companys' products for ours claiming the other firm had a "contract". Sometimes the requestor is denied what he needs or what he has generally used in the past. This is in an effort to achieve a percentage from LSDBE firms. I go through it all the time. My problem is that if you are an LDSBE firm- -you are fortunate. If you aren't LDSBE it becomes merely an excuse to buy from someone who claims they are.
- Interpretation of contract language.
- 1) OCP did not respond to a proposal submitted or inform the requesting agency that the proposal was submitted. 2) OCP for forced DOH to cancel a contract because of undue pressure from one member of City Council. This happened to several small business owners. [OCP employee] is well respected by vendors because she treats them fairly and courteously. She has taken extreme attacks by City Council [Name] when she does her job. 3) Often delays in issue of an RFP creates undue hardship on agency and vendor because the shortened time frame limits their ability to finish the contract within the agency's initially planned time frame. This often jeopardizes future Federal funding. More than 5 administrations have faced challenges in spending money within the funding year due to delays in issuing the RFP. One agency paid OCP \$30,000 to get an RFP out although the RFP had been written 9 months before. The threat of loss of \$10M from CDC - the agency felt they had no choice to pay the money. 4) Unless a small vendor is a LSDBE there is little choice for getting a contract.
- Difficulty finding out about solicitations in my capability area.
- Outstanding invoice from 2005
- Payment take too long
- Wrong scoring etc.
- The transition, and hold-up of processing Purchasing Orders (PO) between the end of the fiscal year, and beginning of the new fiscal year. Two (2) people make or break the OCP system, they are [name] and [name]. Last year [name] held PO's for undefineable reasons hurting many companies cashflow.
- We had to re-submit our forms a few times and had difficulty with identifying the correct POC and order status during the procurement cycle.
- I was removed from the DC supply schedule and no one could tell me why I was removed. At first they told me it was a clerical error. I have since reapplied. In the meantime I am losing business because (although I am LSDBE certified) I am not on the DC supply schedule. It appears that it now takes 120 days. The last time I applied for the DC supply schedule it took me a year and six months to get certified because the agency kept going through one reorganization after the other.
- Too many to type!!



- We were provided oral assurance that OCP had exercised an option on a multi-year and we continued to work. When in fact they had neglected to do the paperwork, the customer had to go through a lengthy and costly "ratification" process and it took almost a year for us to get paid for the work we were assured by OCP was proper for us to do.
- Timely awarding of contracts
- We do not get copies of the bids and when we try to give an equal we are rejected. We supply produce through other companies.
- Procrastination and apathy regarding my money. Passing the buck and blame is everyday occurrence and no one is accountable regarding responsibility and job function. Everyone's voice mail states that I will contact you in 24 hours or the next business day, but return calls are far and few. Most of the time I have to climb the chain of command or make threats. Sometimes my threats of going to superiors are met with arrogance. I wish that someone in the Mayor's Office would randomly screen the process to really feel the taste of D.C. Government's Daily interactions with Vendors. I actually know of a D.C. Official who extorted money before paying the vendor for services that the vendor had rendered.
- They take forever to pay their bills.
- Cumbersome paperwork and unnecessary regulations. Our submission for one project was provided to our competitor and they won the bid due to political interference. The Office of Contracting needs to strengthen its credibility with qualified contractors.
- It took three months to complete what amounted to 20 minutes work.
- Specifications are inaccurate and the demand for the delivery in days when it takes months to build a vehicle they need.
- There is a general lack of interest in generating contracts to assist the Department of Health to improve the quality of its work.
- Very difficult for new LSDBE companies to get in the system!
- The people are extremely unhelpful. I tried hard for contracts for about a year, and finally gave up. The system is so broken/corrupt
- I will never do business with DC again, given the issues that you have with paying on time or even within a reasonable timeframe
- One procurement was awarded and then cancelled after work began.
- Payments are always late.
- Extreme delays in payment. I am currently waiting for a payment that is eleven months past due.
- Having to go through ratification to get paid on invoices that the government over spent.
- Getting paid



- I am no longer affiliated with DC Govt in any way whatsoever. Please remove me from your list.
- I have not done any work with the Office of Contracting and Procurement for many years. Even when I had the contract, we did not do much even though we are African American business, because they indicated we were not a LSDBE
- Since I am not in direct contact with the department, I cannot be sure how to answer this, I do know of at least one public art project that has been held up for over a year right now, but don't understand the cause.
- It takes 6 to 9 months after an invoice is due to finally receive payments for our services. That does not include the countless e-mails and calls placed... Or the runaround I receive because nobody wants to take responsibility for funding PO's and processing invoices in a timely manner. A total nightmare!
- One OCP representative lacked knowledge of the project, did not provide adequate turnaround time for the RFP, and seemed irritated by legitimate questions regarding the RFP. This was three years ago. Most experiences have been positive since then, in terms of their professionalism.
- Our business office uses statements which are not acceptable to DCPS, they require invoices.
- Late payments
- Too bureaucratic. Tone done your procedure. Too much red tape. A paper trail for a simple order is a waste of time, energy & money. Too complicated
- Very protective with information
- It took a very very long time to get on the schedule, and they lost the paper work twice.
- Hard for them to answer the phone and return phone calls... takes too long... folks don't answer the phone.. even if it states 24 hours
- Unless classified as an LSDBE, it seems very difficult to obtain contracts.
- Failure to respond to questions, failure to issue clear scope of work, use of set asides for firms that are certified as Small for a particular NIGP code even though there is no legal authority to do so.
- As mentioned previously and I requested several times to add my e-mail to new procurements and they do not.. They do not let the door open for small companies to expand and provide a better service. Really very disappointing from the Capital !!
- OCP has been a significant bottle neck often delaying projects
- Have not received Requests for bid
- Incorrect information; principals of school required to resubmit information and not being able to use services because of red tape in the office; principals not allowed to access approved contracts;

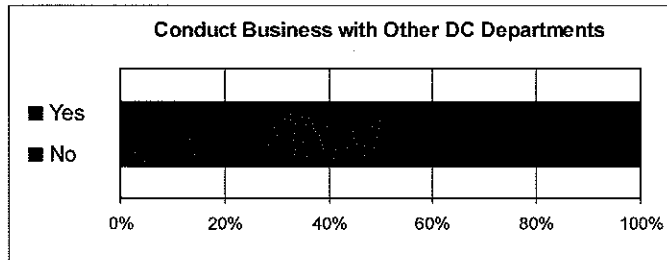


I have not been able to provide services for schools because of the red tape when principals have requested me

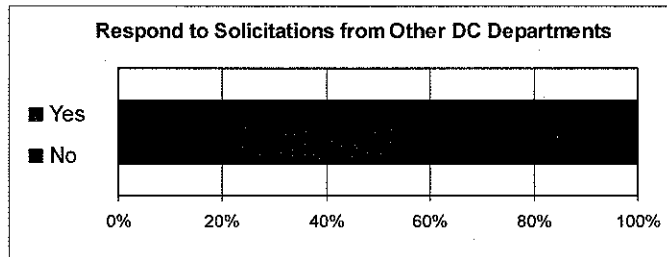
- Inconsistent information, tardy response to request for information.
- We are not in DC and appear to be rejected immediately...We are VERY successful in helping many other states improve their computer ratio.
- Agency eliminated us from contention unfairly, promptly rectified by OCP.
- It took 8 months for our contract to be paid. In trying to track down where the paperwork was, I was sent from one person to another to another. The payment would be approved one week, and then on hold the next week. No one took any responsibility -- it was always another department's fault.
- Disconnect between contracting and procurement staff and the program staff regarding scope of work and budget

Other District of Columbia Department Solicitations

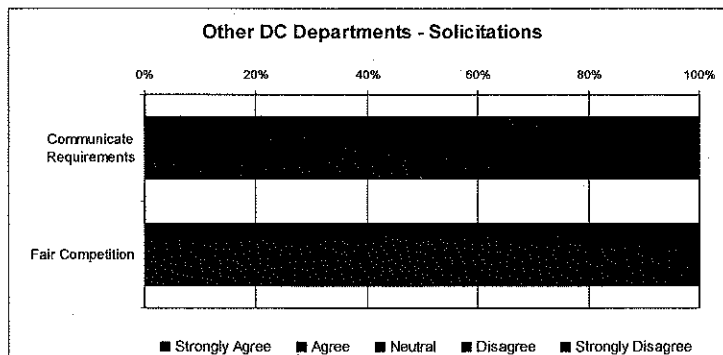
16. Do you do business with District of Columbia departments other than the Office of Contracting and Procurement?



17. Do you respond to invitations for bids, requests for proposals or quotations from other District departments?



18. Please rate your agreement with the following: In general the invitations for bids and requests for proposals from other District departments (excluding OCP) clearly communicate specifications and contractual requirements.



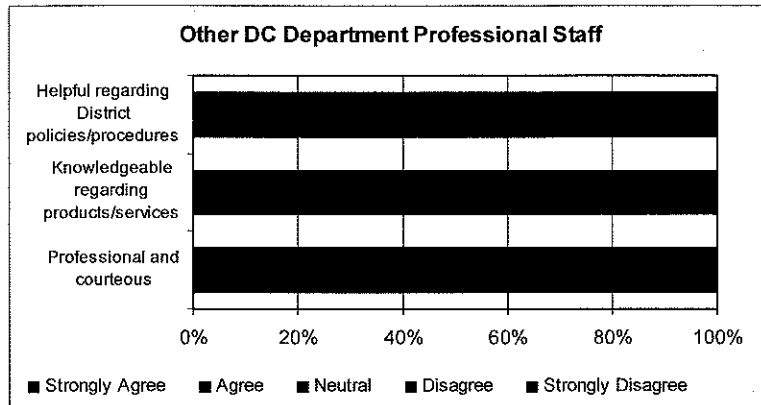
19. Please rate your agreement with the following: In general, the specifications from other District departments (excluding OCP) provide for fair competition.



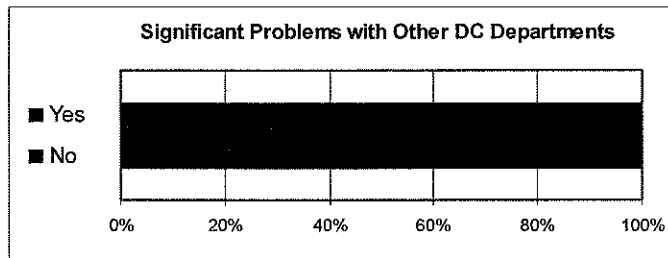
Other DC Departments - Solicitations

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Response Average
Communicate Requirements	9%	46%	29%	14%	1%	3.48
Fair Competition	8%	45%	31%	11%	5%	3.39

20. Rate your agreement with the following: In your relationship with other District departments (excluding OCP), the professional staff is:



21. In conducting business with other District departments (excluding OCP), have you encountered any significant problems in the past three years?



- Same as previously stated for OCP.
- They are short staffed and do not have the time to help you.
- Yes. Contract actions drag out months.
- Same as mentioned before
- We responded to a request for bid to DC OPM. We received the award, and provided the work product as specified. Recipient requested additional work that was not part of the original bid package or specifications, but we responded and provided the extra work product. Recipient has issued a reduction in payment with the comment that the work product was not sufficient; however, our work product is now being used as a specification for another project that is out for bid.
- Unprofessional, and lacking knowledge.



- Sometimes it is difficult working with so many departments/employees within the district. It's helpful to know who is the decision maker when it comes to purchasing equipment/salt/deicing products and ensuring the decisions are communicated to all employees within the department.
- Had to write a letter to A. Williams
- Requests for proposals are often issued at the last moment, with no feedback. You feel that things are "wired" for someone else, your application is just needed to make things look OK.
- We do business with other businesses in the District but not the government.
- Lack of specific notification as per the terms of the RFP.
- With the facilities manager in DPW and with Procurement manager in DDOT. Did do the math on points, after I checked the winning bid. I have always been a resident minority owned business, including a disabled veteran (for which no points are given).
- In some Agencies, we are not allowed to compete in a fair and open practice. Some Contracting Officers and Agency Heads have decided who they want to bid for their business, at given times. This doesn't happen always. But it does happen.
- Poor specifications, limited time to respond, not enough opportunities for small and local firms.
- No available forecast of upcoming opportunities.
- To date I do not believe that we have received any bids from any other DC Government departments. We look forward to the opportunity
- They don't pay our bills on time. They take many months to pay.
- Same as before, I have not had the opportunity to do business!
- Do not advertise on web or send email. It is spotty information. No fixed place for all RFB/RFP.
- No getting paid from GC.
- In working with [PO#] we have not been able to receive payment. Organization ordered wrong product and then asked us to exchange for higher priced product and now will not pay.
- In particular, our contact at the DC Public library rarely returns phone calls, despite only 2-3 informal (via phone) requests for pricing on small spot purchases which have never materialized despite our low bids and our repeated requests for opportunities to quote spot purchases or supply contracts.
- Problems getting timely payment for services rendered.
- Late payments
- NON-PAYMENT OF INVOICES.



- Too numerous to mention - mostly unwilling to make decisions and be held accountable, unwilling to take responsibility, "silo" mentality where info is not shared across offices
- Communications with representatives
- Again, non-profits are at a distinct disadvantage because of the way in which "bonus points" are awarded.
- After being issued a PO (purchase order) it take to long to get a check cut.
- It is difficult to get program managers to value the capabilities of LSDBE's when compared to the incumbents.
- Permits, permits, permits!!!! Something needs to change!!!
- At times the RFP due dates are relatively short. Another challenge is once the announcement/ notification of awards relative to the start date of the service - too often is less than 30 days.
- Using only LSDBE companies significantly increases the cost of doing business. Let's speak about using partnerships between large businesses and LSDBE vendors to get the best solutions.
- Receiving payment for services rendered.
- Not knowing the service requirements, asking for unnecessary documents.
- Gave me the run around!
- RFP not clear. Payments are slow.
- In ability of the District to write a coherent statement of work.
- Limited opportunity is given to small, minority businesses. I've personally encountered this reaction.
- Unaware of actual budget allocations for entire project
- No contact has been made by any of the organizations/agencies you have mentioned.
- Not getting paid on timely manner. Particularly, being a small business we have suffered from late payments and insufficient payments. There is no accountability in the process of reimbursing vendors. The staff can sit on your invoices for months and continue to deny receiving them. When you make inquiries about your invoices, they threaten to sit on it longer. Our invoices have been over 90 days late. For a small business this is devastating. Frankly it has killed the joy of winning this bid.
- Same as above. Contracts were for services with DHS consumers, administered through OCP.
- Very slow to pay from some agencies if at all.
- Previously explained.



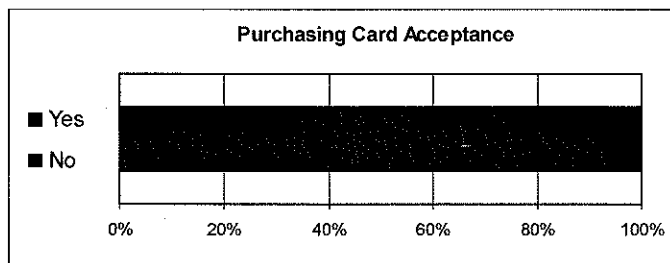
- Difficulty in getting contracting manager to communicate in a timely manner on a job that had some political sensitivity. Net effect of poor communications was DC agency didn't get enough for its money.
- It takes to long to get paid.
- I have had difficulty being reimbursed for services.
- Getting paid was like pulling teeth! I finally got lucky and found a gentleman in OCP who was willing to work as my advocate with the other DC office, and he harassed them until they paid me.
- Lack of clarity on where to submit invoices. Has varied over the past 3 years. Getting paid takes anywhere from 4 to 12 weeks.
- Same as before. Many jobs are sourced to companies outside DC, without our company even getting a chance to bid.
- I have found that contracting officers ignore the requests in many cases of non-LSDBE firms.
- Long delays between when notice of award letter was received and actual signing of contract (9 months), despite verbal assurances that the project was to start immediately; a notice to proceed letter was received without a PO or Req # and later rescinded; an RFP scope of work was poorly specified
- Difficult to get paid--took years and still have not been paid all that is due.
- They don't know what they are doing. We spent a lot time to prepare this proposal and it seems to they are careless.
- Lengthy deciding if contract will be awarded
- Many of these proposals are geared to a specific company. I am being used as a three company fulfillment process. i.e. I am one of the three companies that is sent the proposal but the proposal is written specifically for another company to get the award.
- I have not received timely payment for services rendered to the District.
- Again we do not get copies of bid even though we try. We supply products through other vendor.
- Same as earlier question.
- We did not get paid \$ 27,000 for an invoice that the Director of a DOH agency requested. We provided the services but, did not get reimbursed for cash we paid out of pocket.
- Staggeringly long time for PASS system to go through. I had to call people and make them do their jobs.
- The DC DO Health had to outsource its payments to a private contractor. They did not track payments and it was very difficult to get paid.



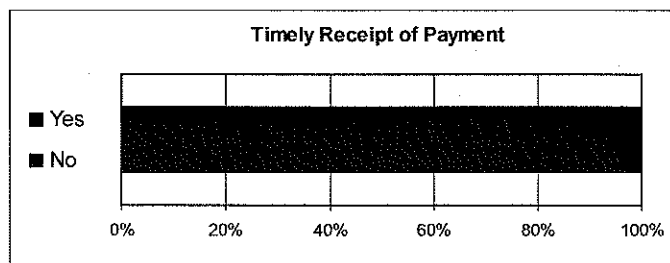
- Response to queries.
- I suppose I'm not sure where the problem lies - DCEO or OCP - anyway, DC's payment process is a disaster.
- Artificial or exaggerated complaints about service. Some difficulty in payment for services rendered.
- Paperwork
- Getting paid
- We have not received any bid announcements for OCP or any other department in many years.
- On several projects, the layering of agencies has been less than clear. The current state of our projects with the AWC is also unclear.
- See prior comments.
- We rarely are paid for services provided.
- No very helpful
- Corruption, incompetence and the expectation of a bribe are rampant throughout the DC procurement process even after Fort Myer's guilty plea.
- Timeliness of contract execution (results in part from agency interaction with OCP)

Payment

22. Do you accept the District's purchasing card for payment?



23. Does the District pay its invoices on a timely basis?



24. Estimate the number of days it takes to receive payments:

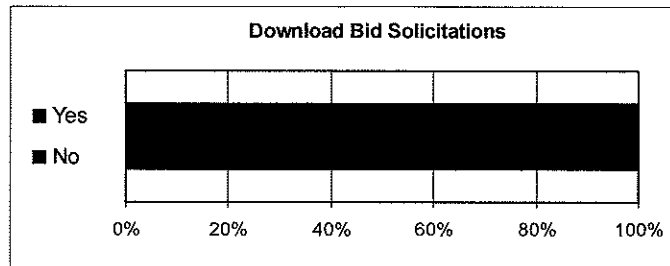
Mean = 69.3 days

Median = 45 days

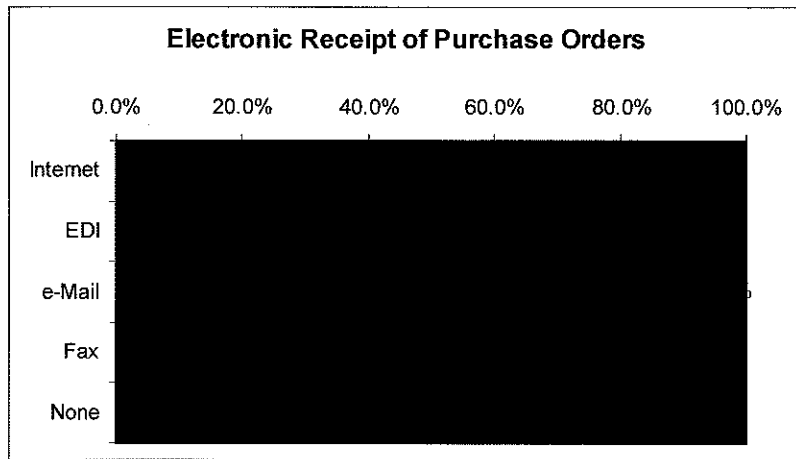


Electronic Commerce

25. Do you currently download bid solicitations from the District's OCP web site?

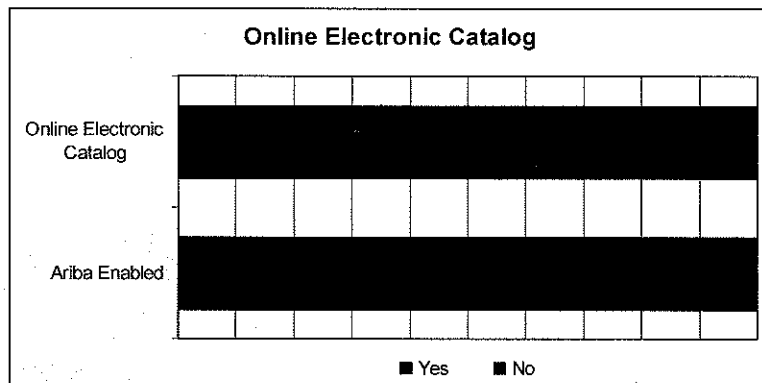


26. Can you receive purchase orders electronically?
(Select all that apply)

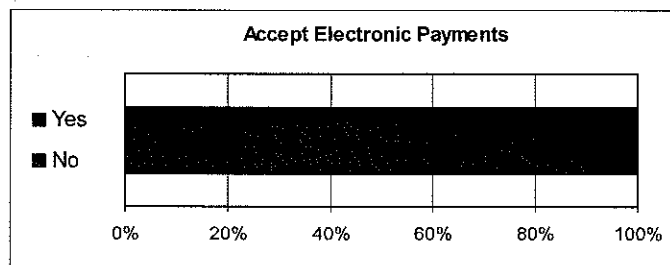


27. Does your company have an online electronic catalog?

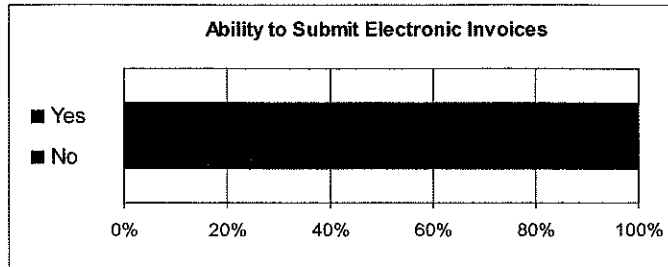
If "yes," are you enabled on the District's Ariba system?



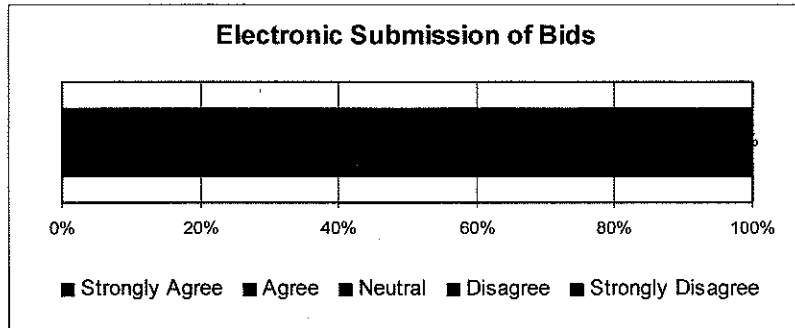
28. Can you accept electronic payments?



29. Can you submit invoices electronically?



30. Rate your agreement with the following: Given the opportunity, I would prefer to submit bids and quotations through a secure online system.

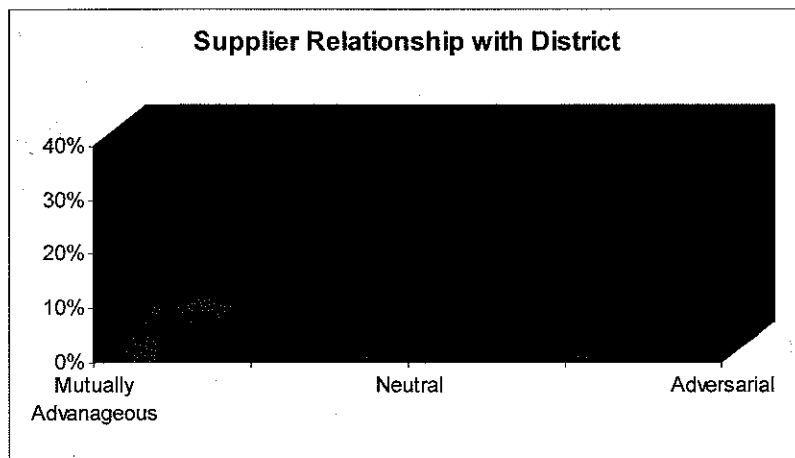


Summary

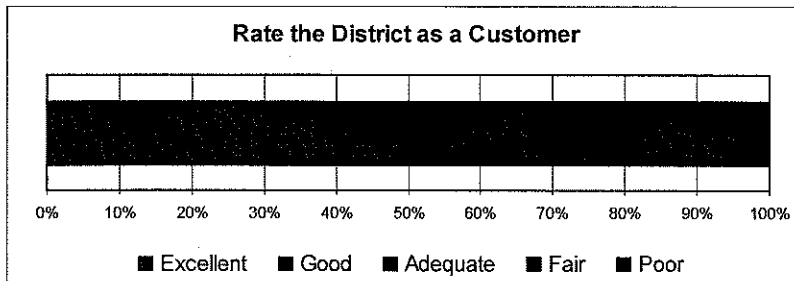
31. Based upon your dealings with the District, in your opinion, please rank the following factors in order of importance to the District. (Highest = 1.0; Lowest = 6.0)

Importance	
Quality of product or service	3.78
Price	3.49
Delivery time	2.97
Qualifications of supplier	2.84
Customer service	2.58

32. How would you characterize your relationship with the District?



33. Overall, how would you rate the District as a customer?



34. If there is one thing about the District's contracting process you could change, what would that be?

- The numerous pages of "standard" instructions and requirements included in the bid documents are copies of old copies and need to be revisited, simplified, updated, and printed clearly like the other documents.
- No more last minute turnarounds. Flexibility on fixed fee format would be great, too. There are times when a scope of work is impossible to estimate accurately. Time and materials agreements are popular elsewhere, but we don't see any with the District.
- I would utilize more GSA Schedule actions, process more activities through federal IDIQ contracts, establish an industry panel that would focus on improvements for the city and its processes and not just their individual companies. Reengineer the LSDBE office out of the certification business which they are terrible at and have them focus on improving the service levels of LSDBE firms and better coordination with OCP.
- Specify 'who is who' to the vendor. It takes forever to find the right person.
- Faster pay or more purchases on a procurement card.
- Better professionalism, communication, and response with contracting officers.
- Speaking as a District taxpayer, I would like to see more supplier competition through reverse auctions, and more consistent development of statements of work.
- Less ambiguous competitive process.
- Time it takes to receive payment.
- Better customer service.
- More opportunities for mbe companies, and more subcontracting opportunities.
- Incumbents have an unfair advantage.
- The biggest issue is being paid within a 30 day time frame. It has improved, but is not consistent across the board. I've been looking at the forecasts, but don't necessarily see the RFQ/RFP. It may be the case because I was just recently certified as an LSDBE.
- After purchase orders are issued, it would be good if vendor invoices were paid.



- No comment
- Payment of invoices on timely basis.
- Would like rfp's emailed.
- Reduce the paperwork.
- Nothing
- Contracts issued contain unnecessary attachments.
- The current employees who monitor the program.
- I would like to see more requirements or opportunities that the small woman owned businesses can get procurement officers and be able to participate in bids.
- I understand the purpose of the district trying to use local vendors. As a consulting group that uses local consultants for the work to be conducted; this should not preclude us from bidding on the job, especially when a particular agency has ranked us the highest quality with a lower fee than most local vendors bidding.
- Payment delays
- Please re-engineer the OCFO contracts and procurement. Our invoices are either lost or blatantly ignored until the agency calls up and begs for cooperation. It's horrible and by far the worst operation we deal with nationally. The agencies however are great!
- Email notifications when bids are out for your category.
- Allow all vendors to bid on work and not use the LSDBE set aside so profusely
- If I thought it would make a difference, I would submit a list of items. Stream Line, Standardize, modernize Train its personnel
- Increase Transparency - people feel things are "wired" for someone else; therefore, why even submit a proposal?
- Consider small business owners outside of the District.
- Be more like the Fed agencies in the contracting process: 1. sole source to LSDBE firms with DCSS schedules for contracts below \$500 K like the Feds do with 8A firms with GSA schedules 2. no H1-B employees. only permanent residents 3. post on RFPs whether there is an incumbent 4. post on RFPs the max PIF amount 5. notify every bidder the disposition of the bid when it is awarded at the time of the award
- Have knowledgeable Contract Technical Officers.
- More opportunities.



- I do not feel we see most of the bids that have the products and services we supply. We are a distributor of generator sets, provide parts, rental units, service, emergency maintenance. We seldom see a bid opportunity. The District is huge. The bids are going somewhere else, I think.
- Better communications with Vendors throughout the contracting process. An online process of submitting proposal would help in the effort.
- Giving the opportunity for Vendors, to provide outstanding customer service and the ability to give what the District Department requires (example electronic integration, value-added services, quick responses, no hassle returns, etc), more so than just basing awards on discount and price allows for a more value-oriented situation and in the long run provides the utmost value.
- More information
- More welcoming to LSDBEs in terms of providing real and valid business opportunities.
- Payment of bills and a smooth transfer of information internally between the purchasing office and the schools receiving the products. And the ability for schools to effectively change the Purchase order after they forget to include shipping and small add on details.
- Timely processing of payments
- Use submitted company info from only one database, eliminating errors in processing payments
- The process should be the same. Forecasts should be updated weekly. A system should be set up where a contractor can set up automatic notification of certain contracting opportunities that they select. It is really a waste of time marketing to DC right now.
- Allow more business to be conducted over the phone, as opposed to requiring visits to District offices.
- We were required to submit several proposals within a year for the same work. The effort was overly burdensome, and was exacerbated by the excessive requests by the procurement contact above and beyond the basic RFP scope. I would remove that duplication of effort and burden on the vendor. RFPs should be limited to a maximum of one per year, and that should be simply a renewal and not a completely new proposal.
- Faster service
- more clear guidelines
- Make the payment (to the vendor) mechanism more streamlined and efficient. The current system is cumbersome, entails too much "paper shuffling" and does not pay the vendor timely.
- More Transparency Use technology to expedite the RFP process from invitation to bid to award to closeout. Pre-selected company's chosen by OCP should be informed by Email, Telephone, and US Postal Mail of a solicitation.
- Having a opportunity to quote on small purchases more often.



- No comment at this time.
- Receive payments sooner
- Communication to us of solicitations that are available--
- Printed guidelines on procedures for organizations that work directly with the schools.
- Getting purchase orders on time and getting paid on time.
- Contact people on the data base. Use a wider range of contractors, especially those who have delivered quality services in the past -- or update your system to reflect current vendors.
- Although we are incorporated in the District, our office is right outside of District lines, so we are not considered a LSDBE.
- There are too many classification codes to definite what my particular company does (i.e. copiers/printer sales service and supplies)
- Spend at least 4 hours prior to bidding for a clear scope of work, at the site (Not in the office as is done now). District must have on hand the Engineer/Architect who designed it to answer questions.
- More readily available information about the status of open procurements.
- Follow up with companies in regard to contract when jobs are awarded
- I would like for them to review process of using LSDBE organizations. Many times these organizations can not establish credit with us so we can not
- Employees of the DOC who request quotations, make purchases and authorize those purchases have access to company information that will help them realize that by dealing with our company, they are dealing with qualified, reputable suppliers that consistently offer low prices and bids when, on those few occasions, we are actually contacted.
- Make contracts long term 3 - 5 years. In our line of business ... longevity works best.
- Payment
- Payment system
- Faster turn around time.
- It seems fairly cronyism based, and payment is slow. Life is short.
- Quicker process
- More communication with vendors.
- Payment process



- Make the system equal for all.
- Give opportunities to Union organized vendors for professional services
- The business we do begins with the relationships we have with the district. At this point we cannot leverage those as we are restricted to the rules of a sheltered market. We built our country on the freedoms and liberties found in a democratic society. I believe the policies that the district implements creates challenges to our free enterprise system and opens the door to nepotism and corruption.
- The certification process.
- We would like one point of contact for all accounts payable questions/answers. It is so frustrating to call 4-5 different people to track down the payment status of invoices. No one volunteers to do anything out of their job description to help you find the status of unpaid invoices. When asked, they refuse to transfer you to a supervisor.
- More transparency.
- More open discussion of requirements in order to develop a suitable solution. Movement towards a selection system not totally based on lowest prices.
- Bias and Corruption
- More time form Bid notification to Bid due date.
- Streamline the ordering process from your end--relates specifically to DCPS.
- Create a level playing field between for profit companies and nonprofits.
- The buyers and the operations personnel do not seem to be working together on long term solutions using the principal of buying value.
- We sell to them very rarely. Product is not in high demand
- Make it easier to deal with them.
- More streamlined process for small business to get in on government contracts.
- It is our experience that the contracting process makes it difficult for LSDBEs because contracting individuals are comfortable with the status quo. They find it difficult to change from the incumbents to qualified LSDBEs.
- Pay bills on time.
- More clear information about upcoming bids & their requirements; if we know about a bid, I have to really search to find it.
- Make it easier for builders to pull permits and for the permit office to help out builders instead of shutting them out and not offering to help whatsoever



- Get people that speak English!!!
- Assure that contract awards are at a minimum issued 30 days in advance of the start date of the service.
- Eliminate roadblocks to receiving timely payments.
- To many to cover now
- Simpler, less tangled trail of paperwork. Better knowledge of product being purchased.
- For Office Supplies and related commodities we would suggest using a combination of large and LSDBE business partnerships via a direct e-commerce ordering solution with prenegotiated contract prices. Payment would be through the AMEX or credit card programs. Better than level 3 credit card usage data can be supplied, and direct customer service access can take time and associated costs out procuring office supplies. Office Supplies and related commodities are usually one of the lower costs per item, but take the most time to procure, receive, and reconcile.
- Immediate notification of policy changes.
- Timeliness...posting of RFQ's, award of contracts, and ESPECIALLY payment after delivery.
- The DC supply schedule - I'll give 2% back on any contract if I didn't have to be on the DC supply schedule, which doesn't do anything other than put you into a contract with no guaranteed business.
- Purchase order numbers should be given within seven days of signing the contract
- To have public opening for any amount of bids.
- None comes to mind at this time.
- 30 day payments or less
- Sometimes the receiving reports don't make it to the payment office, and I need to make calls to push the payment process forward
- Equal access and impartial evaluation for fair and open competition.
- I have not yet had any contract with the District.
- Better communicate its needs in a SOW and not change them through the process.
- Almost every RFP comes out with instantaneous response requirements, and often, also, unrealistic time requirements for performing the work. It appears that there is too little advance planning.
- I would make sure better guidelines are implemented to give newcomers a better opportunity to do business with the Government.



- Establish a task order relationship for replicable applications
- I would need to know HOW we can get Bids relating to products that we can offer.
- There needs to be accountability at every level. The word out there is that the DC govt. does not pay its vendors. If they pay it is really late.
- 1) Timely payment. As a small business I can not employ people without adequate cash flow. 2) Contract oversight
- Update the bid site daily with bid delays and inclusiveness of available bids
- Respect for customers, ability to get assistance.
- I cannot comment because I have not done business with the District.
- I would not give advantage to the district based companies if they are not qualified and are selling products/services to the district at a higher price.
- Not at this time. Contracting has worked very smoothly for us.
- Communicate much much better. see comments in response to No.35
- Reducing the time for accounts payable
- Speed up payment of invoices.
- We realize the necessity of the procurement department, especially to prevent abuse of the system. However, if we can improve the communication link between the supplier and the requester, then we can eliminate a lot of confusion and wasted time. This would also help to build a good relationship, which would result in our willingness to go to extra efforts to help the D.C. Government with their needs.
- Decision making takes too long.
- Notification to vendors who submitted a bid but were not selected. Currently there is no required process and a vendor has to call OCP to find out what happened to the bid that it was submitted in response to a RFQ.
- Simplify the procedures for small businesses!
- Discount for timely payment. I would offer a 2% discount if paid within 10 days of service.
- Codes need to be updated
- It was difficult to answer many of the questions, because none of the clients interested in purchasing educational products have been allowed to do so thus far.
- Timely payment of invoices.



- Letting the bids stay out longer; letting us know if there is an incumbent in the position when the bid is sent out because by the time you ask and get feedback, days have been lost in the process.
- Online submission of proposals could be great or could be a nightmare, depending on the design/usability of the actual system.
- Review of workload requirements for District Employees to be more in line with what they require the contractors to produce.
- Billing
- Reliability
- Keep the MOBIS schedule open and allow small vendors to openly bid.
- Evaluation factors that value the supplier's qualification based upon exceptional customer service and prior contract performance.
- I would like DC make procurement fair to all types of business, not just businesses at DC.
- Give us more chance to quote for ID badge clips, badge holders, lanyards, Print ribbons to print ID cards.
- We would take the "full" power of contract approval out of the hands of the current two (2) persons.
- Better tracking of order status and POC(s) during the process.
- My Client is a customer of both the District Government and myself and customer service should always come first. As my father use to say: "Success is getting what you want, but happiness is wanting what you get." The current C.A.B. maintains the District Government's credibility with it's contractors and that's always good...
- Have the contracting officer review the information received by the requesting agency and eliminate requirements that provide for unfair competitiveness. For instance, must have three years direct management experience with OCTO. Must be familiar or experience with a specific system at an agency, must have an employee that is currently working on a specific system. For these types of SOW they should not be competitively bid. Why? The agency knows who they want and it costs a small business resources (time, money, people) to respond to a Proposal and then you are not even considered for the award.
- I resent that Ariba has obviously sold my name and contact information to many (dozens of) outside companies. I consider this action (since I am required to use Ariba) to be a serious breach of ethics by the District Government.
- Paying invoices on time.
- Speed up the contract process and make payments on a timely basis.



- I would like more opportunities to provide offers and I would like to have more solicitations sent to me.
- The PASS Systems
- Bid through e-mail and open it to all vendor that a qualified.
- Training of importance for the contractors.
- Wider publication of general advertisements for bids. A central clearing house for all DC Government solicitations.
- My experience has been too limited to indicate any areas that need changing.
- It takes too long to get a response.
- Reducing standard of financial information required for certification. Substitute with self-certification that the business is a minority, owned or woman owned business with penalties if the business falsifies information. By requiring tax records for certification in an unsecure system the business owner is at risk of employee jealousy or personal interference.
- No one seems to know the entire process. People seem to only know their own job.
- Have all departments and sections send out for requests for quotation in the same form. There are a variety of forms and types.
- Based on my past experience with the District's contracting process, I ecstatic to continue to hear about the changes of Administration with more qualified personnel.
- There should be one point person who is accountable for the ridiculous circles you have to go through to get contracts.
- Notification of availability of RFPs. Even though we are the current vendor for services, we were not notified when the bid came out for renewal. We learned of it almost after the deadline for proposals
- The LSDBE program is such that if you are not located within the district you cannot compete. Also the program is a total disadvantage to me because my main office is within the Washington Metropolitan area, but not within DC area it self.
- Paperwork
- Simplify the forms. I say most of the forms nobody looks at. Sometimes, they ask price per task with 20 tasks that when broken down are meaningless. What is the purpose of asking for racial distribution of employees. We submit EEO reports, why do it again. DC is buried under the regulations/law process and will eventually suffocate under its own bureaucratic loads. Someone like you from the outside needs to come in and make the process more efficient. Just because a person says we need something, force them to justify it in detail otherwise kill it.



- The process is very complicated for a sole proprietor and it is extremely difficult to get paid. Payments are very late. I have an unpaid invoice dating from September 2006. I have written letters, sent emails, made phone calls. Everyone is very helpful over the phone, but nothing ever happens.
- Allow the agency and vendor to establish relationships
- The total lockout of African American or other minority companies that are MBE-certified in surrounding Metro areas, but are not a DC LSDBE.
- More direct contact in the contracting process to understand delays
- Pay your invoices on time!!! Fund your po's on time too.
- This is not as much on our behalf but on behalf of direct human service contractors to DC govt: The District is notoriously slow in issuing RFPs/POs - too often an RFP for an entire year's work is not available to a contractor until 6 to 9 months into the year. This is a serious problem since often the contractor community is forced to choose between terminating a service to DC residents or risking a continuation of service in the absence of a clear contract. DC must improve the timelines of these contracts and go farther to allow for multi-year contracting that prevents service interruption.
- The acceptance of statements.
- More timely payments.
- The District would pay its bills
- Bias against non-District based companies
- RFP's being sent out BEFORE the work is designated. With enough time for the District to make a more informed decision. Would help new comers. Also, it would be nice to get feedback as to a bid is not accepted.
- Prompt payment.
- Allowing bids to be email and to receive EFT payments.
- Less set-aside contracts for LSDBE's, and/or a different (less stringent) criteria for LSDBEs and small businesses.
- I would incorporate more centralization into the process. DC has many Contract Specialists with wide ranges of knowledge and understanding on how its system works. By centralizing the staff that handles procurement, more energy could be used to create more worthwhile solicitations, and that would attract more and better competition for services.
- Severely punish companies that pay bribes and public employees who receive them or solicit them.



- Most of these don't apply to us; we'd like to do business with the district. We are a prospective supplier.
 - OPEN the Positions to the best company thru web sites/ e-mails to registered companies, do not hire an existing person working for the same role with links ..
 - As a marketing agency, we would prefer to receive contract payments based on negotiated payment terms rather than 30 days after delivery of the service and approval of the invoice.
 - Measure their productivity and hold them accountable.
 - OCP is extremely SLOW
 - That the District would choose higher quality materials.
 - Train personnel in courtesy; track paperwork so that it does not get lost; communicate better with school principals
 - The availability for a company "out of state" to be a valued supplier.
 - Coordination of departments; streamlined billing and payment; consistent policies; accountability in grant money.
 - Coordination between program and procurement.
35. Do you have any additional comments or recommendations regarding contracting and procurement by the District of Columbia?
- The time between bidding and contract award should be made shorter.
 - Why does everything have to get done in September? What holds all the projects up the rest of the year? As bidders, all we see are last -minute low-value jobs. We are a provider of high quality consulting services and can provide real value, but the bids we are exposed to provide no real opportunity to contribute.
 - If there's a way to contact us when new bids are posted, that would greatly help us out. We deal with thousands and thousands of districts, and we can't go on everyone's web site randomly.
 - I have never had the pleasure to do business with The District of Columbia.
 - Make more information about contracts and procurements available on line
 - The opportunity to compete for bids.
 - The Ariba system has been difficult to maneuver.
 - Many contracts are rebid knowing that the incumbent is already targeted. OCP should inform in the RFP that there is an incumbent in all cases so that the resources of vendors, including small businesses are not wasted preparing useless bids.



- Since the change in Rec's & Parks from last year there has been very little business with them. The new mgmt personnel doesn't seem to know how to run the dept. Bring back [name], she knew what to do and was very good.
- Streamlined process for standard renewals.
- Contracting staff should attend mandatory training in the contract and procurement process. The OCP should provide statement of work writing training for department program managers. OCP needs to reach out more to small local businesses.
- I believe that the current admin. will make a strong attempt to solve this old and tiresome problem.
- I know managers in District of Columbia and would like them to be made aware on how they can do businesses even with new known registered contractors, as it appears they are not sure on how to proceed themselves.
- We do little or no business with the District at this point, so we cannot give meaningful answers to most of these questions.
- Suggest a re-review of blanket reference to DC contract general provisions
- Put contracts and procurement at the agency level where you have competent people.
- Products such as PCs and printers take too much time to procure even when vendors have already been designated for certain items. Obtaining supply items like printer cartridges, etc. take entirely too long to procure.
- Take advantage of technology at its disposal.
- My experience has been to read the proposal and design a program to meet the needs expressed; however, the actual need by the District was much less and the cost of the proposal was negligible. When giving the scope of work, give a range or upper limit to the proposed funding.
- Try and work with the small business owners. If there is a huge firm that has a contract, as a part of the contract, they should have to work with a small, minority business owner. We provide interior plants and landscaping and a lot of the companies that have those contracts in the District, do not have facilities in the District.
- Do not negotiate with contractor employees for FTE positions without permission from the contracting firm.
- Fair bidding opportunity for large contracts, and timely payments for work properly completed.
- As mentioned above, I do not feel the District is utilizing their registered vendors for our products and services.
- OCP has developed a business culture that is non-responsive to both DC Gov. agencies and small, local vendors. It should reinvent itself so that it leads the procurement planning process on behalf



of DC Gov. agencies and provides opportunities with clear specifications, reasonable evaluation criteria, and adequate bid response times to small, local vendors.

- Greater consideration of an LSDBE's capacity to handle complex projects
- Transparency!
- I welcome working with the district and the different French divisions of the schools to get their adequate resources
- Of the 150 cities and counties we have contracted with, this one is the worst.
- We only recently registered with the OCP and have only attending one pre bid meeting.
- Contractors who provide services directly to OCP should be barred from participation on contracts with the District of Columbia Government. More importantly OCP should only use government employees to procure the services and materials needed by the District of Columbia Government.
- No comment at this time.
- None at this time
- Thanks for including me.
- In the 10+ years of working or trying to work with the District, we still find it to be based on inside relationships
- Question 31 did not allow you to enter more than one response in the rating columns.
- Guarantee 30 days all invoices..... Issues credit card for payment under \$5,000.00
- District should consider hiring an Insurance Company and bonding company for all its work projects because it will bring the prices way down and there will be more participation from LSDBE's. It has been done on Convention Center Construction and as well with Stadium Construction.
- We receive grants. We are probably not a true vendor.
- No direct contact within OCP in regards to who is the correct contact person to get info on projects that have been awarded. Information is not clear and concise when looking up info about projects.
- I just recently received an order, so I am not able to answer many of these questions. Thanks.
- It would be helpful to have a person at contracting and procurement contact us to discuss how we can become more involved with the Districts purchasing opportunities within individual departments that order their own supplies, and the entire City as a whole for bids on larger purchases.



- The District does not recognize a women owned business as a minority vendor
- I feel that if our company is able to do business with the Federal Government through GSA we should be able to do business with the District. That is the way it used to be.
- Stop nitpicking. If I can get what the customer needs and wants when they want it at a competitive price it shouldn't matter if I actually do each job as long as I have reliable vendors that I can sub-contract the work to that's all that should matter. Too many times small start up companies like mine are not given the opportunity to grow because they don't have the equipment someone states they need. If they have the expertise to get the job done as required by the specs and the customer is satisfied, it shouldn't matter how they were able to get the job done.
- Under the question, "how long have we waited for a payment".....i was not able to enter the true number of days.....3 years! 1095 days!
- As a small company, timely payment of invoices by the District is important to us. The District does not pay on time.
- The biggest problem with dealing with DC Gov't is getting paid for material supplied. If DC would pay better i.e. within terms, then DC would reap the benefit of better pricing and service
- Redesign, re-engineer and re-staff the whole department
- Please make public the procedures, processes and timelines for timely procurement and payment once a contract is established.
- Faster turnaround on payment process.
- We commend the OCP for an opportunity to participate in this survey. Was this survey competed in the LSDBE market place? We did not see it on the web site and was unaware that OCP was seeking survey consulting services. I'm sure that several firms would have like to compete for this service, however we were not aware that it was being competed.
- Review the permit process and find out why it takes a year to get one and why the rules change every other day.
- We have not been successful in building a business relationship with the District as yet.
- A. Assure payments are always made within 30 days of receipt of contractors invoice. B. Consistency across departments and agencies; this is very important for contractors to implement consistent systems to deal with the district.
- Please make it easier to find the person responsible for handling a vendor's contract.
- I like supporting the government of DC...being a part of living history which occurs daily in our nations capital. However, dealing with the myriad (and oft times changing contracting rules (seemingly with rhyme or reason) is very frustrating). Having said that, our relationship with DC Gov (and especially the DOH, our primary client), has been good for both sides, as far as we can tell. We hope and plan on supporting DC DOH for many years in the future.



- To have professional, and fair minded contracting officers at OCP and others.
- Would hope that OCP would be less stringent on small companies with constrained access to capital.
- Question 31 on this survey does not allow selection of equal importance and does not accurately reflect true experience. I would say that all of the items listed were of high importance and no less than one or the other.
- I have has a great experience being a supplier to the District
- See previous comments. Additionally, the District should use electronic invoices and cease requiring the vendor to deliver paper copies with photocopies of signed timesheets with the invoice, as the District already has the copies. The District could use the PO flip functionality of Ariba to process electronic payments also. Multiple solicitation formats should cease within 30 days and a standard OCP-wide format used regardless of agency they are supporting. OCTO now requires cumbersome duplicative copies of responses both providing the vendor name and logo, and not providing the vendor name and logo.
- I would like to learn more about the contracting and procurement by the District of Columbia.



"OTHER" BUSINESS TYPES

Real Estate
Residential Facility for Delinquent Youth
Education
School Library Books
Crisis/Stress/Disaster Counseling
Mechanical Service / HVAC
Parent running home-based spec ed program
Videography and Photography
Carwash
Education/School
System Integrators
Courier
Publisher
Tradeshaw Services
Trade Association
Publishing
Rental
Lubrication Products
Language Services Provider
Towing and Storage
Textbooks
Automatic Door Service & Sales
Producer of Educational Media
School Bus Transportation
Court Reporting/Transcription Services
Publisher
Facilities Operations and Maintenance
Nonprofit Org - Training/membership
Not for profit
Emergency Vehicle Building and Maintenance
Mediation
Evaluation
Welding - Fabrication & Installation
Publication/Advertising
Educational -Teacher Training
Weight Training Products
Educational Film Distribution
Library Services
Training & Development, Management
Consulting
Transportation
Educational Testing
Grantmaking Foundation
Subscription Agent
Pool/Spa Service & Supplies
Interior/Exterior Signs
Subscription/Periodical Order
Leasing Company
Non Profit Apprenticeship Trade School
Systems Integrator
Wireless Communications/Dealer
Specialty Trades Contractor
Telecommunications
Education
Professional Education Assn
Federal Government - Training
Roof Consultant-Design-Build
Provide Laundry Equipment
Office Supplies Distributor - Information
Technology Distributor
Government, County
Nonprofit Corporation
School
Permit Expediting
Disaster Response
WMD Training
Educational Institution
Transportation
High School Coaches' Association
Consulting/Training
Academic, Art and Scholarships
Wholesaler
Transportation Services
Commercial Real Estate Leasing
Travel Agency
Art Education
Service
Nonprofit Agency
Behavioral, Vocational & Academic Serv.
Education
Security Camera Hardware, Software
Membership Association
Volunteer
Training
Landscape Contract & Wholesale/Retail
Child Care Services
Publisher of Environmental Games
Educational Non-profit



Education
Transportation
Office Movers
Montessori School Equipment
Distributor
Artist
Court Reporting and Transcription
Educational Supplies
Graphic Design
Fleet Vehicle Sales
TV and Media Automation Systems
Community Newspaper
Discipline & Motivation Materials
Non-Profit
Public Artist and Arts Organization
Education
NCLEX Exams
Character Ed Based Planners
Education (teaching chess)
Communications/Advertising/Marketing
Translation Service - Sign Language
Nonprofit
Human Resources Classification
Marketing
Publishing & Advertising Services
Management Consulting
Newspaper Publisher
Valuation Publications
Real Estate
Book Publisher
Two-Way Radio Sales and Service
Pre-Employment Screenings







Government of the District of Columbia
Office of Contracting and Procurement



Process Transformation Procurement Management Assistance

Appendix D Client Survey Results

28 September 2007

Stefan Rollwage MPA, CPPO

Philip E. Scales MA, CPPO

James B. O'Neill II MBA, CPPO, FNIGP

Terry McKee MPA, CPPO, CPM



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Appendix D

DC Office of Contracting and Procurement
Client Survey Results



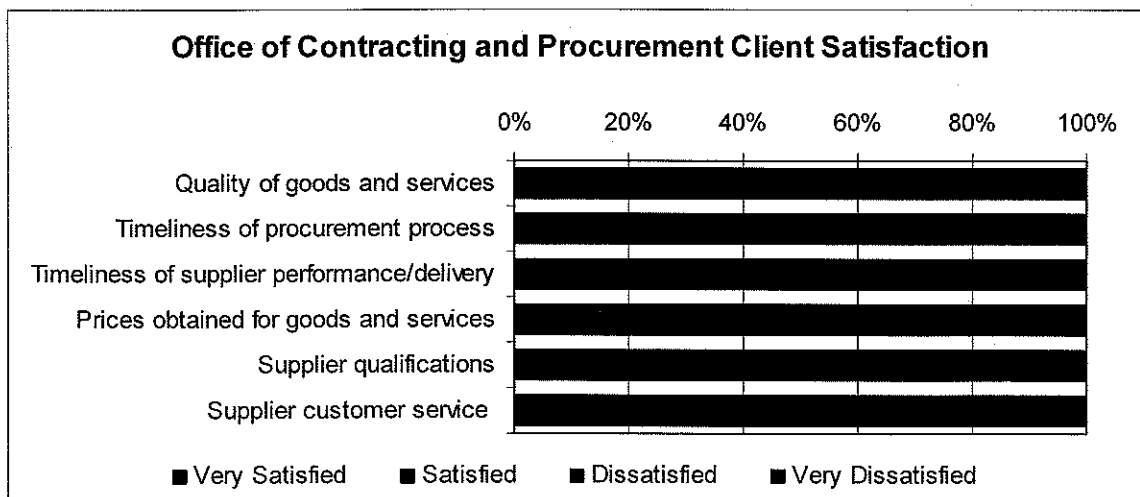
CLIENT SURVEY RESULTS

NIGP conducted an Internet-based survey of the Government of the District of Columbia's using departments as part of this engagement. The Office of Contracting and Procurement e-mailed a notice of the survey to all using departments. A total of forty-five (45) surveys were submitted.

Purchasing Operations

1. For those purchases made for your department by the Office of Contracting and Procurement (OCP) during the past twelve months, please indicate your level of satisfaction for each performance criteria. [Maximum Response: 4.0 – Very Satisfied]
2. For those purchase made for your department by OCP, please rank the following performance criteria by level of importance. [Maximum Response: 6.0]

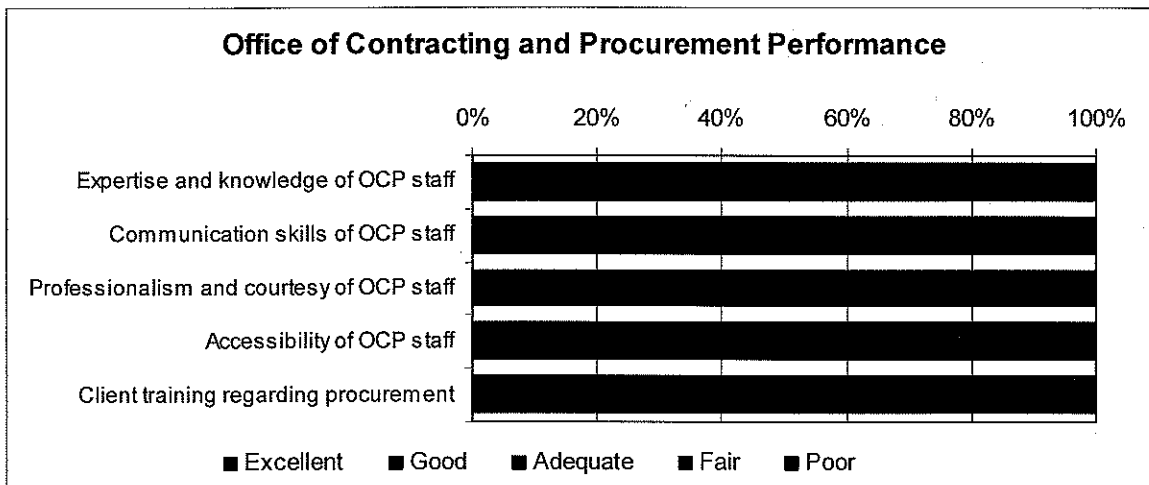
	Question 1					Question 2
	Very Satisfied	Satisfied	Dissatisfied	Very Dissatisfied	Response Average	Level of Importance
Quality of goods and services	15%	70%	10%	5%	2.95	5.03
Timeliness of procurement process	8%	41%	41%	10%	2.46	4.87
Timeliness of supplier performance/delivery	8%	74%	13%	5%	2.84	3.67
Prices obtained for goods and services	13%	61%	21%	5%	2.82	3.20
Supplier qualifications	10%	80%	5%	5%	2.95	3.00
Supplier customer service	15%	80%	0%	5%	3.05	2.48



Office of Contracting and Procurement Performance

3. For each criteria listed below, please summarize your experience with OCP for the past twelve months. [Maximum Response: 5.0 - Excellent]

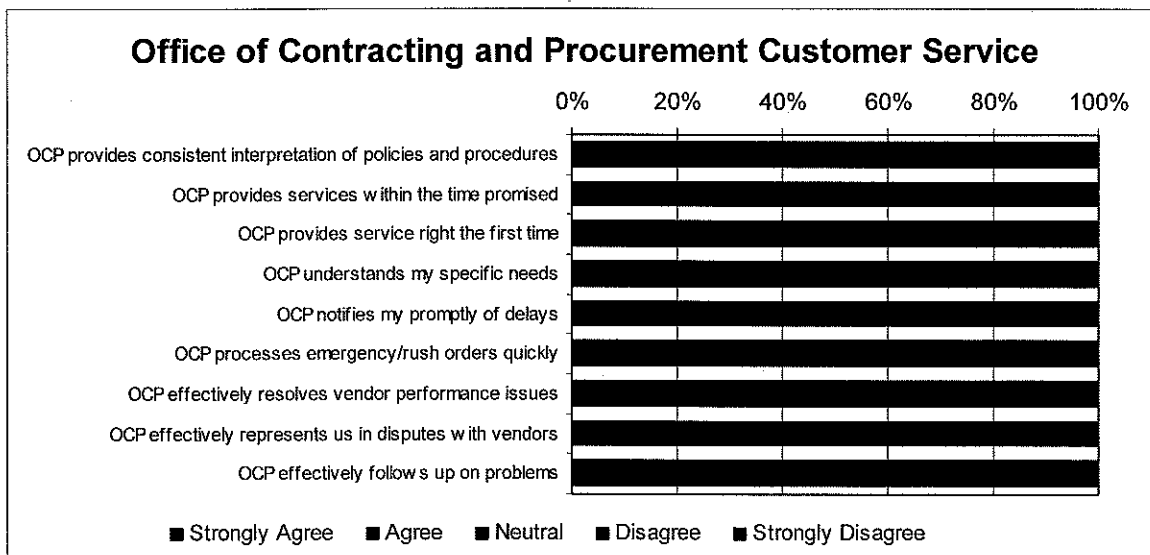
	Excellent	Good	Adequate	Fair	Poor	Response Average
Expertise and knowledge of OCP staff	18%	29%	26%	18%	8%	3.32
Communication skills of OCP staff	18%	24%	21%	21%	16%	3.08
Professionalism and courtesy of OCP staff	32%	16%	32%	18%	2%	3.55
Accessibility of OCP staff	18%	21%	26%	18%	16%	3.08
Client training regarding contracting and procurement	22%	14%	30%	27%	8%	3.14



Office of Contracting and Procurement Customer Service

4. For each of the items listed below, please summarize your experience with OCP for the past twelve months. [Maximum Response: 5.0 – Strongly Agree]

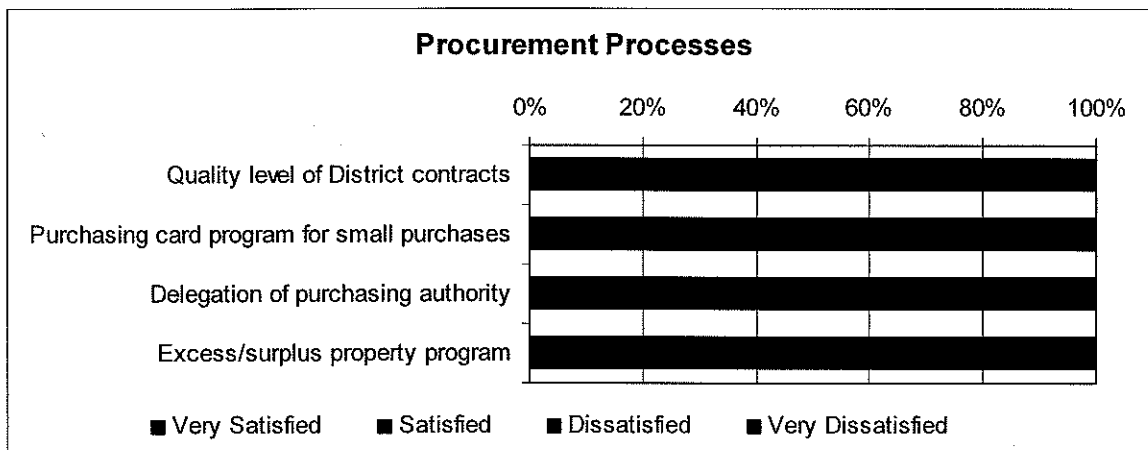
	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Response Average
OCP provides consistent interpretation of policies and procedures	13%	23%	26%	26%	13%	2.97
OCP provides services within the time promised	5%	21%	26%	34%	13%	2.71
OCP provides service right the first time	8%	18%	42%	21%	11%	2.92
OCP understands my specific needs	11%	24%	29%	18%	18%	2.89
OCP notifies my promptly of delays	5%	18%	29%	37%	11%	2.71
OCP processes emergency/rush orders quickly	22%	19%	43%	8%	8%	3.38
OCP effectively resolves vendor performance issues	8%	8%	53%	17%	14%	2.81
OCP effectively represents us in disputes with vendors	11%	16%	54%	11%	8%	3.11
OCP effectively follows up on problems	14%	19%	46%	11%	11%	3.14



Procurement Processes

5. For each of the items listed below, please indicate your level of satisfaction. [Maximum Response: 4.0 – Very Satisfied]

	Very Satisfied	Satisfied	Dissatisfied	Very Dissatisfied	Response Average
Overall quality level of District contracts in meeting your operational needs	14%	65%	14%	8%	2.84
Purchasing card program for small purchases	26%	63%	11%	0%	3.14
Delegation of purchasing authority	22%	56%	17%	6%	2.94
Excess/surplus property program	10%	62%	21%	7%	2.76



6. Please provide any additional comments regarding items in Question 5.
- Very pleased with the way purchases are handled and the way the surplus property program is always capable and available when we need them.
 - Policies and procedures regarding the purchase card program need to be reviewed, updated and incorporated in manual.
 - Do not know what is excess/surplus property program
 - We have no direct experience with excess/surplus property program
 - Agencies should be assigned contracting authority to conduct their business in a timely manner.



- The Purchase Card for small purchase daily and monthly limits are too low for a large Administration with many grant programs
- The purchasing card program has been extremely effective, particularly in emergency situations. It would be helpful if the daily (and one-time) purchase limits could be increased.
- Bifurcated, complex process, with no focus on best pricing or customer service.
- Janice Brown was excellent in providing clarification and instruction on a contract issue regarding options to renew. Joe Albanese in the past was very helpful.
- We are asked not to get quotes but to put in and estimate or price for items coming out of our budget. We are also asked to give them specs on items so they can bid on them and then they will call us a week later to give price we then put them into PASS with the price and it has to go thru the approval flow. These are two different procedures one procedure needs to be in place. Also they ask for samples to give to vendors but when vendors are awarded contracts they have never seen samples and then change prices. once this is done it has to go back through the approval process and then OCP wants to know why then they contact the vendor then the vendor explains then if OCP is okay with it they will approve it if not then send out to bid again this process needs to be looked at and maybe mirrored after federal process. Suggestion*****maybe agency's should be given authority of 50-100K anything over that has to go thru OCP. I have other suggestions have been doing this for 15 years and this method is definitely flawed. There is no guidance on procedures from OCP or any other agency on what to do and what not to do. no hand books or classes. this is a government and money is wasting.
- The OIG has independent procurement authority that enables the office to award its small purchases. The procurement act authorizes the Inspector General to award contracts for auditing services. The OIG has only one contract, that being the Comprehensive Annual Financial Report Audit where the IG is the contracting officer.
- DOH has some very special needs and the procurement rules do not easily lend themselves to those needs. Many SBE's have little or no experience with some of the cutting edge activity with which we are involved so we end up working with vendors who are not qualified and deliver below quality services. Purchasing card program becomes problematic when splitting procurements is at issue. It would be better for instance if we could order supplies routinely from day to day but spread the orders around to various vendors. Delegation of authority would be good provided we have the proper training and sufficient resources.
- Single purchase limit, daily limit, and monthly limit for purchase card should all be raised.
- I work extensively with OCP and considering the restrictive procurement regulation to be complied with, I think they do a very good job on the projects they handle for my agency.
- CONTRACTING SPECIALIST, BETTY FERRELL IS OUTSTANDING AND COMMITTED IN HER WORK AT OCP. THANK YOU.....



Problem Identification

7. For each type of procurement listed below, please indicate any process or activity that you perceive to be a problem.

Problem Identification

	Delegated Purchases/ P-Cards	Purchasing: Small Purchases <\$100,000	Supplies/ Services ITB >\$100,000	Professional Services RFP >\$100,000	Construction
Specification development	2%	12%	10%	24%	12%
Solicitation development	2%	12%	10%	21%	12%
Identifying qualified suppliers	5%	19%	17%	21%	12%
Bid/proposal evaluation process	2%	17%	12%	24%	7%
Receiving process	5%	17%	12%	14%	7%
Payment process	5%	17%	12%	19%	10%
Contract administration	2%	17%	14%	21%	12%
Clarity of policies/procedures	17%	26%	19%	24%	14%
"Red Tape"	5%	17%	10%	17%	10%
Other	7%	10%	10%	7%	7%

8. Please provide details from Question 7; list "other" problems.

- RFPs are not done timely so new programs do not get started on time or contracts with existing providers are allowed extensions to prevent a break in service. - Contracts contain inconsistent and/or incorrect information, for example, inconsistent dates, budgets that contain glaring mathematical errors, budgets that are excessively over or under the amount awarded on contract face sheet. - As a result of numbers 1 & 2 above, time must be spent in modifying contracts to correct errors that should have been prevented. - Payments to providers get delayed until mathematical errors in contracts are resolved. Time must be spent explaining to providers why they will not get paid or only receive partial payment. - There is no schedule or process for forwarding signed contracts and modifications after they have been let. We cannot process provider invoices or respond to questions regarding their program. - Signed contracts do not contain enough information to allow for program monitoring. Distribution of contracts should also include provider's Best & Final. Also, contracts are missing pages and other relevant information. - OCP has provided incorrect or incomplete information on procurement/contracting practices to providers. -Contract amounts may be increased, as for example in an extension, without regard for lapsed funds the provider may have. - Procurement does not appear to have a reliable tracking and filing system as they routinely request information regarding what contracts that they have awarded and in what amounts.
- The Office on Aging does not go through OCP for small purchases, contracts over one million dollars. Only the two existing contracts, food service contract and management of the Washington Center for Aging Services.
- Not being sure of policies and procedures, and not being told of changes
- Too many barrier established to get the appropriate contractors for service



- There appears to always be "one more thing" that needs to be done, but you don't know what it is until the last minute. Also, things seem to be required "because we always do this way."
- With limited dollars and specialized equipment/suppliers the Agency is concerned about the length of the solicitation process and the quality of the vendor pool.
- Commodity driven processes with no consistent application across commodity lines.
- I still can't fathom that an agency needs to use an LSBDE vendor when their prices are higher than non LSBDE vendors especially since ABRA is an O type funded agency. Every dollar counts!!!
- I think the "red tape" issue is a factor. Essentially there are several groups of folks that need to coordinate in order for a smooth procurement process (program OCFO & OCP). This coordination does not happen, and it is incumbent on the individual requisitioner to navigate the issues that arise. Also, there are so many differing practices depending on the OCP person you talk with, that there do not seem to be consistent rules. I would also say it is extremely difficult for employees to be educated on the process/rules of OCP. They have to learn by doing it. Everyone in the District really should be required to take a day long - maybe two days on procurement processes. Notice I said processes, and not just rules. You can understand the rules really well (i.e. 3 bids, etc), and still not know how to get something procured in PASS.
- Please read previous comments there is RED tape in this whole process.
- The OIG has its own independent procurement authority. It has very little involvement with OCP in processing small purchases or contracts.
- Rules are too stringent and confusing. There's the PPA, the DCMR 27, and various other amendments like the SBE set aside rules. Then there's the interpretations the OCP staff apply to those rules and laws which vary by individual. There's the time involved in getting legal rulings as to what can and can't be done and what is or is not legally sufficient. There are problems with getting funds loaded by OCFO so they can be spent timely, which shortens the procurement period and makes it difficult to spend efficiently. There are the debates about what is a grant vs. a procurement, what is a direct payment vs. a ratification, what is the timeframe for needing Council approval of a contract that exceeds \$1M.....which prevails, the period of performance or the sequential # of months? In the end, it's fear of reprisals and efforts on the part of the users to side step requirements that paralyzes the system rather than promoting liberal, defensible interpretations geared toward a reasonable balance between legality and practicality, which would promote users willingness to stick to the rules and procurement staff's willingness to take risks without fear of violating the law or losing their jobs. This confusion is further passed onto the vendors who have difficulty engaging the District to do business and to resolve problems after they are awarded contracts. For instance, the DCSS and the SBE set asides are only open to "for profit" entities, leaving out a large segment of DOH's business partners (not for profit CBOs) and further complicating the process of inclusion and delaying finalizing procurements in an effort to include them. Another example is the demand put on agencies to engage small businesses but also not to discuss pending procurements. This causes the agency to hesitate to talk to the business community for fear of giving them an unfair advantage in the competitive process, or otherwise violating procurement laws. Also, PASS and SOAR have numerous quirks that delay finalizing purchases and need to be addressed in a more global and timely fashion.

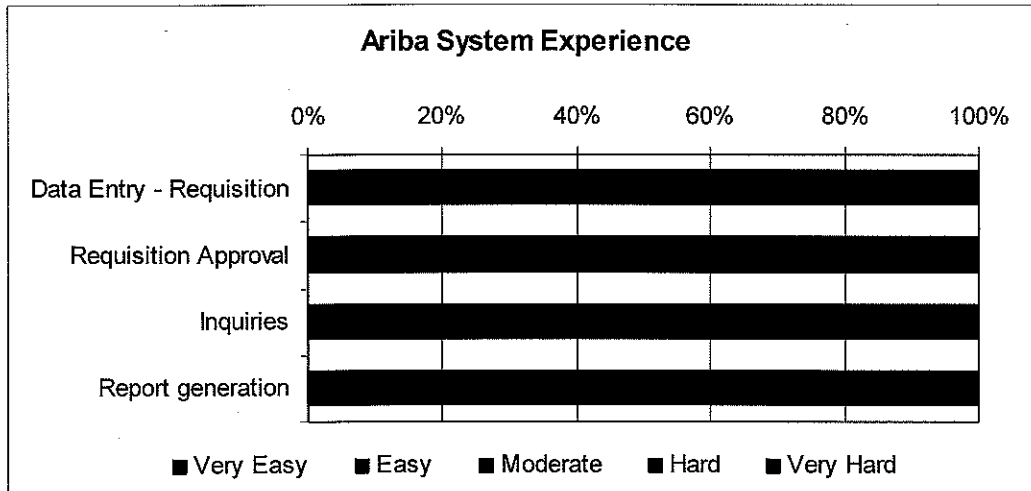


- \$2,500 single purchase limit for purchase cards should be raised.
- Contract document management and filing needs to improve (look at digital filing system). Tracking and status of >\$1M contracts thru OAG, Council, etc also needs improvement. Labor law compliance needs to be addressed. We need to firm up some procedures; there is too much variation in practices between specialists, esp. in A/E procurement.
- NONE

Purchasing Automation - Ariba

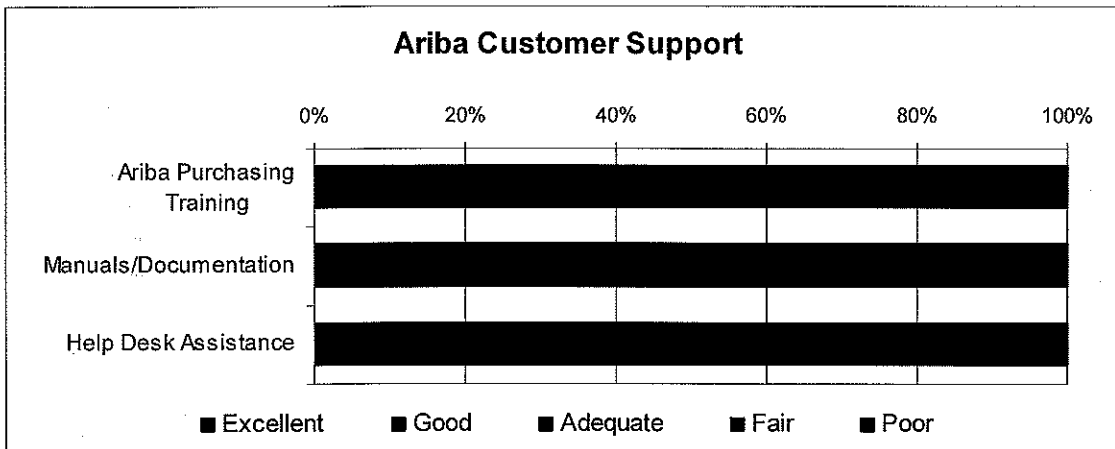
9. For each of the tasks listed below, please summarize your experience with the Ariba system.
 [Maximum Response: 5.0 - Very Easy]

	Very Easy	Easy	Moderate	Hard	Very Hard	Response Average
Data Entry - Requisition	27%	30%	27%	8%	8%	3.59
Requisition Approval	19%	31%	39%	8%	3%	3.56
Inquiries	19%	30%	35%	8%	8%	3.43
Report generation	6%	20%	40%	14%	20%	2.77



10. For each criteria listed below, please summarize customer support for the Ariba system. [Maximum Response: 5.0 – Excellent]

	Excellent	Good	Adequate	Fair	Poor	Response Average
Ariba Purchasing Training	14%	26%	43%	11%	6%	3.31
Manuals/Documentation	15%	21%	27%	27%	12%	3.00
Help Desk Assistance	23%	29%	20%	17%	11%	3.34



11. What do you like most about the Ariba system?

- Tracking requisitions
- User friendly
- Nothing!
- Submission of request and flow is very user friendly and help programs keep track of the flow.
- Drop Down Menu.
- It provides the history, specifically, the timeline of all procurements from entry to purchase order.
- That you can track your purchases.
- User Friendly
- Instant Record
- The notification by e-mail that some activity has occurred (after entering a requisition).
- No more paperwork



- Knowing where the documents are at all times.....
- Req approval process
- Process is quick!
- Drop down menu
- An electronic system which was a great improvement over the manual process.
- interface
- tracking
- The system is very easy to use. It provides a central repository for procurement actions enabling a procurement officer to identify the status of any procurement on a real-time basis.
- No need for tracking hardcopy documents.
- Can determine exactly where the req is in the approval process and can determine funds commit asap. Can attach digital copies of procurement documents
- THE TRACKING ASPECT.

12. What do you like least about the Ariba system?

- Lack of communication with the SOAR system. Delegation of authority
- No comments
- Sometimes the system is unavailable
- The reports are incomplete; once a requisition is modified all the payment and receipt data is missing for the requisition, e.g. all the voucher numbers vanish which were paid before the requisition became V2. The report format are not user friendly and do not help in accountability.
- - System can be cumbersome to use. - System does not interface with other systems - Approval flow is confusing and difficult to correct. It appears to have changed without notification. - Approval flow process causes delays in sending participants to training.
- The system is not user friendly. There are too many stages too many screens for a simple transaction. i.e. putting in a requisition.
- The req #s and PO #s are unique so that is all the information they should be entered to pull-up information.
- Entering coded lines for purchases into the system. Very difficult when you have a purchase using across the board grant codes.
- Search agents



- Slow traffic at certain peak times. Not enough ad hoc reports.
- Identifying commodity (and other) necessary codes; search for catalogue; and the slowness in which the system responds at times.
- I don't like that the accounting information isn't tied to SOAR with funding availability
- The receiving process and the limited number of reports.
- There are too many stages, too many screen shots for a simple transaction like putting in a requisition.
- Not user friendly
- approval flow issues - there are often "phantom" approver that say things like "budget approver" and no people attached. A procurement can get hung up for weeks in something like that. Training on what to do and whom to talk to is needed.
- it's not user friendly
- One of the problems we recently had is that when a procurement fails to be awarded because of a funding problem, Ariba does not notify us by email as to this status. It is, however, very good at emailing the need for approval when an acquisition is in process.
- Searching for services should be better categorized. It is often difficult to find the service needed. It is also difficult to find the preferred vendor as well. In most cases the vendor's name are erroneously abbreviated.
- Too many quirks that can't easily be corrected to accommodate individual agency business rules.
- A little slow. Also, when a req is withdrawn because of inaction by a reviewer it is not shown in the history.
- THE REPORTS ARE NOT AS ACCURATE IN ARIBA AS THEY SHOULD BE.

13. What would you do to improve the Ariba System?

- Accurate payment information that match with the SOAR System. Let the delegate have total access to the requisitions to modify, and approve.
- No comments
- Top of the Screen issues when editing/entering multiple items
- Would like to see some reports which give all the data in one report, i.e., would like to see Requisition no., PO no. , requisition amount, PO amount and the amount spent on the same report to be able to better manage the funding availability issue.



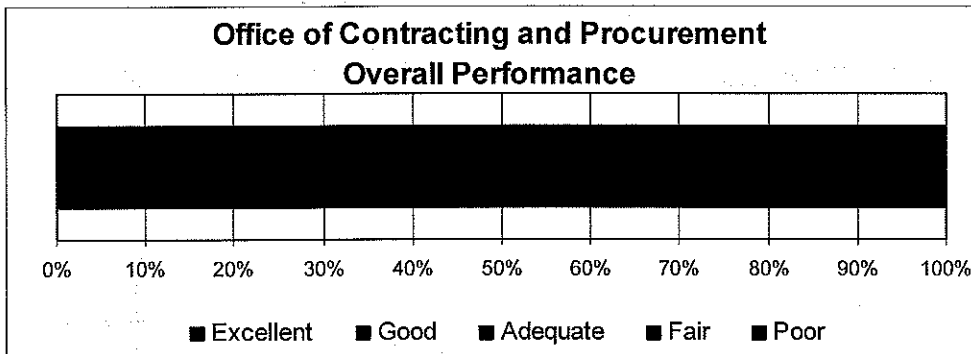
- Drop down menu top look up vendors. Make it possible to input all requisition lines and save at the end rather saving each line. Invoice payments should be recorded on one screen and one button to save.
- Modify some elements to address the needs of the agency.
- Finding requisitions easier in the system
- Offer a more tailored or broader range of ad hoc reports.
- Make searching the catalogue portion of the requisition more customer friendly.
- I would like to see the purchase order numbers on the status screen as well as the requisition numbers.
- The help desk functions
- I will one improve on the method of looking up vendors, I believe there should be included in a drop down menu also. Also make it possible to input all lines of a requisition without that saving each line that is put it. Also to improve the invoice payment by allowing entries to be made one one screen, and then press one button to save.
- Make it more user friendly
- TIE IT TO THE FINANCIAL SYSTEM!! Ariba is useless if you are trying to find out if an invoice has been paid, etc. You can't trust it. Every other effective local government has an enterprise system that links finance and procurement.
- Talk to the people doing the job rather than thinking the process the Techs come up with will work.
- I would like to receive email notification of the issue I noted in question #12, and on any changes made to the system affecting the user.
- 1. Give program staff access to their reqs by org code. Currently query all role is restricted at DOH because staff should not have universal access to actions that go beyond their program responsibility (to avoid knowledge of procurements leaking to outside vendors). 2. Get SOAR and PASS to be more in sync with each other.
- OCP very much needs to attach digital copy of award documents to the PO or req. All other procurement documents are attached by the initiator so the award docs need to be included to have a full record of important documents.
- WHEN WILL SOAR AND ARIBA INTERFACE?



Overall Performance

14. How would you rate the overall performance of the Office of Contracting and Procurement for the past twelve months? [Maximum Response: 5.0 – Excellent]

	Excellent	Good	Adequate	Fair	Poor	Average
Overall Performance	9.5%	23.8%	35.7%	19.1%	11.9%	3.00



NIGP Public Agency Satisfaction Survey Comparison

NIGP offers a customer survey service to its members entitled Public Agency Satisfaction Survey (PASS). Some of the questions in that survey are comparable to those in the District of Columbia Office of Contracting and Procurement Client Survey, enabling a comparison between OCP and national averages for all governments. Multiple states, cities, counties and other public entities have used the PASS survey with 4,700 total responses.

Procurement Operations

There were three comparable questions on the PASS survey. Those questions and possible responses are as follows:

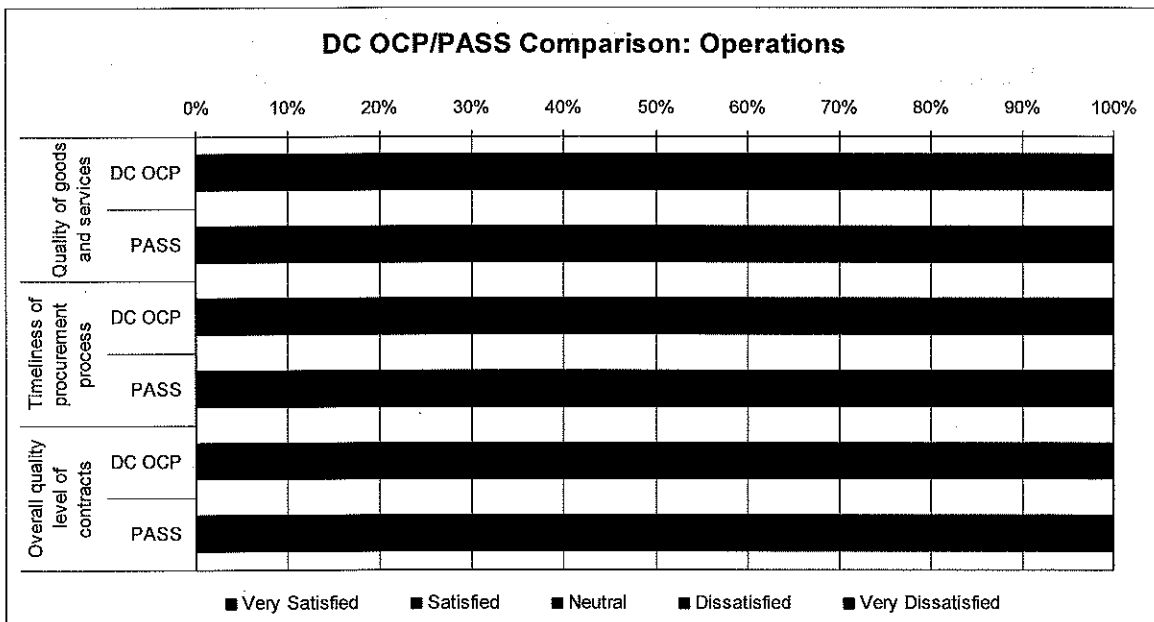
- a. How do you rate the quality of goods and services procured for your department?
Very High Quality; Good Quality; Neutral; Poor Quality; Very Poor Quality
- b. How do you rate the timely responsiveness to your request and needs?
Very Responsive; Responsive; Neutral; Occasionally Responsive; Not At All Responsive
- c. How do you rate the overall quality level and appropriateness of the requirements (term, annual, etc.) contracts in meeting the needs of your department?
Very Appropriate; Appropriate; Neutral; Sometimes Appropriate; Not At All Appropriate

Please note that the DC OCP survey had four possible responses (Very Satisfied; Satisfied; Dissatisfied; Very Dissatisfied) while the PASS survey added a fifth response: Neutral. The PASS Average Response scores have been adjusted to reflect the four point range.



DC OCP/PASS Comparison: Operations

		Very Satisfied	Satisfied	Neutral	Dissatisfied	Very Dissatisfied	Response Average
Quality of goods and services	DC OCP	15%	70%	15%	10%	5%	2.95
	PASS						
Timeliness of procurement process	DC OCP	15%	61%	15%	18%	6%	2.86
	PASS						
Overall quality level of contracts	DC OCP	14%	70%	15%	10%	6%	2.93
	PASS						



Procurement Performance

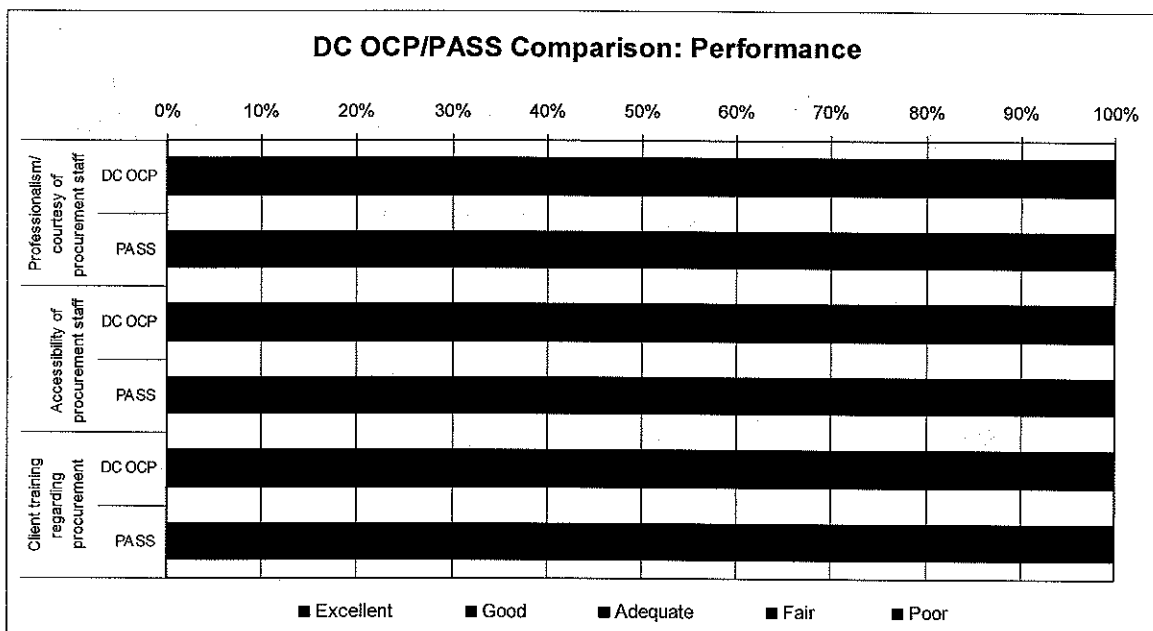
There are three comparable questions on the PASS survey. Those questions and possible responses are as follows:

- a. How do you rate the professionalism and courtesy of our staff?
Extremely Professional/Courteous; Occasionally Professional/Courteous; Neutral; Generally Unprofessional/Discourteous; Extremely Unprofessional/Discourteous
- b. How do you rate our accessibility when you need us?
Very Accessible; Mostly Accessible; Neutral; Occasionally Accessible; Not Accessible
- c. How do you rate the effectiveness of the customer training sessions conducted for your staff that have purchasing responsibilities?
Very Effective; Effective; Neutral; Somewhat Effective; Not At All Effective



DC OCP/PASS Comparison: Performance

		Excellent	Good	Adequate	Fair	Poor	Response Average
Professionalism/courtesy of procurement staff	DC OCP	32%	16%	32%	18%	3%	3.55
Accessibility of procurement staff	DC OCP	18%	21%	26%	18%	16%	3.08
Client training regarding procurement	DC OCP	22%	14%	30%	27%	8%	3.14



Customer Service

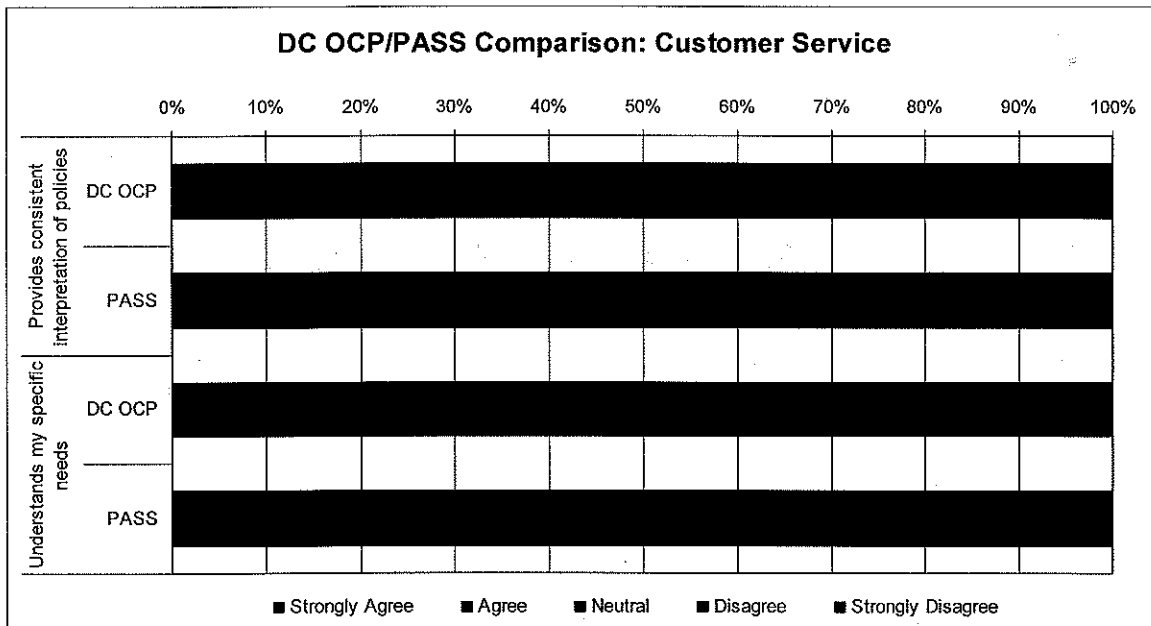
There are two similar questions on the PASS survey. Those questions and possible responses are as follows:

- a. How do you rate our ability to clearly communicate procurement processes?
Very Clearly Communicated; Adequately Communicated; Neutral; Somewhat Communicated; Poorly Communicated.
- b. How do you rate our ability to work with you as partners by understanding your needs and working with you towards common goals?
Excellent Understanding; Usually Understands; Neutral; Occasionally Understands; Poor Understanding



DC OCP/PASS Comparison: Customer Service

Procurement...		Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Response Average
Provides consistent interpretation of policies	DC OCP	13%	23%	26%	26%	13%	2.97
	PASS	11%	24%	29%	18%	18%	2.89
Understands my specific needs	DC OCP	11%	24%	29%	18%	18%	2.89
	PASS	11%	24%	29%	18%	18%	2.89



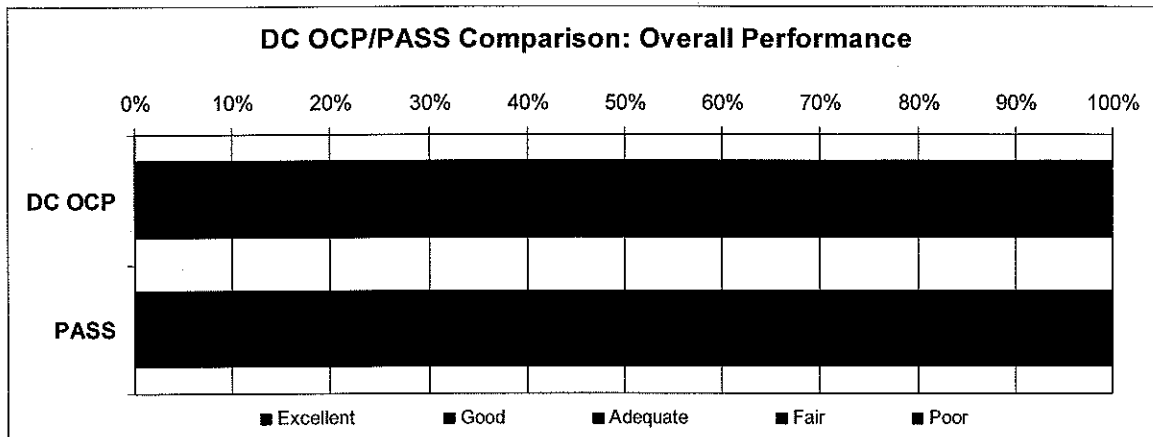
Overall Performance

There is a comparable question on the PASS survey: How do you rate your overall satisfaction with the quality of our service? Possible responses are: Extremely Satisfied; Satisfied; Neutral; Dissatisfied; and Extremely Dissatisfied.

DC OCP/PASS Comparison: Overall Performance

	Excellent	Good	Adequate	Fair	Poor	Average
DC OCP	9.5%	23.8%	35.7%	19.1%	11.9%	3.00
PASS	24.7%	55.2%	10.7%	7.2%	2.3%	3.93





Client Comments

15. What does OCP do well? Where does it add value in assisting your department?

- They do all their work well.
- Some staff are accessible and willing to help/support program requirements
- OCP does a fair job of assisting the department. IT would be very helpful if they were more objective than being critical about how the SOW is submitted.
- Our relationship has been ineffective, inefficient and chaotic over the past 12 months.
- OCP has assumed the role of ACFO by approving requisitions and generating purchase orders. OCP should focus on identifying reliable and responsible vendors and agencies will select suitable vendor. Give the agency the best prices and stay out of budget decisions.
- OCP's staff is very responsive to our needs and will work with us to try to accommodate our programs unique needs.
- The contracting officers that DOES works with are all professional and helpful. They help us to expedite emergency procurements.
- Some of the staff will try to work with you to get the job done
- Though established relations have been able to get the additional assistance needed to move some purchases through the system.
- When questions/problems arise, staff expertise and knowledge allows for quick and easy resolutions.
- Select OCP members are very responsive and Response to emergencies
- If you get a knowledgeable person, they assist you with the correct information the first time.



- I believe that OCP has taken a role that should rest with the agencies AFO, by signing on to generate purchase orders. I believe that OCP role will be most effective if there doing the comparative shopping and leave the decision on what vendor with the agencies. Give the agencies the best prices, and be out of the budget decisions.
- good knowledge base related to procurement
- Addressing specific needs of the agency in a timely manner related to contracts under \$100,000
- They know procurement rules.
- OCP Staff makes the process easier, it has been a pleasure working with our assigned contracting officers.
- The "do well" response rests with individuals in OCP, some of whom are pure gold. On the other hand, there are some true lumps of coal. Also, overall, the office is understaffed and under-compensated. When the staff are flexible, competent, decisive, and timely the value is great in meeting the agency's procurement goals.
- generally very competent staff and always willing to provide service. Knowledgeable in my purchase requirements (construction and A/E). Very dedicated.
- OCP COMMUNICATION HAS GREATLY IMPROVED. VALUE IS ADDED WHEN GOODS AND SERVICE ARE RECEIVED IN A TIMELY MANNER.

16. How do you think your priorities and objectives for procurement on behalf of your department are the same as those of OCP? How are they different?

- There is no difference. Always feel as though we are on their priority list.
- OCP in many instances does not fully understand the unique needs and requirements of my program.
- Both agencies want the highest quality of services at the best possible price, but we seem to have different priorities and scheduling needs in determining how the ultimate goal is accomplished.
- Sometimes OCP priorities are backwards, i.e. we have an in-house IT consultant. He has worked with our agencies for 5 years providing on-site technical support, programming and installation hardware and software. The consultant understands and helps the agency minimize down time. If the agency wants to continue to work with the IT consultant, OCP puts up a road block without consideration of the agency's needs.
- Yes I think that OCP for the most part works with us to meet the priorities and objectives of our department.
- Same in procuring the product or service. Different when they look at following their rules, which change without notice, regardless of the federal needs and requirements of the agency.
- No I do not feel my priorities and objectives or the same as OCP. If so items would sit in someone PASS box forever



- I have not found OCP to have the same level of priority or the urgency for our agency purchases
- OCP does not operate outside of the box with the procurement of the needs of the agencies. Everything does not fit in either a round or square hole.
- Priorities and objectives are to acquire reasonably priced quality services/products within the shortest time frame.
- The difference is our priorities are agency specific and the priorities for OCP seem to be large agency focused. Meaning the larger agencies received preferential treatment.
- Both parties understand the need good and services to execute their mission
- We want to accomplish business quickly and efficiently. At times, OCP doesn't make it easy.
- Sometimes the priorities are different, take for an example A Computer Consultant who has worked for the agencies providing technical, programming, and installations of hard and software, what you may call an in house service technician, resident within the agency. This person understand and help the agency minimize down time, if the agency wants to continue to work this particular person, OCP usually puts a road block without consideration of the agencies need.
- n/a
- Receiving good quality and value.
- We are primarily a grant-making organization.
- They want to follow the law and so do agencies. They want to get services for citizens and so do agencies. However, they want to protect themselves by focusing only on their role, while agencies try desperately to get OCP and OCFO to work together and PROACTIVELY support agencies, rather than just responding when an issue arises.
- They are the same in that we need vendors to do or supply work. They are different because they do not know exactly the need for some items and the importance of time sensitive matters. They are slow in processing and very arrogant in telling us that you have to wait after weeks of request. The favorite line is you're not my only agency. When I hear or need something then I'll call.
- I believe that OCP personnel share our objectives in protecting the taxpayers' money and insuring that office personnel are given the logistical support necessary to perform their jobs.
- Same...to legally purchase required goods and services in a timely fashion Different....OCP priority is to get the action moving within certain timeframes to avoid substandard performance outcomes. This reduces the willingness to work with the program staff to firm up details related to the procurement. Since program staff are not procurement experts they need hands on technical support which in the long run will result in improvements on the program side.
- OCP is generally respectful of priorities of our agency.



- MY PRIORITY IS TO MAKE SURE OCP RECEIVES ALL MY RESEARCH AND DOCUMENTS TO PROCURE MY REQUEST. AND MY OBJECTIVE WOULD BE TO ASSIST IN THE PROCUREMENT AND MUCH AS POSSIBLE. I DON'T SEE MUCH DIFFERENCE IN THE WAY WE BOTH OPERATE.

17. List the biggest problems, time wasters, and/or inefficiencies you confront in the contracting and procurement process.

- None
- Use of temporary/contract staff
- -Contracts and modifications with unnecessary errors. -RFPs and contracts that are not prepared timely. -Poor communication
- Takes too long to get things done, and too many people involved. OCP creates their own problems.
- I think that in some cases OCP gets too bogged down in procedure, processes and regulations that the bigger picture is lost.
- Lack of knowledge or experience to make decisions thereby relying on others and wasting time. Failure to procure goods and services within an agreed upon timeframe.
- The need to buy from LSDBE vendors who overprice brand name items, such as computers. The government would save money by going directly to the manufacturing company.
- So many people at OCP have to look at small purchases in PASS before approved
- Time delays from the staff not being experts in their area. Having to figure out the next steps without assistance.
- Timely and open communication between OCP and the agencies.
- Project Initiation Forms (PIF) are a waste of time
- In some cases the lack of urgency on the part of the procurement specialist; 2] extreme amount of time soliciting small purchases 3] not thinking outside the box 4] flexibility 5] non-responsive.
- Unclear and inconsistent policies and procedures
- Changing purchase orders, red tape, a person that isn't knowledgeable.
- Takes too long to get things done, and too many steps and people involved.
- communication between the procurement professional and the purchaser
- Finding appropriate vendors for unique circumstances, following up on payments
- The bidding process.



- Biggest problem is just getting a simple list of what contracts we have in our agency. Shouldn't OCP maintain that in an accessible way? -another problem is surprise option years or held payments for settlements- shouldn't the agency be made aware of these things?
- too much to list the whole process needs tweaking.
- Recently, OCP made changes in the PASS system but failed to take into consideration independent procurement authorities. As a result, the action inadvertently eliminated the OIG's roles in PASS resulting in substantial delays in making awards. The changes were made in late August and proved to be time-sensitive with the approach of the end of the fiscal year. OIG personnel found out about the changes when they reviewed the "Approval Flow" on the requisition to determine why the award had not been made. OCP's changes to PASS resulted in OCTO approvers being assigned roles in the OIG procurements, and the OIG contracting officer being replaced by an OCTO contracting officer. It took the greater part of two weeks to correct the problem. It is very important that OCP evaluate effects to all parties involved of each potential change before making the change and then notify the parties affected of the modifications made.
- 1. Getting quality statements of work from program staff. 2. Getting timely access to funds. 3. Getting consistent answers to questions of what is or is not allowed. 4. Verbal directives from OCP instead of written. 5. Misunderstanding the procurement resulting in awards to unqualified contractors. 6. Requiring Council approval on contract options. 7. Having to identify every item requested on a "blanket" purchase order. 8. Needing a D&F over for contracts with options when the purchase was justified previously. 9. Having to get agency director to re-sign D&F's for minor edits numerous times after the PRC has reviewed and re-reviewed.
- Wide range of skills possessed/customer service delivered by OCP employees - from very good to very bad. Lack of creativity. Lack of an updated procurement manual/handbook for OCP and agencies to follow.
- As stated before, contract documentation is inadequate. Award documents are not uniformly provided to COTRs and PASS originators. Tracking of IDIQ construction, A/E, and CM taskorders is not thorough. Legal review is required but seems redundant (OCP review, OAG review). OAG seems to be more reviewers than real counsel to the District.
- I WORK WITH A LOT OF VENDORS WHO DO CONSTRUCTION WORK, MY BIGGEST PROBLEM IS WHEN WE ENCOUNTER AFTER HOURS EMERGENCIES, SUCH AS BUILDING COLLAPSE, PLUMBING ETC. IF A VENDOR DOES NOT HAVE A PURCHASE ORDER IN PLACE AND THE WORK HAS TO BE DONE BY A CONTRACTOR ON THE SPOT DUE TO AN LIFE THREATENING EMERGENCY. WHO IS THE CONTACT PERSON FOR AFTER HOURS? AND HOW TO GO ABOUT GETTING A PURCHASE ORDER ON AN EMERGENCY BASIS AFTER HOURS? IT IS KNOW FACT THAT A VENDOR CAN NOT WORK AGAINST A PURCHASE ORDER, AGAIN WHAT WILL HAPPENS IN THIS SITUATION?

18. What suggestions do you have for improving the contracting and procurement process?

- None to speak of.
- Decentralize the contracting and procurement process.



- - Contracts that are accurate and complete with supporting documents. - Planning, implementation and follow-thru for all solicitations. - Timely distribution of contracts, modifications and related documents. - Increase knowledge of OCP staff on procurement regulations. - Establish and/or adhere to written procedures for procurement processes so that involved parties will know what to expect from OCP and what is expected from them. - Establish reliable tracking and filing systems.
- OCP should do the comparative shopping and provide agencies with a list of qualified vendors with adequate pricing, then let the agencies make the decision and who to buy from. Either way they will be OCP approved vendors.
- The purchase card program needs to be changed. We currently have eight cards with low purchase limits it would be more efficient to have fewer cards with higher purchase limits.
- Contract Specialists above grades DS-12 should have the authority to approve small purchases. This will expedite purchases and allow the Contracting Officers to focus on approvals exceeding \$100,000.00.
- Modify the PASS system and develop consistent policies and procedures that are understood and followed by all.
- Cut some of the names out of the flow
- Less red tape and steps.
- Contracting officers should visit the agencies that they serve to get an understanding of the mission of the agency that they are servicing.
- Periodic meetings with agency and OCP representatives to troubleshoot problems and discuss process enhancements.
- Have staff assigned to agencies or clusters.
- Get to know your customer!
- Place contracting officers with agencies.
- Find a legal way to make it happen quickly and efficiently.
- Do the comparative shopping and provide the agency with the list of quality product and vendors, with reasonable pricing and let the agency make the decision on who to go with. Either way it will still be the OCP approved vendors.
- Streamline the process and computerize as much of the system as possible.
- less steps and more transparent to the agencies
- Shorten the bidding process and evaluate supplier schedule for appropriateness of the vendors.

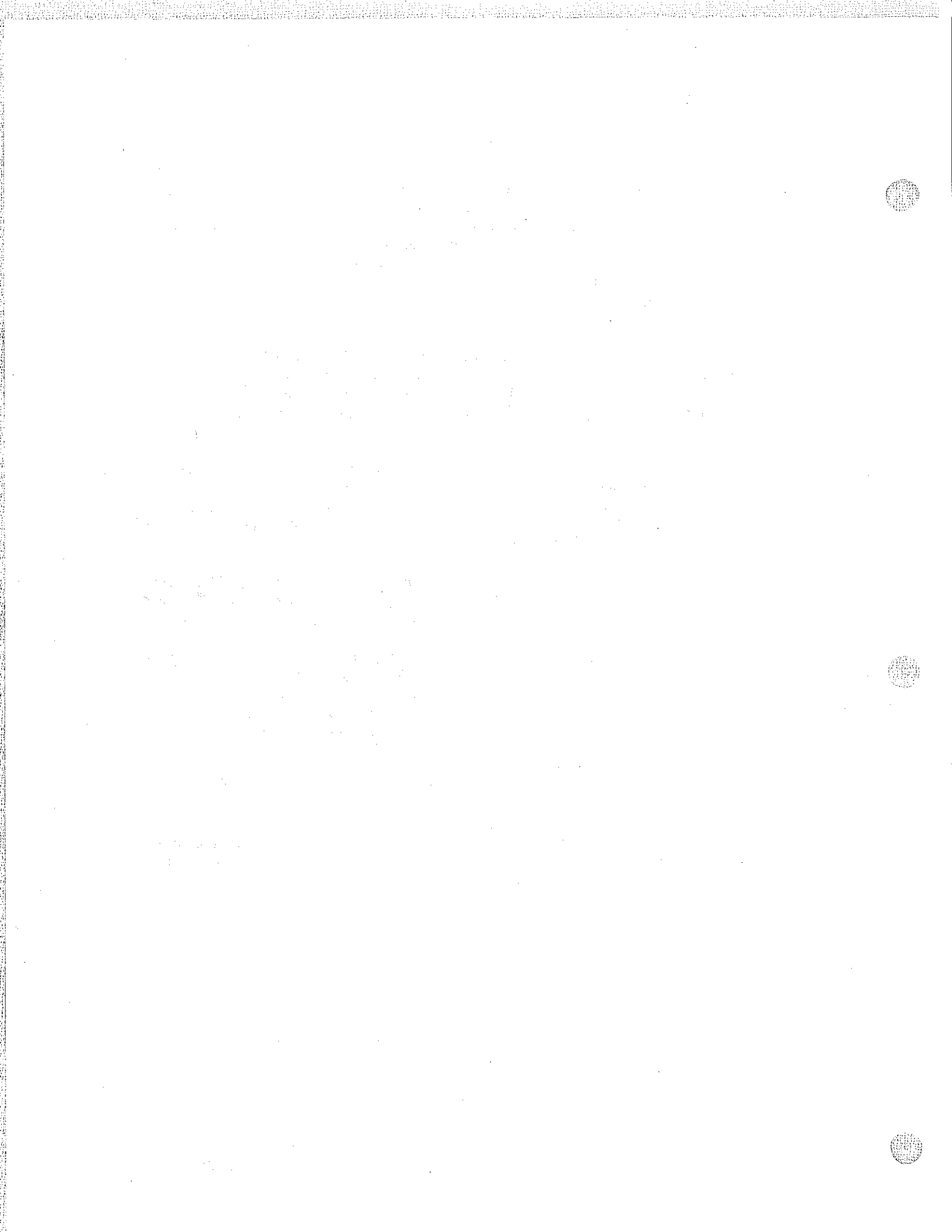


- Well, it's not easy given how divided District government is - with so many chefs cooking the meal it is difficult to blame just the OCP process. There are many OCP employees who work hard to be proactive and help agencies plan procurements, but the system of the government prevents it from being effective. There should not be an OCP SLA and an OCFO spend plan and a Council Contract approval list and a Mayoral spending plan. We should work as best as possible to have ONE plan for an agency, and that would save countless hours of reinventing and re-reporting the same information.
- see previous comments or call me
- OCP needs to update Title 27 of the District of Columbia Municipal Regulation. The current regulations are dated July 1988. OCP should establish a formal system for notifying procurement personnel of any and all changes to procurement legislation and regulations. Currently, procurement officials must rely on frequently reviewing the DC Register and the OCP website for changes.
- 1. Streamline the procurement regs. 2. Issue Policy and Procedure Manual for agency users. 3. Compensate staff adequately so you can get and retain highly qualified workers. 4. Give agencies more flexibility with use of grant dollars, ie agency director determines what can be sole source based on direct impact on health/safety/within dollar limits. 5. Grant small procurement authority but must include shifting staff to agencies from OCP.
- All OCP employees should have to re-apply for their jobs. OCP and agencies should institute a "360 degree" rating process, whereby at the end of each procurement the client rates OCP and OCP rates the client.
- More written contracting procedures for actions. time required from bid opening to send to Council is too long. Not necessarily OCP issue completely, but considering so many review agencies, need to develop web-based paperless system to obtain approvals asap. We need to also set up more contract vehicles - we are improving on this but one contract type in particular needed are contingency contracts for immediate work in case of emergency.
- CONTINUED COMMUNICATION

19. Comments; clarifications to earlier answers.

- This is a quick, partial response to some very complex issues. There are also numerous problems on the agency end of things that need to be addressed which we are working on. Thank you for asking our opinions.
- NONE







**Government of the District of Columbia
Office of Contracting and Procurement**



**Process Transformation
Procurement Management Assistance**

**Appendix E
Staff Performance Survey Analysis**

28 September 2007

Stefan Rollwage MPA, CPPO

Philip E. Scales MA, CPPO

James B. O'Neill II MBA, CPPO, FNIGP

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Appendix E

DC Office of Contracting and Procurement
**OCP Staff Performance Survey
Analysis**



DC OCP STAFF PERFORMANCE SURVEY ANALYSIS

NIGP conducted an Internet-based survey of the Office of Contracting and Procurement staff with respect to performance as a part of this engagement. One-hundred seven (107) employees responded to the survey.

Office of Contracting and Procurement Performance

- For each type of procurement listed below, indicate (check) any process or activity that you perceive to be a problem.

Problem Identification

	Delegated Purchases/ P-Cards	Purchasing: Small Purchases <\$100,000	Supplies/ Services IFB >\$100,000	Professional Services RFP >\$100,000	Construction
Specification development	6%	23%	28%	39%	14%
Solicitation development	4%	14%	18%	23%	8%
Identifying qualified suppliers	2%	15%	8%	14%	2%
Bid/proposal evaluation process	3%	7%	8%	21%	6%
Contract award process	3%	5%	8%	9%	5%
Receiving process	0%	3%	4%	5%	2%
Payment process	3%	7%	8%	12%	6%
Contract administration	5%	16%	29%	33%	19%
Clarity of policies/procedures	6%	18%	17%	22%	13%
"Red Tape"	1%	8%	10%	14%	6%
Other	2%	2%	4%	4%	6%

- Provide details from Question 1; list "other" problems.

- Specifications received from Program Office are incomplete.
- Often, the District retains the services of out-of-town firms to develop specs or manage construction projects, and often those firms are not familiar with District Laws and, more specifically, the Procurement Practices Act. As a result, the District is paying for change order work, which could have been avoided if the District did not contract with and accept "cut & paste" specs and construction management services from out-of-town firms. The District need to hire engineers that have contract management skills, not just engineering degrees, in order to reduce the number of consultants working for the District.
- The reason why I checked construction is because I have no knowledge of construction procurements. For professional services specifically, over 1 million dollars there is no consistency.
- Payment process is not performed by procurement. Program officials need training in providing adequate and complete statement of work. Contract over small purchase threshold needs to be automated. No identified method in analyzing purchases against IDIQ and requirement contracts.
- The Statement of Work on the requisitions.



- Basic communication and attitude problems amongst certain contracting staff. There is a degree of confrontational "gamesmanship" with customers. This evolves into a frequent unwillingness to exercise patience in dealing with customer agencies and vendors.
- Difficulty in getting quality Statements from customer, resulting in delay in solicitation development.
- Program Manager needs more training in the items I selected. [specification development, bid/proposal evaluation process, contract administration]
- There is definitely a problem in receiving Statement of Work or even an explanation from the user of what is needed to be procured. Many requisitions come to the Contract Specialist with one or two line descriptions. Also there are not policies and procedures in place. Specialist have to talk to one another and use the "latest" project that went through the approval process as a model of documentation and language needed to get the procurement through.
- Specification development: The program provides price proposals instead of writing their actual requirements quite often. Solicitation development: The process for my office has been changed as if the requisition is a large procurement instead of a small purchase. We take most of the steps in the RFP format for simplified requisitions that should be low bidder.
- Too much red tape and bureaucratic overall in terms of policies, procedures and practices. Reform is needed to eliminate non-valued processes, procedures and practices. In some cases, process is more stringent than practices set forth in the Federal Government, e.g., standard boiler plate and templates for COTS purchases and D & Fs for various actions.
- Scope of work for RFP's and Supplies and Services provide by the user is not clear, the payment process for the District to pay contractor is too slow. The standard time for payment is 30 days. It usually takes 45 days. Clarity of policies and procedures need to be documented in writing so that there will be a clear understanding and guidance for all specialists to follow.
- Processing of District Funded Projects takes too long to get advertise when in OCP Office to review
- Making consistent decisions that's sustainable is what people in the procurement arena should fellow. There is nothing worse off than inconsistency in management and personal decisions which are not legitimate
- Contracting officers do not have the authority to approve most actions without approval of the CPO. Non-productive reviews such as the procurement review committee (PRC). The PRC is not a standard body therefore each time an action is reviewed by the committee the comments and requirements change, which results in prolonged processing time. Also, not all members of the committee have extensive and/or thorough procurement experience in all types of procurements resulting in comments that are mostly based on preference rather than on substance. The 27 DCMR has not been updated since 1988 to meet the current times. For example one of the requirements is to obtain tax clearances for all procurements in excess of \$100,000.00. This requirement was in place when the small purchase authority was \$10,000.00; however, now that the small purchase authority has been increased to \$100,000.00 the dollar requirement for tax clearances has not been changed. The tax clearance process takes about 3 -4 weeks. The OCP should be given access on a "read" only basis to check the status on-line. This will reduce the



processing time. The current regulation with regard to all procurements under \$100,000.00 should be set aside for SBEs are resulting in higher costs to the District agencies and delays and additional costs associated with poor performance. This also prolongs the procurement processing as there are several additional steps that now need to be followed to meet the current requirements.

- I have a problem not with Question 1, but with the fields below which severely limit an assessment. Answers to Question 4 should allow performance criteria to be rated as Most Important, because they are. In addition, the writer has only been recently assigned to the duty station and cannot rate a twelve months period. Finally, the writer is reluctant to express how he "believes" OCP performs. There are several exceptional and professional performers, such as the CPO, Nancy Hapeman, Esther Scarborough, Gina Johnson, Jim Marshall and Sheila Mobley. There are others that may have some qualifications but do not have a professional approach and bring their respective living room into the workplace. As concerns customer satisfaction, the writer has not completed a full fiscal year (less than 1 year at the duty station).
- The Contracting Officer must have the authority to delegate COTR, not the OPM/CCSA group. All open invoices must be processed through Contracting Officer not OPM/CCSA.
- n/a
- Based upon the complexity of the services/supplies required I think more time should be allotted in order to produce a more efficient and effective product. As you know there are some gray areas.
- Statements of Work for the most part do not reflect what the need is.
- Major problem is a clear understanding of the process and 27DCMR, PPA and the DC Official. In addition to the poor planning of the program office and their lack of understanding the procurement process. Also, the political environment and the LSDBE policy creates an environment that fails to establish the best bang for the dollar. Should do away with the set-aside market and utilize the point preference.
- In formal terms, contract administration is non-existent at the OCP level. "Red Tape" is sprinkled throughout the process. A legal review is done on a contract package by lawyers in OCP, then the package must be sent to the Office of the Attorney General for the same legal review.
- The accountability of the card holders
- The blank ones are where no problems. The Survey does not identify areas of problems "Red Tape" is on the program side and not on OCP. Contract award and evaluation process is not a problem once we get there.
- Specifications are a problem 95% of the time. Program does not articulate clearly and precisely what needs are. Developing a "read only" bank of computerized SOW's for various goods and services would be beneficial for both Contracting Staff and Program Staff. OCP should not accept SOW's officially until they are adequate. In addition, OCP should not accept request (requirements) without funding in PASS or Certification from Program Financial Officer. The large procurement process is slowed down with a lot of paper work (perhaps duplication of



needs). BCM is supposed to be the business clearance; however, Specialist are still required to do numerous D&F, etc. Process needs to be streamlined. Duplication of efforts on Reporting Requirement. PASS is supposed to be capable of generating necessary reports; however, Specialist are required to do numerous reports on a continual basis. Too time consuming, too much RED TAPE. Everything is an emergency. A lot is do to the fact that the agencies lack good planning. They send things over at the last minutes and management pressure staff to get them out by any means necessary. Bad approach!!!! Agencies should be held accountable for poor specs, no funding, poor planning!!!!!! Currently it appears that quantity of work completed is far more important than quality of work produce. Bad approach!!!!

- Too many approvals of D&Fs for items under \$1M.
- The commodity code is wrong on alot of the requisitions making it hard sometimes to find a DCSS vendor or any vendor.
- Red Tape: The obstacles to contract award are centered on form over function; blind obedience to nonsensical procedures rather than the accomplishment of sound award and performance.
- I don't understand what delegated purchases are. Does this mean purchase cards? There are only 2 people outside of OCP right now who are exercising contracting authority delegated by the CPO, and one of those people only got the authority 2 weeks ago.
- Specification and Scope of Work/Statement of Work is always a problem with the client agencies as they rely on procurement personnel to develop the description of work; Program people should have the technical expertise to articulate what it is they want and how they want it done. Relying on procurement personnel delays the acquisition on the desired supplies/services the client agencies need in a timely cost efficient manner. The second concern has to do with the proper utilization of LSDBEs in the procurement process. Too often agencies have too much of an influence in selection process of the most capable contractor to do the work. There are too many contractors receiving procurement opportunities over LSDBEs and other local contractors particularly on projects that have high public visibility. There should be an analysis conducted to statistically describe LSDBEs participation in all District contract opportunities. And lastly, OCP does not practice the authority it has to conduct the procurement process independent of its client agencies. Too often the agency tells OCP that its their funding and they should have a say in the decision process, frequently at each layer of the procurement; the reality of this contention is that we are procuring with District taxpayer money, public and federal money, the agency has no claim on any funding whatsoever and should leave the acquisition process to the procurement professionals, we don't tell agencies how to achieve their missions, agencies should only play a role in the dialogue of the process not the decision making of the process.
- For the processes that I do as a small procurement person I do not encounter most of these items.
- Procedures are being developed to address many of the current issues. However, for small purchases, many of the transactions should be handled by purchase card, yet are still going through the REQ. process.
- Some of the DC Supply vendors are not big suppliers in the areas in which they are certified.



- There is NO contract administration. There are very few policies and no one follows them anyway. The Council members and Mayor's office are way too involved in the award of contracts to their favorites. They are the least inclined to follow the law or policies.
- The entire procurement process is based on contradictory goals; timely meeting the needs of customers, at the lowest price, while also complying with the political/economic goals of the LSDBE program, ever-changing (and often vague or incomprehensible) Federal and District laws and rules, and doing all these faster and faster and faster. In short, the government model (reactionary, responding to ever-changing needs, crises, political expediency and) of today largely uses a procurement model (albeit with better technology) from the 70's and 80's. Our customers basically don't know or really care about the many rules we're supposed to follow. They just want their stuff, all too often sole-sourced to the vendor of their choosing, yesterday. There are no free lunches. The procurement process as it stands today is neither streamlined nor efficient. It is not designed or intended to be fast. Procurement can be done right or it can be done fast, but usually not fast and right. 2. There is no formalized contract administration function within OCP. And contract administration at the agencies, if it exists at all, is often poor - often because the underlying contracts or poor. 3. I don't understand why we don't or can't pay our vendors timely. It is a persistent problem that ultimately hampers the District's ability to get quality goods and services from good suppliers.
- The requiring agency oftentimes have difficulty developing a good work statement that describes in detail what it is the agency desires to procure. At the OCP level, policies and procedures necessary for procurement operations are not clear at best. Oftentimes they are ad hoc, made up as we go along from one procurement experience to another, and depending on the source of the authority at the time. Proper and complete Contract administration is not performed by the OCP. This function appears to be left to the requiring agencies. Given the present OCP strength, no wonder this function is left to the requiring agencies.
- There is very little consistency amongst the different commodity groups in the way procurements are processed. Sometimes appears that the standards for success are even different.
- For the small purchases, the same companies tend to be awarded the bulk of the contracts from the DCSS. There is no way to transmit solicitations automatically to people who have registered in the Online Vendor Database under those commodity codes.
- I am not a procurement professional, therefore, I can not provide any input on this topic.
- I think there is a problem with the qualifications of most of our vendors. Some of these vendors get approved to do business and they do not comply and cannot provide adequate service when used. I think we spoon feed our vendors too much when in turn we help build their businesses by filtering jobs to them and they do not follow directions or submit the items needed in a timely manner. I feel in order for Procurement to focus on cost savings it also needs to focus on turn a round time and accountability.
- I am not a procurement professional, therefore, I will not be able most of these question.
- Disparity looms in the solicitation process due to laws governing DC Supply Schedule, LSDBE, LSBE, et cetera. The District has led vendors to believe that LSDBE certification will provide greater opportunities to be solicited. However, laws that create [preferenced] groups are not conducive to the projected theme. Because of the [mandate] to solicit first DCSS providers of



goods and services, other providers (LSDBE, LSBE, SBE, GSA, et cetera) actually receive fewer solicitations because current laws create a [tiered] structure which guarantees DCSS vendors (who are also LSDBE certified) most of the government's small business. Small business cannot survive in this city, due to the structure of the D.C. Supply Schedule. The City Council's intent may have been admirable, but the fact is many businesses are failing because they can get no business. Another factor that precludes fair practices (under DCSS) is the Requirement Contract (IDIQ). A local vendor has been listed on the DCSS MOBIS schedule for two years offering computer training. She had to obtain a job with a company providing exactly what her company offers on DCSS. 2) Work is impeded by checks and balances and performance evaluations are based on [time] factors determined by dollar amount. Ridiculous. Moreover, this buyer has conducted a survey from October 1, 2006 to date: The record clearly shows that timing is not an issue among DC agencies (you are invited to audit ALL of my files for undisputable proof of [cause of delay] in small purchasing. In fact, my files demonstrate virtually ALL aspects in government procurement in the District of Columbia.

- 1. Specification development - The OCP customers have the expectation that OCP contracting staff are the experts in all technical matters, therefore, they do not submit complete specifications or statements of work. 2. Solicitation development - The OCP contracting staff do not see the development of solicitations as an art within their profession, they rely on the cookie cutter method for all procurements. 3. Bid/Proposal Evaluation process - It is very difficult for the contracting staff to obtain dedicated technical evaluators and obtain a quality technical evaluation report, thereby making the evaluation process even longer. OCP receive the credit for this processing time. 3. Payment process - I cannot understand how and why funds are removed from a contract without the contracting officer knowing of it or the issuance of a modification for such action. As a result, contractors are not paid timely.

- Statement of work for Sole Source Software application development and subsequent maintenance frequently appears to look like an advertisement rather than specification required. Feel underqualified to sufficiently review professional resumes other than cursory review for anomalies. Isn't past performance validation the same as verifying what is being proposed verses what is being requisitioned? Isn't that a technical issue?

- N/A

- 1. Many "non-Cons or IT" users do not know how to write (min.) requirements & related specs. 2. Cons/IT users rely on spec writing by their consultants who take months to complete them. In many cases, these (old) specs are rushed out to OCP for IFB/RFP and cont awards leading to delayed constn (or instln of IT systems), costly claims, etc. 3. In case of RFP (or non-IFB) solicitations for services or design/build contracts, the technical evaluations are invariably rigged/manipulated/sometime fraudulent and indirectly controlled by one or two biased individuals, and CO's pressured to rubber-stamp. 4. In case of many small PO and also for larger Cons or IT procurements, there is little or no true evaluation of technical & financial capability, capacity, available & free resources for the subject contract is made. In fact, only a few months back, the two Fin/Cost Analysts in OCP did not even know what is FAR 30 & 31 !!! 5. OCP Mgrs blindly use/rely on OLBD to qualify SBE/LSDBE vendors in their specialized categories (NIGP codes), whereas, OLBD DOES NOT review/check/evaluate these vendors other than whatever NIGP code the vendor fills in its application, e.g. a vendor with only a lawn mover qualifying to cut only grass, could fill as a cosntn contr and be qualified to so. Once, Wash. Limo Service (LSDBE) was qualified as a "constn contr" !!! 6. There are no "consistent" policies/procedures written and/or followed by differed OCP Mgrs/CO's for design/constn

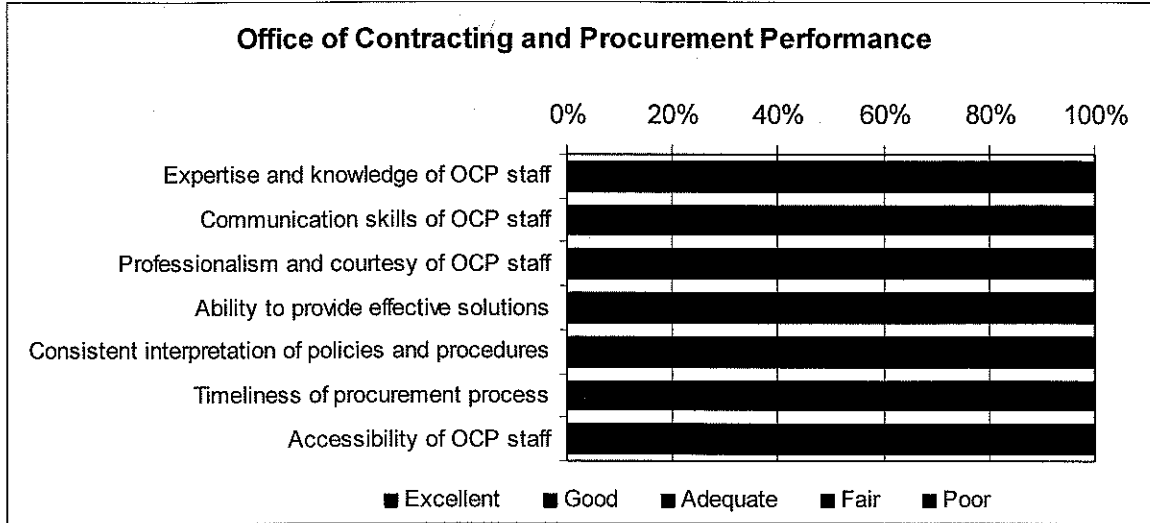


solicitations, contracts, change orders/mods... 7. Other than being "rubber-stamp" mgrs, C.O.'s for design/constn contracts have no "basic" understanding of design or constn --- it's a never ending list that only leads to unduly delayed contract awards, frustrated user agencies/clients, costly claims and litigations and bombardment from Council members, Mayor, etc... which can be drastically reduced by putting right people and right procedures in place (& move out incompetent/ inefficient/ inexperienced mgrs) --- ASAP.

- No consistency
 - Program Staff wait until the last minute to make the decision about exercising options. Specifications are not clear and concise.
 - Receiving a good Statement of Work. All information needed to process the procurement is not given in the time you need it.
 - Specifications and Statement of Works are incomplete and very often poorly written. Both have to be rewritten by the specialist. A newly established procedure for small purchase quote evaluations is no longer handled as a small purchase but more like the RFP process. The establishment of a Contract Administration Section would benefit the overall process and allow more time for developing complete specifications and statement of work and processing contracts. The Contract Administration Section could be responsible for getting and keeping up to date compliances, doing small amendments, and assisting with putting together \$1 million packages etc.
3. For each of the criteria listed below, please summarize how you believe the Office of Contracting and Procurement performs. [Maximum Response: 5.0 – Excellent

	Excellent	Good	Adequate	Fair	Poor	Response Average
Expertise and knowledge of OCP staff	22%	50%	16%	9%	3%	3.79
Communication skills of OCP staff	15%	40%	29%	10%	6%	3.48
Professionalism and courtesy of OCP staff	16%	41%	22%	16%	5%	3.47
Ability to provide effective solutions	10%	43%	26%	15%	5%	3.38
Consistent interpretation of policies and procedures	8%	30%	28%	17%	17%	2.95
Timeliness of procurement process	6%	37%	30%	19%	8%	3.14
Accessibility of OCP staff	19%	45%	24%	8%	4%	3.67



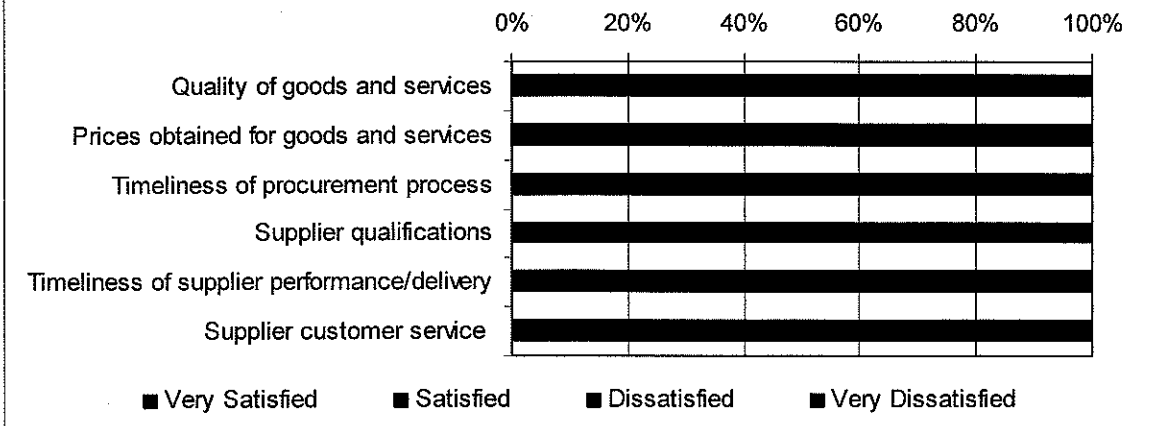


4. For those purchases made by the Purchasing Division, please rank the following performance criteria by level of importance. [Maximum Response: 6.0 – Most Important]
5. How do you believe your clients (using departments) will indicate their level of satisfaction for each of the following performance criteria? [Maximum Response: 4.0 – Very Satisfied]
- 6.

	Question 4					Question 5
	Very Satisfied	Satisfied	Dissatisfied	Very Dissatisfied	Response Average	Level of Importance
Quality of goods and services	22%	77%	1%	0%	3.21	4.81
Prices obtained for goods and services	22%	70%	8%	1%	3.12	4.30
Timeliness of procurement process	11%	50%	32%	7%	2.66	4.00
Supplier qualifications	17%	75%	7%	1%	3.08	3.35
Timeliness of supplier performance/delivery	13%	74%	11%	2%	2.98	3.28
Supplier customer service	17%	74%	7%	2%	3.06	2.55



Office of Contracting and Procurement Client Satisfaction



The following table compares the results of the client survey with the results of the staff performance survey. The survey response averages are very similar, with OCP staff believing their clients will rate performance a little higher than they actually did. Both clients of OCP staff rate "Quality" highest and "Timeliness of the Procurement Process" lowest. Significantly greater differences occurred in the "Importance" scores. Clients placed much greater emphasis on "Timeliness" while OCP staff attached greater value to "Prices."

	Response Average			Importance		
	Client	Staff	Difference	Client	Staff	Difference
Quality of goods and services	2.95	3.21	(0.26)	5.03	4.81	0.22
Timeliness of procurement process	2.46	2.66	(0.20)	4.87	4.00	0.87
Timeliness of supplier performance/delivery	2.84	2.98	(0.14)	3.67	3.28	0.39
Prices obtained for goods and services	2.82	3.12	(0.30)	3.20	4.30	(1.10)
Supplier qualifications	2.95	3.08	(0.13)	3.00	3.35	(0.35)
Supplier customer service	3.05	3.06	(0.01)	2.48	2.55	(0.07)

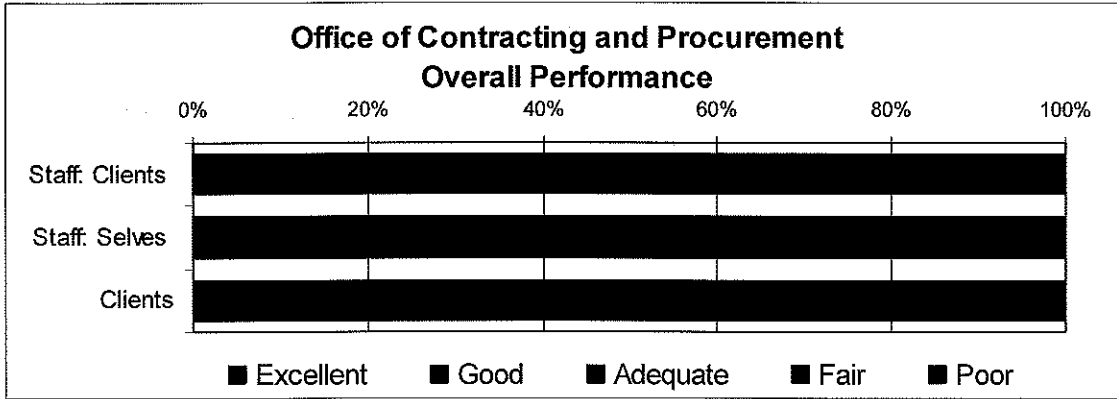
7. How do you believe your clients would rate the overall performance of the Purchasing Division for the past 12 months? [Maximum Response: 5.0 – Excellent]
8. How would you rate the overall performance of the Purchasing Division for the past 12 months? [Maximum Response: 5.0 – Excellent]

Results from Client Survey imported: "How would you rate the overall performance of the Purchasing Division for the past 12 months?" [Maximum Response: 5.0 – Excellent]



Overall Performance

	Excellent	Good	Adequate	Fair	Poor	Average
Staff: Clients	11.9%	41.6%	33.7%	11.9%	1.0%	3.51
Staff: Selves	33.3%	33.3%	16.7%	16.7%	0.0%	3.62
Clients	9.3%	23.8%	35.7%	19.1%	11.9%	3.00





Government of the District of Columbia
Office of Contracting and Procurement



Process Transformation Procurement Management Assistance

Appendix F Purchasing Staff Qualifications Survey Analysis

28 September 2007

Stefan Rollwage MPA, CPPO

Philip E. Scales MA, CPPO

James B. O'Neill II MBA, CPPO, FNIGP

Terry McKee MPA, CPPO, CPM



NATIONAL INSTITUTE OF GOVERNMENTAL PURCHASING, INC.
151 Spring Street
Herndon Va. 20170
1-800-367-6447

Appendix F

DC Office of Contracting and Procurement
**Purchasing Staff Qualification
Survey Analysis**



OCP STAFF QUALIFICATION SURVEY ANALYSIS

NIGP conducted an Internet-based survey of the Office of Contracting and Procurement staff with respect to qualifications as a part of this engagement. Ninety-eight (98) employees completed the survey. Questions 1 and 2 were "Name" and "Position Title."

3. Experience (averages):
 - a. Total years with DC: 16.99
 - b. Total years with OCP: 8.38
 - c. Total years in current position: 6.31
 - d. Total years in public purchasing: 14.05
 - e. Total years in purchasing (public and private): 15.39

4. Level of Education:
 - a. High School: 13.3%
 - b. Technical/Vocational School: 1.0%
 - c. Some College: 29.6%
 - d. 2-year College Degree: 5.1%
 - e. 4-year College Degree: 27.6%
 - f. Master's Degree: 14.3%
 - g. Some Doctoral Courses: 1.0%
 - h. Doctoral Degree: 8.2%

5. Certifications:
 - a. CPPO: 0%
 - b. CPPB: 8.2%
 - c. C.P.M.: 7.1%
 - d. A.P.P.: 0%
 - e. CPCM: 1.0%
 - f. Do not hold a certification: 77.6%
 - g. Other: 7.1% (CIO, CPA, MCP, CPM, CPP, CPPM)



6. Professional Affiliations:

- a. NIGP: 66.2%
- b. NIGP Chapter: 39.2%
- c. Other: 17.3%

7. How many days of professional training have you completed in the last five years, including workshops, seminars, webinars, etc?

Average Response: 53.67 days

8. Please list the professional training you have completed in the last five years, including workshops, seminars, webinars, etc. Partial list of responses:

- Advanced Contract Law
- Advanced Simplified Acquisition
- Analytic Reasoning
- Basic Contract Law
- Basic Source Selection
- Bioterrorism Response
- Business Clearance Memorandum
- Citywide Emergency Response Modules
- Competitive Sealed Bids
- Competitive Sealed Proposals
- Construction Contracting
- Contract Administration
- Contract Administration II
- Contract Cost Control
- Contract Disputes and Terminations
- Contract Mediation
- Cost and Price Analysis
- Cost Estimating
- COTR Training
- Creating Effective Statements of Work
- Crisis Communications
- Crisis Management
- Critical Thinking for Supervisors and Managers
- DC Government Travel Card Program
- Design-Build Contracting
- English Grammar and Usage
- Ethics in DC Contracting
- Excel
- Federal Contract Negotiation Techniques
- Fundamentals of Writing
- Introduction to Government Contracting

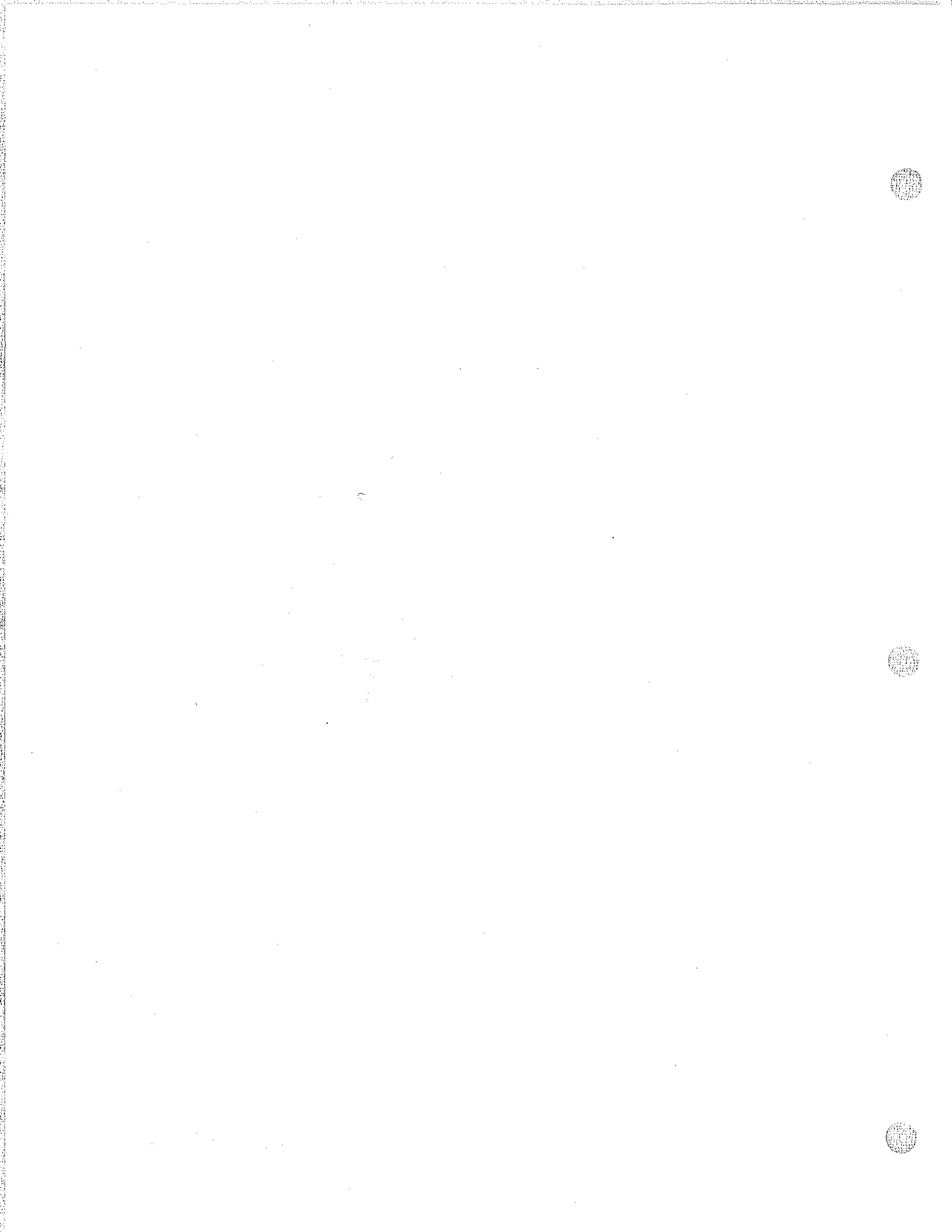


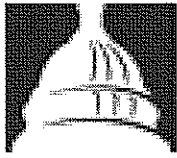
- Introduction to Public Procurement
- Legal Aspects of Public Purchasing
- Legislative Drafting for D.C. Council
- Living Wage Act
- LSDBE Refresher
- Management Organization Theory and Behavior
- MS Word
- Negotiated Contracts
- PASS Training
- Performance Based Contracting
- PowerPoint
- Procurement Law
- Public Health Management
- Sole Source Procurements
- Sourcing in the Public Sector
- Subcontract Management
- Task Order Contracting
- Time Management

9. Please rate your level of experience for each of the software systems listed below:

	Beginner	Somewhat Experienced	Very Experienced	Expert	Do Not Use
MS Word	0.0%	24.5%	54.1%	21.4%	0.0%
MS Excel	9.2%	39.8%	34.7%	16.3%	0.0%
Ariba	8.9%	20.0%	31.1%	10.0%	30.0%
PASS	9.3%	24.7%	42.3%	17.5%	6.2%







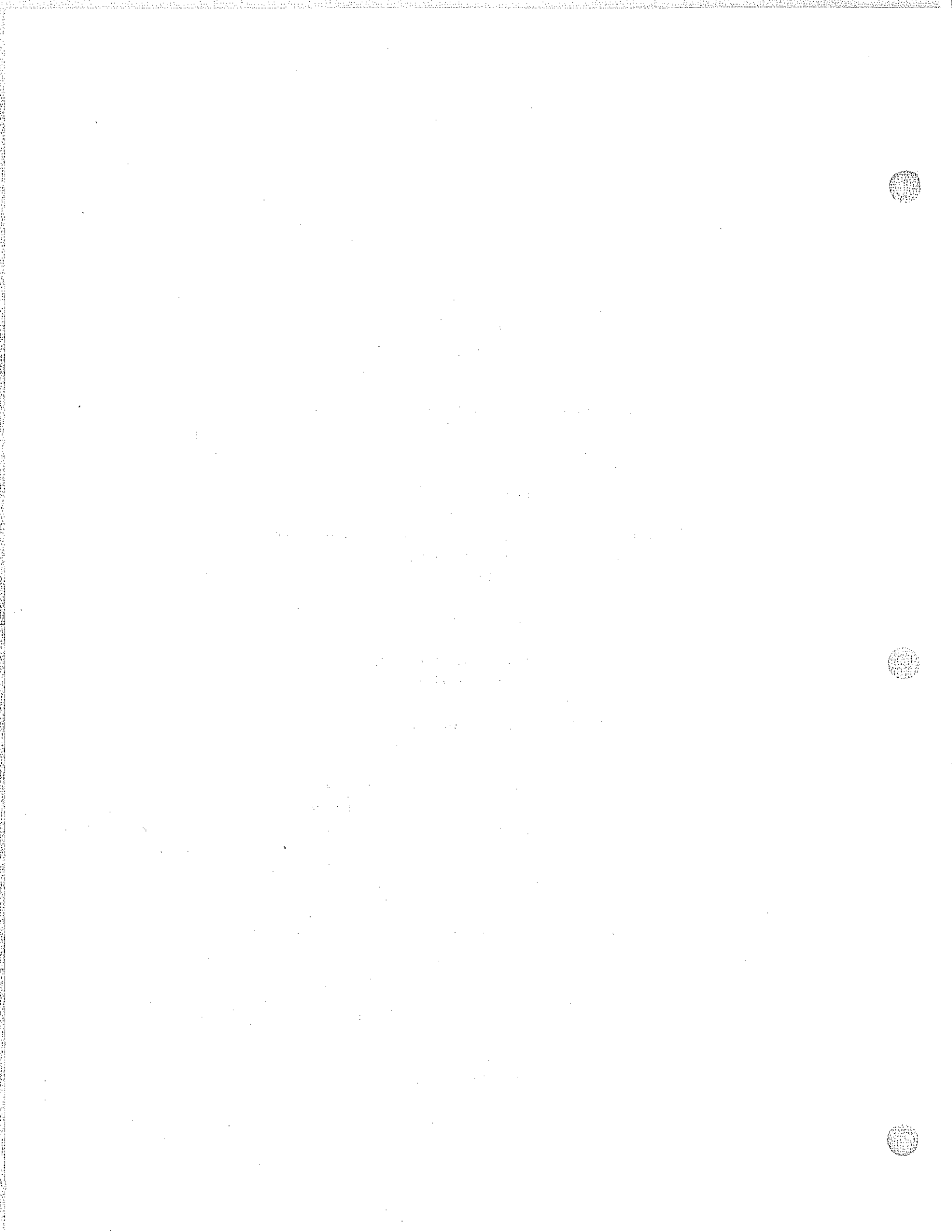
DISTRICT OF COLUMBIA PUBLIC SCHOOLS

**Office of Special Education
POST AWARD CONFERENCE AGENDA
Thursday, September 30, 2010 1:00-2:00PM**

1. Introduction of Attendees
2. Review of Requirements Contract **GAGA-2010-C-0113- Awarded 8/2/10-7/31/11**
3. Review of Insurance Requirements
4. Overview of Contractor Responsibilities
 - a. Adhere to the terms and conditions of the contract
 - b. Always ensure the receipt of the appropriate Purchase Order
 - c. Never Exceed the total of the Purchase Order
 - d. Adhere to Section G of the Contract
5. Overview of COTR & DCPS Responsibilities
 - a. Delegation of the COTR-Responsibilities Delineated
 - b. Re-assignment of COTR –Change of COTR
 - c. Manage daily performance of contractor
 - d. Monthly Contractor Performance Evaluations
 - e. Conflict of Interest Statement
 - f. Anti-Deficiency
 - g. Processing of Invoices in conjunction with Accounts Payable
 - h. Changes to the contract on authorized by Contracting Officer
 - i. Memo to Exercise Contract Options or to Continue Services
 - j. Cure of Contract Deficiencies
6. Q & A

Certification of Understanding of Roles and Responsibilities Pursuant to Post Award Conference and Contract:

1. Contractor Name: _____ Contractor Title: _____
2. Program COTR: _____ COTR Title: _____
3. Contract Specialist: _____
4. Contracting Officer: _____
5. Others In Attendance List As Appropriate –See Attached Attendance Sheet





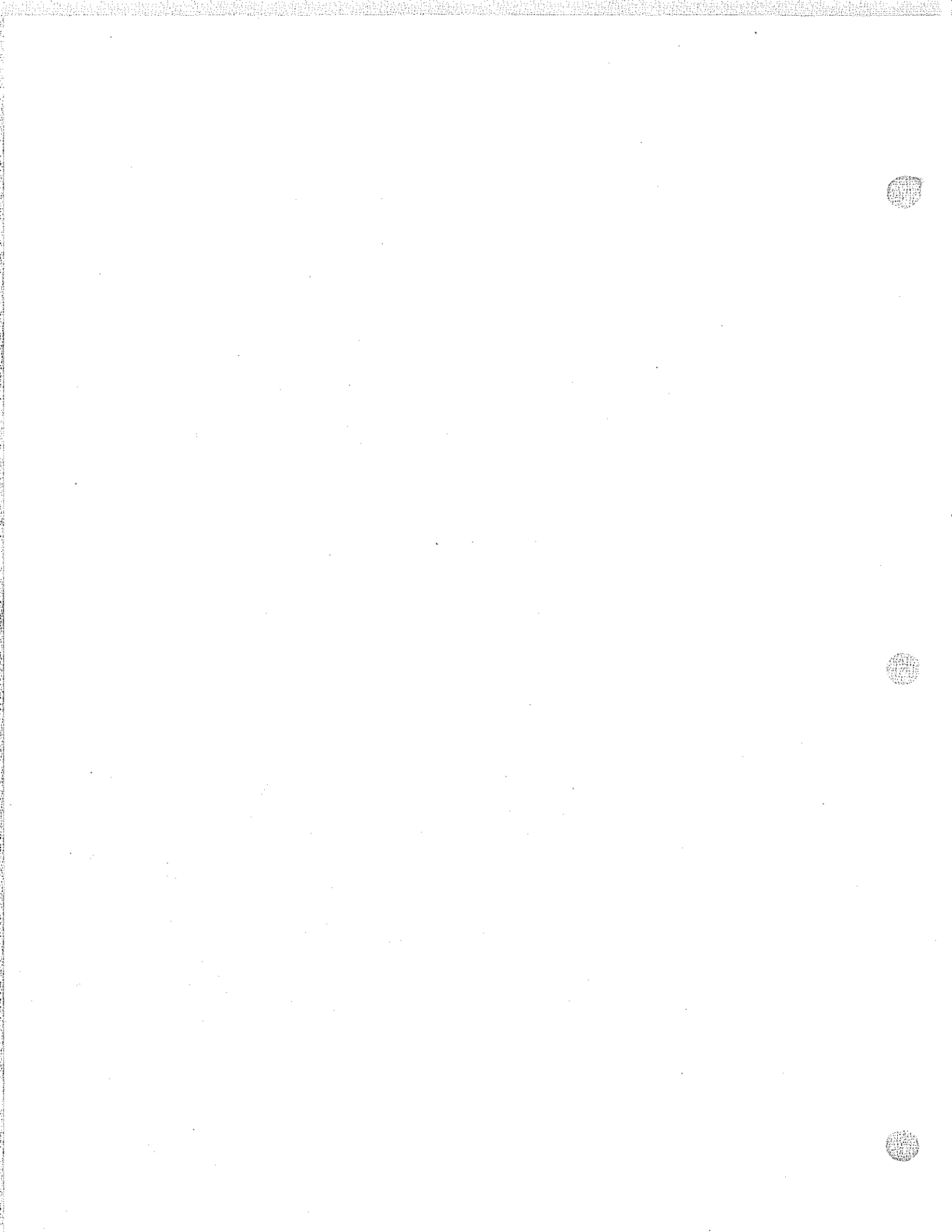
DISTRICT OF COLUMBIA PUBLIC SCHOOLS

**Office of Food Services
POST AWARD CONFERENCE AGENDA
Wednesday, March 02, 2011 2:00-3:00PM**

1. Introduction of Attendees
2. Review of Contract
3. **Food Services Pilot Program – From Scratch Meals**
GAGA-2010-C-0146 – Letter Contract Awarded 07/29/10
Definitized Contract Awarded 02/15/11
Review of Insurance Requirements
4. Overview of Contractor Responsibilities
 - a. Adhere to the terms and conditions of the contract
 - b. Always ensure the receipt of the appropriate Purchase Order
 - c. Never Exceed the total of the Purchase Order
 - d. Adhere to Section G of the Contract
5. Overview of COTR & DCPS Responsibilities
 - a. Delegation of the COTR-Responsibilities Delineated
 - b. Re-assignment of COTR –Change of COTR
 - c. Manage daily performance of contractor
 - d. Monthly Contractor Performance Evaluations
 - e. Conflict of Interest Statement
 - f. Anti-Deficiency
 - g. Processing of Invoices in conjunction with Accounts Payable
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2. Program COTR: _____ COTR Title: _____
3. Contract Specialist: _____
4. Contracting Officer: _____
5. Others In Attendance List As Appropriate –See Attached Attendance Sheet



GOVERNMENT. PROCUREMENT

The Journal of the Purchasing Professional

Reform rolls into D.C.

How the district plans
to get back on track

Also in this issue:

ABCs for RFPs

The Keating Report

Responsible purchasing 101

Don't get stung



ALL PHOTOS BY WASHINGTON, D.C., CONVENTION & TOURISM CORP.

By David Yarkin

It's not an exaggeration to say that on April 24, 2007, the eyes of the government procurement world were on Washington. That was the day that the new mayor, Adrian Fenty, announced that he was appointing David Gragan to be the district's chief procurement officer.

For years, the district was notorious in the procurement community for being a challenging place to work. In recent years, audits by the District of Columbia government and the federal government's Government Accountability

Office (GAO) unearthed significant structural and cultural problems within the district's procurement operations. The GAO, renowned for its dispassionate analyses, best summed up the system that Gragan would inherit in the title of its report: "District of Columbia Procurement System Needs Major Reform."

No one was as intimately familiar with the district's dysfunctional procurement system than City Administrator Dan Tangherlini, who served as co-chairman of Fenty's mayoral transition team. A hands-on department head who held a variety of leadership roles in Washington—including general manager of the Washington Metropolitan Area Transit Authority and director of the District Department of Transportation—Tangherlini was well-aware of the procurement department's shortcomings.

"My two biggest problems as an agency head were personnel and procurement. One of the reasons I was excited to come back as city administrator was to help change those two areas," Tangherlini said. "Along with our outstanding personnel director, we now have David, a nationally respected leader and the kind of change

How the district's Office of Contracting and Procurement derailed—and how it plans to get back on track

agent to fix one of our two core supporting processes. David has a missionary zeal to fix procurement.”

The 70-page GAO report on the district’s procurement operations catalogues a list of practices that would make public procurement officials shudder: multiple-award schedules; broad sole-source authority; legislators awarding contracts; agencies exempted from the procurement rules; buyers with limited commodity specialization; abnormally long cycle times; and constant turnover in leadership positions.

Into this environment stepped Gragan, one of the most experienced and respected public procurement practitioners in the nation. When Gragan arrived, the question on the minds of procurement officials across the country and stakeholders in the District of Columbia was simple: “Can Gragan reform such a dysfunctional system?”

‘Paying close to retail prices’

According to Gragan, Fenty was cognizant of the problems in the Office of Contracting and Procurement (OCP) from his years as a member of the Council of the District of Columbia City.

“His attitude when he became mayor was, ‘We better fix it,’” Gragan said. “The mayor hired me to correct the things that surfaced in the GAO’s findings.” Showing the reformer’s optimism, Gragan added: “When we do, I hope that cities across the country will look at Washington as a model for other cities and will want to study what we have done.”

One of the first things that Gragan did was issue a solicitation to hire consultants to methodically review the district’s procurement operations. The district awarded the contract to the National Institute of Governmental Purchasing’s Procurement Management Assistance Program (PMAP). The PMAP report gave Gragan a fairly exhaustive list of areas for concern from a chief procurement officer’s perspective and a roadmap for reform.

The PMAP report pointed to severe organizational challenges.

“We were oriented around agencies, not commodities,” Gragan said. “Our buyers were assigned to procure goods and services for departments. The buyer who buys complex multimillion-dollar technology systems for the Unified Communications Center is also responsible for buying furniture. He certainly can’t be an expert in both IT systems and chairs. So when he is asked to buy chairs, he can’t do it as well as a buyer whose only responsibility is to buy furniture. It is no coincidence that at the UCC today, we have chairs that are literally breaking.”

“Organizing by agency rather than commodity is an old-fashioned and well-known poor practice. Like all central procurement organizations, we have a dual mission: Facilitate agencies getting the goods and services

they need, while at the same time controlling expenditures. The public’s interest is protected by the control function. It seems we had focused on making buying easy at the expense of exercising appropriate control of contracting on a citywide and aggregated basis.”

The department-facing organizational structure also made enterprisewide strategic-sourcing initiatives more challenging. The UCC procurement officer who was buying chairs on a certain day would have no idea that his colleagues who serve the Police Department or the Department of Mental Health may be buying chairs the next. As a result, the district was unable to capture the needs of all of its agencies and go to market in a single procurement.

“Rather than having a paper contract, for example, with pricing that reflects the buying power of every agency that uses paper, we are basically buying paper in small volumes for single customers over and over again,” Gragan said. “We are paying close to retail prices for many of the things we buy.”

‘The only game in town’

Less than three months after the PMAP review was completed, Gragan took a decisive step to fix the organizational problem that has plagued district procurement for years. He began a wholesale reorganization of the Office of Contracting and Procurement by creating commodity teams of buyers organized according to the types of commodities that they procured rather than the types of customers that they served.

On Gragan’s first day on the job, he asked his staff



“We are paying close to retail prices for many of the things we buy.”

—David Gragan, chief procurement officer for the District of Columbia

something that any new chief procurement officer would ask: “Give me a list of all our citywide term contracts.” While most entities the size of the D.C. government have at least a hundred contracts for high-spend, commonly used commodities that are needed by multiple agencies, Gragan was shocked to learn that very few existed in the district.

Instead, buyers in the OCP relied on a number of rela-



tively uncompetitive contracting processes to buy goods and services for their customers. For any orders smaller than \$100,000, buyers used the D.C. Supply Schedule (DCSS). The DCSS is a multiple-award schedule made up of local small disadvantaged business enterprises. As part of the process, buyers must solicit three firms from the DCSS and utilize the firm with the lowest quote. However, buyers often would receive only one acceptable quote and consider that a good procurement—without going back to the competitive marketplace to ensure that they were receiving truly competitive pricing.

Upon learning of this common practice within the OCP, Gragan immediately issued a directive to his staff that three “live” quotes had to be received for all procurements using the D.C. Supply Schedule.

Ann Calvaresi Barr, director of acquisition and sourcing



Even Einstein would be hard-pressed to understand why District of Columbia law grants such broad sole-source authority to district procurement.

management at the GAO, was skeptical that the D.C. Supply Schedule offered the type of vigorous competition that a public entity should ensure.

“Just because you buy off D.C. Supply Schedule doesn’t mean you have adequate competition,” Calvaresi Barr asserted. “We found a number of examples where one firm was listed as the only game in town.”

Broad sole-source authority

While Gragan’s change will limit the number of DCSS procurements in which a single supplier is chosen without meaningful competition, D.C. procurement law gives broad authority to make explicitly sole-source awards.

Public procurement officials will concede that sole-source authority is a needed option when the requirements of a procurement are so specific and rare that only one firm can perform the work. However, it is the vowed mission of most chief procurement officers to keep the number of sole sources to a minimum for a fairly obvious reason. As protectors of the public trust, CPOs have a responsibility to ensure that competition exists and that

the taxpayers get the best deal possible. When a supplier is granted a sole source, there is little incentive to ensure the most aggressive pricing.

The GAO report details three separate provisions allowed by D.C. law to make sole-source awards.

The first provision allowing a sole source is that only one supplier, referred to as a “single available source,” can provide the good or service requested.

The second provision enables the OCP to grant a sole-source award for a good or service that ordinarily would be competitively procured but cannot be because of a declared emergency. The emergency procurement provision is typical in most public procurement organizations and set off no red flags with the entities that reviewed the OCP’s operations. The single-source provision also is typical and unlikely to create much controversy, provided that each

procurement is thoroughly researched to ensure that no competing supplier could provide the good or service.

However, the third provision flies in the face of generally accepted procurement practices. It has two parts. The first part allows the OCP to grant a sole-source award to a supplier that holds a contract with any federal agency.

The second part is even more egregious. It allows the OCP to contract on a sole-source basis with any vendor that agrees to match the pricing of another vendor on a federal contract. This means that even if there is a robust supply base that could meet the district’s needs, a company that has no contractual relationship with the district or with any government can win a no-bid contract simply by

matching the price of any supplier on a federal contract or schedule.

As those familiar with the GSA schedules can attest, the pricing on the schedules usually is fairly high, because users of the contract are expected to negotiate the prices down. But in Washington, the published GSA price was the price that the district paid.

Washington’s broad sole-source authority was particularly perplexing to the GAO.

“We have seen no other jurisdiction with sole-source rules as broad as those in Washington,” Calvaresi Barr said. “The district stands out as a one-and-only in this case.”

Given the liberal sole-source rules allowed by the district, it’s no wonder that there have been so many sole sources approved by Gragan’s predecessors.

The GAO reported that in fiscal 2005, the district awarded 700 sole-source contracts, collectively worth \$173.2 million. Of those sole-source contracts, 402 contracts (57 percent of all sole sources awarded, totaling \$92.5 million in value) fell into the third category in which multiple suppliers could have competed for the contract and no emergency existed.



Limited negotiation using GSA schedules

Because of the District of Columbia’s unique status as the nation’s capital, it is able to access GSA schedules that other cities and states cannot. While this could be an invaluable tool for the OCP if used strategically, it has become a crutch instead. OCP buyers use the D.C. Supply Schedule—with all its inherent problems—for purchases under \$100,000, but they use GSA schedules for many purchases over \$100,000 that have not gone through the sole-source process.

While using the GSA schedule undoubtedly is easier than developing one’s own solicitation and managing a procurement, the PMAP report concluded that for the GSA schedule—like the D.C. Supply Schedule—“competition is limited and there is little incentive for a supplier to offer its best price.”

“Although we would get three quotes from GSA vendors, we typically just accepted the GSA price,” Gragan said.

In a brutally honest assessment, Gragan asserted that the modus operandi of most OCP buyers has been to take the path of least resistance when procuring goods and services.

“Behavior at the buying level leans toward what is convenient as opposed to what is correct—which is squeezing every dollar of public money,” Gragan said. “We often use these vehicles without thinking. Our approach hasn’t been, ‘Let’s be a tough and demanding customer in the face of our suppliers.’ Instead, it’s exactly the opposite.”



The district’s unique status as the nation’s capital—which enables it to access GSA schedules that other cities and states cannot—has become a crutch rather than an advantage.

A shift from multiple-year term contracts

Even with a slew of processes and contract vehicles at their disposal to speed up the procurement process, OCP staff is exceptionally busy and has had a difficult time keeping up with the workload. As discussed earlier, part of the problem stems from the old organizational structure that forced an OCP buyer to procure all goods and services on a “one-off” basis when the agency that he or she served had a requirement.

In part, the problem was caused by the OCP’s shift away from multiple-year term contracts. The preference for one-year contracts was due in part to statute that required city council approval for any contract longer than a year, regardless of the dollar value. Data collected by PMAP illustrates the fact that the OCP has been consumed by scores of high-volume, low-dollar transactions. Purchase orders of less than \$5,000 represent more than 50 percent of the district’s transactions but less than 5 percent of its total spend.

Most well-run procurement organizations will establish multiple-year contracts (five years is fairly standard these days) for everything from office supplies to IT services. A multiple-year contract allows a supplier to amortize its costs over a longer period of time and give the government

a lower price. In addition, while a multiple-year contract still requires regular contract management efforts, it frees the government buyer from having to run a time-consuming procurement every year.

In the case of the District of Columbia, anecdotal and empirical evidence paints the picture of a procurement organization that is overtaxed by the need to run procurements over and over and over again in the same year for the same commodity. When it has to go out to bid, the district’s cycle time is an order of magnitude slower than comparable government organizations. The PMAP’s analysis found that the number of calendar days required for an invitation for bid and request for proposal (RFP)

were double the time required by other governments.

“We simply have to get procurement out of doing onesies and twosies,” Tangherlini said. “They need to be more proactive in looking for opportunities to conduct procurements that could serve multiple agencies over multiple years. If an agency asks for a one-year contract for lawn mowing, the buyer needs to ask if the lawn is going away after a year.”

Symptomatic of the OCP’s slow pace is the district’s “letter contracts.” The agency sometimes sends letters to a supplier informing the supplier that a contract is forthcoming but not prepared yet. The letter itself binds the district to pay for goods or services provided by the supplier. Even a seasoned procurement professional such as Gragan said that he had never heard of such a practice before his arrival at the OCP.

Frustration among stakeholders

While the OCP has been empowered to manage procurements for all agencies, in recent years the department’s shortcomings have generated frustration among some department heads and members



of city council—which has served to undermine the chief procurement officer’s authority.

The GAO report cites an instance in 2006 when the director of the district Department of Health was given an exemption from the competitive procurement regulations to award a contract to perform an air-quality study at a local park. Another exemption was granted in 2006 to allow the Department of Youth Rehabilitation Services to contract for the construction of a youth center without going through the district’s competitive procurement processes.

“We found that procurement law doesn’t apply to all entities in the district,” GAO’s Calvaresi Barr said. “That’s a big red flag. If some agencies follow different rules, that’s a problem.”

Reasons for optimism start at the top

The litany of problems laid bare by the GAO and PMAP reports and by Gragan’s own assessment are enough to overwhelm the most optimistic procurement change agent. Still, even with so many challenges plaguing the OCP, there are plenty of reasons to be optimistic about the agency’s future.

The first reason to be optimistic is Gragan himself. Gragan has had a long and storied career as a first-rate manager and innovator inside and outside of public procurement. He is one of a handful of individuals to be the chief procurement officer of two states (Indiana and Texas). He consulted with state and local governments on technology and strategic-sourcing efforts with top-notch consulting and IT firms such as Oracle, Accenture and CGI.

One Washington newspaper hailed his appointment with the headline: “Procurement chief nominee long on experience.”

“David is a no-nonsense guy who is incredibly ethical. He knows what is right and what is wrong,” asserted Jeff Holden, director of the Office of Procurement Management in South Dakota and president of the National Association of State Procurement Officials. “Dave is the consummate public procurement professional who has the respect of his peers. Part of his strength comes from having been on both sides of procurement as a state director and a supplier. If there’s anyone who can get a public procurement system moving in the right direction, it’s Dave.”

Douglas Richins, chief procurement officer for the state of Utah and the dean of state procurement officials, testified on Gragan’s behalf at the time of his council appointment hearings. In a letter to D.C. Councilwoman Carol Schwartz, Richins called Gragan, “a professional giant among his peers,” “one of the finest public procurement professionals in the nation” and “a beacon of integrity.”

Richins closed his letter with the ultimate complement: “There is not a better candidate and fit for this position to be found anywhere in the world.”

Officials from the GAO who were quite critical of past practices at the OCP lavished praise on Gragan—and on Fenty for recruiting him. “We were highly encouraged that the mayor recognized the need to bring someone in with the right kinds of credentials like David Gragan,” the

GAO said. “I don’t think anyone could look at his background and not think he was a terrific hire.”

‘Invisible muscle’

As every public procurement official knows, the most important ingredient for success in leading an overhaul is support from above. The GAO report noted that one of the reasons problems festered within the OCP was because the procurement director was lower on the organizational chart than the agency heads that he served. Often, he lacked the clout to carry out his mission, the report concluded.

Fenty adopted the GAO’s recommendation that the chief procurement officer role needed to be elevated to a cabinet-level post. After a decade that saw five procurement directors come and go, Gragan’s appointment brings some stability to the department’s leadership. As the first chief procurement officer confirmed by the city council in years, Gragan’s efforts to reform district purchasing are backed by the mayor and city council—providing what Gragan called “invisible muscle.”

Tangherlini has helped provide that muscle. In the past, when something went wrong, the OCP and its customer agency would blame each other for the failure, Tangherlini explained. As a result of constantly being the scapegoats, staff members at the OCP would find the fastest way—not necessarily the best way—to procure products and services for their customer agencies. “My job now is to support Dave so procurement can’t be blamed,” Tangherlini said.

“[Gragan’s] people have to be confident in their abilities so they won’t succumb to the temptation to go in through the back door,” Tangherlini said. “By doing better planning and getting the agency heads invested in what David is trying to do, they will have the time to do procurements the right way and to stop doing so many sole sources.”

Gragan credited Fenty with creating an environment that is designed to enable him and his fellow department heads to succeed.

“This mayor is progressive and intent upon change, passionate and dedicated to making this city truly the nation’s capital in every sense,” Gragan said.

Gragan is adept not only at diagnosing the illnesses that plague D.C. procurement but also at prescribing the fixes. His ambitions are to fix everything at once. However, he is realistic that change cannot occur overnight.

“I find it hard to accept that reforms are going to take time,” Gragan said. “I want to snap my finger and do it immediately. But I first need to build a team of stakeholders who will be supportive of these changes—from city council members to my staff to my customers.”

Using the Web to provide transparency

While Gragan understands that comprehensive change takes time, he is eager to begin making that change piece by piece. His first major action—reorganizing the department from an agency-oriented structure to a commodity-oriented structure—is

under way. The OCP is in the process of establishing its first citywide term contracts to replace the dozens of small purchase orders in a given commodity, which previously was standard operating procedure.

Gragan knew that another problem in the district was the perception that the procurement process lacked transparency. Consequently, the first step he took was to webcast bid openings and post them online to enable suppliers, the media and the general public to see firsthand that awards were made in accordance with the district's protocols.

To provide great transparency and the opportunity for collaboration, Gragan teamed with the district's chief technology officer, Vivek Kundra, to create a home page for the district's procurement of an evidence warehouse to replace a facility that, by all accounts, was not properly securing critical evidence found during criminal investigations. The home page, <http://www.evidencewarehouse.ocp.dc.gov>, which is modeled after the popular Wikipedia Web site, allows vendors to watch the pre-proposal conference, download important documents and fill out required forms. By posting the information on the Web, all vendors have equal access and equal opportunity to respond.

On the heels of a nonprocurement-related scandal involving the theft of more than \$20 million in tax revenue by a district employee, Gragan created the Office of Procurement Integrity and Compliance (OPIC), and he tapped a 30-year veteran of public procurement to run it. The OPIC will be responsible for ethics and integrity training of OCP staff and others with contracting authority and regular and ad hoc auditing of the contracting process.

Gragan understood that nothing would stop his reform agenda in its tracks faster than a procurement-related scandal in his own backyard. By creating the OPIC, he sent a message throughout his ranks that improper activities would not be tolerated.

Striving to be a model procurement agency

The structural advantages that the OCP possesses are another cause for optimism. With 152 total staff members overseeing \$1.7 billion in annual spend, the size of Gragan's team at the OCP is in line with staffing resources in comparable government procurement organizations. Power has been centralized within the OCP so that Gragan will not have to suffer through the turf battles that many of his colleagues in state procurement offices have had to endure to bring procurement authority back within the central procurement organization.

Also boding well for the OCP is the fact that District of Columbia statute is fairly progressive in allowing best practices such as best-value procurements and cooperative purchasing. While some jurisdictions are required to make all awards on a competitive sealed basis, Gragan and his team have the authority to use RFPs to make best-

value awards that consider factors including performance, service, quality and supplier diversity in addition to just cost. This will allow the OCP to make multiple-year term agreements that will drive savings for district taxpayers while at the same time recognizing the importance of supporting the district's small minority- and women-owned business community.

Lastly, the district has made considerable investments in technology, purchasing Ariba's procurement software several years ago. To date, the district has implemented only Ariba Buyer. However, the district plans to use more of Ariba's functionality in coming years, including its

For City Administrator Dan Tangherlini, the criteria for a successful procurement reform effort are responsiveness, transparency, efficiency and accountability.

strategic-sourcing and contracts software. Successful implementation of these upgrades will give Gragan's buyers more tools in their toolbox to begin establishing world-class contracts.

Asked what his criteria for successful reform are, Tangherlini said that the OCP, like all district agencies, should possess four qualities: responsiveness, transparency, efficiency and accountability.

"If we do that, we'll squeeze out concerns about whether it's honest, whether it serves its customers well and whether we're paying a competitive price," Tangherlini said.

While district employees and taxpayers have long bemoaned the state of the district's procurement operations, it's clear that under the leadership of Mayor Adrian Fenty, City Administrator Dan Tangherlini and Chief Procurement Officer David Gragan, there is good reason to believe that Washington can meet Tangherlini's criteria and become the type of agency that it aspires to be: a model municipal procurement organization. □

About the author



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