

DISTRICT OF COLUMBIA OFFICE OF THE INSPECTOR GENERAL

OIG Project No. 17-I-01GG

March 2017



UNIVERSITY OF THE DISTRICT OF COLUMBIA

SPECIAL EVALUATION OF THE OFFICE OF CONTRACTING AND PROCUREMENT



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*Workforce Engagement * Stakeholders Engagement * Process-oriented * Innovation
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- 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.

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Why the OIG Did This Special Evaluation

For a government procurement entity to function efficiently and effectively, several fundamental components are necessary: organizational structure, written directives relevant to day-to-day operations, documentation that enables oversight and accountability, and transparency in the form of publically available information.

The objectives of this special evaluation were to determine whether sampled procurements were administered, documented, and publicized properly, and make recommendations to strengthen the efficacy of the University of the District of Columbia's (UDC) contracting practices and management environment.

What the OIG Recommends

This report presents seven recommendations to improve the documentation and oversight of contracting activities; clarify employees' duties and authorities; improve UDC's compliance with all applicable contracting and procurement requirements; and facilitate awareness of those doing business or wanting to do business with the UDC.

UNIVERSITY OF THE DISTRICT OF COLUMBIA

Office of Contracting and Procurement

What the OIG Found

The OIG evaluation team focused on three primary contract types: sole source, emergency, and \$1 million-plus contracts. Using publically available information and documentation provided by the University of the District of Columbia's Office of Contracting and Procurement (UDC-OCP), the team judgmentally selected and reviewed one procurement project for each of the three contract types.

Within the context of the three procurements, we found that some UDC-OCP actions did not comply with requirements put forth in the Procurement Practices Reform Act of 2010 (PPRA). It is important to note, however, that UDC believes it is exempt from PPRA requirements and stated it will "collaborate with the D.C. Council to amend ambiguous language in the D.C. Code."

The OIG also found that sampled contract files were incomplete and contained inaccurate and conflicting information as well as unsigned documents. Information that should have been available to the public on UDC-OCP's website was not, and the team could not determine whether required public notifications of contracting actions were made timely.

While the scope of our review was limited to the selected procurement projects, we believe that relatively simple improvements to core business practices within the UDC-OCP will yield benefits both to UDC's procurement operations and outside entities' abilities to provide informed oversight.

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Inspector General



Inspector General

March 9, 2017

Ronald Mason, Jr., J.D.
President
University of the District of Columbia
4200 Connecticut Avenue, N.W.
Building 39, Room 301A
Washington, D.C. 20008


Dear President Mason:

My Office has completed its *Special Evaluation of the University of the District of Columbia's Office of Contracting and Procurement*. The final report is enclosed.

As discussed during the report review process, our respective offices hold differing views regarding the applicability of the Procurement Practices Reform Act of 2010 (PPRA) to the University of the District of Columbia. You wrote in your February 13, 2017, letter to the OIG that you will work with the Council of the District of Columbia to bring clarity to this issue. I would appreciate receiving periodic updates on this matter and documentation of the final disposition.

If you have any questions concerning this report, please contact me or Edward Farley, Assistant Inspector General for Inspections and Evaluations, at (202) 727-2540.

Sincerely,


Daniel W. Lucas
Inspector General

DWL/ejf

Enclosure

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Evaluation Objectives, Scope, and Methodology

The OIG team approached this special evaluation from the perspective that for a government procurement entity to function efficiently and effectively, and produce results that protect both the interests of government and those seeking to do business with the government, several fundamental components are essential:

- **Organizational structure** – a defined structure where employees’ authorities and duties are understood and documented.
- **Written directives** – policies and procedures that inform and guide employees’ actions and decisions that are up-to-date, accessible, and relevant to day-to-day operations.
- **Information and documentation** – information and documentation of who did what, when, why, and how, are captured and organized in such a fashion that enables internal oversight and fosters employee accountability.
- **Transparency** – information vital to entities seeking business with the government (such as requests for bids and requests for proposals) and documents that assist external stakeholders (such as notification of contract awards) that are complete and available timely.

The specific objectives of this project were to determine whether contracting activities for a small sample of University of the District of Columbia (UDC) procurements were administered, documented, and publicized in accordance with established criteria, and to identify areas where written directives, process control points, and UDC’s management environment could be improved to strengthen the efficacy and transparency of UDC’s contracting practices.

Within these objectives, the OIG evaluation team (team) focused on three primary contract types, each distinct in its application and requirements: sole source; emergency; and \$1 million-plus contracts. Using both publically available information and documentation provided by UDC’s Office of Contracting and Procurement (UDC-OCP), the team judgmentally selected and reviewed a procurement project for each contract type.

From June to August 2016, the OIG conducted fieldwork, which included interviews with UDC, D.C. Office of Contracting and Procurement (DCOCP), and UDC-OCP employees,¹ and on-site reviews of contract files and supporting documentation. This special evaluation was conducted in accordance with standards established by the Council of the Inspectors General on Integrity

¹ Although DCOCP does not have authority over UDC, the team interviewed DCOCP employees to identify best practices and explain protocols required under the Procurement Practices Reform Act of 2010 (PPRA). “The Office of Contracting and Procurement (OCP), under the direction of the Chief Procurement Officer, was established by DC law in 1997 and provides contracting services for selected agencies and offices in the District.” <http://ocp.dc.gov/page/about-ocp> (last visited Aug. 2, 2016).

and Efficiency. As a matter of standard practice, an OIG special evaluation pays particular attention to the quality of internal control.²

Background on Selected Procurements

The team reviewed three procurement projects, each characterized by the application of a particular contracting method.

Sole Source Contracts

To review UDC-OCP's use and execution of sole source contracts, the team reviewed contracts related to UDC's procurement of equipment and services for its cable television station. This project involved the award of multiple sole source³ contracts to Human Circuit.

The table below briefly summarizes the primary phases of the work completed by Human Circuit following each sole source contract award.

<u>Performance Period</u>	<u>Scope of Work, Cost</u>
2005	Phase 1 (\$385,051): Conversion from analog to digital format
2009	Phase 2 (\$28,844): Replace workstations
2010-2011	Phase 3, Parts 1 and 2 (\$384,000): Install master control system and digital portable production system
2013-2014	Phase 4 (\$956,143, plus a \$72,832 modification): Upgrade from standard definition to high definition
2015-2016	Phase 5, Part 1 (\$189,994): High definition upgrade of studio, post-production facility Phase 5, Part 2 (\$95,929): Technical upgrade

Table 1: Sole Source Contract Awards to Human Circuit

The team focused its analysis primarily on contracting activities related to Phases 4 and 5 of Human Circuit's work in the UDC television studio, but also reviewed documentation of the earlier phases of the project for context and background.

² "Internal control" is defined by the U.S. Government Accountability Office (GAO) as comprising "the plans, methods, policies, and procedures used to fulfill the mission, strategic plan, goals, and objectives of the entity []" and "is not one event, but a series of actions that occur throughout an entity's operations." Furthermore, internal control is a process that provides reasonable assurance that the objectives of an entity will be achieved, serves as the first line of defense in safeguarding assets, and is an integral part of the operational processes management uses to guide its operations. U.S. GOVERNMENT ACCOUNTABILITY OFFICE, STANDARDS FOR INTERNAL CONTROL IN THE FEDERAL GOVERNMENT 5-6, GAO-14-704G (Sept. 2014).

³ UDC-OCP employees referred to these contracts as "single source," but DCMR provisions relating to "single available source" contracts were repealed in February 2010.

Emergency Contracts

The team selected several of UDC's contracts with RSC Electrical and Mechanical Contractors, Inc. (RSC) based on UDC-OCP's repeated use of emergency contracts. Initially, UDC-OCP solicited contractors by issuing a request for proposals (RFP)⁴ in July 2013 for routine and emergency heating, ventilation, and air conditioning (HVAC) and engineering services. While negotiating and evaluating proposals submitted in response to the RFP, UDC-OCP entered into a series of emergency and sole source contracts with RSC for these same services. UDC-OCP later cancelled the RFP, documenting that it was "not required at this time."⁵ After the cancellation, UDC-OCP continued to enter into emergency and sole source contracts with RSC. The timing and scope of these contracts are noted in Table 2 below.

<u>Date</u>	<u>Scope of Work, Cost</u>
November 2013 to January 2014	\$99,000 emergency procurement for routine and emergency HVAC work
November 2013 to January 2014	\$99,000 emergency procurement for routine and emergency HVAC work
November 2013 to January 2014	\$99,000 emergency procurement for routine and emergency HVAC work ⁶
February 1, 2014 to February 28, 2014	\$99,000 continuation of services
March 1, 2014 to March 31, 2014	\$99,000 continuation of services
Awarded on March 27, 2014	\$125,000 emergency procurement for HVAC repairs
Awarded on March 31, 2014	Emergency/sole source procurement not to exceed \$99,000 for HVAC repairs
Awarded on June 11, 2014	\$50,000 sole source contract with a scope of work that included sustaining air climate during warm season and replacing an emergency coil
September 15, 2014 to September 30, 2014	Request for Qualification (RFQ) ⁷ for \$35,880 for operations/routine maintenance of HVAC systems
October 1, 2014 to December 31, 2014	Emergency/sole source procurement for \$237,498 for RSC to continue performance

Table 2: Emergency, sole source contracts with RSC following RFP cancellation, 2013-2014

⁴ An RFP "means all documents, whether attached or incorporated by reference, used for soliciting proposals pursuant to § 2-354.03 [Competitive sealed proposals]." D.C. Code § 2-351.04(52) (Lexis – Statutes current through Oct. 7, 2016).

⁵ The contract file contained no further explanation for the cancellation.

⁶ As noted in the finding that begins on page 10, contract documentation was often difficult to evaluate. In this instance, the team identified three contract files with distinct file numbers that contained identical descriptions (the same work for the same period of performance and the same amount of money) without explanation for the duplicity.

⁷ An RFQ "means a written document inviting prospective contractors to submit a statement of their qualifications to provide certain goods or services." D.C. Code § 2-351.04(53) (Lexis – Statutes current through Oct. 7, 2016).

In December 2014, UDC awarded a firm-fixed price, 9-month contract for \$708,180 to RSC for routine and emergency HVAC work, with a performance period of January 1, 2015, to September 30, 2015. In November 2015, UDC awarded an indefinite delivery, indefinite quantity (IDIQ)⁸ contract for a base year and 4 option years to RSC.

\$1 Million-Plus Contract

The team selected UDC's procurement with Trinity II Corporation (Trinity) for review because its value exceeded \$1,000,000 and required additional review and approval under D.C. law.⁹ UDC awarded a contract to Trinity for janitorial and related services in May 2013. The contract consisted of a base year and 4 option years, for the following amounts:

<u>Period</u>	<u>Amount</u>
Base Year	\$1,592,000 ¹⁰
Option Year 1	\$1,592,000
Option Year 2	\$1,624,260
Option Year 3	\$1,624,260
Option Year 4	\$1,658,502

Table 3: Base and option year prices for Trinity's contract

Trinity's bid was significantly less than bids submitted by four other bidders, and 23% lower than UDC-OCF's cost estimate of \$2,063,596 per year. During the base year of the contract, in January and February 2014, Trinity requested and received two equitable adjustments jointly worth approximately \$290,000. After the base year, UDC-OCF extended the contract through two authorization letters signed in April and June 2014, and then later extended it for the remainder of Option Year 1 in October 2014. On August 6, 2015, Trinity filed a complaint to the Contract Appeals Board (CAB) seeking \$662,826.¹¹ UDC terminated the contract for convenience on August 7, 2015.

Findings and Recommendations

We present five findings addressing issues identified through our review of the procurement files and interviews conducted with UDC-OCF employees. The selected procurements constitute the scope of this special evaluation, but our findings speak to issues that have broad implications for an organization: employee supervision, reporting structure, and individual authorities; documentation of employees' actions; public notification and transparency of contracting

⁸ IDIQ contracts "provide for an indefinite quantity of services for a fixed time." <http://www.gsa.gov/portal/content/103926> (last visited Aug. 23, 2016).

⁹ See, e.g., D.C. Code § 2-352.02(a) (Lexis – Statutes current through Oct. 7, 2016).

¹⁰ The contract was a fixed price contract with a cost reimbursement component. The value of the base year was later modified, through the two equitable adjustments, to \$1,881,166.

¹¹ This matter was still pending before the CAB when fieldwork for this special evaluation concluded.

actions; and the sufficiency of written directives. We present seven recommendations to help improve the efficacy of UDC-OCP operations and compliance with District laws and regulations.

In some instances, UDC-OCP contracting activities did not comply with District procurement law; however, UDC asserts that it is exempt from requirements established in the Procurement Practices Reform Act of 2010 (PPRA).

Criteria and Condition: The team reviewed documentation of contracting actions taken by UDC-OCP personnel with respect to the procurements examined, and determined that the following actions did not comply with the D.C. Code:

- UDC-OCP did not seek D.C. Council approval to execute option year. Agencies must submit contracts (and the execution of option years) valued over \$1,000,000 to the D.C. Council for approval.¹² The D.C. Code states that Council approval of a contract “shall not [also] constitute Council approval of the exercise of the option contract[]” and exercising an option “that meets the criteria for Council review . . . without Council review of the option contract is a violation of this section and § 1-204.51.”¹³ Despite the contract being valued over \$1,000,000 and thus requiring D.C. Council approval, UDC-OCP never requested approval to grant the first option year to Trinity. Furthermore, UDC-OCP management should have known about this lack of approval because UDC’s contracting officer (CO) signed and executed a portion of the option year in 2014 and a dispute regarding this contract is currently pending at the CAB. UDC-OCP management seemingly was unaware of this lack of approval until July 22, 2016, when the team asked employees whether they had received the required approval.
- UDC did not provide DCOCP with required information for publication. D.C. Code § 2-361.04(b) requires “[a]gencies not subject to the authority of the CPO . . . [to] transmit the information required by this section¹⁴ to the CPO for posting on the Internet.” UDC-OCP did not transmit contract award information, e.g., copies of contracts and determination and findings (D&F) documents, to DCOCP because UDC-OCP employees apparently were not aware of the requirement.
- Emergency contracts used to procure routine services. D.C. Code § 2–354.05(a) allows agencies to use emergency contracts: “(1) When there is an imminent threat to the public health, welfare, property, or safety; or (2) To prevent or minimize serious disruption in agency operations.” UDC-OCP repeatedly used emergency contracts to procure both routine and emergency HVAC maintenance services.¹⁵

¹² See D.C. Code § 2-352.02(a) (Lexis – Statutes current through Oct. 7, 2016).

¹³ *Id.* §§ 2-352.02(b)(3)(B)(i) & 2-352.02(b)(3)(B)(iii). The D.C. Code further states that contractors cannot be paid more than \$1 million if they knowingly or willfully perform on a contract that has not received Council approval. *Id.* § 2-352.02(g)(1).

¹⁴ This information applies to “contracts in excess of \$100,000” and includes “a copy of the contract and any determinations and findings, contract modifications, change orders, solicitations, or amendments associated with the contract” *Id.* § 2-361.04(a)(3).

¹⁵ A DCOCP employee noted that routine HVAC work should not be a sufficient justification for an emergency contract.

- UDC-OCP backdated the execution of a contract option year. A contracting officer may not retroactively sign an option year, as doing so violates D.C. law.¹⁶ The documentation must be signed before the option year begins. A UDC employee executed the option year with a date of October 7, 2014, but the option year was to be effective September 30, 2014. This employee explained the discrepancy by stating that “[t]he contractor signed the modification document on September 30, 201[4], and did not return it until October 10, 201[4].”¹⁷ UDC-OCP internal policies and procedures Section 4.9.15 states: “The [e]xercise of the option is a unilateral decision by the [Capital Procurement Division]; therefore, the modification does not require the signature of the Contractor.”¹⁸ A delay in the contractor signing the modification document does not excuse backdating an option year. The contract expired before UDC-OCP exercised the option year; therefore, UDC-OCP exercised a provision from an expired contract.

Cause: Poor planning that creates a need for expediency, a lack of knowledge or understanding of requirements, and convenience, are typical reasons for this sort of non-compliance in a procurement entity, but the team could not identify specific causes for the aforementioned deficiencies at UDC-OCP due to a lack of sufficient documentation (a condition addressed later in this report) and employee turnover.

Effect: UDC-OCP employee non-compliance with law, regulation, or policy exposes the District to the possibility of a bid protest and legal liability. Written directives, in addition to ensuring standardization of processes and outcomes, when followed, help to identify the most qualified service provider and secure the best value. A culture of non-compliance with written directives makes UDC-OCP operations more susceptible to waste, abuse of position or power, and fraudulent behavior by both employees and contractors.

OIG Comment; excerpt of UDC February 2017 Response¹⁹ – During the draft report review period, UDC and the OIG met to discuss the findings. UDC communicated its belief that UDC is exempt from the PPRA, which it reiterated in its February 2017 written response to the draft report:

On all matters of substance, the University fully embraces the essential charge of the Report—to comply with all applicable laws, rules and regulations; to create a robust culture of compliance; to create distinct roles among contracting officers; and to increase transparency to allow for informed oversight. There is, however, an important legal issue raised in the Report: whether the UDC Office of Contracting and Procurement (“UDC-OCP”) violated the Procurement Practices Reform Act of 2010 (“PPRA”). Respectfully, the University submits that it has not violated the

¹⁶ See, e.g., D.C. Code § 2-359.01(a) & (b) (Lexis – Statutes current through Oct. 7, 2016).

¹⁷ The email attachment mistakenly referenced 2015, instead of 2014, in response to the team’s inquiry.

¹⁸ UNIVERSITY OF THE DISTRICT OF COLUMBIA, CAPITAL PROCUREMENT DIVISION, POLICY AND PROCEDURES MANUAL, § 4.9.15 (undated).

¹⁹ UDC’s complete written response to the draft report is Appendix B.

PPRA because, when [UDC's] Enabling Act ^[1] and the PPRA are read in tandem, it becomes evident that the PPRA does not even apply to the University.

The OIG stands by its assertions regarding the PPRA's application to UDC. D.C. Code § 2-352.01(b) specifically states that it applies to UDC:

(b) Notwithstanding subsection (a) of this section, the following agencies shall not be subject to the authority of the CPO, but shall conduct procurements in accordance with the provisions of this chapter (the PPRA): . . .

(2) The University of the District of Columbia

As discussed in the second finding of this report, this provision, effective February 2011, conflicts with UDC's implementing statute, which became effective October 2010 and was revised by a September 2012 technical amendment. As such, the OIG recommended that UDC seek clarification regarding the applicability of the PPRA to the University. In addition, the OIG wants to clarify that in some instances where UDC's actions did not meet PPRA requirements, UDC violated provisions of the DCMR and/or internal UDC policies. As such, even if the PPRA is later found to be not applicable to UDC (e.g., through future legislative action), UDC nonetheless did not comply with other related requirements.²⁰

Recommendations:

Therefore, we recommend that UDC-OCP:

- (1) Establish a comprehensive, ongoing procurement training curriculum for all UDC-OCP employees to improve the consistency of documentation of procurement activities and corresponding requisite approvals.

UDC February 2017 Response: *Agreed. The University will provide continuing education opportunities to UDC-OCP personnel in order to increase their knowledge and skill sets; develop a formal in-house procurement curriculum; encourage the staff to take advantage of the UDC Procurement certificate program; and enhance UDC-OCP's monthly professional development to include specific procurement trainings. Ongoing. New training initiative to commence in October 2017.*

- (2) Establish a written agreement to work with an external audit entity (e.g., the D.C. OIG, the DCOCP, a contracted auditor) on a regular basis to ensure that a sample of

²⁰ For example, in this report the team notes that UDC-OCP did not seek D.C. Council approval to execute a contract option year valued at over \$1 million. D.C. Council approval is required by the PPRA, as well as in internal UDC-OCP policies and procedures. See, e.g., *The University of the District of Columbia Office of Contracting and Procurement Process Flow Charts FY 2015* (delineating that procurements over \$1 million must be approved by the Office of General Counsel, the Board of Trustees, and the D.C. Council). These flowcharts are on UDC's website. See, e.g., <http://docs.udc.edu/procurement/OCP%20Process%20Flow%20Charts%20FY16%20SSP.pdf> (last visited Feb. 17, 2017); <http://docs.udc.edu/procurement/OCP%20Process%20Flow%20Charts%20FY16%20RFP.pdf> (last visited Feb. 17, 2017).

UDC-OCP procurements is reviewed for compliance with the D.C. Code, DCMR, and UDC-OCP policies and procedures.

UDC February 2017 Response: *Agreed. The University agrees to contract with an independent auditor for one year to review samplings of UDC-OCP procurements for compliance with applicable laws, rules and regulations. In addition, UDC-OCP currently is subject to an annual audit in connection with the District's financial statement, which audit includes a sampling of procurements to ensure compliance with applicable rules and regulations. UDC-OCP is also involved in the A133/Single Audit where samplings of procurements are also requested and reviewed for compliance. Finally, UDC also has an internal auditor whose scope of duties includes audit of the procurement function. A contract with an independent auditor will be put in place during FY 2018.*

UDC-OCP's written directives do not reflect requirements enacted by the Procurement Practices Reform Act of 2010 (PPRA), but UDC believes it is exempt from the requirements.

Condition and Criteria: Written directives that should guide UDC-OCP employees are insufficient because UDC's procurement rules, as set forth in the District of Columbia Municipal Regulations (DCMR), predate the enactment of the PPRA.²¹ In addition, the D.C. Code contains conflicting statutes about the PPRA's applicability to UDC procurements. Finally, some provisions of UDC's procurement rules conflict with PPRA requirements, including provisions related to notification requirements,²² publication timetables for emergency contracts,²³ and the suitability of using cost-reimbursement contracts.²⁴

The PPRA states that although UDC does not fall under the supervision of the CPO, UDC must conduct procurements in accordance with the PPRA.²⁵ In contrast, a provision in UDC's implementing legislation states that UDC Trustees have the duty to "[p]rocure all goods and services necessary to operate the University independent of the Office of Contracting and Procurement and the requirements of Chapter 3A of Title 2 . . . ; provided, that the Council has approved proposed rules governing the procurement of goods and services."²⁶ This provision further requires the UDC Trustees to "[s]ubmit any proposed rules governing the procurement of

²¹ Title 8-B, Chapter 30 of the DCMR that applies to UDC-OCP was last revised in March 2010, while the PPRA became effective in April 2011.

²² Whereas the PPRA requires UDC to notify the public of an RFP at least 21 days before it is due and an invitation for bid at least 14 days before it is due, UDC procurement rules within the DCMR only require contracts over \$100,000 to be publicized only 5 days before UDC issues a solicitation. Compare D.C. Code §§ 2-354.02(e)(1) & 2-354.03(c) (Lexis – Statutes current through Oct. 7, 2016) with 8-B DCMR § 3002.2.

²³ Whereas the PPRA requires UDC to publish emergency contracts within 7 days of the award, UDC procurement rules in the DCMR do not require publication. Compare D.C. Code § 2-354.05(f) (Lexis – Statutes current through Oct. 7, 2016) with 8-B DCMR § 3020.3.

²⁴ Whereas the PPRA discourages the use of cost-reimbursement contracts unless no other contract can deliver like goods or services at a similar cost, UDC procurement rules in the DCMR "prefer use of a cost-reimbursement contract when the requirement cannot be fully defined and costs cannot be estimated with sufficient accuracy to use any type of fixed-price contract." Compare D.C. Code § 2-355.02(a) (Lexis – Statutes current through Oct. 7, 2016) with 8-B DCMR § 3023.3(a).

²⁵ D.C. Code § 2-352.01(b)(2).

²⁶ *Id.* § 38-1202.06(20)(A) (emphasis added).

goods and services promulgated subsequent to October 9, 2010, to the Council for its review and approval.”²⁷

In discussions with the OIG team, a D.C. Council attorney agreed that a conflict appears to exist and questioned whether legislation was necessary to clarify the PPRA’s applicability to UDC. This individual posited that the conflict may have arisen when the Council passed a technical amendment in 2012,²⁸ trying to align the D.C. Code’s numbers with the newly passed PPRA and did not notice the conflict.

Cause: UDC has not requested clarification from the D.C. Council on the conflict between D.C. Code §§ 2-352.01(b)(2) and 38-1202.06(20), and whether it must receive Council approval of updated DCMR procurement rules following the passage of the PPRA. UDC-OCP is reportedly planning to update its procurement rules, but interviewees could not provide an estimated timeframe for completion.

Effect: The lack of clarity regarding UDC’s governing procurement directives raises questions regarding the propriety of its procurement actions where there are inconsistencies between Title 8-B, Chapter 30 of the DCMR and the PPRA. Despite acknowledging that the PPRA should inform UDC’s procurements, UDC-OCP personnel, at times, seem to follow DCMR regulations when they conflict with the PPRA. For example, the team found that UDC-OCP appeared to publish solicitations more than 5 days before bids were due in accordance with the DCMR, but failed to publish them at least 14 or 21 days (depending on the action to be taken) before bids were due in accordance with the PPRA.²⁹

UDC-OCP also continues to cite previously repealed D.C. Code provisions in “legal sufficiency” and other procurement-related documents. The use of repealed D.C. Code provisions in legal justification documents indicates a lack of understanding of current requirements and could lead to bid protests and costly litigation.

Recommendation:

Therefore, we recommend that UDC’s Office of the General Counsel:

- (3) Request a written opinion from the Office of the Attorney General clarifying the applicability of the PPRA to UDC-OCP; collaborate with the D.C. Council to amend conflicting language in the D.C. Code and revise corresponding provisions in the DCMR; and ensure that UDC-OCP procurement rules are updated and approved by the Council, and authorities and procedures are clearly and thoroughly documented.

UDC February 2017 Response: *Agreed in relevant part. For the reasons explained above, UDC respectfully submits that the PPRA does not apply to UDC-OCP. UDC accordingly will: (1) collaborate with the D.C. Council to amend ambiguous language in the D.C. Code and revise corresponding provisions in the DCMR; (2) ensure that UDC-*

²⁷ *Id.* § 38-1202.06(20)(B).

²⁸ The Technical Amendments Act of 2011, D.C. Law 19-171.

²⁹ D.C. Code § 2-354.02(e)(1); *Id.* § 2-354.03(c).

OCP's procurement rules are updated to reflect best practices and approval by the Council; and (3) clearly and thoroughly document applicable authorities and procedures. These actions will begin in March 2017.

OIG Comment: The OIG requests periodic updates on UDC's efforts to amend the D.C. Code and revise the DCMR, and requests relevant documentation of such changes.

Lack of distinct roles among contracting officers and unchecked authority and decision making contributed to culture of non-compliance.

Condition: UDC-OCP's previous organizational structure assigned one contracting officer (CO) to capital contracts and another to operations contracts, with both reporting to UDC's Vice President of Facilities. In practice, however, a division of responsibility between the two COs was unclear: despite their titles, the capital procurement CO did not exclusively administer capital projects, and the operations CO was not restricted to procurements related to operations. By not clearly and consistently separating the responsibilities of the capital and operations COs, UDC-OCP created an environment where a UDC entity requesting a procurement could attempt to influence the process or circumvent requirements by choosing to work with a particular CO (e.g., an operations CO unfamiliar with capital procurement requirements may be less likely than a more experienced colleague to enforce onerous requirements related to a capital procurement).

Unchecked Authority and Decision-making by at Least One Contracting Officer During our review of the Trinity contract, we uncovered an instance where the CO modified the contract seemingly without additional review or approval, and failed to document the action in the contract file. The team found that the CO approved two equitable adjustments, thereby increasing UDC's obligation to the vendor by approximately \$290,000. The team was unable to identify anyone other than the CO who had input into the decisions. The CO and Trinity seemed to be the only entities aware of the decision to grant these equitable adjustments, and only Trinity retained the documentation that granted the modifications.

Cause: The OIG is unable to determine whether duties and authorities were adequately defined but simply ignored, or non-compliance was the result of a poorly defined organization and reporting structure.

It is important to note, however, that a November 2014 report by UDC's internal auditor "identified weaknesses in the tone at the top, ethics, and management's operating style."³⁰ The auditor also cited "[l]ack of segregation of function in organization structure" and "poor leadership [that] provided the opportunity to disregard responsible business behavior and violate procurement policies and regulations relating to approvals and the use of capital funds for operational expenses."³¹

³⁰ UNIVERSITY OF THE DISTRICT OF COLUMBIA, FINAL AUDIT REPORT, CAPITAL PROCUREMENT – VENDOR AUDIT 3 (NOV. 2014).

³¹ *Id.* at 5.

Effect: Poorly defined and enforced responsibilities, in addition to creating a culture where a procurement requestor seeking a specific outcome could “shop around” for a CO who would accommodate such interests, may also create a second, broader effect: a culture where compliance cannot be enforced. Lacking explicit criteria regarding employees’ duties and authorities, internal oversight entities such as UDC’s internal auditor and Board of Trustees, and external entities such as the OIG, are unable to fully evaluate employees’ decisions and actions and hold them accountable when necessary.

Recommendation:

Therefore, we recommend that UDC-OCP:

- (4) Ensure that the UDC-OCP reporting structure and all UDC-OCP employees’ responsibilities and authorities are explicitly defined in DCMR and UDC-OCP policies and procedures so that (a) UDC-OCP is able to maintain proper separation of duties between employees, and (b) internal and external oversight entities have clear criteria for evaluating UDC-OCP employees’ actions and job performance.

UDC February 2017 Response: *Agreed. As of June 2014, the UDC-OCP reporting structure was reorganized to ensure that all procurement functions at the University were conducted under the authority of the Chief Contracting Officer while maintaining separation of duties between employees and business units. The restructuring produced more consistency, standardization and greater compliance with applicable rules and regulations. Thereafter, as a next step in transforming UDC's procurement system, in March 2015, UDC contracted with E&I Consulting Company to further assess and examine the operational efficiencies and challenges of UDC-OCP's internal business processes, strategies, capacities, capabilities, available resources and staff skill sets.*

Based on the recommendations that resulted from the E&I assessment, UDC-OCP has completed or is the process of completing the following:

- 1. Recruit and compensate highly qualified personnel in order to bring UDC-OCP to full staffing capacity and in line with new organizational structure. This full staffing will enable UDC-OCP to provide more efficient services to the UDC campus, and drive increased strategic sourcing opportunities, leading to increased ROI. (In progress, ongoing).*
- 2. Provide continuing education opportunities to UDC-OCP personnel in order to increase their knowledge and skill sets. (In progress, ongoing)*
- 3. Provide cross-training for all procurement commodities to UDC-OCP personnel to increase operational efficiencies and effectiveness. (In progress, ongoing)*
- 4. Develop a formal in-house procurement curriculum encourage the staff to take advantage of the UDC Procurement certificate program, and enhance UDC-OCP's*

monthly professional development to include specific procurement trainings. (In progress, targeted start date for next phase is March 2017, and ongoing)

5. Complete a detailed review of the current UDC-OCP purchasing practices to ensure that the University is in compliance with applicable rules and regulations. Mandate the use of standardized templates, such as checklists, to ensure all required information has been captured and rules and regulations have been followed. (In progress)

OIG Comment: The OIG recognizes UDC’s past and current efforts to transform UDC-OCP operations, but reiterates the intended outcome for this recommendation: to have “UDC-OCP’s employees’ responsibilities and authorities [] explicitly defined in DCMR and UDC-OCP policies and procedures.”

Contract files pertaining to the sampled procurement projects were incomplete, and contained inaccurate and conflicting information and unsigned documents.

Condition: The files related to the Human Circuit, RSC, and Trinity contracts were missing documents and included documents with mistakes and information that could not be reconciled. The most troubling example of poor documentation practices is one that was recounted to us by UDC-OCP employees. In this instance, employees told us that the CO who executed the equitable adjustments to the Trinity contract did not place documentation of the actions in the contract file. After the CO’s employment with UDC-OCP ended and Trinity raised the issue of the equitable adjustments, UDC-OCP employees realized that the contract file did not contain any documentation. Employees told the OIG that they had no knowledge of these events until Trinity produced a form signed by the former CO.

During our review of the selected procurements, we found other examples of missing or erroneous documentation:

- Required approvals by UDC’s President and the Board of Trustees were missing and some documents in contract files were unsigned.
- An RFQ, issued September 11, 2014, indicated that all work was to be completed by September 30, 2013.
- Documentation bore a contract award date before the date on which responses to an RFQ were due. (Also, a contractor submitted a technical price proposal before responses to the RFQs were due, but seemingly after the contract had been awarded to another contractor).

Some contract files contained checklists of required documentation that, if completed, indicated whether the file was complete, but others lacked this job aid.

Criteria: The DCMR states that for competitive sealed bid awards, the “CCO shall include in the contract file a record of each determination made in accordance with this section, the facts involved, and the action taken.”³² Internal UDC policies and procedures state that “[t]he basic objective of an effective contract filing system is the ability to locate critical files quickly and economically”³³ UDC Capital Procurement Division policies and procedures further state that “[a] well-designed filing system . . . must ensure integrity and continuity of record keeping despite changes in office personnel[.]”³⁴

These policies and procedures are clear that the COs and contract specialists are responsible for contract maintenance and monitoring and must ensure that all required documents are included in contract files, including all relevant contract documents and a contract file index for contracts greater than \$100,000. Further, accuracy and completeness of contract files is a criterion for contracting personnel’s performance evaluations.

Cause: The team asked UDC-OCP employees about the observed deficiencies, but we did not receive clear explanations. Ultimately, we could not determine why the files we observed were disorganized and incomplete.

Effect: Poor documentation thwarts oversight, by both UDC-OCP personnel and external entities. A lack of documentation not only prevents transparency, but also impedes the continuity of operations; for example, when an employee leaves without clearly documenting decisions he or she made and the reasons for the actions taken, his or her successor’s understanding and effectiveness are limited. Specific to our special evaluation, current UDC-OCP employees were unable to explain information in the files we reviewed or adequately determine what transpired during various procurement projects. Management’s failure to demand clear, thorough documentation of contracting decisions and actions can foster an environment of non-compliance, negligence, or malfeasance.

Recommendation:

Therefore, we recommend that UDC-OCP:

- (5) Mandate the use of standard templates, such as a contract file documentation checklist and narrative summaries, to ensure that all required information is captured and retained in contract files.

UDC February 2017 Response: *Agreed. UDC-OCP is revising its current templates for standardization and mandating the use of the revised forms. This will include checklists to ensure that all required rules and regulations have been followed. The University is also in the process of purchasing a contract management tool. A new set of templates is to be completed and in use by April 30, 2017 with additional templates developed as needed.*

³² 8-B DCMR § 3016.18.

³³ UNIVERSITY OF THE DISTRICT OF COLUMBIA, CAPITAL PROCUREMENT DIVISION, POLICY AND PROCEDURES MANUAL, Tab 6 (undated).

³⁴ *Id.* § 6.1.1 (emphasis omitted).

Documentation on UDC-OCP's website was incomplete, and the OIG could not determine whether information was posted timely as required.

Condition: In July 2016, the team reviewed the UDC-OCP website to determine whether UDC properly publicized solicitations and contracts, as prescribed by the PPRA. For the procurements we selected, some information (e.g., a D&F for Phase IV of the Human Circuit procurement) was not publicized. In addition to lacking required information, the UDC-OCP website did not indicate when employees posted required notices to the Internet. Hyperlinks to sole source contract information often included dates, but the types of dates displayed were not consistent (dates sometimes corresponded to *notice dates* while others referred to *response due dates* cited in contract documents).

Additionally, many of the corresponding hard-copy, contract files lacked proof of publication. Although an OCP employee noted that “[t]he notices of intent were publicized on UDC’s website and the dates are on the notices,” the team was unable to verify this assertion. From the information available to us, it seemed as though UDC frequently did not comply with the 10-day advance notice requirement for sole source contracts because the *Intent to Award Sole Source Contract* documents consistently bore response due dates that were only 7 days after the applicable listed notice dates.³⁵

Criteria: For all contracts over \$100,000 in value, the PPRA mandates that all agencies, “including those made by District agencies exempt from the authority of the CPO” adequately publicize “a copy of the contract and any determinations and findings, contract modifications, change orders, solicitations, or amendments associated with the contract” and make this information “available on the Internet for at least the duration of the underlying contract or 5 years, whichever is longer.”³⁶ The PPRA also mandates that notices of intent to enter into sole source contracts, regardless of contract amount, must be “posted on the Internet at least 10 days prior to the award.”³⁷ Such postings must include: 1) a D&F; 2) a description of the procured item; and 3) the intended contractor. Further, the contract must “be made available online within 7 days of the award.”³⁸

Emergency contracts do not require advance notice to the public but instead must be published on the Internet within 7 days after the award,³⁹ and include: “(1) The determination and findings . . . ; (2) A description of the item to be procured; (3) The designated contractor; and (4) A copy of the contract.”⁴⁰

Effect: Missing documentation and incomplete or unclear information on UDC’s website prevent transparency and impede the public’s trust in UDC contracting and procurement practices.

³⁵ UDC’s CO said, however, that these notices were posted to the Internet for 10 days.

³⁶ D.C. Code § 2-361.04(a)(3) (Lexis – Statutes current through Oct. 7, 2016).

³⁷ *Id.* § 2-354.04(c) (Lexis – Statutes current through Oct. 7, 2016).

³⁸ *Id.* § 2-354.04(d).

³⁹ UDC employees were not aware of the 7-day publication requirement, although they noted that emergency contracts must be publicized after execution.

⁴⁰ D.C. Code § 2-354.05(f) (Lexis – Statutes current through Oct. 7, 2016). However, this PPRA provision contradicts 8-B DCMR § 3020.3, which does not require publication of emergency procurements.

Recommendations:

Therefore, we recommend that UDC-OCP:

- (6) Implement a policy and procedures that require all contracting and procurement activities be publicized in compliance with PPRA requirements.

UDC February 2017 Response: *Agreed in relevant part. To the extent required by applicable laws, rules and regulations, UDC-OCP will publicize all contracting and procurement activities.*

- (7) Create a plan with milestone dates to ensure that required notifications and documentation for all contracts (active as of the date of publication of this report) are publicized according to PPRA requirements.

UDC February 2017 Response: *Agreed in relevant part. UDC-OCP will create a plan with milestone dates to ensure that required notifications and documentation for all contracts (active as of the date of publication of this report) are publicized to the extent required by applicable laws, rules and regulations.*

OIG Comment: Regardless whether the City Council determines that UDC is subject to the PPRA, the OIG recommends that, in the interest of transparency, UDC implement a policy requiring publication of the following items for all contracts valued at over \$100,000, sole source contracts, and emergency contracts: a copy of the contract; any determinations and findings (including the justification for using a sole source or emergency contract, when applicable), contract modifications, change orders, solicitations or amendments associated with those contracts; and the date on which the contract was publicized, clearly labeled as such.

Conclusion

While the scope of our review was limited to several, judgmentally selected procurement projects, the OIG believes that relatively simple improvements to core business practices within the UDC-OCP will yield both immediate and long-term benefits. The recommendations presented in this report target fundamental components of UDC-OCP operations:

- **Organizational structure** – document employees’ responsibilities and authorities to ensure proper separation of duties and establish criteria for holding employees accountable.
- **Written directives** – ensure that employees have access to policies and procedures necessary to carry out their day-to-day duties and that comport with current District requirements (i.e., the Procurement Practices Reform Act).
- **Information and documentation** – take steps to ensure that the information in contract files is complete, consistent, and organized, so that internal entities can hold employees

accountable and oversight entities, such as the OIG and the Contract Appeals Board, are able to understand the actions taken by UDC-OCP employees and the justifications behind them.

- **Transparency** – increase the amount, quality, and timeliness of information available on the UDC-OCP website, not simply to comply with PPRA requirements, but to facilitate awareness and oversight by the public and those doing business or wanting to do business with the University.

The OIG believes that to bring lasting change to UDC-OCP, an environment where “poor leadership created a culture of profound indifference and disregard for capital procurement rules and regulations,”⁴¹ immediate improvements to the quality and consistency of documentation of employees’ authorities, decisions, and actions are necessary. Improved documentation, implementation of updated criteria for evaluating employees’ actions, and the regular presence of an external oversight entity in the form of an annual review of sampled procurements, will help to establish an environment where accountability is reinforced through regular oversight.

⁴¹ UNIVERSITY OF THE DISTRICT OF COLUMBIA, FINAL AUDIT REPORT, CAPITAL PROCUREMENT – VENDOR AUDIT 3-4 (Nov. 2014).

Appendix A – List of Findings and Recommendations

In some instances, UDC-OCP contracting activities did not comply with District procurement law; however, UDC asserts that it is exempt from requirements established in the Procurement Practices Reform Act of 2010 (PPRA).

- (1) Establish a comprehensive, ongoing procurement training curriculum for all UDC-OCP employees to improve the consistency of documentation of procurement activities and the corresponding requisite approvals.
- (2) Establish a written agreement to work with an external audit entity (e.g., the D.C. OIG, the DCOCP, a contracted auditor) on a regular, recurring basis to ensure that a sample of UDC-OCP procurements is reviewed for compliance with the D.C. Code, DCMR, and UDC-OCP policies and procedures.

UDC-OCP's written directives do not reflect requirements enacted by the Procurement Practices Reform Act of 2010 (PPRA), but UDC believes it is exempt from the requirements.

- (3) Request a written opinion from the Office of the Attorney General clarifying the applicability of the PPRA to UDC-OCP; collaborate with the D.C. Council to amend conflicting language in D.C. Code and revise corresponding provisions in the DCMR; and ensure UDC-OCP procurement rules are updated and approved by the Council, and authorities and procedures are clearly and thoroughly documented.

Lack of distinct roles among contracting officers, and unchecked authority and decision making contributed to a culture of non-compliance.

- (4) Ensure that the UDC-OCP reporting structure and all UDC-OCP employees' responsibilities and authorities are explicitly defined in DCMR and UDC-OCP policies and procedures so that (a) UDC-OCP is able to maintain proper separation of duties between employees, and (b) internal and external oversight entities have clear criteria for evaluating UDC-OCP employees' actions and job performance.

Contract files pertaining to the sampled procurement projects were incomplete, and contained inaccurate and conflicting information and unsigned documents.

- (5) Mandate the use of standard templates, such as a contract file documentation checklist and narrative summaries, to ensure that all required information is captured and retained in contract files.

Documentation on UDC-OCP's website was incomplete, and the OIG could not determine whether information was posted timely as required.

- (6) Implement a policy and procedures that require all contracting and procurement activities be publicized in compliance with UDC procurement rules and PPRA requirements when applicable.

- (7) Create a plan with milestone dates to ensure that required notifications and documentation for all contracts (active as of the date of publication of this report) are publicized according to PPRA requirements.

Appendix B – UDC Response to Draft Report



Ronald F. Mason, Jr.
President

February 13, 2017

Mr. Daniel W. Lucas
Inspector General
Office of the Inspector General
717 14th Street, NW, 5th Floor
Washington, D.C. 20005

Dear Mr. Lucas:

This is in response to your December 22, 2016 letter. I have enclosed a draft report entitled *University of the District of Columbia: Special Evaluation of the Office of Contracting and Procurement*.

We have carefully reviewed the report and have enclosed a response setting forth the University's actions taken or planned, target dates for completion of planned actions, reasons for any disagreements with the findings or recommendations and, in some instances, alternative solutions that we believe will more effectively or efficiently address the concerns identified.

We fully embrace the objective of ensuring that the University operates a high-functioning, effective and efficient Office of Contracting and Procurement. To that end, we appreciate the time and effort you and your staff invested in this project.

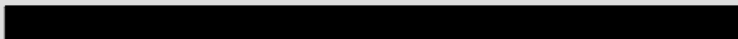
I welcome the opportunity to bring our teams together and discuss the issues on which we hold differing views.

Sincerely,

A handwritten signature in black ink, appearing to read "Ronald Mason, Jr.", is written over a white background.

Ronald Mason, Jr., J.D.

cc:



4200 Connecticut Avenue, NW — Washington, District of Columbia 20008

p: 202.274.6016 f: 202.274.5304

February 13, 2017

**Response of the University of the District of Columbia
to the Office of the Inspector General
Special Evaluation of the Office of Contracting and Procurement (OCP)**

The University of the District of Columbia (“UDC” or the “University”) appreciates all of the time and effort the Office of the Inspector General (“OIG”) put into the Special Evaluation of the UDC Office of Contracting and Procurement (the “Report”). As you will see from the responses below, the University has already implemented or is in the process of implementing many of the improvements OIG recommended. With the benefit of the Report, the University will continue and build upon its work to transform the procurement system, adhere to best procurement practices, and serve as an exemplary steward of the public resources of District residents.

On all matters of substance, the University fully embraces the essential charge of the Report—to comply with all applicable laws, rules and regulations; to create a robust culture of compliance; to create distinct roles among contracting officers; and to increase transparency to allow for informed oversight. There is, however, an important legal issue raised in the Report: whether the UDC Office of Contracting and Procurement (“UDC-OCP”) violated the Procurement Practices Reform Act of 2010 (“PPRA”). Respectfully, the University submits that it has not violated the PPRA because, when the Enabling Act¹ and the PPRA are read in tandem, it becomes evident that the PPRA does not even apply to the University. By its express terms, the Enabling Act exempts UDC from the scope of the PPRA. Specifically, it provides that UDC will:

“[p]rocure all goods and services necessary to operate the University independent of . . . the requirements of Unit A of Chapter 3 of Title 2 [the Procurement Practices Reform Act of 2010].”

See D.C. Code §38-1202.06(20)(A) (2015 Supp.) (emphasis added). While the University is listed along with other agencies in the PPRA as not subject to the authority of the District’s Chief Procurement Officer, D.C. Code §2-352.01, the PPRA makes no mention of—and leaves untouched—the above statutory exemption from the entirety of the PPRA—that is, “Unit A of Chapter 3 of Title 2.” Compare D.C. Code §1-351.01 et seq. with D.C. Code §38-1202.06 (20)(A). Indeed, two years *after* the PPRA, in 2012, the Council confirmed the University’s independent procurement authority and its express exclusion from the PPRA. See D.C. Law 19-171 (September 26, 2012) (amending Enabling Act’s exemption to correctly reflect updated codification of the PPRA).²

As explained below, the University shares OIG’s fundamental assertion that clarity with respect to controlling law and training for all who participate in the procurement process are essential to achieving a culture of full compliance, implementation of best practices, and complete

¹ D.C. Code §§38-1202.01 et seq. are referred to as the “Enabling Act” or the “Act” for the University of the District of Columbia. In the Enabling Act, the Council of the District of Columbia conferred upon UDC, an independent agency, the powers necessary to conduct its business, including the ability to “procure and contract for goods and services.” D.C. Code §38-1202.01(a)(8) & (b) (2015 Supp.).

² The University’s independent statutory authority to procure goods and services is further governed by regulations duly promulgated by the Board of Trustees, approved by the Council on December 15, 2009 and codified in 8B D.C.M.R. Chapter 30.

February 13, 2017

transparency. The University also acknowledges the need to eliminate any potential ambiguity as to whether it is exempt from the PPRA. With respect to the individual recommendations, the University responds as follows:

1. **Recommendation:** Establish a comprehensive, ongoing procurement training curriculum for all UDC-OCP employees to improve the consistency of documentation of procurement activities and corresponding requisite approvals.

Response: Agreed. The University will provide continuing education opportunities to UDC-OCP personnel in order to increase their knowledge and skill sets; develop a formal in-house procurement curriculum; encourage the staff to take advantage of the UDC Procurement certificate program; and enhance UDC-OCP's monthly professional development to include specific procurement trainings.
Ongoing. New training initiative to commence in October 2017.

2. **Recommendation:** Establish a written agreement to work with an external audit entity (e.g., the D.C. OIG, the DCOCP, or a contracted auditor) on a regular basis to ensure that a sample of UDC-OCP procurements is reviewed for compliance with the D.C. Code, DCMR, and UDC-OCP policies.

Response: Agreed. The University agrees to contract with an independent auditor for one year to review samplings of UDC-OCP procurements for compliance with applicable laws, rules and regulations. In addition, UDC-OCP currently is subject to an annual audit in connection with the District's financial statement, which audit includes a sampling of procurements to ensure compliance with applicable rules and regulations. UDC-OCP is also involved in the A133/Single Audit where samplings of procurements are also requested and reviewed for compliance. Finally, UDC also has an internal auditor whose scope of duties includes audit of the procurement function. A contract with an independent auditor will be put in place during FY 2018.

3. **Recommendation:** Request a written opinion from the Office of the Attorney General clarifying the applicability of the PPRA to UDC-OCP; collaborate with the D.C. Council to amend conflicting language in the D.C. Code and revise corresponding provisions in the DCMR; and ensure that UDC-OCP procurement rules are updated and approved by the Council; and authorities and procedures are clearly and thoroughly documented.

Response: Agreed in relevant part. For the reasons explained above, UDC respectfully submits that the PPRA does not apply to UDC-OCP. UDC accordingly will: (1) collaborate with the D.C. Council to amend ambiguous language in the D.C. Code and revise corresponding provisions in the DCMR; (2) ensure that UDC-OCP's procurement rules are updated to reflect best practices and approval by the Council; and (3) clearly and thoroughly document applicable authorities and procedures. These actions will begin in March 2017.

4. **Recommendation:** Ensure that the UDC-OCP reporting structure and all UDC-OCP employees' responsibilities and authorities are explicitly defined in DCMR and UDC-OCP policies and procedures so that (a) UDC-OCP is able to maintain proper separation of duties between employees, and (b) internal and external oversight entities have clear criteria for evaluating UDC-OCP employees' actions and job performance.

Response: Agreed. As of June 2014, the UDC-OCP reporting structure was reorganized to ensure that all procurement functions at the University were conducted under the authority of the Chief Contracting Officer while maintaining separation of duties between employees and business units. The restructuring produced more consistency, standardization and greater compliance with applicable rules and regulations. Thereafter, as a next step in transforming UDC's procurement system, in March 2015, UDC contracted with E&I Consulting Company to further assess and examine the operational efficiencies and challenges of UDC-OCP's internal business processes, strategies, capacities, capabilities, available resources and staff skill sets.

February 13, 2017

Based on the recommendations that resulted from the E&I assessment, UDC-OCP has completed or is the process of completing the following:

1. Recruit and compensate highly qualified personnel in order to bring UDC-OCP to full staffing capacity and in line with new organizational structure. This full staffing will enable UDC-OCP to provide more efficient services to the UDC campus, and drive increased strategic sourcing opportunities, leading to increased ROI. (In progress, ongoing).
2. Provide continuing education opportunities to UDC-OCP personnel in order to increase their knowledge and skill sets. (In progress, ongoing)
3. Provide cross-training for all procurement commodities to UDC-OCP personnel to increase operational efficiencies and effectiveness. (In progress, ongoing)
4. Develop a formal in-house procurement curriculum encourage the staff to take advantage of the UDC Procurement certificate program, and enhance UDC-OCP's monthly professional development to include specific procurement trainings. (In progress, targeted start date for next phase is March 2017, and ongoing)
5. Complete a detailed review of the current UDC-OCP purchasing practices to ensure that the University is in compliance with applicable rules and regulations. Mandate the use of standardized templates, such as checklists, to ensure all required information has been captured and rules and regulations have been followed. (In progress)

5. **Recommendation:** Mandate the use of standard templates, such as a contract file documentation checklists and narrative summaries, to ensure that all required information is captured and retained in contract files.

Response: Agreed. UDC-OCP is revising its current templates for standardization and mandating the use of the revised forms. This will include checklists to ensure that all required rules and regulations have been followed. The University is also in the process of purchasing a contract management tool. A new set of templates is to be completed and in use by April 30, 2017 with additional templates developed as needed.

6. **Recommendation:** Implement a policy and procedures that require all contracting and procurement activities be publicized in compliance with PPRA requirements.

Response: Agreed in relevant part. To the extent required by applicable laws, rules and regulations, UDC-OCP will publicize all contracting and procurement activities.

7. **Recommendation:** Create a plan with milestone dates to ensure that required notifications and documentation for all contracts (active as of the date of publication of this report) are publicized according to PPRA requirements.

Response: Agreed in relevant part. UDC-OCP will create a plan with milestone dates to ensure that required notifications and documentation for all contracts (active as of the date of publication of this report) are publicized to the extent required by applicable laws, rules and regulations.