

AUDIT REPORT

Agencies' Contract Administration Effectiveness

OIG No. 24-1-03AT

May 27, 2025



DANIEL W. LUCAS
INSPECTOR GENERAL



OUR MISSION

We independently audit, inspect, and investigate matters pertaining to the District of Columbia government in order to:

- prevent and detect corruption, mismanagement, waste, fraud, and abuse;
- promote economy, efficiency, effectiveness, and accountability;
- inform stakeholders about issues relating to District programs and operations; and
- recommend and track the implementation of corrective actions.

OUR VISION

We strive to be a world-class Office of the Inspector General that is customer focused and sets the standard for oversight excellence!

OUR VALUES

Accountability: We recognize that our duty extends beyond oversight; it encompasses responsibility. By holding ourselves accountable, we ensure that every action we take contributes to the greater good of the District.

Continuous Improvement: We view challenges not as obstacles, but as opportunities for growth. Our commitment to continuous improvement drives us to evolve, adapt, and enhance our practices.

Excellence: Mediocrity has no place in our lexicon. We strive for excellence in every facet of our work.

Integrity: Our integrity is non-negotiable. We act with honesty, transparency, and unwavering ethics. Upholding the public's trust demands nothing less.

Professionalism: As stewards of oversight, we maintain the utmost professionalism. Our interactions, decisions, and conduct exemplify the dignity of our role.

Transparency: Sunlight is our ally. Transparency illuminates our processes, decisions, and outcomes. By sharing information openly, we empower stakeholders, promote understanding, and reinforce our commitment to accountability.





DISTRICT OF COLUMBIA | OFFICE OF THE INSPECTOR GENERAL

MEMORANDUM

To: Tanya Torres Trice, Interim Director
Child and Family Services Agency

Richard Reyes-Gavilan, Executive Director
DC Public Library

Delano Hunter, Director
Department of General Services

Dr. Lewis Ferebee, Chancellor
District of Columbia Public Schools

Nancy Hapeman, Chief Procurement Officer
Office of Contracting and Procurement

Kevin Donahue, City Administrator
Office of the City Administrator

From: Daniel W. Lucas
Inspector General

A blue ink signature of Daniel W. Lucas, the Inspector General, is written over the name and title.

Date: May 27, 2025

Subject: **Agencies' Contract Administration Effectiveness** | **OIG No. 24-1-03AT**

This memorandum transmits our final report, Audit of Agencies' Contract Administration Effectiveness. We conducted this audit in accordance with generally accepted government auditing standards (GAGAS). Our audit objectives were to determine whether agencies were: (1) effectively administering contracts to ensure the District receives the goods and services it procures; and (2) complying with District contracting regulations. The audit was included in our Fiscal Year 2024 Audit and Inspection Plan.

On March 18, 2025, we provided the draft report to the management of the six agencies to which we directed our recommendations, requesting their review and comment. The agencies and the dates we received their response are as follows:

- Child and Family Services Agency (CFSA), March 31, 2025

- DC Public Library (DCPL), April 1, 2025
- Department of General Services (DGS), April 1, 2025
- District of Columbia Public Schools (DCPS), April 14, 2025

Although we granted extensions, two agencies did not submit a response. The Office of Contracting and Procurement (OCP) did not respond to ten recommendations (1, 2, 17, 18, 19, 25, 26, 27, 29 and 30). The Office of the City Administrator (OCA) did not respond to one recommendation (28). As such, we request the management of OCP and OCA provide responses within 30 days from the date of this final report with their planned actions to correct the identified deficiencies. The recommendations for these two agencies are currently classified “unresolved” and open pending evidence of implemented actions.¹

We received responses from four out of six agencies. Combined, we made 31 recommendations deemed necessary to correct identified deficiencies and have received agency responses for 20 recommendations. Of the 20 recommendations, the four agencies agreed with 11, partially agreed with 2, and disagreed with 7.

CFSA's Response

We provided CFSA with our draft report on March 18, 2025, and received its response on March 31, 2025, which is included in its entirety as Appendix 3 to this report. We appreciate that CFSA officials began addressing the findings immediately upon notification during the audit.

Our draft report included three recommendations directed to CFSA for actions we deemed necessary to correct identified deficiencies. CFSA agreed with Recommendations 9, 10, and 20. CFSA's actions taken and/or planned are responsive and meet the intent of the recommendations. All recommendations are currently classified as “resolved” but open pending evidence of implemented actions.³

DCPL's Response

We provided DCPL with our draft report on March 18, 2025, and received its response on April 1, 2025, which is included in its entirety as Appendix 4 to this report.

Our draft report included three recommendations directed to DCPL for actions we deemed necessary to correct identified deficiencies. DCPL agreed with

¹ Unresolved means that the OIG continues to work with the agency on the appropriate corrective action. This status usually indicates that either the agency has not yet responded to or disagrees with the specific recommendation.

³ Resolved means that the agency has identified a corrective action that adequately addresses our recommendations.

Recommendations 3, 11, and 12. DCPL actions taken and/or planned are responsive and meet the intent of the recommendations. All recommendations are currently classified as resolved but open pending evidence of implemented actions.

DGS' Response

We provided DGS with our draft report on March 18, 2025, and received its response on April 1, 2025, which is included in its entirety as Appendix 5 to this report. We appreciate that DGS officials began addressing the findings immediately once notified during the audit.

Our draft report included nine recommendations directed to DGS for actions we deemed necessary to correct the identified deficiencies. DGS partially agreed with Recommendations 5 and 31. DGS' actions taken and/or planned are responsive and meet the intent of the recommendations. These recommendations are currently classified as resolved but open pending evidence of implemented actions. DGS disagreed with Recommendations 6, 7, 8, 15, 16, 23, and 24. Although DGS disagreed with these recommendations, we consider actions taken and/or planned to be responsive and meet the intent of the recommendations. Therefore, we consider Recommendations 6, 7, 8, 15, 16, 23, and 24 to be resolved but open pending evidence of stated actions.

DCPS' Response

We provided DCPS with our draft report on March 18, 2025, and received its response on April 14, 2025, which is included in its entirety as Appendix 6 to this report. We appreciate that DCPS officials began addressing the findings immediately upon notification during the audit.

Our draft report included five recommendations directed to DCPS for actions we deemed necessary to correct identified deficiencies. DCPS agreed with recommendations 4, 13, 14, 21, and 22. DCPS actions taken and/or planned are responsive and meet the intent of the recommendations. All recommendations are currently classified as resolved but open pending evidence of implemented actions.

We appreciate the cooperation and courtesy extended to our staff during this audit. Should you have questions or concerns, please contact me or Dr. Slemo Warigon, Assistant Inspector General for Audits, at slemo.warigon@dc.gov or by phone at 202- 792- 5684.



EXECUTIVE SUMMARY

Agencies' Contract Administration Effectiveness

Summary

The DC Office of Contracting and Procurement (OCP), led by the Chief Procurement Officer (CPO), sets procurement standards and monitors procurement service delivery.

OCP provides contracting services to approximately 78 District agencies, offices, and commissions. Some agencies operate independently of the CPO and may follow additional regulations or agency-specific policies.

The Office of the Inspector General (OIG) identified this audit engagement through the [Fiscal Year \(FY\) 2022 Procurement Risk Assessment](#) and included it in its [FY 2024 Audit and Inspection Plan](#).

We performed a citywide audit of post-award contract administration and vendor payments using a sample of 30 selected District agencies and their procurements made during FY 2023. This audit did not include purchase card transactions.

Objectives

For this engagement, our objectives were to determine whether agencies (1) effectively administer contracts to ensure the District receives the goods and services procured, and (2) comply with District contracting laws.

Findings

Our audit revealed:

1. Inadequate documentation of goods and services accepted;
2. Compliance with contract modification and vendor eligibility requirements;
3. Improper delegation of inherently governmental functions or functions closely associated with inherently governmental functions to a contractor;
4. Inadequate Contract Administrator delegations and training;
5. Occasional non-compliance with Quick Payment Act requirements; and
6. Inadequate vendor performance evaluation practices.

Recommendations

We made 31 recommendations to assist the impacted agencies in implementing appropriate corrective actions.

Management Response

In total, we made 31 recommendations to six District agencies. Four of the six agencies responded to 20 recommendations to enhance controls ensuring contracts are administered effectively and in compliance with District laws and regulations. Of the 20 recommendations, the four agencies agreed with 11, partially agreed with 2, and disagreed with 7. The remaining two agencies did not respond to 11 recommendations.



Agencies' Contract Administration Effectiveness

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INTRODUCTION

Objective

On August 1, 2022, we published a [*Government of the District of Columbia Fiscal Year 2022 Procurement Risk Assessment*](#). This report includes eight high-risk areas related to District procurement activities. In this audit, we focused on two of the eight risk areas: (1) gaps in OCP's procurement procedures manual lead to inconsistencies and inefficiencies in the procurement process; and (2) inadequate monitoring of the receipt and quality of goods and services provided to the District, which can result in resource inefficiencies, rework, or program delays.

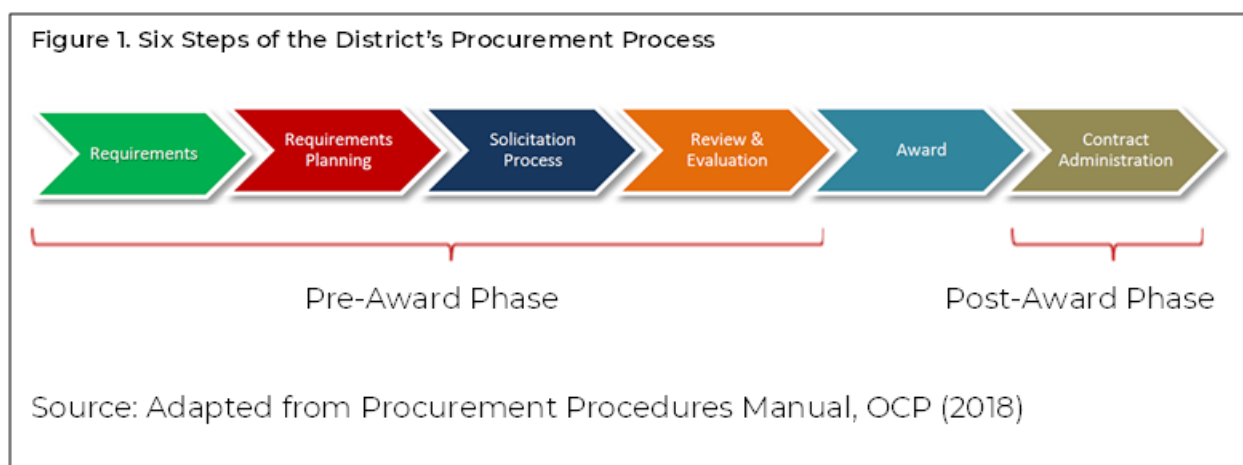
The objectives of this audit were to determine whether agencies are effectively administering contracts to ensure the District receives the goods and services it procures and otherwise complying with contracting laws and regulations. The scope of our audit was fiscal year 2023.

See Appendix 1 for our audit scope and methodology.

Background

Overview of District Procurement

The District of Columbia purchases goods and services through a procurement process that promotes transparency, competition, and efficiency. Procurement follows a six-step lifecycle (see Figure 1):



Procurement processes are governed by the Procurement Practices Reform Act of 2010 as amended (PPRA). During our audit period, there were approximately 93 agencies subject to the PPRA.

The Office of Contracting and Procurement

The DC Office of Contracting and Procurement (OCP), led by the Chief Procurement Officer (CPO), sets procurement standards and monitors procurement service delivery. OCP's mission is to "partner with vendors and District agencies to purchase quality goods and services in a timely manner and at a reasonable cost while ensuring that all purchasing actions are conducted fairly and impartially."⁴ OCP has procurement authority over 78 District agencies, offices, and commissions,⁵ and it has managed the purchase of an estimated \$5.7 billion in goods, services, and construction during our audit period.

Agencies with Independent Procurement Authority

Our audit covered both agencies under CPO authority and those with independent procurement authority. Among the agencies we audited, 15 operate independently of the CPO's direct procurement authority. Under D.C. Code § 2-352.01(a), these independent agencies conduct procurement through their chief procurement officers, who establish and follow agency-specific procedures. Independent agencies subject to the PPRA must follow the implementing regulations issued by the CPO in Title 27 of the District of Columbia Municipal Regulations; however, they are not subject to the CPO's contracting procedures or authority to execute contracts. The Department of General Services maintains separate authority to issue rules for construction procurement under its jurisdiction.⁶

⁴ OCP website, <https://ocp.dc.gov/page/about-ocp> (last visited Dec. 16, 2024).

⁵ OCP website, <https://ocp.dc.gov/page/agencies-and-offices-served-ocp> (last visited Nov. 22, 2024).

⁶ D.C. Code § 2-361.06(a)(2).

Table 1: District Agencies Contracting Governance Summary

Governance Arrangement	Number of Agencies, Offices, and Commissions
Subject to the PPRA and the CPO's authority	78
Subject to the PPRA and independent from the CPO's Authority	15
Exempt from the PPRA and the CPO's authority ⁷	14
Limited applicability of the PPRA and exempt from the CPO's authority ⁸	2
Total	109

Phases of the Procurement Process

The District's procurement process has three distinct yet interconnected phases:

1. **Pre-Award:** identification of agency's needs, including precise contract specifications, desired outcomes, and performance expectations;
2. **Award:** vendor selection; and
3. **Post-Award:** contract administration and monitoring, including receipt and inspection of purchased goods and services.

While there are three phases to the procurement process, this audit report focuses on the post-award phase.

Contract Administration

Contract administration encompasses a broad set of oversight responsibilities that vary based on contract value and complexity. For contracts under \$100,000, the contracting officer (CO) or contract specialist manages monitoring. In contrast, contracts exceeding \$100,000 require a dedicated contract administrator (CA) – a

⁷ Since these agencies and offices are exempt from the PPRA and the CPO's authority, the OIG did not review procurement transactions from these agencies/offices in our audit.

⁸ These offices were not included in our audit because the OIG does not have authority to audit these offices.

government employee and technical expert formally designated and trained to monitor contract performance.

The CA's primary responsibilities include:

- monitoring vendor performance against contract specifications;
- evaluating vendor performance;
- reviewing and approving invoices;
- recommending contract modifications and option exercises;
- documenting and resolving contract conflicts; and
- facilitating procurement closeout.

Receipt, Inspection, and Acceptance

District personnel must receive, inspect, and accept goods and services to ensure accountability and proper financial management before approving invoices and processing payments.

- **Receipt:** The formal documentation of goods arriving and creating an official transaction record.
- **Inspection:** The systematic examination and testing of supplies, services, or construction to verify compliance with contract specifications.
- **Acceptance:** The formal acknowledgment by an authorized District representative that supplies have been received or services or construction completed as specified in the contract. This verification confirms the District has received what was contracted for, either in part or in full.

AUDIT RESULTS

Our audit of District agencies' contract administration practices revealed widespread inconsistencies in record-keeping regarding the acceptance of goods and services. While agencies generally followed contract modification and excluded party procedures, they did not consistently comply with specific District contracting regulations. We noted instances of contractors performing inherently governmental functions (IGFs) or functions closely associated with IGFs, insufficient delegation and training for contract administrators, inconsistent adherence to the [Quick Payment Act](#), and incomplete vendor evaluations.

Finding 1: Inadequate Documentation of Goods and Services

Procurement regulations require the CO to ensure that the District receives supplies, services, or construction it has purchased.⁹ Receiving employees are required to complete and sign receiving reports.¹⁰ Under CFO guidelines, all payments for goods and services must be supported by evidence that the received goods or services are satisfactory.¹¹

We found agencies routinely lacked evidence showing receipt, inspection, and acceptance of their goods and services. We reviewed 81 invoices (see Appendix 5). Of those invoices tested, 37 (or 46 percent), valued at \$17.1 million, lacked receipt and inspection documents.

We observed that when agencies initiated payment in the Procurement Automated Support System (PASS),¹² the system contained the invoice, purchase order, and an automated receiving document to support the payment. The automated receiving document in PASS is prefilled and requires manual entry of the quantity accepted and a receipt date with an electronic signature. While this record satisfies the receiving report requirement, it does not provide evidence that the goods and services were satisfactory. Table 2 below summarizes the District agencies that lacked evidence to support receipt and inspection of goods and services.

We attribute agencies' inconsistent adherence to the inspection documentation requirements to a lack of citywide guidance, insufficient training, and inadequate staffing. The CPO must issue procedures for, among others, the inspection, testing,

⁹ 27 DCMR § 4000.1.

¹⁰ 1 DCMR § 1706.

¹¹ Office of the Chief Financial Officer, Financial Management and Control Order No. 96-04 § 10 (May 20 1996).

¹² PASS is the District's procurement system of record that facilitates the core functions of the District contracting and procurement process that is managed by the CPO.

and acceptance of goods, services, and construction.¹³ While some procedures can be found in regulations and OCP's manual, we did not find any guidance from OCP relating to the inspection of goods and services.

Second, we observed that some CAs lacked requisite training and were often assigned multiple contracts while balancing their full-time primary responsibilities. Additionally, turnover in the CA position often did not include the transfer of documents needed by the successor.

These deficiencies left the District without proper documentation to confirm that purchased goods and services were inspected, accepted, and met all contractual requirements. Without controls to monitor adequate inspection and acceptance, the District risks paying for goods and services that are defective or noncompliant, resulting in wasted time and resources.

Table 2: District agencies, sampled, and missing evidence to support receipt and inspection of goods and services

Agency	Invoices Without Receipt/Inspection Evidence	Dollar Amount of Invoices Without Receipt/Inspection Evidence
Child and Family Services Agency (CFSA)	0 out of 1	\$-
Office of the Chief Financial Officer (OCFO)	0 out of 2	\$-
District of Columbia Public Library (DCPL)	1 out of 4	\$3,348.80
District of Columbia Public Schools (DCPS)	3 out of 7	\$2,577,318.30
Department of General Services (DGS)	4 out of 6	\$3,329,513.19
OCP ¹⁴	29 out of 61	\$11,191,327.40
Total	37 out of 81	\$17,101,507.69

Source: OIG analysis of contract files, PASS, and DIFS.

¹³ D.C. Code § 2-352.04(b)(11).

¹⁴ Includes all sampled District agencies under the CPO's authority as shown in Appendix 5.

Recommendation 1 (OCP)

We recommend the Chief Procurement Officer, OCP:

Establish and implement standard District-wide documentation requirements for the inspection, testing, and acceptance of goods, services, and construction.

OCP did not respond to this recommendation.

Recommendation 2 (OCP)

We recommend the Chief Procurement Officer, OCP:

Establish a process to evaluate the workload, current training status, and skill sets of the agencies' Contract Administrators (CAs) to inform CA selection and manage CA training requirements.

OCP did not respond to this recommendation.

Recommendation 3 (DCPL)

We recommend the Executive Director, DCPL:

Establish a process to evaluate the workload, current training status, and skill sets of the agency's Contract Administrators (CAs) to inform CA selection and manage CA training requirements.

Management Response:

DCPL Response (Agree): DCPL recognizes the importance of evaluating a CA workload, training status, and skill set to ensure effective contract management. To achieve these objectives, DCPL will implement the following processes:

Action Plan: Before appointing a CA, the DCPL Procurement Officer will seek confirmation from the CA's manager to ensure the responsibilities outlined in the CA appointment letter are manageable given the CA's current workload. Additionally, the CA's manager must acknowledge and confirm awareness of all responsibilities associated with the role.

On February 19, 2025, and March 6, 2025, DCPL's Procurement Office informed all CAs of mandatory training requirements. All CAs must complete Contract Administration training by June 30, 2025. The Procurement Office will track training completion and issue updated CA appointment letters upon successful completion.

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Furthermore, all DCPL CAs must complete an additional procurement-related training by June 30, 2026, and undergo Contract Administrator recertification by June 30, 2027.

Before a CA is appointed, the Procurement Officer will verify with the CA's manager that the CA possesses the necessary skills for effective contract management of the contract requirements and deliverables.

Recommendation 4 (DCPS)

We recommend the Chancellor, DCPS:

Establish a process to evaluate the workload, current training status, and skill sets of the agency's Contract Administrators (CAs) to inform CA selection and manage CA training requirements.

Management Response:

DCPS Response (Agree): DCPS agrees with this recommendation and is in the process of implementing procedures to ensure proper training and selection of CAs.

Action Plan: DCPS' Contracts & Acquisitions team is developing a tool to document supervisor's notification of skillset and track CA training requirements. Beginning October 31, 2025, the direct supervisor for each CA must provide a brief description of the CAs skillset and qualifications that identify them as the subject matter expert (SME) for the contracted service.

By December 31, 2025, DCPS will ensure that current CAs have fulfilled classroom-based General Contract Administrator (GCA) training requirements or a refresher course, if the classroom-based training requirements have not been met within the last two years. As the agency executes new contracts, the CO will require the appointed CAs to complete GCA training, scheduled and operated by OCP, within 60 days of each CA Appointment Delegation Letter being issued and signed. This component will be monitored by DCPS' Procurement Operations Director.

Recommendation 5 (DGS)

We recommend the Director, DGS:

Establish a process to evaluate the workload, current training status, and skill sets of the agency's Contract Administrators (CAs) to inform CA selection and manage CA training requirements.

Management Response:

DGS Response (Partial Agreement): DGS' COTR [contracting officer's technical representative] training is managed by the OCP training instructor. Training is conducted regularly every 24 months to ensure COTRs remain up to date with policies and procedures. Additionally, supplementary training sessions can be scheduled for new full-time employees who will become COTRs.

Action Plan: DGS suggested the following implementation timeline to improve COTR training and procedures:

- Phase 1 (0-3 months): Draft SOPs and conduct initial training.
- Phase 2 (3-6 months): Launch certification programs and roll out knowledge transfer protocols.
- Phase 3 (6-9 months): Implement contract tracking and oversight mechanisms.
- Phase 4 (9-12 months): Conduct audits, review policy effectiveness, and refine processes.

Finding 2: Adherence to Contract Modification and Excluded Party Procedures

The District has established comprehensive regulations governing contract modifications and vendor eligibility. Among these, the CO must document agreed-upon contract changes through bilateral modifications. Additionally, before awarding a contract or exercising an option year, the CO must verify the contractor is not on the Excluded Parties List.

Our audit found agencies properly executed contract modifications and conducted required excluded party verifications. Of the 81 invoices sampled, 43 had at least one contract modification executed, which included 38 contracts under the CPO authority, one by the Child and Family Services Agency (CFSA), three by the Department of General Services (DGS), and one by Office of the Chief Financial Officer (OCFO). In all cases examined, the modifications preceded their associated changes. Additionally, we found no instances where contracts were awarded or option years exercised to parties on the excluded parties list.

Finding 3: DGS Needs Stronger Controls Over Inherently Governmental Functions and Invoice Approval Procedures

The District has established regulations governing which functions must be performed by government employees and which may be contracted to external parties. This distinction is vital to maintain governmental oversight and accountability. Under D.C. Code § 2-351.04(37B), inherently governmental functions (IGFs) are those functions so essential to the public interest that District government employees must perform them. The District prohibits contracting out these functions.¹⁵ Some functions are "closely associated" with IGFs, which may be contracted only under specific conditions and with agency head approval, as outlined in D.C. Code § 2-352.05a(b). Additionally, DGS regulations state that the CO is the only DGS representative permitted to authorize contract payments.¹⁶

Our audit identified a construction inspection contractor that:¹⁷

- Evaluated another contractor's performance without the DGS Director's approval and directed corrective actions based on their evaluations,¹⁸
- Acted as the District's representative and provided final Quality Assurance and Quality Control services for all documentation, reports, and deliverables related to a construction contract, as proposed by the contractor and incorporated into the contract by reference by DGS,¹⁹
- Authorized an invoice in PASS without approval by the CO,²⁰ and
- Rejected an invoice in PASS without approval by the CO.²¹

These non-compliance issues reveal control weaknesses at DGS. The IGF control deficiencies began during contract formation when DGS incorporated the contractor's proposal into the task order, and therefore the contract, without removing prohibited provisions. While the base contract includes a clause prohibiting contractors from performing IGFs, incorporating conflicting language in

¹⁵ See D.C. Code § 2-352.05a(a).

¹⁶ See 27 DCMR § 4725.2.

¹⁷ DC Contract No. DCAM-21-CS-RFP-0008P, Task Order No. 3, Attachment B (Apr. 12, 2023).

¹⁸ D.C. Code § 2-352.05a(c)(4)(E).

¹⁹ The proposal incorporated into the contract by the Task Order stated the vendor's understanding of the services to be provided, which included IGFs, even if voided—in part—by other contract provisions.

²⁰ A DGS project manager approved this payment after the contractor.

²¹ D.C. Code § 2-352.05a(c)(4)(E).

the contractor's proposal demonstrates an inconsistent understanding of IGF requirements and creates ambiguity in contractor roles and responsibilities.

Our audit identified three control gaps: First, the agency lacks adequate mechanisms to ensure government employees, rather than contractors, perform all IGFs and when functions that are "closely associated" with IGFs are permitted. Second, DGS has not established adequate protocols for approval and supervision when contractors perform functions closely associated with IGFs. Third, PASS lacks sufficient controls to ensure CO approval and prevent contractors from rejecting invoices without DGS employees' oversight.

The absence of proper controls over IGFs and functions closely associated with IGFs creates ongoing operational and oversight risks for DGS. Without appropriate safeguards, the agency faces diminished accountability and transparency in decision-making, as contractors may make decisions rather than authorized District employees. This situation also creates opportunities for contractor conflicts of interest in performing duties, where contractors may be positioned to make decisions that affect their or others' contract performance. Finally, these control weaknesses can lead to project delays, improper payments, or failure to achieve intended outcomes, as proper governmental oversight is essential for effective project management and contract administration.

Recommendation 6 (DGS)

We recommend the Director, DGS:

Develop and implement a policy for managing functions closely associated with IGFs that ensures proper government supervision, prevents contractors from performing IGFs, and addresses potential conflicts of interest in accordance with D.C. Code § 2-352.05a(b).

Management Response:

DGS Response (Disagree): DGS has the necessary mechanisms, safeguards, policies, and proper controls in place to ensure contractor performance of functions closely associated with IGFs do not create operational and oversight risks. District FTEs closely supervise contractors throughout all aspects of a project and approve all payments in PASS. DGS' project management system has proven effective in delivering projects on time and under budget.

Action Taken: DGS has issued a Policy as required by D.C. Code § 2-352.05a(b) that: (1) ensures that appropriate DGS FTEs supervise contractor performance of the contract and perform all IGFs associated with the contract; and (2) addresses any potential organizational conflicts of interest of the contractor in the performance of any function closely associated with IGFs under the contract.

Recommendation 7 (DGS)
<p>We recommend the Director, DGS:</p> <p>Evaluate current processes for reviewing contractor proposals prior to task order incorporation, to ensure clear role delineation, exclude any IGF-related provisions, and identify and remedy any control deficiencies.</p>
<p>Management Response:</p> <p>DGS Response (Disagree): DGS policy outlines clear role delineation between contractors and DGS FTEs, and DGS FTEs will continue to review contractor proposals in light of such Policy.</p> <p>Action Plan: DGS will endeavor to reject any proposal language that conflicts with permissible contractor activities under the Policy, and will continue to ensure that DGS standard language includes the clear distinction between the functions [that] are non-IGF[s] and are therefore permissible to be completed by the contractor, and the functions are strictly IGFs to be performed only by DGS FTEs.</p>
Recommendation 8 (DGS)
<p>We recommend the Director, DGS:</p> <p>Reevaluate PASS controls by restructuring approval workflows to ensure proper Contracting Officer authorization and implement appropriate segregation of duties between contractors and DGS employees. If needed, consult with the Office of Contracting and Procurement for the best practices for contractor system access and payment approval workflows in PASS.</p>
<p>Management Response:</p> <p>DGS Response (Disagree): DGS' procedure is that the CPO approve all invoices over \$1 million in PASS. DGS noted it has clear procedures in place with respect to invoice review in PASS. The PMs, whether a contractor or DGS employee, provide a detailed review of the invoices when they are added by vendors to PASS. PASS is set up so that individuals who have access to the system have levels of authority to perform certain functions within the system. Invoicing only happens after a contract has been approved and reviewed by DGS FTEs and many other District parties have approved for an allotment of funds to be spent on a specific SOW typically set forth in the contract's SOV.</p> <p>Action Plan: DGS is currently in the process of repealing its regulation, 27 DCMR § 4726, that requires all payments to be approved by a Contracting Officer such that DGS official regulation with respect to approval of payments by a CO will be in alignment with OCP since they do not include its COs in the approval of any invoices in PASS.</p>

Finding 4: Lack of Contracting Officer Delegation to Administer Contracts

According to Title 27 DCMR § 1209.1, the CO may appoint a contract administrator for each contract. In addition, the OCP Procurement Procedures Manual (PPM) provides further guidance regarding appointing a CA PPM Section 4.1.1 provides:

The CO shall appoint a contract administrator for every contract that exceeds \$100,000. The CO must ensure that:

- 4. The proposed contract administrator is a District employee; and*
- 5. The proposed contract administrator has successfully completed the contract administrator training or is scheduled to complete the training within 60 [d]ays of contract award.*

Further, per PPM Section 4.1.2, the CO should meet with the proposed CA to discuss the CA's responsibilities. Once confident that the CA understands their duties and responsibilities, the CO will present the appointment letter for the CA's signature. Independent agencies have no analogous orientation meeting unless they adopt OCP's policies.

Our audit determined that 40 contracts were required to have a CA assigned by the CO, either under Section 4.1.1 of the PPM or the contract terms. However, 22 of the 40 (55 percent) did not have a CA delegation by the CO to administer contracts with an approximate contract value of \$250.9 million. Additionally, we determined that 28 of 40 (70 percent) had a CA assigned (as required or determined by the CO) who had not completed the necessary training. Table 3, on the next page, depicts the agencies that did not have CAs delegated by the CO to administer procurements. Table 4 shows agencies with CAs that did not complete the required training or continuing education to remain certified as a CA.

Table 3: Contracts lacking the required CA delegation

Agency	Number of Contracts Missing a Required CA Delegation	Total Amounts of Contracts
CFSA	1	\$18,405,492.49
DCPL	2	\$1,470,000.00
DCPS	1	\$6,800,941.00
DGS	5	\$93,130,291.58
OCP ²²	13	\$131,183,956.34
Total	22	\$250,990,681.41

Source: OIG analysis of contracting files.

Table 4: District agencies that lack required CA training

Agency	CAs did not Complete Initial Training or Retraining
CFSA	1
DCPL	1
DCPS	1
DGS	5
OCFO	1
OCP ²³	19
Total	28

Source: OIG analysis of training transcripts.

These conditions occurred because the COs did not conduct the required orientations with the CAs to clarify their roles and responsibilities in monitoring the vendor's performance. Over half of the CAs did not recall the COs conducting an orientation or stated they did not receive one. Additionally, COs allowed contract personnel to administer contracts without being delegated those duties. In some instances when CAs changed during the performance period at DGS and OCP,²⁴ we noted new CAs were not formally replaced. Further, no central District function exists to manage and monitor CA educational requirements.

²² Includes all sampled District agencies under the CPO's authority as shown in Appendix 5.

²³ See Appendix 5.

²⁴ See Appendix 5.

Without trained and delegated CAs to monitor the contractor's performance and deliverables, there is an increased risk of loss of value to the District by paying for services that were not delivered or were defective, resulting in a waste of time and resources.

Recommendation 9 (CFSA)
<p>We recommend the Director, CFSA:</p> <p>Monitor and enforce adopted OCP policies and procedures that require COs to conduct an orientation conference, including documentation of its occurrence, and issue appointment delegation letters upon CA assignment or when the CA changes during the life of the contract.</p>
<p>Management Response:</p> <p>CFSA Response (Agree): CFSA mandates that COs enforce OCP policies requiring post-award meetings and CA delegation letters.</p> <p>Action Plan: On March 20, 2025, the CO requested a list of contracts lacking CA delegation letters, to which CSs [contract specialists] will issue the missing letters by March 31, 2025. CS performance will be evaluated based on independent execution (except for complex issues) and submission quality. Specifically, they are responsible for:</p> <ol style="list-style-type: none"> 1. New contract awards, CSs must provide a CA delegation letter to the CA within five days of award, achieving 100% compliance. 2. CSs must issue a modification and updated CA delegation letter within five days of notification of CA change, achieving 100% compliance. 3. CSs will meet with CAs to review files and address performance/invoicing issues, escalating major concerns to the CO. CSs must review at least two contracts monthly until all workloads are reviewed within the current rating period.

Recommendation 10 (CFSA)

We recommend the Director, CFSA:

Develop and implement a quality assurance function to oversee and manage CAs to ensure delegation letters are issued, enough CAs are trained for your agency, and to track and enforce all CA's continuing professional education requirements.

Management Response:

CFSA Response (Agree): CFSA will continue to utilize OCP for CA training. The CO is actively monitoring CA training certifications and continuing education requirements.

Action Plan: For FY26, the CO is drafting SMART Goals for all assigned CAs and will collaborate with their managers to ensure compliance. Proposed SMART Goal for FY26 includes [w]ithin five days of receiving the CA delegation letter and executed contract, the CA must create an electronic file using the CA contract file checklist. This file must fully document all information from the performance period and be completed 100% of the time. CA files are subject to audit by the Contracting Officer or designee at any time.

Training Requirement: CAs must complete all mandatory in-person and online training. Newly designated CAs must enroll in and complete the CA classroom training within 60 days of the delegation letter date.

Recommendation 11 (DCPL)

We recommend the Executive Director, DCPL:

Monitor and enforce adopted OCP policies and procedures that require COs to conduct an orientation conference, including documentation of its occurrence, and issue appointment delegation letters upon CA assignment or when the CA changes during the life of the contract.

Management Response:

DCPL Response (Agree): DCPL acknowledges that they need to monitor and enforce requirements for COs to conduct an orientation conference and issue appointment delegation letters.

Action Plan: To ensure compliance with the requirements for conducting orientation conferences and issuing appointment delegation letters, DCPL's Procurement Officer requested that all current Contract Administrators (CAs) complete CA training by June 30, 2025. Upon successful completion, the Procurement Officer will issue updated CA appointment letters and conduct an orientation for all CAs. Additionally, the Procurement Officer has implemented a

tracking system to monitor all contracts over \$100,000, including the assigned CA, the date of the CA appointment letter, and the orientation date.

Recommendation 12 (DCPL)

We recommend the Executive Director, DCPL:

Develop and implement a quality assurance function to oversee and manage CAs to ensure delegation letters are issued, orientation occurs, enough CAs are trained for your agency, and to track and enforce all CA's continuing professional education requirements.

Management Response:

DCPL Response (Agree): DCPL is committed to adhering to all Procurement Regulations, Policies, and Procedures established by the District of Columbia.

Action Plan: To ensure compliance and enhance contract management, we have implemented quality assurance measures to oversee and support Contract Administrators, including workload assessment, training assessment and tracking, skill set assessment, contract administration data tracking and ongoing workshops and refresher courses.

Recommendation 13 (DCPS)

We recommend the Chancellor, DCPS:

Monitor and enforce adopted OCP policies and procedures that require COs to conduct an orientation conference, including documentation of its occurrence, and issue appointment delegation letters upon CA assignment or when the CA changes during the life of the contract.

Management Response:

DCPS Response (Agree): DCPS agrees with this recommendation. DCPS is in the process of creating a mechanism for capturing compliance documentation..

Action Plan: DCPS will create a tool that will capture all required compliance documentation, including orientation conference and the issuance of CA delegation letters and changes that occur through the life cycle of the contract.

Recommendation 14 (DCPS)
<p>We recommend the Chancellor, DCPS:</p> <p>Develop and implement a quality assurance function to oversee and manage CAs to ensure delegation letters are issued, orientation occurs, modifications are issued to notify vendors of CA changes, enough CAs are trained for your agency, and to track and enforce all CA's continuing professional education requirements.</p>
<p>Management Response:</p> <p>DCPS Response (Agree): DCPS agrees and is in the process of developing a tool, which will document compliance requirements and enhance its compliance and oversight responsibilities for awarded contracts.</p> <p>Action Plan: By January 31, 2026, DCPS will implement a quality assurance component within its contracts and acquisitions quality assurance program to monitor the CA orientation.</p>
Recommendation 15 (DGS)
<p>We recommend the Director, DGS:</p> <p>Monitor and enforce existing policies and procedures that require COs to conduct an orientation conference, including documentation of its occurrence, and issue appointment delegation letters upon CA assignment or when the CA changes during the life of the contract.</p>
<p>Management Response:</p> <p>DGS Response (Disagree): DGS endeavors to appoint a COTR to each contract action. DGS has staff responsible for tracking COTR delegation letters, issuing modifications to notify vendors of COTR changes, ensuring COTRs are certified, and verifying certification validity before issuing the delegation letter, all in accordance with current DGS policies and procedures.</p> <p>Action Plan: C&P [contracting and procurement] will designate a Procurement Compliance Officer to provide ongoing monitoring of compliance, track delegation letters and report the findings at the required cadence for KPIs.</p>

Recommendation 16 (DGS)
<p>We recommend the Director, DGS:</p> <p>Develop and implement a quality assurance function to oversee and manage CAs to ensure delegation letters are issued, orientation occurs, modifications are issued to notify vendors of CA changes, enough CAs are trained for your agency, and to track and enforce all CA's continuing professional education requirements.</p>
<p>Management Response:</p> <p>DGS Response (Disagree): DGS has staff responsible for tracking COTR delegation letters, issuing modifications to notify vendors of COTR changes, ensuring COTRs are certified, and verifying certification validity before issuing the delegation letter, all in accordance with current DGS policies and procedures.</p> <p>Action Plan: C&P will designate a Procurement Compliance Officer to provide ongoing monitoring of compliance, track delegation letters and report the findings at the required cadence for KPIs.</p>
Recommendation 17 (OCP)
<p>We recommend the Chief Procurement Officer, OCP:</p> <p>Monitor and enforce existing policies and procedures that require COs to conduct an orientation conference, including documentation of its occurrence, and issue appointment delegation letters upon CA assignment or when the CA changes during the life of the contract.</p>
OCP did not respond to this recommendation.
Recommendation 18 (OCP)
<p>We recommend the Chief Procurement Officer, OCP:</p> <p>Amend, monitor, and enforce policy requirements for COs to review and document, in the contract file, a CA's training prior to appointment, and to reassign a CA's duties if required training is not complete within 60 days.</p>
OCP did not respond to this recommendation.

Recommendation 19 (OCP)
We recommend the Chief Procurement Officer, OCP:
Develop and implement a quality assurance function to oversee and manage CAs to ensure delegation letters are issued, orientation occurs, modifications are issued to notify vendors of CA changes, enough CAs are trained for each agency, and to track and enforce all CA's continuing professional education requirements.
OCP did not respond to this recommendation.

Finding 5: Inconsistent Adherence to the Quick Payments Act

The District must pay contractors within 30 calendar days of receiving a proper invoice or incur interest penalties.²⁵ The Quick Payment Act (QPA) establishes a monthly minimum interest rate of 1 percent for late payments.²⁶

Our audit found agencies did not consistently meet payment deadlines. Of 81 invoices reviewed, 18 (22 percent), totaling \$14.8M, were not paid within the required 30-day period. Eleven late payments exceeded 45 days, requiring interest penalties under the QPA. We found no evidence that agencies paid the required penalties, which we calculated at \$161,037 based on the District's interest rate floor. Table 5 details these findings by agency.

Table 5: District agencies that did not adhere to the Quick Payment Act

Agency	Invoices Not Paid Timely	Average Days Late	Invoice Amount	Invoices Not Paid Timely with Interest Penalty Due	Interest Penalty Amount Due
CFSA	1	34	\$ 941,406.00	0	\$0.00
DCPS	3	48	\$1,520,755.07	3	\$511.24
DGS	1	62	\$3,297,816.30	1	\$20,600.06
OCP ²⁷	13	63	\$9,038,792.16	7	\$139,926.04
Total	18		\$14,798,769.53	11	\$161,037.34

²⁵ D.C. Code § 2-221.02(a)(2)(A)(ii).

²⁶ D.C. Code § 2-221.02(b)(1).

²⁷ See Appendix 5.

[Table 5 Source: OIG analysis of invoices and accounts payable data.]

Additionally, we observed contracts that specified unauthorized interest rates of 1.5 percent per month. During our audit period, the federal government's comparable interest rates ranged from 4.000 to 4.875 percent annually - significantly lower than the District's 12 percent annual floor rate.

These payment delays occurred because agencies were slow to accept deliverables, accounts payable delayed invoice processing, or DIFS system errors impeded payment. The District incurred \$161,037 in avoidable costs by not processing proper invoices in a timely manner.²⁸

Recommendation 20 (CFSA)
<p>We recommend the Director, CFSA:</p> <p>Implement and monitor procurement controls to ensure that proper invoices are processed timely as required by the QPA.</p>
<p>Management Response:</p> <p>CFSA Response (Agree): The CO meets regularly with her Deputy Director to discuss contracts and grants. Beginning in March 2024, the CO and Deputy Director began meeting monthly with the Agency Director to share status updates on all contracts and grants, to include information on any outstanding invoices. Additionally, CFSA Financial Officer monitors and notifies CAs and the management staff of invoice statuses monthly.</p> <p>Action Plan: CFSA's CO is developing a proposed procedure for addressing the non-compliance of CAs and will coordinate with OCP regarding their current disciplinary practices and align CFSA's practices accordingly. Additionally, the CO is working to finalize the CA audit list for CS personnel to use during audits. This process will include noting audit findings, providing the CA with time to correct action items, conducting follow-ups, and documenting everything in the contract file.</p>

²⁸ Title 1 DCMR § 1704.1 states: "In order to constitute a proper invoice for payment, an invoice shall contain the following: (a) Name and remittance address of the business concern, and invoice number and date; (b) Contract number or purchase order or other authorization for delivery of goods or services; (c) Description, price and quantity of goods and services actually delivered or rendered; (d) Shipping and payment terms; (e) Vendor's DUNS number; and (f) Other substantiating documentation or information as required by contract."

Recommendation 21 (DCPS)
<p>We recommend the Chancellor, DCPS:</p> <p>Implement and monitor procurement controls to ensure that proper invoices are processed timely as required by the QPA.</p>
<p>Management Response:</p> <p>DCPS Response (Agree): DCPS partnered with OCFO in March 2024 to establish shared agency expectations for timely processing of proper invoices.</p> <p>Action Plan: DCPS defined and communicated the following expectations for agency PASS receivers:</p> <p>DCPS PASS users must review and approve (or reject) vouchers in 5 business days. School or program-level approvals of vouchers must be completed within 5 business days. If multiple school or program-level approvals are required on a voucher, all must be completed within 5 business days. In alignment with DCPS' agreement with OCFO, this ensures sufficient time for Accounts Payable (AP) voucher approval and payment issuance.</p> <p>DCPS PASS users must follow OCFO Education Cluster guidance "Desk Procedure - Documenting Vendor Delays in PASS." Invoices must be reviewed to ensure proper documentation is attached in PASS to avoid penalties and interest.</p> <p>DCPS PASS users must delegate PASS when out of office. DCPS identified trends in processing delays associated with PASS user absences. To mitigate delays, delegation is allowed.</p> <p>In addition, DCPS implemented a dashboard to improve quick access to open-voucher reporting. The dashboard allows DCPS to monitor voucher reporting.</p>

Recommendation 22 (DCPS)

We recommend the Chancellor, DCPS:

Implement and monitor procurement controls to identify unpaid penalties and remit payments.

Management Response:

DCPS Response (Agree): In March 2024, OCFO and DCPS agreed upon shared responsibilities.

Action Taken: OCFO and DCPS' shared responsibilities are as follows:

- 15th of the Month: By the 15th of each month, OCFO AP compiles projected QPA interest payments from payments due the prior month and submits to DCPS.
- 29th of the Month: By the 29th of each month, Operational Finance Team provides a justification for refuting interest payments or provides funding attributes for the projected QPA interest payments.
- 30th of the Month: By the 30th of each month, DCPS shares revised projected interest payments with OCFO, if applicable.
- 3rd of the Month: By the 3rd of the following month, DCPS submits signed direct voucher payment memo to OCFO DCPS.INVOICES@dc.gov.
- 30th of the Following Month: By the 30th of the following month, OCFO processes interest payments to vendors.

Recommendation 23 (DGS)
<p>We recommend Director, DGS:</p> <p>Implement and monitor procurement controls to ensure that proper invoices are processed timely as required by the QPA.</p>
<p>Management Response:</p> <p>DGS Response (Disagree): DGS makes all attempts to pay invoices within the 30-day required period per the requirements of the Quick Payment Act.</p> <p>On construction projects, the invoice is first reviewed for back up documentation and evidence of work completed through Project Team. Once a proper invoice is submitted to PASS, CCSD and the Payment Management Office (PMO) have a 15-day goal to have the invoice approved to allow for payment to be processed. CCSD and PMO also have a duty to only pay out for completed work, and DGS' evaluation of documents and ensuring correct paperwork has been submitted is essential to that process.</p> <p>Action Taken: The CCSD team is provided with a report on a weekly basis from PMO on aging vouchers to track progress on each invoice and ensure the 15-day goal is being tracked and met.</p>
Recommendation 24 (DGS)
<p>We recommend Director, DGS:</p> <p>Implement and monitor procurement controls to identify unpaid penalties and remit payments.</p>
<p>Management Response:</p> <p>DGS Response (Disagree): DGS makes every effort to ensure all invoices are properly reviewed and paid within the 30-day requirement. DGS and OCFO have a process implemented for when the agency is unable to satisfy the 30-day requirement. OCFO is responsible in determining if the invoice qualifies for an interest penalty per the Quick Payment Act. The monitoring of unpaid QPA penalties and payment remittance does not fall under procurement controls; OCFO is already responsible for making the required determinations and providing notice thereof.</p> <p>Action Taken: OCFO performs the interest penalty calculation based on the age of the invoice, and in turn notifies DGS for action to ensure funds are in place to satisfy the interest penalty. Once funds are identified, the payment is made.</p>

Recommendation 25 (OCP)

We recommend the Chief Procurement Officer, OCP:

Implement and monitor procurement controls to ensure that proper invoices are processed timely as required by the QPA.

OCP did not respond to this recommendation.

Recommendation 26 (OCP)

We recommend the Chief Procurement Officer, OCP:

Implement and monitor procurement controls to identify unpaid penalties and remit payments.

OCP did not respond to this recommendation.

Recommendation 27 (OCP)

We recommend the Chief Procurement Officer, OCP:

Ensure contracts accurately reflect the late payment interest rate found in D.C. Code § 2-221.02(b)(1).

OCP did not respond to this recommendation.

Recommendation 28 (OCA)

We recommend the City Administrator on behalf of the District:

Evaluate D.C. Code § 2-221.02(b)(1), which sets a minimum penalty interest rate floor of 1 percent per month (12 percent annually) and recommend adjustment by the Council, if the rate is excessive when considering market conditions and other jurisdictions and the federal government rates.

OCA did not respond to this recommendation.

Finding 6: District Agencies Frequently Did Not Perform Vendor Evaluations

District law requires the CPO to establish and implement a periodic contractor performance evaluation process.²⁹ OCP created the Contractor Performance Evaluation System (CPES) to systematically evaluate contractors for contracts valued at \$100,000 or more.

Our audit found that agencies did not consistently evaluate vendor performance. Of 40 contracts requiring CA oversight, 12 (30 percent) had no evidence of performance evaluations. Table 6 shows the distribution of missing evaluations by agency.

Table 6: District agencies with missing vendor evaluations

Agency	No Vendor Performance Evaluation	Performance Evaluation System Utilized
Department of General Services (DGS)	2 out of 5	Salesforce
Office of the Chief Procurement Officer (OCP) ³⁰	10 out of 35	CPES
Total	12 out of 40	

Source: OIG analysis of vendor performance evaluations.

While DGS uses a different evaluation system than agencies under CPO authority, neither DGS nor agencies using CPES consistently completed required evaluations. Further, CAs under CPO authority reported they did not always receive automated CPES requests to complete evaluations.

The District lacks data to inform future procurement decisions without consistent performance evaluations. Using contractors with undocumented poor performance increases the risks of delayed or defective deliverables and potential financial losses.

²⁹ D.C. Code § 2-352.04(b)(7).

³⁰ See Appendix 5.

Recommendation 29 (OCP)

We recommend the Chief Procurement Officer, OCP:

Ensure that the CPES is operating as intended by automatically sending emails to CAs to complete performance evaluations for contractors assigned to them.

OCP did not respond to this recommendation.

Recommendation 30 (OCP)

We recommend the Chief Procurement Officer, OCP:

Require all District agencies to submit vendor performance evaluations to a centralized database (CPES or otherwise), ensuring a comprehensive central repository of contractor performance evaluations across the District, regardless of the evaluation system used.

OCP did not respond to this recommendation.

Recommendation 31 (DGS)

We recommend Director, DGS:

Implement controls to ensure CAs are performing vendor evaluations to comply with D.C. Code § 2-352.04(b)(7).

Management Response:

DGS Response (Partially Agree): DGS' acknowledged that evaluations were left uncompleted due to the departure of the COTR from the agency. Per DGS procedures, COTRs are made aware of their pending evaluations directly on the Salesforce home page.

Action Plan: DGS' Contracts and Procurement is collaborating with the Salesforce team to ensure that all pending evaluations are completed by the departing COTR during their notice period. COTRs will automatically receive email notifications each time an evaluation request is generated. Additionally, we will be using a tracking dashboard weekly, to monitor evaluation completion rates, allowing for proactive follow-ups on any outstanding assessments. Training sessions will be provided to COTRs

to reinforce the importance of timely evaluations and familiarize them with the system. Lastly, we will be assigning a designated point of contact within C&P to oversee compliance and address any issues, ensuring a consistent and efficient evaluation process.

CONCLUSION

During our District Agencies' Contract Administration audit, we determined that District agencies did not consistently administer contracts effectively to ensure they received the goods and services the agencies procured. Specifically, District agencies did not consistently substantiate acceptance and inspection of goods and services due to poor record-keeping.

While agencies adhered to policies and procedures regarding contract modifications and the Excluded Parties List, agencies did not always comply with specific procurement regulations. We found several instances of non-compliance with procurement regulations, including contracting for services that were inherently governmental functions or functions closely associated with inherently governmental functions, permitting individuals to administer contracts without the proper delegation and required training, not always adhering to the Quick Payment Act, and not consistently evaluating vendor performance.

The 31 recommendations in this report offer a roadmap for substantial improvement in the District's post-award contract administration practices. By implementing these recommendations, agencies can enhance their procurement processes' transparency, accountability, and efficiency, ensure better compliance with regulations, promote more effective use of public funds, and improve the quality of goods and services procured.

We received responses from four agencies for thirty-one recommendations. The four agencies agreed with eleven, partially agreed with two, and disagreed with seven recommendations. Despite being given sufficient time to provide responses, OCP did not respond to ten recommendations and OCA did not respond to one recommendation. As such, we request the OCP, and the OCA provide responses within 30 days from the date of this final report with the actions planned to correct the identified deficiencies.



APPENDIX 1. SCOPE & METHODOLOGY

Objectives

The objectives of this audit were to determine whether agencies were: (1) effectively administering contracts to ensure the District receives the goods and services it procures; and (2) complying with District contracting regulations. This audit was identified during the OIG's citywide Fiscal Year (FY) 2022 Procurement Risk Assessment, issued in August 2022, and was included in the OIG's FY 2024 Audit and Inspection Plan.³¹ We issued the engagement letter on November 20, 2023, and conducted the audit from December 2023 to September 2024.

Scope

The scope of this audit was a citywide audit of post-award contract administration for District Agencies subject to the Procurement Practices Reform Act (PPRA) of 2010 and processing vendor payments from DIFS from October 1, 2022, through September 30, 2023, FY 2023. This examination did not include purchase card transactions.

Methodology

We obtained, reviewed, and analyzed relevant laws, rules, regulations, policies, and procedures related to procurement practices and processes. In our review, we examined OCP's policies and procedures and the policies and procedures of agencies independent of the CPO's authority to gain an understanding of contract administration processes. We conducted interviews with OCP training officials and CAs at various District agencies to understand contract administrators' appointments, training requirements, and roles and responsibilities for monitoring and evaluating a vendor's performance and reviewing and approving invoices.

We conducted walkthroughs of the OCP's internal controls to determine if risks were minimized related to the contract administration processes; identified the population from the invoice payable register during our audit period; designed test attributes; and selected an initial random sample of 60 invoices, which consisted mainly of invoices received through the OCTO E-invoicing portal and tested all the CA attributes. Since the manual invoice entry and external invoice sources were underrepresented in the initial sample, we selected an additional random sample of 21 invoices. We performed partial tests, which mainly focused on the receipt of the goods and services. In total, we sampled 81 invoices (61 were procured by agencies under the CPO's authority and 20 under agencies with independent authority). See

³¹ OIG website, https://oig.dc.gov/sites/default/files/DC-OIG-FY24-Audit-and-Inspection-Plan_0.pdf.

Appendix 5 for a summary of the agencies and invoices reviewed for the audit. We obtained and examined PASS, DIFS, and supporting documentation provided by the CAs, such as contracts, modifications, invoices, delegation letters, training transcripts, vendor performance evaluations, receipt and acceptance of goods and services, and other relevant documentation.

We assessed the validity and reliability of computer-processed data and performed limited existence and completeness tests to verify the accuracy of the data; we also determined that the data were sufficiently reliable for this report.

We conducted this performance audit in accordance with generally accepted government auditing standards (GAGAS). These standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.



APPENDIX 2. MONETARY BENEFIT

The potential monetary impact of our proposed recommendations are as follows:

Funds Could Be Better Used		Amount
Avoidable Interest Payments		\$161,037.34
Total		\$161,037.34



APPENDIX 3. CFSA RESPONSE

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Child and Family Services Agency



March 31, 2025

RE: Audit Findings-Draft Report

The Child and Family Services Agency (CFSA) has reviewed the draft audit report dated March 17, 2025. This response outlines our understanding of the findings, our position and the actions we are or will be taking.

Recommendation 1: Monitor and enforce adopted OCP policies and procedures that require COs to conduct an orientation conference, including documentation of its occurrence, and issue appointment delegation letters upon CA assignment or when the CA changes during the life of the contract: CFSA agrees with this recommendation.

CFSA mandates that COs enforce OCP policies requiring post-award meetings and CA delegation letters. On March 20, 2025, the CO requested a list of contracts lacking CA delegation letters, to which CSs will issue the missing letters by March 31, 2025.

CS performance plans include SMART goals related to quarterly CA audits and post-award meetings. CS performance will be evaluated based on independent execution (except for complex issues) and submission quality. Specifically, they are responsible for:

1. New contract awards, CSs must provide a CA delegation letter to the CA within five days of award, achieving 100% compliance.
2. CSs must issue a modification and updated CA delegation letter within five days of notification of CA change, achieving 100% compliance.
3. CSs will meet with CAs to review files and address performance/invoicing issues, escalating major concerns to the CO. CSs must review at least two contracts monthly until all workloads are reviewed within the current rating period.

Ongoing monitoring and support will continue to be provided, and failure to abide by these goals will result in progressive discipline.

Recommendation 2: Develop and implement a quality assurance function to oversee and manage CAs to ensure delegation letters are issued, enough CAs are trained for your agency, and to track and enforce all CA's continuing professional education requirements. CFSA agrees with this recommendation.

CFSA will continue to utilize OCP for CA training. The CO is actively monitoring CA training certifications and continuing education requirements. For FY26, the CO is drafting SMART Goals for all assigned CAs and will collaborate with their managers to ensure compliance.

Headquarters: 200 I Street, SE ■ Washington, D.C. 20003 ■ 202-442-6100
www.cfsa.dc.gov ■ <http://dc.mandatedreporter.org> ■ www.fosterdckids.org

Proposed SMART Goal for FY26:

The CA's primary duty is to monitor contractor performance, ensuring all technical requirements are met within the specified timeframe and cost. Within five days of receiving the CA delegation letter and executed contract, the CA must create an electronic file using the CA contract file checklist. This file must fully document all information from the performance period and be completed 100% of the time. CA files are subject to audit by the Contracting Officer or designee at any time.

Training Requirement: CAs must complete all mandatory in-person and online training. Newly designated CAs must enroll in and complete the CA classroom training within 60 days of the delegation letter date.

Recommendation 3: Implement and monitor procurement controls to ensure that proper invoices are processed timely as required by the QPA-CFSA agrees with this recommendation.

The CO meets regularly with her Deputy Director to discuss contracts and grants. Beginning in March 2024, the CO and Deputy Director began meeting monthly with the Agency Director to share status updates on all contracts and grants, to include information on any outstanding invoices. Additionally, CFSA Financial Officer monitors and notifies CAs and the management staff of invoice statuses monthly.

The CO is developing a proposed procedure for addressing the non-compliance of CAs and will coordinate with OCP regarding their current disciplinary practices and align CFSAs practices accordingly. Additionally, the CO is working to finalize the CA audit list for CS personnel to use during audits. This process will include noting audit findings, providing the CA with time to correct action items, conducting follow-ups, and documenting everything in the contract file.




APPENDIX 4. DCPL RESPONSE

May 27, 2025



DC Public Library

To: Daniel W. Lucas, Inspector General

From: Richard Reyes-Gavilan, Executive Director 

Date: April 1, 2025

Subject: Agencies' Contract Administration Effectiveness | **OIG No. 24-1-03AT**

This memorandum transmits the DC Public Library response to the memo dated March 17, 2025, regarding Agencies' Contract Administration Effectiveness | **OIG No. 24-1-03AT**.

Establish a process to evaluate the workload, current training status, and skill sets of the agency's Contract Administrator's to inform CA selection and manage CA training requirements.

DC Public Library (DCPL) recognizes the importance of evaluating a Contract Administrator's (CA) workload, training status, and skill set to ensure effective contract management. To achieve these objectives, DCPL will implement the following processes:

Workload Assessment

Before appointing a CA, the Procurement Officer will seek confirmation from the CA's manager to ensure the responsibilities outlined in the CA appointment letter are manageable given the CA's current workload. Additionally, the CA's manager must acknowledge and confirm awareness of all responsibilities associated with the role.

Training Assessment and Tracking

On February 19, 2025, and March 6, 2025, DCPL's Procurement Office informed all CAs of mandatory training requirements. All CAs must complete Contract Administration training by June 30, 2025. The Procurement Office will track training completion and issue updated CA appointment letters upon successful completion. Furthermore, all DCPL CAs must complete an additional procurement-related training by June 30, 2026, and undergo Contract Administrator recertification by June 30, 2027.

Page 1 of 2

Skill Set Assessment

Before a CA is appointed, the Procurement Officer will verify with the CA's manager that the CA possesses the necessary skills for effective contract management of the contract requirements and deliverables.

Monitor and enforce adopted OCP policies and procedures that requires CO require COs to conduct an orientation conference, including documentation of its occurrence, and issue appointment delegation letters upon CA assignment or when the CA changes during the life of the contract.

To ensure compliance with the requirements for conducting orientation conferences and issuing appointment delegation letters, DCPL's Procurement Officer requested that all current Contract Administrators (CAs) complete CA training by June 30, 2025. Upon successful completion, the Procurement Officer will issue updated CA appointment letters and conduct an orientation for all CAs.

Additionally, the Procurement Officer has implemented a tracking system to monitor all contracts over \$100,000, including the assigned CA, the date of the CA appointment letter, and the orientation date.

To reinforce the importance of procurement and budget processes, the Procurement Office, in collaboration with the Administrative Services and Budget Office, will offer ongoing workshops and refresher courses. These sessions will focus on contract administration for both new and existing CAs, emphasizing the critical role of effective contract management.

Develop and implement a quality assurance function to oversee and manage CAs to ensure delegation letters are issued, orientation occurs, enough CAs are trained for your agency, and to track and enforce all CA's continuing professional education requirements.

DCPL is committed to adhering to all Procurement Regulations, Policies, and Procedures established by the District of Columbia. To ensure compliance and enhance contract management, we have implemented quality assurance measures to oversee and support Contract Administrators, including:

- Workload Assessment
- Training Assessment and Tracking
- Skill Set Assessment
- Contract Administration Data Tracking
- Ongoing Workshops and Refresher Courses

In addition to following DCPL's regulations outlined in 19 DCMR Chapter 43, the Procurement Office also refers to 27 DCMR, the Procurement Practices Reform Act (PPRA), and OCP's Procurement Procedures Manual to guide procurement operations.



APPENDIX 5. DCPS RESPONSE

May 27, 2025



April 14, 2025

Daniel W. Lucas
Inspector General
100 M street, SE, Suite 1000
Washington, DC 20003

Dear Mr. Lucas,

The District of Columbia Public Schools (DCPS) is in receipt of your March 18, 2025, draft audit report entitled *OIG Audit report: Agencies' Contract Administration Effectiveness | OIG No. 24-1-03AT*. Thank you for conducting this audit and providing your recommendations. We appreciate the opportunity to respond and provide feedback.

DCPS has already implemented two of the recommendations made in the report and we are implementing the remaining three recommendations. Detailed below is specific information related to our implementation and progress.

Recommendation 4: Establish a process to evaluate the workload, current training status, and skill sets of the agency's Contract Administrators (CAs) to inform CA selection and manage CA training requirements.

DCPS agrees with recommendation 4 and is in the process of implementing procedures to ensure proper training and selection of Contract Administrators (CAs).

DCPS' Contracts & Acquisitions team is developing a tool to document supervisor's notification of skillset and track CA training requirements. Beginning October 31, 2025, the direct supervisor for each CA must provide a brief description of the CAs skillset and qualifications that identify them as the subject matter expert (SME) for the contracted service.

DCPS CAs are currently selected by their immediate supervisor and recommended to the Contracting Officer (CO) for CA duties. At present, DCPS requires selected CAs to participate in and complete CA training, which is currently conducted by the District's Office of Contracting and Procurement (OCP).

By December 31, 2025, DCPS will ensure that current CAs have fulfilled classroom-based General Contract Administrator (GCA) training requirements or a refresher course, if the classroom-based training requirements have not been met within the last two years. As the agency executes new contracts, the CO will require the appointed CAs to complete GCA training, scheduled and operated by OCP, within 60 days of each CA Appointment Delegation Letter being issued and signed. This component will be monitored by DCPS' Procurement Operations Director.

Recommendation 13: Monitor and enforce adopted OCP policies and procedures that require COs to conduct an orientation conference, including documentation of its occurrence, and issue appointment delegation letters upon CA assignment or when the CA changes during the life of the contract.

DCPS agrees with this recommendation. As mentioned in our response to recommendation 4, DCPS is in the process of creating a tool that will capture all required compliance documentation, including orientation conference and the issuance of CA delegation letters and changes that occur through the life cycle of the contract.

Recommendation 14: Develop and implement a quality assurance function to oversee and manage CAs to ensure delegation letters are issued, orientation occurs, modifications are issued to notify vendors of CA changes, enough CAs are trained for your agency, and to track and enforce all CA's continuing professional education requirements.

DCPS agrees with this recommendation. As previously mentioned, DCPS is in the process of documenting compliance requirements, such as, orientation conference documents and details, CA delegation letters, vendor modification notifications, and trained CAs in its tool, which will enhance our compliance and oversight responsibilities for awarded contracts.

By January 31, 2026, DCPS will implement a quality assurance component within its contracts and acquisitions quality assurance program to monitor the CA orientation.

Recommendation 21: Implement and monitor procurement controls to ensure that proper invoices are processed timely as required by the QPA.

DCPS agrees with this recommendation and partnered with OCFO in March 2024 to establish shared agency expectations for timely processing of proper invoices. DCPS defined and communicated the following expectations for agency PASS receivers:

- **DCPS PASS users must review and approve (or reject) vouchers in 5 business days.**
School or program-level approvals of vouchers must be completed within 5 business days. If multiple school or program-level approvals are required on a voucher, all must be completed within 5 business days. In alignment with DCPS's agreement with OCFO, this ensures sufficient time for Accounts Payable (AP) voucher approval and payment issuance.
- **DCPS PASS users must follow OCFO Education Cluster guidance "Desk Procedure - Documenting Vendor Delays in PASS."**
Invoices must be reviewed to ensure proper documentation is attached in PASS to avoid penalties and interest.¹
- **DCPS PASS users must delegate PASS when out of office.**
DCPS identified trends in processing delays associated with PASS user absences. To mitigate delays, delegation is allowed.

In addition, DCPS implemented a dashboard to improve quick access to open-voucher reporting. The dashboard allows DCPS to monitor voucher reporting.

¹ Additional information on delayed payments is enclosed. [QPA: Supporting Timely Vendor Payment]

May 27, 2025

Recommendation 22: Implement and monitor procurement controls to identify unpaid penalties and remit payments.

DCPS agrees with this recommendation. In March 2024, the following shared responsibilities between OCFO and DCPS were agreed upon:

- **15th of the Month:** By the 15th of each month, OCFO AP compiles projected QPA interest payments from payments due the prior month and submits to DCPS.
- **29th of the Month:** By the 29th of each month, Operational Finance Team provides a justification for refuting interest payments or provides funding attributes for the projected QPA interest payments.
- **30th of the Month:** By the 30th of each month, DCPS shares revised projected interest payments with OCFO, if applicable.
- **3rd of the Month:** By the 3rd of the following month, DCPS submits signed direct voucher payment memo to OCFO DCPS.INVOICES@dc.gov.
- **30th of the Following Month:** By the 30th of the following month, OCFO processes interest payments to vendors.

These procedures² went into effect in April 2024.

Thank you again for conducting this audit and giving us the opportunity to respond. We stand in partnership with your office to continue oversight and compliance with District contracting regulations, and to ensure effective administration of contracts to procure and receive goods and services for the District of Columbia Public Schools.

Sincerely,



Lewis D. Ferebee, Ed.D.
Chancellor

² Quick Payment Act procedures enclosed. [Job Aid-QPA-OFS Internal procedures.]



APPENDIX 6. DGS RESPONSE



Office of the Director

April 1, 2025

Daniel W. Lucas
Inspector General
District of Columbia Office of the Inspector General
100 M Street SE, Suite 1000
Washington, DC 20003

Re: Department of General Services Response to Agencies' Contract Administration Effectiveness (OIG No. 24-1-03AT)

Dear Inspector General Lucas:

The Department of General Services (DGS) is in receipt of the above-referenced draft report. Thank you for the opportunity to provide our responses to it. DGS appreciates the feedback and insight and welcomes the opportunity to constructively review the feedback on these critical District functions, as DGS continues our ongoing focus and efforts to improve and enhance its contract administration effectiveness. DGS has prepared a response to address each of the noted findings and recommendations.

Finding 1 – Inadequate Documentation of Goods and Services

- a. **Lack of Receipt(s), Inspection(s), and Documented Acceptance of Goods and Services:** When agencies initiated payment in the Procurement Automated Support System (PASS), the system contained the invoice, purchase order, and an automated receiving document to support the payment. The automated receiving document in PASS is prefilled and requires manual entry of the quantity accepted and a receipt date with an electronic signature. While this record satisfies the receiving report requirement, it does not provide evidence that the goods and services were satisfactory. lacked evidence/documentation showing receipt(s), inspection(s), and acceptance of their goods and services.

DGS Response: We recognize the importance of maintaining accurate documentation of goods and services to ensure compliance with established protocols. To address this finding, we are taking a two-pronged approach: first, we will highlight the actions already in place to support documentation processes, and second, we will outline the additional measures being implemented to strengthen our controls and oversight.



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1. Current Actions to Ensure Documentation Compliance

A) Documenting Receipt and Acceptance of Goods and Services.

- The District of Columbia (DC or District) Department of General Services (DGS or Department) is already documenting the receipt, inspection, and acceptance of goods and services through PASS, with supporting evidence attached to the automated receiving document.
- Additionally, DGS utilizes platforms like Salesforce and ProjectTeam to manage and review service-related documentation before submission to PASS. These platforms are critical control points for verifying service completion and ensuring that supporting documentation is properly reviewed and validated.

B) Use of Control Elements in Service Management Platforms.

- Services such as HVAC Technician Services, vendor communication, and status updates are routed through Salesforce work order notifications. Vendors provide real-time updates on repair estimates, lead times, and work order close-outs.
- The resolution close-out process requires vendors to submit multiple forms of supporting documentation, including timesheets and photo evidence of completed work, ensuring that all necessary documentation is captured and verified.

2. Additional Measures Being Implemented to Strengthen Controls

A) Enhanced Documentation Protocols Across Platforms

- DGS is formalizing and reinforcing mandatory procedures to ensure consistent documentation of the receipt, inspection, and acceptance of goods and services across all platforms, including PASS, Salesforce, and ProjectTeam.
- These updated protocols will require a standardized approach to documentation, ensuring that all relevant evidence is captured, reviewed, and attached to the appropriate records.

B) Integration of Control Elements in Documentation Workflows.

- Control elements, such as service close-out documentation in Salesforce and ProjectTeam, will be emphasized and integrated into our documentation workflow within PASS to serve as verification points before invoice approval and payment processing.

C) Incorporation into Contracting Officer (CO)/Contracting Officer's Technical Representative (COTR) Contract Orientation Meetings.



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- During the CO/COTR Contract Orientation Meetings, the CO will reinforce the following critical elements:
 - Scope of Work (SOW) and deliverables.
 - Incremental quality assurance and quality control (QA/QC) protocols for monitoring service delivery.
 - Invoice documentation requirements to ensure compliance, ensure the documentation requirements are effectively communicated to the vendors, and ensure understanding that said documentation is required on all platforms, including PASS.
 - COTR's responsibility is to validate the documentation before approving invoices in PASS.
 - Annual contractor evaluations to assess and document performance.

D) Training and Oversight to Ensure Compliance.

- Contracting staff will receive ongoing training to reinforce these enhanced documentation processes and ensure compliance across all platforms.
- Supervisory reviews will be conducted regularly to monitor adherence to protocols, identify potential gaps, and ensure corrective action is taken promptly.
- Annual discussion across all internal stakeholders to ensure checks and balances are performed at each checkpoint.

3. Commitment to Continuous Improvement

By maintaining our current documentation protocols and integrating these additional measures, DGS is confident that DGS processes will address the audit findings effectively. These enhancements reflect DGS's commitment to strengthening internal controls, ensuring compliance with procurement protocols, and maintaining transparency and accountability across DGS operations.

- b. **Lack of Citywide Guidance, Insufficient Training, Inadequate Staff Training, Turnover:** OIG attribute agencies' inconsistent adherence to the inspection documentation requirements to a lack of citywide guidance, insufficient training, and inadequate staffing. The CPO must issue procedures for, among others, the inspection, testing, and acceptance of goods, services, and construction. While some procedures can be found in regulations and OCP's manual, we did not find any guidance from OCP relating to the inspection of goods and services. CAs lacked requisite training and were often assigned multiple contracts while balancing their full-time primary responsibilities. Additionally, turnover in the CA position often did not include the transfer of documents needed by the successor.

DGS Response:

Inspection and acceptance are included in DGS's Standard Contracting provisions, which apply to all DGS contracts. DGS contracts and procurement division recommends, in coordination with OCP, implementing a comprehensive approach to strengthening the



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process and procedures, including developing formal procedures, enhancing training programs, ensuring knowledge transfer during turnover, and strengthening oversight. Below is a structured action plan:

1. Develop and Issue Citywide Guidance and Standard Operating Procedures (SOPs)

Objective: Establish clear, uniform procedures that outline inspection, testing, and acceptance processes for goods, services, and construction.

Actions:

- Draft and formalize SOPs:
 - Develop comprehensive procedures for inspecting, testing, and accepting goods, services, and construction.
 - Define roles and responsibilities for COTRs/Contract Administrators (CAs), Project Managers, and other stakeholders.
 - Standardize documentation requirements, including inspection reports, acceptance memos, deficiency logs, and corrective action tracking.
- Incorporate changes within the current DGS Procurement Process and Procedure Manual:
 - Align the procedures with DCMR Title 27 Chapter 47.
 - Update contract templates to include inspection and acceptance clauses that align with the new guidance.
- Create Checklists and Templates:
 - Design inspection checklists and acceptance templates to ensure consistency across agencies.
 - Develop forms to document the inspection and testing process, including timelines and required approvals.

2. Develop and Implement Comprehensive Training Programs

Objective: Ensure COTRs and PMs and relevant personnel have the skills and knowledge to adhere to inspection and acceptance requirements.

Actions:

- Mandatory Certification Program:
 - Create a mandatory certification program for COTRs and PM, focusing on inspection, testing, and acceptance procedures.
 - Incorporate specialized training on industry standards, compliance requirements, and best practices.
- Strategize on the development plan to launch In-Person Training Modules through Salesforce within the next two years:
 - Conduct in-person workshops focused on hands-on inspection techniques and documentation.
- Annual Refresher Courses:
 - Require annual refresher courses to reinforce knowledge and incorporate changes in regulations or procedures.



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- Include a recertification requirement to maintain proficiency.
- Mentoring and Shadowing Programs:
 - Establish mentorship opportunities where experienced COTRs and PMs guide new hires.
 - Facilitate job shadowing to provide hands-on learning.

3. Address Staffing Challenges and Reduce Turnover Impact

Objective: Mitigate turnover impact by ensuring seamless knowledge transfer and appropriate workload management.

Actions:

- Establish Knowledge Transfer Protocols:
 - Develop a structured handover process when turnover occurs.
- Require departing COTRs and PMs to prepare a contract transition package that includes:
 - Inspection and acceptance history
 - Pending action items and outstanding deficiencies
 - Contact information for key stakeholders
- Implement Contract Portfolio Tracking System:
 - Use Salesforce or another contract management system to centralize contract records, inspection reports, and communications.
 - Assign access rights to ensure continuity of information for successor COTRs and PMs.
- Workload Balancing and Staffing Review:
 - Conduct a staffing analysis to assess the COTR/PM-to-contract ratio and identify capacity gaps.
 - Advocate for additional resources where needed to ensure manageable workloads.

4. Strengthen Oversight and Accountability

Objective: Ensure compliance with inspection and acceptance procedures through regular audits and performance evaluations.

Actions:

- Conduct Periodic Compliance Audits:
 - Establish a regular audit schedule to review adherence to inspection, testing, and acceptance processes.
 - Develop corrective action plans for non-compliance.
- Introduce Performance Metrics:
 - Track and report on key performance indicators (KPIs) such as:
 - Percentage of completed inspections documented
 - Time taken to complete inspection and acceptance
 - Number of deficiencies identified and resolved
- Assign Accountability and Reporting:



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- Designate a Procurement Compliance Officer to monitor compliance and report findings.
- Require quarterly status reports from COTRs, PMs and Procurement Managers.

5. Leverage Technology for Documentation and Reporting

Objective: Automate and standardize documentation processes to reduce errors and improve oversight.

Actions:

- Adopt Electronic Inspection Management System:
 - Implement a centralized digital platform to track inspection data, log deficiencies, and generate acceptance reports.
 - Integrate with Salesforce or other contract management systems to maintain real-time records.
- Enable Automated Alerts:
 - Set up automated alerts for upcoming inspections, overdue reports, and expiring certifications.

6. Establish Continuous Improvement Mechanisms

Objective: Continuously refine processes based on feedback, audits, and performance trends.

Actions:

- Annual Policy Review and Updates:
 - Establish an annual policy review process to incorporate feedback and adjust SOPs based on lessons learned.
 - Engage COTRs and PMs and other stakeholders to gather insights and suggestions for improvements.
- Create a Feedback Loop:
 - Establish a formal mechanism to collect feedback from COTRs and PMs, contractors, and other stakeholders.
 - Use the feedback to refine training, processes, and documentation requirements.

Implementation Timeline (Suggested)

- Phase 1 (0-3 months): Draft SOPs and conduct initial training.
- Phase 2 (3-6 months): Launch certification programs and roll out knowledge transfer protocols.
- Phase 3 (6-9 months): Implement contract tracking and oversight mechanisms.
- Phase 4 (9-12 months): Conduct audits, review policy effectiveness, and refine processes.



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By adopting these measures, the agency can ensure improved compliance with inspection and acceptance requirements, reduce audit risks, and maintain operational efficiency across all contracts.

c. 4 Out of 6 DGS Invoices, Totaling \$3,329, 513.19, Lacked Receipt/Inspection Evidence.

DGS Response: Inspection of the invoicing for DGS's Capital Construction Services Division (CCSD) occurs through the pencil copy review in ProjectTeam. This was done so that the requisite inspection does not hold up invoicing in PASS, as well as to ensure vendors do not submit invoices for incomplete work. Capital construction contracts are required to provide backup documentation for all services and completed work reviewed in ProjectTeam, and then the appropriate documentation is uploaded with the resulting invoice in PASS.

d. OIG Recommendation #5 (DGS): OIG recommends DGS establish a process to evaluate the workload, current training status, and skill sets of the agency's Contract Administrators (CAs) to inform CA selection and manage CA training requirements.

DGS Response: COTR training is managed by D'Andre Dorn (OCP Training Instructor). Training is conducted regularly every 24 months to ensure COTRs remain up to date with policies and procedures. Additionally, supplementary training sessions can be scheduled for new full-time employees who will become COTRs. As detailed above, DGS has a comprehensive plan to improve COTR training and procedures.

Finding 3 – DGS Needs Stronger Controls Over Inherently Governmental Functions and Invoice Approval Procedures

a. DGS Contract No. DCAM-21-CS-RFP-0008P, Task Order No. 3, Attachment B: The Audit Report states that under DC Code § 2-351.04(37B), inherently governmental functions (IGFs) are those functions so essential to the public interest that District of Columbia government employees must perform them. The District prohibits contracting out these functions. Some functions are "closely associated" with IGFs, which may be contracted only under specific conditions and with agency head approval, as outlined in DC Code § 2-352.05a(b). Additionally, DGS regulations state that the CO is the only DGS representative permitted to authorize contract payments. OIG identified a construction inspection contractor that:

- (1) Evaluated another contractor's performance without the DGS Director's approval and directed corrective actions based on their evaluations.
- (2) Acted as the District's representative and provided final Quality Assurance and Quality Control services for all documentation, reports, and deliverables related to



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a construction contract, as proposed by the contractor and incorporated into the contract by reference by DGS.

- (3) Authorized an invoice in PASS without approval by the CO.
- (4) Rejected an invoice in PASS without approval by the CO.

DGS Response: The Audit Report cites the DC Code regulating inherently governmental functions (IGF(s)) and does not address the applicable regulations. Under the District of Columbia Municipal Regulations (DCMR) at 27 DCMR § 3000.2, contractors who are performing any functions “closely associated” with IGFs are not prohibited from doing so as long as the agency head satisfies the criteria set forth in this section. If District government employees direct and supervise contractor performance, contractors can perform functions that are closely associated with IGFs. As explained below, DGS employee supervisors – not contractors – make the final decisions regarding payment and acceptance of construction projects. Section 3001 under Title 27 of the DCMR further provides, if the contractor’s activities are in the nature of performing support for contract management, inspection, routine voucher or invoice examination, or evaluation of another contractor’s performance or proposal, as long as they are not to be used to directly determine payments, even if they are closely associated with IGFs, they are in fact, non-IGFs.

Both District and Federal Procurement law and regulations strongly support DGS’s position that the contractor (Contractor) identified in Contract No. DCAM-21-CS-RFP-0008P, Task Order No. 3’s (the “Contract”) activities fall squarely in the categories of providing support for contract administration, inspection, routine invoice examination, and evaluation of another contractor’s performance. None of these activities involve any final or substantive authority or discretion by the Contractor, as they serve only as recommendations to DGS full-time employees (FTE(s)) so that those FTEs can perform their IGFs. None of the Contractor activities identified in the Audit Report involve a direct determination by a contractor as to payments to be made to contractors. More specifically:

- (1) The Contractor’s evaluation of another contractor’s performance under the Contract at issue only serves as a “support” for contract management as it does not determine whether payment should be made and in what amount, which are requirements under D.C. Code § 2-352.05a(c)(4)(H) to be considered an IGF.

DGS contractors do not have final authority and discretion in evaluating the performance of another contractor or vendor, and 27 DCMR § 3001.1 specifically permits contractors to assist with “supporting contract management.” While the DCMR does not define or specify what “supporting contract management” entails, Subpart 7.503 (d)(7) of the Federal Acquisition Regulations (FAR) provides insight and lists



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contract management “such as where the contractor might influence official evaluations of other contractors” as a *non-IGF*.

A DGS contractor's evaluation of another contractor or vendor *does not* determine whether payment should be made and in what amount. With respect to vendor evaluations after the completion of a contract, or a technical review of contract work to determine if the work was done in accordance with contract requirements, the standard operating procedure within DGS is set up such that DGS Project Managers (PM(s)) (whether FTEs or contractor) only provide an initial review of contractor performance based on detailed criteria provided to them. Further, like the U.S. Government Accountability Office's (GAO) case *NRC Contracts for Reactor Licensing Tests*, the evaluation criteria which is provided to and used by the DGS contractors in conducting their initial review, provide “extensive detail and guidance,” such that the DGS Contractor has little or no opportunity to exercise discretion or make value judgments in preparing the initial evaluation.¹

DGS has a current volume of active projects of approximately \$4.5 billion. Without the assistance of outside contractors, DGS would not be able to meet its construction benchmarks and deadlines operationally. As such, DGS has implemented an internal structure to ensure that all final determinations are made by DGS FTEs. After the initial review by the PM (whether a contractor or FTE), in each instance, an Executive Program Manager (EPM), a DGS FTE, reviews, revises, and completes the vendor evaluation in coordination with the contracting officer, also a DGS FTE. Such vendor evaluation then undergoes another level of review and approval by an upper-level FTE within CCSD before it is finalized. DGS adopted this operational structure as part of its standard operating procedure because of the volume and complexity of construction projects it is tasked with delivering each year.

27 DCMR § 3000.2 provides that the performance of a function closely associated with an IGF is permitted if the head of the agency: “(a)[f]inds that appropriate District government employees cannot reasonably perform the function at issue; and (b) [e]nsures that appropriate District government employees supervise contractor performance of the contract and perform all inherently governmental functions

¹ See, e.g., Nuclear Regulatory Commission, B-242942 (August 27, 1991). In its decision in *NRC Contracts for Reactor Licensing Tests*, GAO applied this test to the Nuclear Regulatory Commission's (“NRC”) proposal to contract out some of its functions in administering licensing tests for nuclear reactor operators. GAO found that the proposed contract did not involve IGFs because the NRC guidelines relating to the tests provided “such extensive detail and guidance” that the contractors had no opportunity to exercise discretion or make value judgments in preparing, administering, or grading the tests. GAO also emphasized that agency personnel—not the contractor—would ultimately decide who received licenses.



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associated with the contract". Accordingly, DGS believes its operational structure complies with the mandate of this regulation and is, therefore, permissible.

Finally, no payments are made based solely on recommendations or decisions by a contractor. By providing the initial evaluation of another contractor or vendor's performance, the contractor is performing assistance services that support DGS's contract management. Such services are a clear example of the "supporting contract management" function listed under 27 DCMR§ 3001.2(e), as well as "gathering information for or providing advice, opinions, recommendations, or ideas to District government employees or officials" provided for under 27 DCMR§ 3001.2(a), and therefore, not in violation of D.C. Code § 2-352.05a(c)(4).

- (2) DGS believes that the QA/QC services provided by the Contractor are "inspection services" in nature, which are non-IGFs per 27 DCMR§ 3001.2(j). For DGS projects, the contractor, acting as the District's technical expert, performs QA/QC services as a PM on a day-to-day basis to inspect whether there are any nonconformance issues on the project site. The contractor relies on a checklist/punchlist to see whether the vendor has completed contract tasks and whether those tasks are done in a manner in conformance with contract requirements. If the contractor discovers certain conditions or activities that are in violation of the vendor's agreement with the District, or in violation of codes, drawings, or best practices, the contractor documents and reports such issues within ProjectTeam, which DGS FTEs have access to at all times to review project progress reports and documentation of contract conformance. The contractor, acting in their capacity as a PM, is authorized to direct the vendor to fix a contract punchlist or non-conformance item (i.e. "here is a non-conforming item, please correct in accordance with contract requirements"). It is important to note that all change orders, stop work orders, or any other high-level notices, are issued by a CO, a DGS FTE; the PM – whether a contractor PM or FTE PM – does not have authorization to direct vendors to perform any work that is outside the scope of their approved contract SOW and schedule of values (SOV). This QA/QC review requires technical expertise that is crucial given the complex and technical nature of construction projects.

Accordingly, because contractors are using their technical expertise to provide advice as to whether there are any conformance issues in the contract performance, this is a non-IGF service that is permitted under 27 DCMR§ 3001.2(a). Vendors, contractors, and DGS FTEs all have access to ProjectTeam, which is used for project management purposes and is permitted under 27 DCMR§ 3001.2(a), cited above. Because the QA/QC process is synonymous with inspection services, it is not an IGF.

- (3) It is the DGS's position that the Contractor identified in this Audit Report did not exercise substantial discretionary authority when examining the invoices. The function a contractor performs in PASS is merely performing routine voucher and invoice



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examination, which is a function that is specifically carved out under 27 DCMR§ 3001.2(m) as non-IGF. Within the last five years, district-wide PASS was redesigned, and a payment module was added. At that time, the District government began requiring all invoice reviews to be done within PASS. In this PASS workflow, the PM, whether a contractor or FTE, reviews the invoices when vendors add them to PASS. This review includes, as part of supporting contract management, confirming whether the work the vendor is invoicing for was actually performed in accordance with contract requirements. PASS is set up so that individuals who have access to the system have levels of authority to perform certain functions within the system. The PM, whether a contractor FTE, is providing the first-line, routine examination of the invoice as they are the most equipped individuals on a DGS project team to identify whether there are any deficiencies or discrepancies, obvious or otherwise, in the invoices before a subsequent, supervisory DGS FTE completes their review. On projects where there is a DGS FTE assigned as a PM (rather than a Contractor PM), the initial invoice review is *still* subject to a supervisory DGS FTE review. No individual PM, whether an FTE or Contractor, completing an initial invoice review has the ability to make final payment decisions.

Additionally, invoicing only happens after a contract has been approved and reviewed by DGS FTEs and many other District parties have approved an allotment of funds to be spent on a specific SOW, typically set forth in the contract's SOV. The denial and approval of invoices in PASS is the management and/or enforcement of the contract; it is not the creation of the contract or changing of the contract SOW in any way. The vendor is approved to spend funds based on the approved contract SOW and SOV, and invoicing is the vendor's proof that the vendor is spending the funding as allowed per the contract. The contractor PM's review of invoices is to confirm whether or not the vendor's work was completed as indicated in the SOW and SOV. There is no evaluation of contractor performance by the contractor PM included with the invoice review.

While PASS reporting titles may make it seem as if a contractor PM is acting as a COTR (i.e. it falsely labels all PMs as COTRs, whether contractor PMs or FTEs), they are not all COTRs. The PASS system is not exclusive to DGS and is controlled by OCP and the Office of the Chief Financial Officer (OCFO). In order for DGS to change labels or the functioning of anything in the PASS system, it would require DGS to meet with OCP and OCFO to determine if they believe such a change in labeling is warranted given the administrative costs and burden of making such a change in the PASS system which is utilized government-wide. That determination would be entirely up to them, and it is likely that DGS would receive considerable push-back, especially given the fact that, as set forth immediately below, DGS already has an internal system and controls in place to ensure that COTRs are always FTEs.

The authorized COTR on each project is set by a COTR designation letter issued by DGS's Chief Procurement Officer (CPO), and there is clear documentation about who the COTR is for every project. Copies of the fully executed COTR designation letter



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are sent to the COTR, the COTR's supervisor, the PM, and the vendor. COTRs are *always* FTEs. Even though the contractor PM may be labeled as a COTR in the PASS reporting system, the contractor PM, as a part of their administrative invoice review, is only allowed to view invoices and does not have the authorization or ability to issue a new requisition or purchase order or to see or utilize any other functions in the PASS system. As explained below, any rejection of invoices in PASS by a contractor PM is due to the vendor's failure to submit the required invoice backup documentation required for approval. The final approval of invoices is exclusively by a DGS FTE.

During the various review stages in PASS, a contractor may reject an invoice outright if there is an obvious deficiency or discrepancy. However, the contractor may only make such a decision based on the criteria developed solely by DGS FTEs and specifically set forth in the PASS workflow. In other words, the contractor does not exercise substantial discretionary authority when examining the invoices. Just like the contractors that assist the tax collection process in GAO's case *Issues Affecting IRS' Private Debt Collection Pilot*², what the contractor is doing here is providing technical support and performing routine examination services and assistance by following the guidelines and workflows implemented by DGS. Additionally, the PASS workflow system ensures that at least two DGS FTEs approve the invoice and payment at the end of the workflow process. That means that even if a contractor mistakenly rejected an invoice that should have been approved, that invoice would get approved later by a DGS FTE before the project is closed out. This supports DGS's position that all final determinations regarding payments are made by FTEs and not contractors.

DGS procedures are in series via first PASS and then ProjectTeam. In PASS, the PM (whether a contractor PM or a DGS FTE) is required to document in PASS the reasons for invoice rejection so that there is a record of why an invoice is initially disapproved. Any disapproval of invoices in PASS is typically due to failure to submit correct paperwork (e.g., missing subcontractor backup, Certified Business Enterprise (CBE) form, certified payroll, or release of lien). This step in PASS can be viewed as entirely administrative. The PM at this stage is not reviewing the quality of work delivered. It is not a final denial of payment but rather a notification to the vendor to submit the missing invoice documentation in an effort to expedite the payment process for work that has been performed. The vendor's 30-day Quick Payment Act pay period does not begin until a proper invoice is received in PASS – and that includes all required backup documentation.

The actual substantive review and identification of performance deficiencies occur in ProjectTeam (where contractor PMs identify and report the findings of their QA/QC inspections and then DGS FTEs – either in CCSD or C&P – take any required IGF action).

² Internal Revenue Service: Issues Affecting IRS' Private Debt Collection Pilot, B-275430 (July 18, 1997).



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- (4) The Contractor at issue did not reject an invoice in PASS without approval by the CO. A contractor does not exercise substantial discretionary authority when examining the invoices. As explained herein, the function the contractor performs in PASS is merely performing routine voucher and invoice examination, which is a function that is specifically carved out under 27 DCMR§ 3001.2(m) as non-IGF.
- b. **Contract Formation and IGF Control Deficiencies:** According to the Audit Report, the IGF control deficiencies began during contract formation when DGS incorporated the contractor's proposal into the task order, and therefore the contract, without removing prohibited provisions. While the base contract includes a clause prohibiting contractors from performing IGFs, according to the Audit Report, incorporating conflicting language in the contractor's proposal in "Attachment B" demonstrates an inconsistent understanding of IGF requirements and creates ambiguity in contractor roles and responsibilities.

DGS Response: DGS reviewed the above-referenced Contract documents to confirm the Contract's SOW language does not include any IGF descriptions. Attachment B to the Contract is the Contractor's task order (Task Order) proposal, and it is not DGS-generated contract language. This proposal is subordinate to the Task Order contract language per the order of precedence clauses set forth in Section I.15 of the underlying Contract for construction management services and Section 18 of Task Order No. 3. Further, there is specific language about IGFs (and the prohibition against a contractor performing them) in the contract documents. For example, Section I.17 of the Contract and Section 13 of Task Order No. 3 includes the explicit statutory language of DC Code § 2-352.05a with respect to the prohibition against contractors performing IGFs, and Section I.17 of the Contract states: "Given the foregoing, the Contractor acknowledges that only District government employees may perform inherently government functions; and, the Contractor is required to notify the CO and COTR in writing if its work under this Contract requires District government employees to perform inherently governmental functions."

Hence, the Contract does not have language that implies DGS is contracting for IGFs; if the task order proposal submitted by a contractor has any language implying the contractor would be performing IGFs, such proposal language is voided by the superseding contract provisions.

- c. **Lack of Mechanisms Ensuring Government Employees Perform IGFs and Lack of Approval/Supervision for Functions Closely Associated with IGFs:** According to the Audit Report, the agency lacks adequate mechanisms to ensure government employees, rather than contractors, perform all IGFs and lack of approval/supervision for when functions that are "closely associated" with IGFs are permitted to be performed by contractors.



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DGS Response: DGS has issued an administrative issuance that serves as the formal policy (the Policy) required by DC Code § 2-352.05a(b). The Policy: (1) ensures that appropriate DGS FTEs supervise contractor performance of the contract and perform all IGFs associated with the contract; and (2) addresses any potential organizational conflicts of interest of the contractor in the performance of any function closely associated with IGFs under the contract. As discussed above, all contractors are supervised by DGS FTEs and share information through the ProjectTeam system; there is always a DGS FTE COTR assigned to every contract; and DGS FTEs have final approval with respect to payment of all invoices.

- d. **PASS and IGF Control Deficiencies:** According to the Audit Report, PASS lacks sufficient controls to ensure CO approval and prevent contractors from rejecting invoices without DGS employees' oversight.

DGS Response: The contractor PM's review of invoices is to confirm whether or not the vendor's work was completed as indicated in the SOW and SOV. There is no evaluation of contractor performance by the contractor PM included with the invoice review. During the various review stages in PASS, a contractor may reject an invoice outright if there is an obvious deficiency or discrepancy. However, the contractor may only make such a decision based on the criteria developed solely by DGS FTEs and specifically set forth in the PASS workflow. In other words, the contractor does not exercise substantial discretionary authority when examining the invoices.

Additionally, the PASS workflow system ensures that at least two DGS FTEs approve the invoice and payment at the end of the workflow process. That means that even if a contractor mistakenly rejected an invoice that should have been approved, that invoice would get approved later by a DGS FTE before the project is closed out. This supports DGS's position that all final determinations regarding payments are made by FTEs and not contractors.

Finally, although OCP does not include its COs in the approval of any invoices in PASS, it has been DGS procedure that the CPO approve all invoices over \$1 million in PASS. DGS is currently in the process of repealing its regulation, 27 DCMR § 4726, that requires all payments to be approved by a Contracting Officer such that DGS official regulation with respect to approval of payments by a CO will be in alignment with OCP.

- e. **Oversight Risks, Contractor Conflict of Interests, Project Delays, Improper Payments and IGF Control Deficiencies:** According to the Audit Report, the absence of proper controls over IGFs and functions closely associated with IGFs creates ongoing operational and oversight risks for DGS. Without appropriate safeguards, the agency faces diminished accountability and transparency in decision-making, as contractors may make decisions rather than authorized District employees. This situation also creates opportunities for contractor conflicts of interest in performing duties, where contractors may be positioned to make decisions that affect their or others' contract performance.



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Finally, these control weaknesses can lead to project delays, improper payments, or failure to achieve intended outcomes, as proper governmental oversight is essential for effective project management and contract administration.

DGS Response: As explained herein, DGS has the necessary mechanisms, safeguards, policies, and proper controls in place to ensure contractor performance of functions closely associated with IGFs do not create operational and oversight risks. Contractors are only in position to provide support as described in detail above; they do not approve payments or make final substantive decisions or determinations with respect to other contractors. District FTEs closely supervise contractors throughout all aspects of a project and approve all payments in PASS. DGS's project management system has proven effective in delivering projects on time and under budget.

- f. **OIG Recommendation #6 (DGS):** OIG recommends DGS develop and implement a policy for managing functions closely associated with IGFs that ensures proper government supervision, prevents contractors from performing IGFs, and addresses potential conflicts of interest in accordance with DC Code § 2-352.05a(b).

DGS Response: As described in detail above, DGS has issued a Policy as required by DC Code § 2-352.05a(b) that: (1) ensures that appropriate DGS FTEs supervise contractor performance of the contract and perform all IGFs associated with the contract; and (2) addresses any potential organizational conflicts of interest of the contractor in the performance of any function closely associated with IGFs under the contract. Specifically, the Policy directs that DGS contractors shall be prohibited from involvement in the management of any DGS contract involving the contractor's employing business entity. Only DGS FTEs shall be authorized to manage these contracts, including but not limited to the review and approval of contract invoices.

- g. **OIG Recommendation #7 (DGS):** OIG recommends DGS evaluate current processes for reviewing contractor proposals prior to task order incorporation, to ensure clear role delineation, exclude any IGF-related provisions, and identify and remedy any control deficiencies.

DGS Response: The Policy outlines clear role delineation between contractors and DGS FTEs, and DGS FTEs will continue to review contractor proposals in light of such Policy. During contractor proposal review, DGS will endeavor to reject any proposal language that conflicts with permissible contractor activities under the Policy, and will continue to ensure that DGS standard language includes the clear distinction between the functions are non-IGF and are therefore permissible to be completed by the contractor, and the functions are strictly IGFs to be performed only by DGS FTEs.

- h. **OIG Recommendation #8 (DGS):** OIG recommends DGS reevaluate PASS controls by restructuring approval workflows to ensure proper Contracting Officer authorization and implement appropriate segregation of duties between contractors and DGS employees. If



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needed, consult with the Office of Contracting and Procurement for the best practices for contractor system access and payment approval workflows in PASS.

DGS Response: As described above, although OCP does not include its COs in the approval of any invoices in PASS, it has been DGS procedure that the CPO approve all invoices over \$1 million in PASS. DGS is currently in the process of repealing its regulation, 27 DCMR § 4726, that requires all payments to be approved by a Contracting Officer such that DGS official regulation with respect to approval of payments by a CO will be in alignment with OCP.

With respect to segregation of duties between contractors and DGS FTEs, DGS has clear procedures in place with respect to invoice review in PASS. Pursuant to the Policy, the invoice review process is as follows:

Most substantive review and identification of performance deficiencies occurs in ProjectTeam (where contractor PMs identify and report the findings of their QA/QC inspections, and DGS employees – either in CCSD or C&P – can take any required IGF action). Separately, the PMs, whether a contractor or DGS employee, provide a detailed review of the invoices when they are added by vendors to PASS. PASS is set up so that individuals who have access to the system have levels of authority to perform certain functions within the system. This review includes, as part of supporting contract management, confirming whether the work the vendor is invoicing for was actually performed per contract requirements. Invoicing only happens after a contract has been approved and reviewed by DGS FTEs and many other District parties have approved for an allotment of funds to be spent on a specific SOW typically set forth in the contract's SOV.

The reviewing PM, whether a contractor or DGS FTE, does not have the final authority to approve or reject the invoices. As previously discussed above, the PM is permitted to provide first-line routine examination of the invoices and all invoices must subsequently be reviewed by a supervisory DGS FTE in PASS. The PM is only allowed to view invoices; they do not have the authorization or ability to issue a new requisition (RK) or purchase order (PO), or to see or utilize any other functions in the PASS system. Furthermore, contractor PMs are never designated as COTRs by C&P for any contract actions, regardless of the automatically assigned label in PASS.

During the various review stages in PASS, a PM may reject an invoice outright if there is an obvious deficiency or discrepancy. However, a contractor PM may only make such a decision based on the criteria developed solely by DGS employees and specifically set forth in the PASS workflow. The PM does not exercise substantial discretionary authority when examining the invoices. Per DGS procedures, the PM shall document in PASS the reasons for invoice rejection so that there is a record of why an invoice is initially disapproved. An example of an acceptable reason for disapproval of invoices in PASS is failure to submit correct paperwork (e.g., missing subcontractor backup, CBE form,



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certified payroll, or release of lien). This step in PASS is entirely administrative. The contractor PM at this stage is not authorized and shall not review invoices for the quality of work delivered. Further, this stage of review does not result in a final denial of invoice payment, but rather only results in the generation of a notification to the vendor to submit the missing invoice documentation in an effort to expedite the payment process for work that has been performed. The vendor's 30-day Quick Payment Act pay period does not begin until a proper invoice is received in PASS – and that includes all required backup documentation.

Finding 4 – Lack of Contracting Officer Delegation to Administer Contracts

- a. **DGS Contracts Without Delegation:** According to Title 27 DCMR § 1209.1, the CO may appoint a contract administrator for each contract. DGS had 5 contracts, totaling \$93,130,291.58, that were missing a required CA delegation.

DGS Response: DGS endeavors to appoint a COTR for each contract action. With respect to the five (5) sample contract actions identified in the Audit Report:

Sample #1: This was an expedited procurement process to acquire goods or services. This emergency process requires immediate action, allowing C&P to bypass routine procurement procedures to address an imminent threat to public health, welfare, property, or safety, prevent or minimize serious disruption in District services, or when an emergency exists.

Sample #2: DGS failed to issue and execute a COTR delegation for the audit sample as indicated.

While the COTR and the CPO signed the initial COTR letter, it was not fully executed due to the absence of the COTR supervisor's signature. On August 27, 2024, the letter was revised to require only the signatures of the COTR and the CPO.

Sample #3: The COTR Delegation letter was issued and executed by then CPO George G. Lewis on March 11, 2019. The COTR delegation letter also includes signatures of the COTR and COTR Supervisor. The letter was located in the historic paper contract file, and a copy can be provided for evidentiary support.

Sample #4: This project was awarded in 2017 under an Indefinite Delivery/Indefinite Quality (IDIQ) for District of Columbia Public Schools (DCPS) stabilization contracts, with a single COTR delegation covering all task order awards. However, our current IDIQs are no longer tied to a specific client agency, meaning each contract now requires a separate COTR delegation letter per task order issued.

Sample #5: The COTR Delegation letter was issued and executed by then CPO George G. Lewis on September 11, 2024. The COTR delegation letter also includes signatures of the



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COTR and COTR Supervisor. The letter was located in the historic paper contract file and a copy can be provided for evidentiary support.

C&P will designate a Procurement Compliance Officer to provide ongoing monitoring of compliance, track delegation letters and report the findings at the required cadence for KPIs.

- b. **5 DGS CAs Did Not Complete Initial Training or Retraining:** OCP Procurement Procedures Manual (PPM) Section 4.1.1 provides guidance ensuring that a contract administrator has successfully completed the contract administrator training or is scheduled to complete the training within 60 [d]ays of contract award.

DGS Response: DGS has its own procurement manual. The DGS CPO ensures that the COTR is up to date with their required training before issuing the COTR Delegation letter.

- c. **OIG Recommendation #15 (DGS):** OIG recommends DGS monitor and enforce existing policies and procedures that require COs to conduct an orientation conference, including documentation of its occurrence, and issue appointment delegation letters upon CA assignment or when the CA changes during the life of the contract.

DGS Response: DGS has staff responsible for tracking COTR delegation letters, issuing modifications to notify vendors of COTR changes, ensuring COTRs are certified, and verifying certification validity before issuing the delegation letter, all in accordance with current DGS policies and procedures.

- d. **OIG Recommendation #16 (DGS):** OIG recommends DGS develop and implement a quality assurance function to oversee and manage CAs to ensure delegation letters are issued, orientation occurs, modifications are issued to notify vendors of CA changes, enough CAs are trained for your agency, and to track and enforce all CA's continuing professional education requirements.

DGS Response: Please see response to Recommendation #15 above.

Finding 5 – Inconsistent Adherence to the Quick Payments Act

- a. **One DGS Invoice Not Paid Timely, Quick Payment Act Penalty of \$20,600.06 Unpaid:** The District must pay contractors within 30 calendar days of receiving a proper invoice or incur interest penalties. The Quick Payment Act (QPA) establishes a monthly minimum interest rate of 1 percent for late payments. One DGS Invoice in the amount of \$3,297,816.30 was 62 days late and OIG found no evidence that DGS paid penalty.

DGS Response: The single late payment OIG cites is a payment to Pepco from 2022. Since Pepco, the local electricity utility company, is a regulated monopoly, DGS does not have a contract with Pepco and therefore payments are not made pursuant to a traditional



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contractor-submitted invoice. Rather, DGS's utility management specialists review, reconcile, and process Pepco utility group billing files. They then create a payment distribution report (PDR) and certification memo that goes through an approval process, ultimately leading to accounts payable (AP) who issue the payment. Pepco has its own published general terms and conditions for furnishing electric service in the District of Columbia ("Pepco T&Cs") that govern late payments, and those Pepco T&Cs allow, but do not mandate, that Pepco may levy a late payment charge. DGS is unaware if a late charge was levied by Pepco for the 2022 electricity bill in question, nor is DGS aware of any other instance where a Pepco bill was paid late.

- b. **OIG Recommendation #23 (DGS):** OIG recommends DGS implement and monitor procurement controls to ensure that proper invoices are processed timely as required by the QPA.

DGS Response: Per the requirements of the Quick Payment Act, DGS makes all attempts to pay invoices within the 30-day required period. For example, on construction projects, the invoice is first reviewed for back up documentation and evidence of work completed through ProjectTeam. Once a proper invoice is submitted to PASS, CCSD and the Payment Management Office (PMO) have a 15-day goal to have the invoice approved to allow for payment to be processed. This goal may not be met for several reasons, but most likely minor administrative issues related to the paperwork submitted. CCSD and PMO also have a duty to only pay out for completed work, and DGS's evaluation of documents and ensuring correct paperwork has been submitted is essential to that process. The CCSD team is provided with a report on a weekly basis from PMO on aging vouchers to track progress on each invoice and ensure the 15-day goal is being tracked and met.

- c. **OIG Recommendation #24 (DGS):** OIG recommends DGS implement and monitor procurement controls to identify unpaid penalties and remit payments.

DGS Response: DGS makes every effort to ensure all invoices are properly reviewed and paid within the 30-day requirement. DGS and OCFO have a process implemented for when the agency is unable to satisfy the 30-day requirement. OCFO is responsible in determining if the invoice qualifies for an interest penalty per the Quick Payment Act. If applicable, OCFO performs the interest penalty calculation based on the age of the invoice, and in turn notifies DGS for action to ensure funds are in place to satisfy the interest penalty. Once funds are identified, the payment is made. The monitoring of unpaid QPA penalties and payment remittance does not fall under procurement controls; OCFO is already responsible for making the required determinations and providing notice thereof.

Finding 6 – District Agencies Frequently Did Not Perform Vendor Evaluations

- a. **DGS Did Not Perform Vendor Evaluations In 2 Out 5 Contracts:** District law, DC Code § 2-352.04(b)(7), requires the CPO to establish and implement a periodic contractor performance evaluation process. OIG found no evidence that DGS performed such



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evaluations in Salesforce on 2 out of 5 contracts.

DGS Response: These evaluations were left uncompleted due to the departure of the COTR from the Agency. C&P is collaborating with the Salesforce team to ensure that all pending evaluations are completed by the departing COTR during their notice period.

- b. **OIG Recommendation #31 (DGS):** OIG recommends DGS implement controls to ensure CAs are performing vendor evaluations to comply with DC Code § 2-352.04(b)(7).

DGS Response: DC Code § 2-352.04(b)(7) requires the CPO to “prepare, establish, and implement a periodic review process for the evaluation of contractors who provide goods or services to the District.” Per DGS procedures, COTRs are made aware of their pending evaluations directly on the Salesforce home page. COTRs will automatically receive email notifications each time an evaluation request is generated. Additionally, we will be using a tracking dashboard weekly, to monitor evaluation completion rates, allowing for proactive follow-ups on any outstanding assessments. Training sessions will be provided to COTRs to reinforce the importance of timely evaluations and familiarize them with the system. Lastly, we will be assigning a designated point of contact within C&P to oversee compliance and address any issues, ensuring a consistent and efficient evaluation process.

Sincerely,

 Delana Hunter

Director

Department of General Services



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APPENDIX 7. RECOMMENDATION STATUS

Responsible Agency	Recommendations	Status	Action Required
CFSA	0. Monitor and enforce adopted OCP policies and procedures that require COs to conduct an orientation conference, including documentation of its occurrence, and issue appointment delegation letters upon CA assignment or when the CA changes during the life of the contract.	Resolved, Open	Tracking Implementation
CFSA	0.Develop and implement a quality assurance function to oversee and manage CAs to ensure delegation letters are issued, enough CAs are trained for your agency, and to track and enforce all CA's continuing professional education requirements.	Resolved, Open	Tracking Implementation
CFSA	0.Implement and monitor procurement controls to ensure that proper invoices are processed timely as required by the QPA.	Resolved, Open	Tracking Implementation
DCPL	0. Establish a process to evaluate the workload, current training status, and skill sets of the agency's Contract Administrators (CAs) to inform CA selection and manage CA training requirements.	Resolved, Open	Tracking Implementation
DCPL	0. Monitor and enforce adopted OCP policies and procedures that require COs to conduct an orientation conference, including documentation of its occurrence, and issue appointment delegation letters upon CA assignment or when the CA changes during the life of the contract.	Resolved, Open	Tracking Implementation

Responsible Agency	Recommendations	Status	Action Required
DCPL	0. Develop and implement a quality assurance function to oversee and manage CAs to ensure delegation letters are issued, orientation occurs, enough CAs are trained for your agency, and to track and enforce all CA's continuing professional education requirements.	Resolved, Open	Tracking Implementation
DCPS	0. Establish a process to evaluate the workload, current training status, and skill sets of the agency's Contract Administrators (CAs) to inform CA selection and manage CA training requirements.	Resolved, Open	Tracking Implementation
DCPS	0. Monitor and enforce adopted OCP policies and procedures that require COs to conduct an orientation conference, including documentation of its occurrence, and issue appointment delegation letters upon CA assignment or when the CA changes during the life of the contract.	Resolved, Open	Tracking Implementation
DCPS	0. Develop and implement a quality assurance function to oversee and manage CAs to ensure delegation letters are issued, orientation occurs, modifications are issued to notify vendors of CA changes, enough CAs are trained for your agency, and to track and enforce all CA's continuing professional education requirements.	Resolved, Open	Tracking Implementation
DCPS	0. Implement and monitor procurement controls to ensure that proper invoices are processed timely as required by the QPA.	Resolved, Open	Tracking Implementation

Responsible Agency	Recommendations	Status	Action Required
DCPS	0. Implement and monitor procurement controls to identify unpaid penalties and remit payments.	Resolved, Open	Tracking Implementation
DGS	0. Establish a process to evaluate the workload, current training status, and skill sets of the agency's Contract Administrators (CAs) to inform CA selection and manage CA training requirements.	Resolved, Open	Tracking Implementation
DGS	0. Develop and implement a policy for managing functions closely associated with IGFs that ensures proper government supervision, prevents contractors from performing IGFs, and addresses potential conflicts of interest in accordance with D.C. Code § 2-352.05a(b).	Resolved, Open	Tracking Implementation
DGS	0. Evaluate current processes for reviewing contractor proposals prior to task order incorporation, to ensure clear role delineation, exclude any IGF-related provisions, and identify and remedy any control deficiencies.	Resolved, Open	Tracking Implementation
DGS	0. Reevaluate PASS controls by restructuring approval workflows to ensure proper Contracting Officer authorization and implement appropriate segregation of duties between contractors and DGS employees. If needed, consult with the Office of Contracting and Procurement for the best practices for contractor system access and payment approval workflows in PASS.	Resolved, Open	Tracking Implementation

Responsible Agency	Recommendations	Status	Action Required
DGS	0. Monitor and enforce existing policies and procedures that require COs to conduct an orientation conference, including documentation of its occurrence, and issue appointment delegation letters upon CA assignment or when the CA changes during the life of the contract.	Resolved, Open	Tracking Implementation
DGS	0. Develop and implement a quality assurance function to oversee and manage CAs to ensure delegation letters are issued, orientation occurs, modifications are issued to notify vendors of CA changes, enough CAs are trained for your agency, and to track and enforce all CA's continuing professional education requirements.	Resolved, Open	Tracking Implementation
DGS	0. Implement and monitor procurement controls to ensure that proper invoices are processed timely as required by the QPA.	Resolved, Open	Tracking Implementation
DGS	0. Implement and monitor procurement controls to identify unpaid penalties and remit payments.	Resolved, Open	Tracking Implementation
DGS	0. Implement controls to ensure CAs are performing vendor evaluations to comply with D.C. Code § 2-352.04(b)(7).	Resolved, Open	Tracking Implementation

Responsible Agency	Recommendations	Status	Action Required
OCA	0. Evaluate D.C. Code § 2-221.02(b)(1), which sets a minimum penalty interest rate floor of 1 percent per month (12 percent annually) and recommend adjustment by the Council, if the rate is excessive when considering market conditions and other jurisdictions and the federal government rates.	Unresolved, Open	Tracking Implementation
OCP	1. Establish and implement standard District-wide documentation requirements for the inspection, testing, and acceptance of goods, services, and construction.	Unresolved, Open	Tracking Implementation
OCP	Establish a process to evaluate the workload, current training status, and skill sets of the agencies' Contract Administrators (CAs) to inform CA selection and manage CA training requirements.	Unresolved, Open	Tracking Implementation
OCP	0. Monitor and enforce existing policies and procedures that require COs to conduct an orientation conference, including documentation of its occurrence, and issue appointment delegation letters upon CA assignment or when the CA changes during the life of the contract.	Unresolved, Open	Tracking Implementation
OCP	0. Amend, monitor, and enforce policy requirements for COs to review and document, in the contract file, a CA's training prior to appointment, and to reassign a CA's duties if required training is not complete within 60 days.	Unresolved, Open	Tracking Implementation

Responsible Agency	Recommendations	Status	Action Required
OCP	0. Develop and implement a quality assurance function to oversee and manage CAs to ensure delegation letters are issued, orientation occurs, modifications are issued to notify vendors of CA changes, enough CAs are trained for each agency, and to track and enforce all CA's continuing professional education requirements.	Unresolved, Open	Tracking Implementation
OCP	0. Implement and monitor procurement controls to ensure that proper invoices are processed timely as required by the QPA.	Unresolved, Open	Tracking Implementation
OCP	0. Implement and monitor procurement controls to identify unpaid penalties and remit payments.	Unresolved, Open	Tracking Implementation
OCP	0. Ensure contracts accurately reflect the late payment interest rate found in D.C. Code § 2-221.02(b)(1).	Unresolved, Open	Tracking Implementation
OCP	0. Ensure that the CPES is operating as intended by automatically sending emails to CAs to complete performance evaluations for contractors assigned to them.	Unresolved, Open	Tracking Implementation
OCP	0. Require all District agencies to submit vendor performance evaluations to a centralized database (CPES or otherwise), ensuring a comprehensive central repository of contractor performance evaluations across the District, regardless of the evaluation system used.	Unresolved, Open	Tracking Implementation



APPENDIX 8. INVOICES SAMPLED

District Agency	Agency Number	Number of Sampled Invoices	Total Sampled Invoice Amounts	Agency is Subject to the PPRA and the CPO's Authority	Agency is Subject to the PPRA and Independent from the CPO's Authority
Department of Health Care Finance	1	5	\$488,108.85	Yes	
District of Columbia Public Schools	2	7	\$2,657,739.82		Yes
Department of General Services	3	6	\$6,782,681.11		Yes
Department of Human Services	4	7	\$8,069,892.75	Yes	
Office of the Chief Financial Officer	5	2	\$25,292.74		Yes
Homeland Security and Emergency Management Agency	6	1	\$5,433.75	Yes	
Department of Health HIV/AIDS, Hepatitis, STD and TB Administration (HAHSTA)	7	1	\$1,357.58	Yes	
Department of Disability Services, Developmental Disabilities Administration (DDA)	8	3	\$54,889.52	Yes	
Department of Motor Vehicles	9	1	\$3,364.41	Yes	
District of Columbia Public Library	10	4	\$4,458.68		Yes
Department of Behavioral Health	11	5	\$448,675.57	Yes	
Department of Consumer and Regulatory Affairs	12	1	\$18,312.00	Yes	
Office of the Chief Technology Officer	13	13	\$1,140,743.29	Yes	
Office of Unified Communications	14	1	\$151,879.64	Yes	
Department of Parks and Recreation	15	2	\$69,174.83	Yes	
Metropolitan Police Department	16	2	\$582,320.93	Yes	
Child and Family Services Agency	17	1	\$941,406.00		Yes
District of Columbia Fire and EMS	18	2	\$3,492.70	Yes	

District Agency	Agency Number	Number of Sampled Invoices	Total Sampled Invoice Amounts	Agency is Subject to the PPRA and the CPO's Authority	Agency is Subject to the PPRA and Independent from the CPO's Authority
District Department of Transportation	19	3	\$1,708,518.97	Yes	
Department of Health	20	1	\$1,455.15	Yes	
Department of Youth Rehabilitation Services	21	2	\$9,958.00	Yes	
Office of Contracting and Procurement	22	2	\$4,185,004.13	Yes	
District of Columbia Office of Human Rights	23	1	\$240.00	Yes	
Department of Corrections	24	1	\$219,784.05	Yes	
District of Columbia Sentencing Commission	25	1	\$27,090.83	Yes	
Office of the State Superintendent of Education	26	1	\$128,250.00	Yes	
Office of the Chief Medical Examiner	27	1	\$170,245.36	Yes	
Department of Public Works	28	2	\$3,654,510.91	Yes	
Department of Insurance and Securities Regulations	29	1	\$240,985.20	Yes	
Department of Housing and Community Development	30	1	\$3,671.08	Yes	
Total	30	81	\$31,798,937.85	25	5



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