

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

**AUDIT OF THE SOLICITATION AND AWARD
OF THE DISTRICT OF COLUMBIA
AUTOMATED TRAFFIC ENFORCEMENT
SYSTEM CONTRACT,
CONTRACT NO. POFA-2006-C-0066**



**CHARLES J. WILLOUGHBY
INSPECTOR GENERAL**

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Inspector General

Inspector General



November 20, 2008

David P. Gragan, CPPO
Chief Procurement Officer
Office of Contracting and Procurement
441 4th Street, N.W., Suite 700S
Washington, D.C. 20002

Dear Mr. Gragan:

Enclosed is the final report summarizing the results of the Office of the Inspector General's (OIG) *Audit of the Solicitation and Award of the District of Columbia Automated Traffic Enforcement System Contract, Contract No. POFA-2006-C-0066* (OIG No. 07-2-16FA). This audit was part of our continuous coverage of the District's procurement activities and practices.

We directed seven recommendations to the Office of Contracting and Procurement (OCP) management that represented actions we considered necessary to correct the deficiencies described in this report. OCP's response was dated October 8, 2008. We did not direct recommendations to the Metropolitan Police Department (MPD) or the four contractors; however, we provided a courtesy copy of our draft report to each organization. The MPD submitted a response dated September 19, 2008.

OCP management fully concurred with the seven recommendations and we consider actions taken and/or planned by the OCP to be responsive to all the recommendations. MPD affirmed its commitment to ensure that the contracting processes related to its operations are conducted in accordance with required policies and procedures. The full texts of the OCP's and MPD's responses are included at Exhibit B and Exhibit C, respectively.

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

Sincerely,

A handwritten signature in black ink that reads "Charles J. Willoughby". The signature is fluid and cursive, written over the printed name and title below it.

Charles J. Willoughby
Inspector General

CJW/gs

Enclosure

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**AUDIT OF THE SOLICITATION AND AWARD
OF THE DISTRICT OF COLUMBIA
AUTOMATED TRAFFIC ENFORCEMENT SYSTEM CONTRACT,
CONTRACT NO. POFA-2006-C-0066**

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EXECUTIVE DIGEST

OVERVIEW

Enclosed is the draft report that summarizes the results of the Office of the Inspector General's (OIG) *Audit of the Solicitation and Award of the District of Columbia Automated Traffic Enforcement System Contract, Contract No. POFA-2006-C-0066* (OIG No. 07-2-16FA). This audit is part of our continuous coverage of the District's procurement activities and practices.

D.C. Code §§ 50-2209.01 - .03 (Supp. 2006) authorizes the city to use technology and automated measures to accomplish traffic enforcement throughout the city. The District implements this law through the Automated Traffic Safety Enforcement (ATSE) Program. Administered by the Metropolitan Police Department (MPD), the ATSE Program consists of a red light enforcement program and a photo radar speed enforcement program. The objectives of the ATSE Program are to deter red light runners and speeding motorists, reduce fatalities and injuries associated with red light runners and speeding motorists, and fairly and consistently enforce the law. According to MPD, since implementation of the program: (1) red-light running has dramatically decreased; (2) over 650,000 notices of infractions have been mailed; and (3) the District has collected over \$40 million in fines. The District awarded the ATSE contract on December 22, 2006. The value of the ATSE contract for the 2-year base period is \$7,100,000, which does not include a \$612,000 modification to enhance and install new ATSE equipment.

Our audit objectives were to determine whether the ATSE contract was awarded in accordance with the District's procurement regulations, and whether modifications to the photo radar enforcement contract were made in accordance with the District's procurement regulations.

PERSPECTIVE

Our audit determined that the Office of Contracting and Procurement (OCP) needs to improve its proposal evaluation process. While our review analyzed the proposal evaluation process for one contract award, the audit deficiencies uncovered a series of systemically poor proposal evaluation procedures that were not defined in operational rules or procedures, and evaluation decisions that were not well documented. The District is fortunate, in this instance, that the proposal evaluation deficiencies did not affect the final selection outcome. However, the proposal evaluation process must be a transparent process, bound by a set of guiding principles, and sufficiently documented to capture the technical panel's rationale for individual and consensus decisions. These measures are necessary to maintain the integrity and fairness of the evaluation process so that the District is assured of obtaining best value in terms of quality and price.

EXECUTIVE DIGEST

CONCLUSION

OCP did not adequately monitor the technical panel's initial proposal evaluations for the ATSE solicitation (POFA-2006-R-0066). OCP also did not formally document its competitive range determination prior to formally requesting and excluding offerors from attending further discussion meetings, in violation of Title 27 of the DCMR. Lastly, contract administration and maintenance were inadequate.

Our audit uncovered the following deficiencies in either the contract award process or contract administration for the ATSE contract (POFA-2006-C-2006):

- The technical panel did not adequately evaluate the offerors' proposals for the ATSE solicitation in accordance with the solicitation evaluation instructions and Title 27 DCMR. Specifically, the technical panel members made numerous mathematical, classification, omission, and category assignment errors on their respective evaluation forms.
- OCP did not formally develop the competitive range determination before requesting the three offerors to attend further discussion meetings and before disallowing one offeror from attending a further discussion meeting.
- OCP did not "at the earliest time practicable"¹ inform an offeror that it was not within the competitive range.
- OCP did not ensure that pertinent contract documentation was filed in the contract file at the time of our audit. Further, key pertinent contract documentation was labeled and filed incorrectly.

SUMMARY OF RECOMMENDATIONS

We directed seven recommendations to the Director, OCP. The recommendations focused on OCP's need to: (1) develop and implement operational policies and procedures over performing and documenting competitive sealed proposal evaluations; (2) adopt a structured methodology for performing competitive sealed proposal evaluations; (3) provide training to OCP staff on monitoring, performing, and documenting competitive sealed proposal evaluations; (4) determine the feasibility of implementing an automated solution for proposal evaluations; and (5) develop a file management and quality control system for contract files. A summary of the potential benefits resulting from the audit is shown at Exhibit A.

¹ Title 27 DCMR § 1620.3 provides: "The contracting officer shall notify, in writing, an unsuccessful offeror at the earliest practicable time that its proposal is no longer being considered for award." OCP had not developed written operational procedures defining what the phrase "earliest practicable time" meant.

EXECUTIVE DIGEST

CORRECTIVE ACTIONS

We reviewed OCP's October 8, 2008, response to a draft of this report. OCP fully concurred with the seven recommendations and indicated that it had already begun to take corrective actions. OCP pledged to evaluate the procurement process in order to streamline the procurement process and develop an operational policies and procedures manual in accordance with the Procurement Practices Act and DCMR Title 27. Further, OCP will develop a training curriculum for 180 contracting and procurement personnel and will overhaul the contract maintenance system. Lastly, OCP will coordinate with OCTO to implement an electronic data management system that will provide OCP flexibility in maintaining and retrieving contract file information. The full text of the OCP's response is included at Exhibit B.

We did not direct any recommendations to MPD; however, in its response dated September 19, 2008, MPD affirmed its commitment and responsibility to ensure that the contracting processes related to their operations are conducted in accordance with required policies and procedures. The full text of MPD's response is included at Exhibit C.

INTRODUCTION

BACKGROUND

Automated Traffic Safety Enforcement (ATSE) Program - Currently, the ATSE Program consists of a red light enforcement program and a photo radar speed enforcement program. The Metropolitan Police Department (MPD) implemented the red light program in August 1999 and subsequently, in 2001, the photo radar speed enforcement program. The ultimate goal of the ATSE Program is to save lives by reducing and preventing crashes and injuries associated with speeding and red light violations.

MPD has placed cameras at locations throughout the District that have a high crash incident rate (or likelihood of the same) from speeding and red light running violations. Prior to installing a camera at a particular location, MPD notifies District officials 30 days in advance. Currently, there are 49 red light camera systems, 10 fixed speed systems,² and 12 mobile speed systems.³

When an infraction occurs, the infraction is captured by the camera system. Automated Computer Solutions, State and Local Solutions, Inc. (ACS), the District's ticket processing services contractor, is responsible for carefully analyzing the image to determine whether a violation occurred. If ACS determines that a violation occurred, ACS mails a citation to the registered owner of the vehicle.

According to the MPD website, since August 1999, and through January 2007, the ATSE Program achieved the following results:

- 75 percent (approximate) decline in red-light violations at intersections where cameras are installed;
- 652,509 notices of infraction mailed;
- 456,946 notices of infraction paid; and
- \$40,250,821 in fines collected.

ATSE Program Contracting - On February 28, 2006, the District issued the ATSE solicitation (POFA-2006-R-0066) to provide support and maintenance for the District's existing ATSE systems. Additionally, the District requested that offerors provide a separate conversion plan outlining recommendations for upgrading and converting the ATSE Program's existing equipment and systems to more current technology. The solicitation's original closing date was March 28, 2006; however, OCP amended the solicitation five times to extend the closing date to May 24, 2006. Overall, OCP amended the ATSE solicitation 10 times as follows:

- *Pre-Proposal Conference* - Four amendments (A0001, A0002, A0003, and A0004) contained provisions that changed the pre-proposal conference dates in specified sections of the solicitation.

² Camera systems that are attached to a fixed and stationary location.

³ Camera systems that are mounted on mobile vehicles.

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- *Proposal Submission Deadline* - Five amendments (A0002, A0003, A0005, A0007, and A009) contained provisions that changed the proposal deadline submission dates in specified sections of the solicitation.
- *Questions and Answers* - Amendments A0006 and A0010 were used to publish questions/answers and terms in the proposal.
- Amendment A0008 replaced the terms in a section.

On April 4, 2006, OCP held a pre-proposal conference with ACS, American Traffic Solutions, Inc. (ATS), CMI Management, Inc. (CMI), and Precision Systems, Inc. ACS, ATS, CMI, and Traffipax, Inc. (Traffipax) subsequently provided proposals in response to the ATSE solicitation.

OCP convened a five-member technical panel (Panel) to evaluate the four offerors' proposals. From May 24-30, 2007, the panel members performed their respective individual proposal evaluations. Between May 30, 2006, and June 2, 2006, the Panel convened to perform its consensus⁴ evaluation of the offerors' proposals. On June 5, 2006, the Panel provided OCP with its formal initial proposal recommendation letter. The letter indicated that the Panel was unanimous in selecting ATS as the offeror that presented the best technical proposal.

On June 6, 2006, the contracting officer (CO) performed a technical assessment on original proposals from ACS, ATS, CMI, and Traffipax. On June 7, 2006, OCP requested that ACS, ATS, and CMI participate in further discussion meetings. On June 9, 2006, the CO performed the competitive range evaluation and concluded that CMI and Traffipax were not within the competitive range. However, OCP had already inadvertently sent CMI a letter requesting their participation in further discussions.⁵ From June 12-14, 2006, OCP held discussions with ACS, ATS, and CMI. On June 13, 2006, OCP requested that ACS and CMI provide Best and Final Offers (BAFOs). On June 14, 2006, OCP requested that ATS provide its BAFO. ACS, ATS, and CMI all submitted BAFOs.

On June 19, 2006, the Panel reconvened to reach a consensus on the BAFOs received from ACS, ATS, and CMI. On June 20, 2006, the Panel provided OCP with its formal BAFO proposal recommendation letter in which the Panel concludes that ATS submitted the most complete technical proposal. On June 29, 2006, OCP determined that ATS was a responsible contractor and requested a legal sufficiency review from the Office of the Attorney General (OAG). On July 6, 2006, the OAG found that the ATSE contract was legally sufficient. On July 11, 2006,

⁴ Consensus occurs when the Panel collectively determines and documents the strengths and weaknesses in the offerors' proposals and assigns an agreed-upon technical score to each offeror.

⁵ A Business Clearance Memorandum (BCM) dated June 29, 2006, and a competitive range determination dated June 9, 2006, indicates that CMI and Traffipax submitted unacceptable proposals and were not within the competitive range. The BCM also indicates that CMI was erroneously sent a request for a Best and Final Offer (BAFO) and that Traffipax was sent a letter dated June 13, 2006, indicating that they were not in the competitive range.

INTRODUCTION

the D.C. Council approved the ATSE contract.⁶ Consequently, on December 22, 2006, the District awarded ATS a \$7,100,000 contract, with a 2-year base period and three, 1-year options. The total estimated value of the contract over a 5-year period is approximately \$18.5 million, which does not include any modifications for ATS to upgrade or add to the existing ATSE equipment. Contract payments are based on firm fixed prices and a cost reimbursement component. Since the award of the contract, the District has modified the contract twice. Modification M001, dated December 29, 2006, changed the contract number, the effective date, and the contractor commencement date. Modification M002, dated September 19, 2007, increased the contract value by \$612,000 for the purchase and installation of eight new radar cameras.

OBJECTIVES, SCOPE, AND METHODOLOGY

The audit objectives were to determine whether the ATSE contract was awarded in accordance with the District's procurement regulations, and whether modifications to the photo radar enforcement contract were made in accordance with the District's procurement regulations.

To accomplish our objectives, we conducted interviews with the CO, contract specialist, and panel chairman affiliated with the solicitation and award of the ATSE contract. We also spoke with members of the OCP staff who were not involved with the ATSE award to determine the operational practices and processes OCP utilizes to perform competitive sealed proposal evaluations. We reviewed applicable laws, regulations, and policies and procedures. Additionally, we requested and reviewed ATSE contract folders to determine whether OCP documented its compliance with the requirements of Title 27 DCMR.

We did not rely on computer-processed data. The audit was conducted in accordance with generally accepted government auditing standards and included such tests as we considered necessary under the circumstances.

PRIOR AUDIT COVERAGE

The OIG has conducted numerous audits of the District's procurement practices. Several of the deficiencies mentioned in previous reports are identified in this report, such as: (1) non-compliance with laws and regulations; (2) lack of operational policies and procedures; (3) flawed proposal evaluation process; and (4) inadequate contract file maintenance and administration.

This is the second OIG audit report of OCP's procurement activities since the Mayor announced the new Director of OCP. The new Director has already taken positive steps to ensure contract personnel adhere to existing laws, regulations, and internal policies. For example, the new

⁶ On July 11, 2006, the D.C. Council passed Resolution 16-773, "Contract No. POFA-2006-C-0066 Emergency Approval Resolution of 2006."

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Director formed a quality assurance and control unit to determine whether OCP staff is performing their duties in accordance with existing guidelines.

FINDINGS AND RECOMMENDATIONS

FINDING 1: PROPOSAL EVALUATION PROCESS

SYNOPSIS

OCP did not evaluate the offerors' proposals for the ATSE solicitation in accordance with Title 27 DCMR and the solicitation evaluation instructions. Specifically, OCP did not require panel members correct the numerous mathematical, classification, omission, and category evaluation errors made when they performed their respective original proposal evaluations. Additionally, OCP did not ensure that panel members conducted individual evaluations of each offeror's BAFO. These deficiencies occurred because OCP did not provide adequate oversight for the proposal evaluation process and did not have adequate corresponding operational policies and procedures that govern the performance and documentation of competitive sealed proposal evaluations through each stage of the proposal evaluation process.

As a result of these deficiencies, we could not determine each panel member's initial proposal evaluation totals for each offeror or the collective average scores for an offeror. A flaw in any component of the evaluation process places the District at risk for litigation, compromises the integrity of the evaluation process, and limits the District's ability to determine whether it is receiving the best value for the goods and services it procures. However, despite OCP's failure to adequately perform the technical proposal evaluations, we concluded that OCP awarded the ATSE contract to the contractor with the highest evaluation score.

DISCUSSION

Evaluation Criteria - Prior to allowing panel members to evaluate the offerors' ATSE proposals, OCP provided the panel members with oral and written proposal evaluation instructions. Additionally, OCP provided the panel members with forms that contain the scoring and rating criteria, as well as instructions to document their evaluations. The instructions and documentation are critical internal controls that serve as a guide and mechanism to ensure that OCP conducts proposal evaluations fairly and in accordance with applicable laws, regulations, and OCP operational policies and procedures.

Solicitation Evaluation Instructions - Sections M.3 and M.4 of the solicitation state that an offeror will be selected based on evaluation of the technical factors and eight sub-factors, as provided in Table 1.

FINDINGS AND RECOMMENDATIONS

Table 1 - Technical Evaluation Factors and Corresponding Sub-factors

TECHNICAL FACTORS (TOTAL 70 POINTS)				
	TECHNICAL APPROACH (0 - 40)	OFFEROR'S EXPERIENCE & PAST PERFORMANCE (0 - 15)	QUALITY AND RETENTION OF PERSONNEL (0 -10)	SYSTEMS PERFORMANCE IMPROVEMENT (0 - 5)
EIGHT SUB-FACTORS	(1) Project plan meets all technical requirements. (0 - 20)	(1) Past experience in providing traffic enforcement safety systems.(0 - 5)	(1) Key personnel's & management's demonstrated experience with ATSE systems. (0 - 5)	(1) Ability to demonstrate operational improvements and cost savings derived from system enhancements. (0 - 5)
	(2) Quality of management plan. (0 - 5)	(2) Quality of past performance. (0 - 10)	(2) Ability to demonstrate retainage of staff. (0 - 5)	
	(3) Comprehensiveness and quality of management plan. (0 -15)			

Section M.2 (Technical Rating) of the solicitation provides the numeric rating, adjective rating, and the points assigned criteria that each evaluator would use to rate an offeror's response to the technical factors and eight sub-factors. Table 2 below contains the specific technical rating scale criteria.

Table 2 - Technical Rating Scale

NUMERIC RATING	ADJECTIVE	DESCRIPTION
0	Unacceptable	Fails to meet minimum requirements; e.g., major deficiencies which are not correctable; offeror did not address the factor.
1	Poor	Marginally meets minimum requirements; major deficiencies which may be correctable.
2	Minimally Acceptable	Marginally meets minimum requirements; minor deficiencies which may be correctable.
3	Acceptable	Meets requirements; no deficiencies.
4	Good	Meets requirements and exceeds some requirements; no deficiencies.
5	Excellent	Exceeds most, if not all requirements; no deficiencies.

The solicitation evaluation instructions for the Technical Rating Scale also provide how the points assigned should be calculated:

For example, if a sub-factor has a point evaluation of 0 to 6 points, and (using the Technical Rating Scale) the District evaluates as "good" the part of the proposal applicable to the sub-factor, the score for the sub-factor is

FINDINGS AND RECOMMENDATIONS

4.8 (4/5 of 6). The sub-factor scores will be added together to determine the score for the factor level.

Proposal Evaluation Forms - OCP uses an evaluation report form to document the: (1) panel members' individual evaluations of an offeror's proposal; (2) Panel's consensus evaluation of each offeror's proposals; (3) panel members' individual BAFO evaluations; and (4) Panel's consensus BAFO evaluation. The forms provide for the recordation of eight sub-factor categories within the Technical Approach section. Additionally, the forms provide a corresponding evaluation summary sheet to record and total each sub-factor.⁷ The forms also include the proposal evaluation rating factors from the solicitation. The offerors' proposals in the individual technical section of the evaluation forms serve as a critical component of the proposal evaluation process. Therefore, it is imperative that OCP ensure that the forms are accurate and complete. A third party should be able to examine the evaluation forms and determine and duplicate the actions the technical evaluation panel undertook to perform the proposal evaluation.

CO's Evaluation Instructions - The CO's memorandum, dated May 24, 2006, to the panel chairman provides the following evaluation instructions on pages 1-2:

EVALUATION PROCESS

The technical evaluation panel shall consist of three or more individuals. The number of panel members shall be an odd number between 3-7 (3, 5, 7) with one member acting as chairperson. Upon receipt of materials, each panel member first independently evaluates all the technical aspects of the proposals. The District benefits by having several opinions on the relative technical merits of the proposals. Different panelists, however, may arrive at differing conclusions on a given point. The true value of the panel system emerges when the panel as a whole arrives at a balanced conclusion that reflects the different viewpoints and contributions of the panel members. Hence, after the individual members have separately evaluated the proposals, including preparation of their narrative explanations, the panel, under the leadership of its chairperson, shall meet and formulate its collective conclusions.

A panel consensus is also required because the contracting officer normally does not have the technical expertise to combine the different conclusions reached by the technical evaluation panel members into a single technical judgment. Admittedly, the contracting officer can arrive at a kind of consensus by merely averaging the numerical scores, but that is a purely mechanical process without the benefit of technical judgment. Moreover, the average score reached will require a narrative explanation or justification so that the District can demonstrate to the public and to

⁷ The summary sheet provides and summarizes the evaluator's scores from the eight sub-factor sections.

FINDINGS AND RECOMMENDATIONS

unsuccessful contractors that selection was based on an intelligent and rational--not an uninformed and mechanical--judgment of the technical merits of each competing proposal. A narrative explanation must be documented for the average score used by the contracting officer in the actual selection process.

Accordingly, as part of the evaluation reports, the panel must provide the contracting officer not only with its consensus numerical scores (average score), but also with a consensus narrative explanation for each score stating the strengths and weaknesses of each proposal for each stated evaluation criteria.

Panel members should try to agree on each conclusion and supporting rationale. In exceptional cases, where the panel is unable to reach agreement without unreasonably delaying the procurement process, the evaluation report shall include the majority conclusion and the dissenting view, each with a supporting rationale.

1. The attached proposals are forwarded for technical review and evaluation by the evaluation panel in accordance with the requirements specified in Request for Proposals No. POFA-2006-R-0066. Each proposal will be evaluated in conformity with the evaluation criteria stated therein

Section M.4.1.4 of the CO's memorandum provides the following:

4. The following points should be stressed to the technical evaluation panel:
 - (a) Necessity to adhere to the evaluation criteria stated in the request for proposal following the evaluation scoring methodology that has been defined.

. . .

8. **INCOMPLETE OR INCORRECT EVALUATION REPORTS WHICH FAIL TO ADHERE TO BOTH THE EVALUATION CRITERIA IN THE REQUEST FOR QUOTATIONS AND THE GUIDELINES PROVIDED HEREIN WILL BE RETURNED FOR ADDITIONAL INFORMATION OR CORRECTIONS AS NECESSARY.**

Based on the proposal evaluation criteria, each evaluator was required to perform an individual evaluation of each offeror's response to the technical factors. Secondly, each evaluator was required to provide his or her qualitative and quantitative evaluation of each offeror's proposal as the following: (1) unacceptable; (2) poor; (3) minimally acceptable; (4) acceptable; (5) good; or (6) excellent. Finally, the evaluators were to provide the corresponding adjective rating and points assigned.

FINDINGS AND RECOMMENDATIONS

The above instructions were provided to the panel members to conduct the proposal evaluations, with emphasis placed on the importance of monitoring the evaluation process and the necessity for complete and accurate evaluation reports.

A detailed discussion of the deficiencies in the individual proposal evaluation and the BAFO evaluation for solicitation POFA-2006-R-0066 follows.

Individual Proposal Evaluation Deficiencies - Based on our review of contract file documentation, we determined that panel members made numerous mathematical, classification, omission, and category assignment errors on their respective initial proposal evaluation forms. The details of discrepancies made by the five panel members follow.

Evaluator 1 - Evaluator 1 did not fully and accurately complete his initial proposal evaluation forms for ACS, ATS, CMI, and Traffipax. Specifically, Evaluator 1 made the following errors when documenting his individual evaluation of the four offerors' initial proposals: (1) miscalculated assigned points on numerous occasions; (2) assigned a numeric rating that was not included on the technical rating scale; (3) assigned numeric ratings that did not correspond with the points assigned; and (4) did not completely fill out his evaluation forms. Table 3 below provides the mathematical computational errors for the points assigned and the numeric rating evaluation errors.

Table 3 - Evaluator 1's Evaluation Errors

	TECHNICAL APPROACH (0 - 40 Points)				EXPERIENCE & PAST PERFORMANCE (0 - 15 Points)
	(1) Project plan meets all technical requirements. (0 - 20)		(3) Comprehensiveness and quality of management plan. (0 - 15)		(2) Quality of past performance. (0 - 10)
	Numeric Rating	Points Assigned	Numeric Rating	Points Assigned	Points Assigned
ACS		17			
ATS		13		11	7
CMI				5	
Traffipax	10	10	2	2	9

* Shaded areas indicate that a value was not provided.

On eight occasions, Evaluator 1 made mathematical errors when calculating the points assigned. For example, Evaluator 1 assigned ACS 17 points in the Technical Approach section, sub-factor 1 category without providing a numeric rating. The Technical Approach section, sub-factor 1 category had a point evaluation range from 0 to 20. According to the technical rating criteria

FINDINGS AND RECOMMENDATIONS

(section M.2), in order to obtain 17 points, the numeric rating would have to be 4.25;⁸ however, 4.25 is not included on the technical rating scale as a numeric rating factor (see Table 2).

Evaluator 1 gave Traffipax a numeric rating of 10; however, the numeric rating scale range is 0 to 5 (see Table 2). Additionally, Evaluator 1 gave Traffipax a numeric rating of two and assigned two points to the sub-factor 3 category; however, the points assigned do not correspond mathematically with the numeric rating assigned. Based on the technical rating criteria, six points corresponds with a numeric rating of two. Therefore, the two points assigned to the sub-factor 3 category are not correct (see footnote 8).

When evaluating ACS's, ATS's, CMI's, and Traffipax's initial proposals, Evaluator 1 either did not provide numeric ratings, adjective ratings, or both on eight sub-factor categories within the technical factor section. Additionally, Evaluator 1 did not complete a Summary of Evaluator = Score Form (summary form) for ACS and the summary form total for CMI did not equal the sub-factor category totals. Each evaluator was required to utilize the technical rating criteria to rate each offeror's proposal. Additionally, the forms OCP utilizes to document OCP's and the technical panels' compliance with the technical evaluation instructions should be accurate and free from error.

Evaluator 2 - Based on our review of the contract file and additional information OCP provided, Evaluator 2: (1) did not perform an individual evaluation of CMI's initial proposal; (2) made mathematical errors when calculating the points assigned; (3) did not assign points in one sub-factor category; and (4) did not completely fill out her evaluation forms.

After our review of the ATSE contract files, we determined that the individual panel members' initial proposal evaluations and the Panel's consensus initial proposal evaluations for CMI were not included in the contract file. Consequently, we requested OCP to provide us with all of the proposal evaluation forms for CMI. OCP provided us with Evaluator 2's consensus evaluation form notes and not her individual initial proposal evaluation of CMI. As a result, we could not verify or determine whether Evaluator 2 performed an individual evaluation of CMI's initial proposal. Page 1 of the CO's May 24, 2006, memorandum states, "Upon receipt of materials each panel member first independently evaluates all the technical aspects of the proposals."

Evaluator 2 assigned ATS 18 points in the Technical Approach, sub-factor 1 category; however, 18 points could not be obtained using the solicitation evaluation instructions and potential points criteria as shown in Table 4. According to the technical rating criteria, only the points outlined in Table 4 could be obtained (see footnote 8). Further, Evaluator 2 did not assign ATS any points in the "Experience & Past Performance" sub-factor 1 category.

⁸ The equation for determining Numeric Rating is $\text{Numeric Rating} = (\text{Numeric Rating evaluation score} / 5 \text{ "the highest possible Numeric Rating Value"}) * \text{the points assigned for each respective sub-factor}$.

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Table 4 - Potential Points for Technical Approach Section, Sub-factor 1

Technical Rating					
Numeric Rating	Adjective	Symbol	Decimal	Total Points for Category	Potential Points
0	Unacceptable	U	0.00	20	0
1	Poor	P	0.20	20	4
2	Minimally Acceptable	MA	0.40	20	8
3	Acceptable	A	0.60	20	12
4	Good	G	0.80	20	16
5	Excellent	E	1.00	20	20

As required by the solicitation evaluation instructions, Evaluator 2 did not fully complete initial proposal evaluation forms for ACS, ATS, CMI, or Traffipax. Specifically, Evaluator 2 did not provide either numeric ratings, adjective ratings, or both for the eight sub-factor categories within the technical factor section.

Additionally, Evaluator 2's summary forms for ACS and ATS did not correspond with her individual evaluation sheets. Specifically, the points Evaluator 2 granted ACS and ATS in the four technical factors did not correspond with the same technical factor points on the summary forms. The scores recorded on the summary form should directly correspond with the scores from the eight sub-factor sections. We later determined this deficiency occurred because OCP allowed the panel members to record the results of the Panel's consensus meeting on the individual evaluation form. Because of this practice, a third party would be unable to distinguish the stage of the proposal evaluation process the forms actually represent. This deficiency is discussed in greater detail later in this finding (refer to page 15, section Operational Compliance (Documenting Compliance with Title 27 DCMR and Solicitation Evaluation Instructions)).

Evaluator 3 - Evaluator 3 awarded numeric ratings that were not included on the technical rating scale, provided numeric ratings that did not correspond with her adjective ratings, and did not fully complete any of her individual initial proposal evaluation forms for the four offerors. Further discussion of the deficiencies follows.

Evaluator 3 assigned numeric ratings that were not included on the technical rating scale. Table 5 below summarizes the erroneous numeric ratings assigned by Evaluator 3.

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Table 5 - Evaluator 3's Incorrect Numeric Ratings

	TECHNICAL APPROACH		EXPERIENCE & PAST PERFORMANCE	QUALITY & RETENTION OF PERSONNEL
	(1) Project plan meets all technical requirements (0 - 20)	(3) Comprehensiveness and quality of management plan. (0 -15)	(2) Quality of past performance. (0 - 10)	(1) Key staff's demonstrated experience with ATSE systems. (0 - 10)
	Numeric Rating	Numeric Rating	Numeric Rating	Numeric Rating
ACS		12	8	
ATS	15	12	8	
Traffipax	15	12	6	
CMI	10	6		6

The shaded areas indicate that a value was not provided.

The numeric rating range is 0 through 5 (see Table 2). On 11 occasions, Evaluator 3 assigned numeric ratings to 4 sub-factors that were not on the Technical Rating Scale.

In addition, there were two occasions where Evaluator 3 assigned numeric values that did not correspond with the appropriate adjective values. In the first occurrence, Evaluator 3 assigned ACS a numeric rating of three and an adjective rating of four in the Technical Approach section, sub-factor 1 category. Four is not an adjective rating; the adjective rating that corresponds with three is acceptable (see Table 2). On the second occasion, Evaluator 3 assigned ACS, ATS, and Traffipax numeric ratings of four and adjective ratings of E for Excellent. However, the adjective rating that corresponds with four is Good (see Table 2).

As required by the evaluation instructions, Evaluator 3 did not provide adjective ratings, points assigned, or both adjective ratings and points assigned when evaluating ACS's, ATS's, CMI's, and Traffipax's initial proposals. Additionally, Evaluator 3's summary form totals for ACS, ATS, CMI, and Traffipax did not correspond with her initial proposal individual evaluation sheets. This occurred because Evaluator 3 only provided scores for 2 of 32 entries on her individual evaluation sheets. Additionally, Evaluator 3 did not sign the Traffipax summary form.

Evaluator 4 - Evaluator 4 made the following errors when completing her individual initial proposal evaluation forms for three offerors: (1) did not perform an individual evaluation of CMI's initial proposal; (2) made mathematical errors when calculating the points assigned; (3) assigned numeric ratings that did not correspond to appropriate adjective ratings; (4) assigned numeric ratings that contradicted the points assigned; and (5) did not completely fill out her evaluation forms.

After our review of the ATSE contract files, we determined that the individual panel member's initial proposal evaluations and the Panel's consensus initial proposal evaluations for CMI were

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not included in the contract file. Consequently, we requested OCP provide us with all of the proposal evaluations forms for CMI. We received Evaluator 4’s consensus evaluation form notes, but not her individual initial proposal evaluation of CMI. As a result, we could not verify or determine whether Evaluator 4 performed an individual evaluation of CMI’s initial proposal. The CO’s memorandum dated May 24, 2006, provides, “Upon receipt of materials each panel member first independently evaluates all the technical aspects of the proposals.”

Evaluator 4 incorrectly calculated the points assigned for ACS and ATS. Table 6 provides Evaluator 4’s errors when calculating the points assigned (red shading) and incidents where the numeric rating, adjective rating, and points assigned did not correspond with one another (grey shading).

Table 6 – Evaluator 4’s Points and Contradictory Ratings

	TECHNICAL APPROACH (0 – 40 Points)											
	1. Project plan meets all technical requirements (0 - 20 Points)				2. Quality of Mgt. Plan (0 - 5 Points)				3. Comprehensiveness quality of Mgt. Plan (0 - 15 Points)			
	Numeric Rating	Adjective Rating	Points Assigned	Correct Points	Numeric Rating	Adjective Rating	Points Assigned	Correct Points	Numeric Rating	Adjective Rating	Points Assigned	Correct Points
ACS	1	P	5	4	2	MA	3	2	2	MA	8	6
ATS	3	G	18	12	3	G	3	N/A	4	G	13	12

Evaluator 4 incorrectly calculated the points assigned to ACS in sub-factors 1, 2, and 3 and incorrectly calculated the points assigned to ATS in sub-factors 1 and 3. The points assigned in these sections could not be obtained utilizing the evaluation report instructions (see footnote 8). Additionally, on two occasions, Evaluator 3 assigned numeric and adjective values that did not correspond. For example, for the ATS initial proposal evaluation, Evaluator 4 assigned numeric ratings of three and adjective ratings of Good in sub-factors 1 and 2; however, according to the technical rating scale, the adjective rating that corresponds with three is Acceptable (see Table 2).

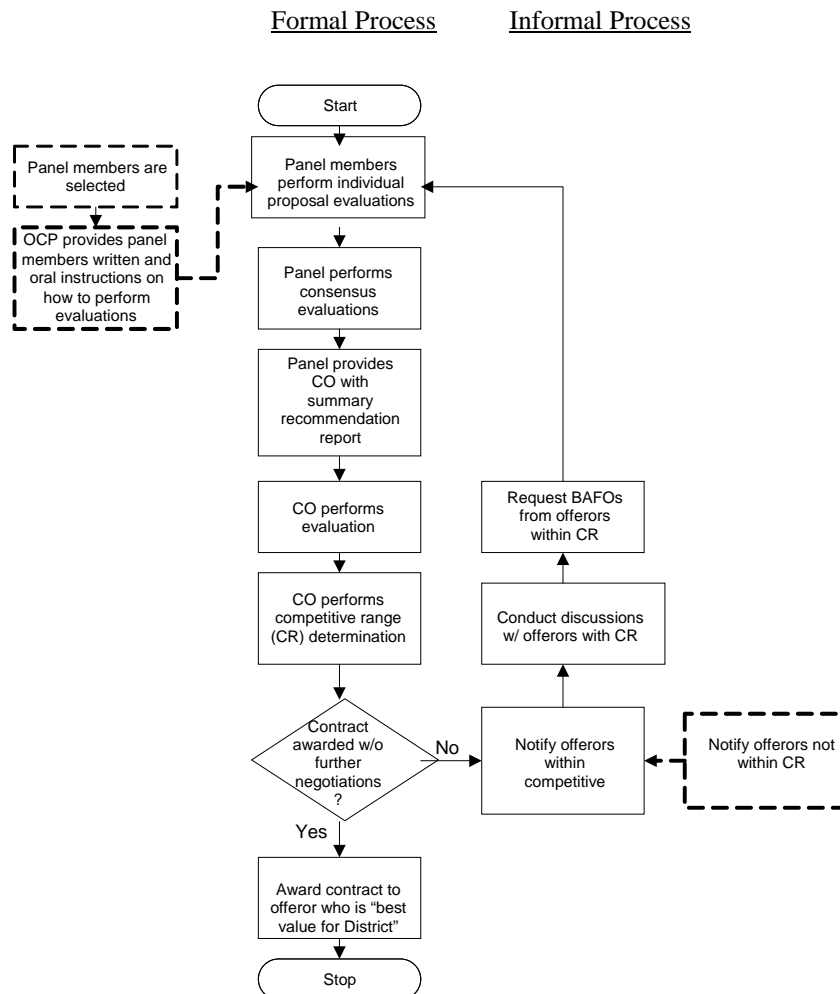
As required by the instructions on ACS’s, ATS’s, and Traffipax’s initial proposal evaluations, Evaluator 4 did not provide the numeric or adjective ratings and the points assigned on most of the eight sub-factor categories within the technical factor section.

Evaluator 5 - Evaluator 5 did not fully complete the ACS initial proposal evaluation forms. Specifically, Evaluator 5 did not indicate her assessed adjective rating scores in three Technical Approach section, sub-factors categories on her ACS initial proposal evaluation forms.

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BAFO Evaluation Process Adherence - OCP did not follow its informal process for evaluating the offerors' BAFOs. Specifically, panel members did not perform individual evaluations of the offerors' BAFOs. The CO evaluation instructions provide that a panel consisting of three or more members will be convened to evaluate the proposals. Upon receipt of the evaluation materials, panel members first independently evaluate the offerors proposals. Second, panel members, under the leadership of the Panel chairperson, convene to arrive at a consensus evaluation of each offeror's proposal. Afterward, the Panel submits its summary recommendation report. OCP personnel informed us that panel members must repeat the process to evaluate the initial proposals when BAFOs are requested (see diagram 1).

Diagram 1 - OCP Formal and Informal Proposal Evaluation Process



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Based on our review of contract documentation and discussions with OCP staff, we determined that the Panel performed its consensus evaluation of ACS's, ATS's, and CMI's BAFOs; however, the panel members did not perform individual evaluations of ACS's, ATS's, and CMI's BAFOs. The proposal evaluation instructions provide for the initial proposal evaluation but not the BAFO evaluation process. OCP should develop operational policies that correspond with the entire evaluation process and ensure that all formal OCP policies are followed.

Internal Control Assessment/Evaluation - We determined that there were two breakdowns in key internal controls that caused the deficiencies noted in this finding. In summary, the deficiencies occurred because OCP did not adequately monitor the proposal evaluation process and lacked adequate and comprehensive operational policies that implemented the requirements of the DCMR.

Evaluation Monitoring/Oversight - The panel chairperson stated that OCP provided the Panel with written and oral instructions on conducting the proposal evaluations and an OCP representative was present or available throughout the evaluation process. The panel chairperson also stated that she collected the panel members' individual evaluation forms and that neither she nor the OCP representative reviewed the individual evaluation forms for completeness or accuracy. The OCP contract specialist stated that she and a CO provided instructions to the Panel regarding the proposal evaluation process and criteria. The OCP contract specialist also stated that if the Panel had questions, she and a CO were either present or available. The OCP contract specialist stated that she did not review the individual evaluation forms for completeness or accuracy. According to the supervisory CO and the contract specialist, OCP currently does not have an operational policy that requires an OCP official or the panel chairperson to review the Panel's consensus evaluation sheets or the panel members' individual evaluation sheets. The supervisory CO's perspective was that the panel members' individual evaluations of the proposals are an integral part of the evaluation process; however, ultimately, the CO has final authority to review and award a contract. The CO agreed that OCP needs to tighten up the evaluation process by developing corresponding procedures. The CO stated that OCP is currently in the process of developing policies to cover this area.

Due to the importance of the individual technical evaluations, it is critical that OCP provide oversight, instructions, and training to the technical panel, as well as OCP staff. Formal policy and training would ensure the proposal evaluation process is conducted in accordance with the established evaluation instructions and criteria. According to the CO's evaluation instructions, OCP officials should have reviewed the evaluation forms for completeness and accuracy before accepting the forms. Any evaluation forms that were not in compliance with the evaluation criteria and instructions should have been given back to panel members or the Panel for either completion or correction.

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Operational Compliance (Documenting Compliance with Title 27 DCMR and Solicitation Evaluation Instructions) - OCP allowed panel members to record their consensus BAFO scores on the same evaluation forms they used to conduct their individual evaluations of the offerors' initial proposals. As such, until we spoke with the panel chairman and OCP staff, we could not determine what stage of the evaluation process the evaluation forms represented.

Specifically, the panel members did not complete new evaluation sheets for each stage of the proposal evaluation process. Rather, panel members marked through original scores on their individual initial evaluation forms and added the Panel's BAFO consensus evaluation scores. Consequently, scores appear on the initial evaluation forms that have been crossed out and replaced without any explanation. Further, when panel members added the BAFO scores to the initial evaluation forms, they did not put a corresponding date. As a result of OCP's current practices, an evaluation form could represent two or more stages of the proposal evaluation process. However, the Panel's evaluation forms appeared to correspond with only one stage of the proposal evaluation process. This practice makes it difficult to determine what stage of the evaluation process is represented by the evaluation sheets. Specifically, the particular evaluation stage, critical dates, and milestones cannot be determined by looking at the evaluation forms.

The supervisory CO fully completed her initial proposal evaluation forms for ACS, ATS, CMI, and Traffipax. The CO added her BAFO scores to her initial proposal evaluation summary form. However, the CO indicated on the summary form that the changes in her scores resulted from her BAFO evaluation and dated the BAFO evaluation on her original proposal evaluation form. As such, the CO's summary sheet contained the original evaluation scores and date, as well as her BAFO evaluation scores and corresponding date. The CO stated that it is more efficient and practical for her to document her BAFO evaluation scores on the initial evaluation form because she can see the old scores and annotate the changes in the corresponding sub-factors. The CO and contract specialist stated that OCP had not developed an operational policy on documenting each stage of the proposal evaluation process.

The CO's evaluation instructions provide the process that OCP uses to evaluate the offerors' proposals; however, the instructions do not provide guidance for the Panel in evaluating the offerors' BAFOs. Equally as important, these instructions do not address how the technical panel and OCP staff should document their evaluations at each of the following stages of the evaluation process: (1) individual initial proposal evaluation; (2) consensus initial proposal evaluation; (3) individual BAFO evaluations; (4) consensus BAFO evaluations; and (5) price proposal evaluations. As a result, the CO, the Panel, and panel members documented their individual initial proposal evaluation, consensus initial proposal evaluation, individual BAFO evaluations, and consensus BAFO evaluations differently.

A third party would be unable, without discussion with panel members, to determine the panel members' individual evaluation scores or average scores for each offeror. Without specific policies and procedures for performing and documenting BAFO evaluations, OCP will continue

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to have inconsistent practices for documenting the proposal evaluation process. Internal operational policies and procedures would provide for a clear determination of the actions required at each stage of the proposal evaluation process and allow a third party, with little or no discussion with panel members and OCP staff, to determine the actions of the technical evaluation panel.

Manual Evaluation and Documenting Process (contributory) - OCP utilizes manual processes to monitor and perform proposal evaluations and maintains written forms to document evaluation results. When adequately employed, a manual evaluation process can be an effective method to perform proposal evaluations. However, OCP's failure to monitor critical internal controls over these manual processes significantly contributed to the deficiencies in the proposal evaluation processes. However, there are many automated procurement and workflow solutions that could assist OCP in ensuring that: (1) OCP staff and evaluators perform proposal evaluations in accordance with prescribed guidelines; (2) contract documentation is not misplaced, but rather consistently filed; and (3) contract file documentation can be readily retrieved, stored, and archived. OCP should consider the benefits of an automated solution given the magnitude of the District's procurement activities and the deficiencies noted in this report.

Conclusion - A formal evaluation process provides the District and OCP with a mechanism for demonstrating that they have impartially and fairly evaluated each offeror's proposal. Additionally, the evaluation process serves as the basis for the eventual award of a contract. Accordingly, it is critical that OCP provide oversight, formal instructions, and training to ensure that the technical panel and OCP staff perform the proposal evaluation in accordance with applicable regulations.

It is particularly important that technical panels properly complete all evaluation forms so that a third party can determine what actions occurred at each stage of the proposal evaluation process, notwithstanding the passage of time and staff turnover. More specifically, provided the instruction sheets are documented completely, free from omissions and calculation errors, a third party would be able to determine which evaluation forms correspond to a specific evaluation stage within the proposal evaluation process and determine the Panel's individual scores, consensus scores, and average scores for each offeror's proposal. However, despite OCP's failure to adequately perform the technical proposal evaluations, we concluded that OCP awarded the ATSE contract to the contractor with the highest evaluation score.

RECOMMENDATION 1

We recommend that the Director, Office of Contracting and Procurement:

1. Assess and review OCP's formal and informal practices for conducting a competitive sealed proposal evaluation in light of Title 27 DCMR requirements and then develop a

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structured methodology and corresponding operational policies and procedures to implement the requirements.

OCP'S RESPONSE

OCP agreed with the recommendation and stated that it will assess and review the Procurement Practices Act to streamline the procurement process and develop corresponding policies.

OIG'S COMMENT

We consider OCP's action to be responsive to the recommendation.

RECOMMENDATION 2

2. Develop a training program to instruct OCP staff and technical panel members on conducting and monitoring competitive sealed proposal evaluations. Specifically, the training should provide: (1) specific documentation and recordation standards for each stage of the competitive sealed proposal evaluation process; (2) quality assurance requirements; and (3) standards for reviewing and accepting evaluation sheets.

OCP'S RESPONSE

OCP agreed with the recommendation and stated that it is in the process of developing a training curriculum for approximately 180 contracting and procurement personnel that will be effective in FY 2008. Additionally, OCP is in the process of developing a procurement manual to cover all aspects of the procurement process.

OIG'S COMMENT

We consider OCP's action to be responsive to the recommendation.

RECOMMENDATION 3

3. Determine the feasibility of implementing an automated proposal evaluation and work flow system.

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OCP'S RESPONSE

OCP agreed with the recommendation and stated that it will determine the feasibility of implementing an automated proposal evaluation system.

OIG'S COMMENT

We consider OCP's action to be responsive to the recommendation.

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<h3>FINDING 2: COMPETITIVE RANGE DETERMINATION</h3>

SYNOPSIS

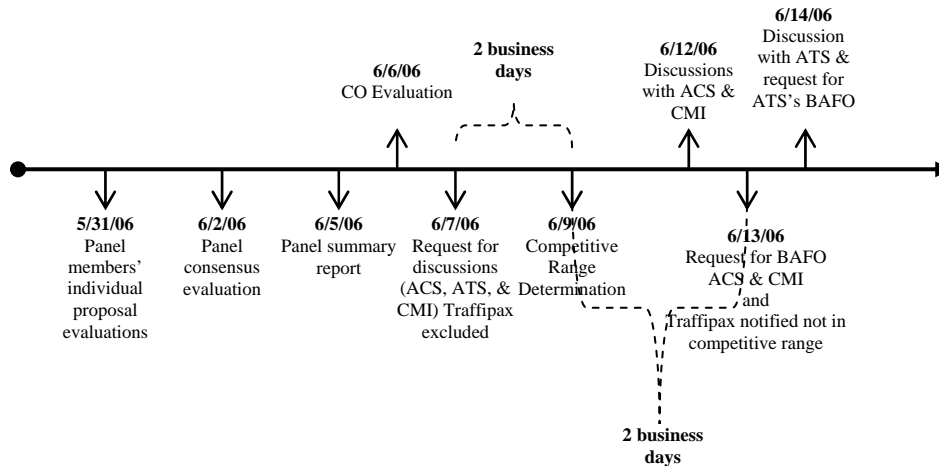
As provided by Title 27 DCMR, OCP did not formally document its competitive range determination prior to formally requesting further discussions with three offerors and excluding one offeror. Additionally, OCP erroneously allowed one offeror to attend further discussions and did not timely notify another offeror that it was not within the competitive range. OCP staff could not conclusively state why the formal competitive range determination was done after the three offerors were notified. However, OCP staff believed that the administrative and editorial process could have caused the errors and delay in the formal competitive range formulation. We determined that OCP staff inconsistently notifies offerors that they are not within the competitive range because OCP has not provided its staff with operational policies and procedures that implement the Title 27 DCMR requirement. These deficiencies could present the “appearance of impropriety” and lead an outside observer, without knowledge of the facts, to assume that the solicitation evaluation process was flawed. The District should avoid any appearance of bias and treat all solicitation respondents equally and fairly on a consistent basis.

DISCUSSION

Background - On June 5, 2006, the Panel provided the CO with its summary evaluation report. Subsequently, on June 7, 2006, OCP officially requested that ACS, ATS, and CMI (excluding Traffipax) attend further discussions. According to contract documentation, CMI was inadvertently requested to participate in the discussions. On June 9, 2006, the CO formally determined that Traffipax and CMI were not in the competitive range. OCP sent Traffipax a letter on June 13, 2006, informing them that their proposal was not within the competitive range. Also, on June 13, 2006, OCP requested that ACS and CMI submit their BAFOs and, on June 14, 2006, OCP requested that ATS submit its BAFO (see Diagram 2).

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Diagram 2 - Chronology of Procurement Events



Competitive Range Determination - Based on a review of the contract file, OCP: (1) did not formally determine whether the four offerors were within the competitive range prior to requesting further discussions with three offerors, unofficially excluding one offeror from further discussions; (2) delayed informing Traffipax that they were not within the competitive range; and (3) failed to notify CMI that they were not within the competitive range.

Discussions With Offerors - On June 7, 2006, prior to determining which of the four offerors were in the competitive range, OCP requested that ACS, ATS, and CMI attend meetings to further discuss their respective proposals.

Title 27 DCMR § 1619.1 provides: “The contracting officer shall conduct written or oral discussions with all offerors in the competitive range, except in . . . [limited] circumstances” Title 27 DCMR § 1619.2 states: “If discussions are held with offerors, the contracting office shall determine which proposals are in the competitive range, and shall conduct written or oral discussions with the offerors who submitted those proposals.”

Title 27 DCMR §§ 1619.1 and 1619.2 provide that discussions are predicated on a competitive range determination. Therefore, to ensure compliance with the regulations, OCP should formally document the competitive range determination and use the determination as the basis for requesting further discussions from offerors.

The supervisory CO and the contract specialist could not precisely state why the competitive range determination was not formally conducted prior to the requests for discussion. However, the supervisory CO and contract specialist suggested that the competitive range determination could have been undergoing revision at the time, which delayed the signing of the form. The CO

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added that it was clear which offerors were within the competitive range after the Panel presented their initial proposal recommendation report.

Additionally, OCP erred in sending the request for discussion letter to CMI. CMI should not have been allowed to participate in further discussions and should have been notified that it was not in the competitive range. OCP staff could not definitively explain why CMI was inadvertently sent a letter requesting further discussions. Consequently, to prevent this error from occurring in the future, OCP should develop and follow a structured methodology that implements the requirements of Title 27 DCMR.

Even though OCP staff presented a plausible explanation, based on the criteria and chronology of contract documentation, OCP was not in compliance Title 27 DCMR. To ensure compliance, it is imperative that OCP establish internal controls that require staff to follow a structured methodology based on laws and regulations, formal and informal policies and procedures, and established criteria. It was evident that the supervisory CO, contract specialist, and panel chairperson were knowledgeable about their respective professions and took their job responsibilities and duties seriously. However, given the diverse procurement backgrounds of OCP staff, OCP executive management should develop operational policies to guide the actions of procurement staff.

Competitive Range Exclusion - Request for participation letters were sent to ACS, ATS, and CMI. Traffipax was informally excluded from participating in further discussion before the competitive range determination was formally conducted. The summary evaluation report did not provide a formal recommendation or basis for excluding Traffipax from further discussions.⁹

Prior to the competitive range determination, other than the supervisory CO's explanation, we did not find a documented and formal basis that supported OCP's decision to exclude Traffipax. Considering that OCP sent ACS, ATS, and CMI letters requesting further discussions prior to the performance of a formal competitive range determination, all the offerors should have been requested to participate in further discussions. However, based on the contract documentation, it appears that CMI's or Traffipax's inclusion throughout the entire evaluation process would not have changed the evaluation results.

Competitive Range Notification Delay - On June 5, 2006, the Panel provided the supervisory CO its summary evaluation report; on June 7, 2006, OCP formally requested that ACS, ATS, and CMI attend discussions; and on June 13 - 14, 2006, OCP requested that ACS, ATS, and CMI submit BAFOs. However, OCP did not officially inform Traffipax until June 13, 2006, that it was not in the competitive range and would be excluded from the competition.

⁹ Title 27 DCMR § 1620.2 provides: "If there is doubt as to whether a proposal is in the competitive range, the proposal shall be included."

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OCP should be commended for conducting the following activities within a short timeframe (7 business days): (1) evaluating the Panel's recommendation report; (2) formally requesting further discussions from the three offerors; (3) holding discussions with the three offerors; (4) performing the competitive range determination; and (5) formally requesting BAFOs from the three offerors. Informing an offeror that it is not within the competitive range is predicated on the CO performing a competitive range determination. Arguably, if OCP was able to perform the five previously mentioned activities within such a short timeframe, OCP should have been able to notify Traffipax that it was not within the competitive range at the same time they requested further discussions with ACS, ATS, and CMI.

An OCP staff person not affiliated with this solicitation stated she would not send the offeror a notification informing them that it was not within the competitive range until after the contract award was made. If this practice had been followed in this solicitation, Traffipax would not have been notified that it was not within the competitive range until December 22, 2006, at the earliest. The OCP staff person stated that she would not provide notification to the offeror because the offeror may interfere and hinder the remaining evaluation processes. This example highlights how differently OCP staff could interpret when and how to notify an offeror that it is not within the competitive range and demonstrates the need to develop operational policies and procedures in this area.

Title 27 DCMR § 1620.3 provides: "The contracting officer shall notify, in writing, an unsuccessful offeror at the earliest practicable time that its proposal is no longer being considered for award." Title 27 DCMR is clear that a competitive range determination is the predication for requesting discussions with offerors, requesting BAFOs, and notifying offerors outside of the competitive range. Title 27 DCMR does not provide how a competitive range determination should be documented nor does it provide a definition of the phrase "earliest practicable time." However, we believe that to avoid the appearance and perception of unfairness and impropriety, the phrase "earliest practicable time" requires OCP to notify offerors that are not within the competitive range at the same time that offerors within the competitive range are notified of OCP's determination.

Internal Control Evaluation/Conclusion - A third party should be able to examine and rely on contract documentation to determine compliance with laws and regulations and internal policies and procedures. OCP should follow a chronological and structured methodology when performing a competitive range determination, informing offerors whether they are within the competitive range, requesting further discussions on the proposals, and requesting BAFOs. Based on the documentation, the competitive range determination was done after requesting three offerors attend a meeting to further discuss their respective proposals, and after Traffipax was informally excluded from participating in the further discussions. This deficiency emphasizes the importance and need for OCP to develop operational policies and procedures to implement the requirements of the Title 27 DCMR.

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Internal controls and safeguards should exist to ensure that all offerors are treated fairly and equally when responding to competitive sealed proposals. Based on the chronology of contract documentation and the corresponding criteria, OCP should have requested all offerors participate in further discussions. Based on the Panel's recommendations, CMI's or Traffipax's inclusion would not have changed the award outcome.

RECOMMENDATION 4

We recommend that the Director, Office of Contracting and Procurement:

4. Review Title 27 DCMR requirements and OCP's practices that govern the process for conducting and documenting competitive range determinations and develop a structured methodology and operational policies to address the following: (1) conducting and documenting competitive range determinations; (2) notifying offerors within the competitive range; and (3) notifying offerors not within the competitive range.

OCP'S RESPONSE

OCP agreed with the recommendation. OCP stated that the development of the procurement manual would address the recommendation's requirements.

OIG'S COMMENT

We consider OCP's action to be responsive to the recommendation.

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FINDING 3: CONTRACT FILE MAINTENANCE

SYNOPSIS

Based on our review of the contract file, we determined that relevant and pertinent contract documentation was not in the contract file and contract documentation was incorrectly labeled. This deficiency occurred because the contract specialist did not file all pertinent contract documentation in the contract file and did not identify classification errors made by a third party. As a result, without extensive discussions with OCP staff, a third party would not be able to examine the contract file and determine the basis for the ATSE award.

DISCUSSION

Missing Contract File Documentation - The contract folder is the official file of record that contains the history and chronology of contractual actions pertaining to a solicitation/contract and should contain original documentation. We determined that the following pertinent contract documentation was not in the contract folder at the time of our review: (1) the June 13, 2006, letter to Traffipax advising that it was not within the competitive range; (2) final version of the ATSE solicitation; (3) panel members' initial individual evaluation sheets for CMI; (4) the Panel's consensus evaluation sheets for Traffipax and CMI; and (5) a copy of newspaper advertisement and Internet posting documentation for the ATSE solicitation. Subsequently, we requested the missing documentation from the contract specialist, who was able to promptly provide everything that was requested.

Contract Documentation Labeling - Evaluation sheets were labeled as BAFO evaluations; however, the evaluation sheets were in fact the Panel's initial proposal consensus evaluation sheets. Consequently, when we reviewed the evaluation sheets, we determined that all the evaluators scored each offeror the same. However, after discussions with the panel chairperson, we discovered that the Panel's consensus evaluation of the offerors' initial proposals had been incorrectly labeled as the Panel's BAFO evaluation. Further, the evaluation sheets appeared to be the panel members' individual evaluation sheets because they contained only one signature. The contract specialist stated that she provided contract documentation to the Contract Appeals Board (CAB) and the CAB labeled the evaluation sheets. The contract specialist stated that she placed copies of the documents she gave to the CAB in the contract folder to document that the contract was under protest. The contract specialist also stated that she had a box of contract documentation pertaining to the ATSE contract at her desk.

Based on this observation and discussions with OCP staff, we determined that many OCP contracting staff members maintain the contracts and associated contract documents in their

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offices or at their particular work stations for indefinite periods of time. This situation presents a control weakness and prevents OCP from effectively monitoring and controlling contract files and documentation.

Given the manner in which the contract documentation was filed, a third party would not have been able to determine what contract actions the technical evaluation panel made when performing its evaluation of the offerors' proposals. Additionally, it is imperative that the contract file contain all the pertinent documentation relating to a contract action.

Control Evaluation - A third party should be able to evaluate contract documentation and ascertain the rationale for contract decisions. Contract file documentation is a key control and is useful in demonstrating what actions were taken with regard to a particular solicitation, proposal, or contract. Therefore, it is imperative that relevant contract documentation be correctly and accurately filed in the contract folder. Additionally, OCP needs to determine the feasibility of implementing an automated file maintenance system.

RECOMMENDATIONS 5, 6, and 7

We recommend that the Director, Office of Contracting and Procurement:

5. Develop a quality control function for the review of contract folders to ensure that relevant and original contract documentation is filed in the contract folder.
6. Develop a centralized contract filing, storage, and retrieval system that will allow OCP staff to retrieve and store contract documentation throughout the life of the contracting action.
7. Develop a study that examines the feasibility of implementing an automated and centralized contract filing, retrieval, and storage system.

OCP RESPONSE

OCP agreed with the recommendations. OCP stated that it will take actions to overhaul the contract maintenance system, is in the process of organizing, improving, and upgrading its central filing facility, is introducing a new database tracking system, and is actively coordinating with the Office of the Chief Technology Officer to implement an electronic data management system.

OIG COMMENT

We consider OCP's actions to be responsive to the recommendations.

EXHIBIT A: SUMMARY OF POTENTIAL BENEFITS RESULTING FROM AUDIT

Recommendations	Description of Benefit	Amount and Type of Benefit	Estimated Completion Date	Status¹⁰
1	Internal Controls - Provides OCP staff with formal standards for conducting proposal evaluations.	Non-Monetary	10/8/2008	Closed
2	Internal Controls -Trains OCP staff on the accepted practices for conducting procurement activities and processes.	Non-Monetary	10/8/2008	Closed
3	Economy and Efficiency - Creates alternative solutions to the manual evaluation process to improve efficiency.	Non-Monetary	10/8/2008	Closed
4	Internal Control - Develops formal standards for conducting and documenting competitive range determinations and related processes.	Non-Monetary	10/8/2008	Closed
5	Internal Control/Compliance – Ensures original and relevant contractual documentation is maintained within contract folders.	Non-Monetary	10/8/2008	Closed

¹⁰ This column provides the status of a recommendation as of the report date. For final reports, “Open” means management and the OIG are in agreement on the action to be taken, but action is not complete. “Closed” means management has advised that the action necessary to correct the condition is complete. If a completion date was not provided, the date of management’s response is used. “Unresolved” means that management has neither agreed to take the recommended action nor proposed satisfactory alternative actions to correct the condition.

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

Recommendations	Description of Benefit	Amount and Type of Benefit	Estimated Completion Date	Status ¹⁰
6	Internal Control - Creates a system to ensure effective and efficient contract file maintenance and administration.	Non-Monetary	10/8/2008	Closed
7	Internal Control - Provides OCP management with an alternative solution to the current informal file management and maintenance processes.	Non-Monetary	10/8/2008	Closed

EXHIBIT B: OCP RESPONSE TO THE DRAFT REPORT

GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF CONTRACTING AND PROCUREMENT



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OFFICE OF THE DIRECTOR

October 8, 2008

Mr. Charles J. Willoughby
Inspector General
717 14th Street, N.W.
Washington, D.C. 20005

Dear Mr. Willoughby,

Thank you for the opportunity to respond to your draft report OIG No. 07-2-16FA entitled, *Audit of the Solicitation and Award of the District of Columbia Automated Traffic Enforcement System Contract, Contract No. POFA 2006-C-0066*. The Office of Contracting and Procurement (OCP) has reviewed the report and my response to the related findings is as follows:

FINDINGS AND RECOMMENDATIONS:

Finding 1: Proposal and Evaluation Process

1. Assess and review OCP's formal and informal practices for conducting a competitive sealed proposal evaluation in light of Title 27 DCMR requirements and then develop a structured methodology and corresponding operational policies and procedures to implement the requirements.

OCP RESPONSE:

OCP agrees with this recommendation. Contract No. POFA 2006-C-0066 underwent extensive OCP and OAG review prior to award. Additionally, the contract award was protested to the Contract Appeals Board (CAB) CAB No. P-0740. All documentation was provided and the CAB found no wrong doing in the evaluation or the procurement process. The evaluation process and documentation provided was integral to the protest being dismissed on April 6, 2007. However, OCP is assessing and reviewing the Procurement Practices Act to streamline how the District does procurement. Many new policies and procedures will be created to implement the changes.

2. Develop a training program to instruct OCP staff and technical panel members on conducting and monitoring competitive sealed proposal evaluations. Specifically, the training should provide: (1) specific documentation and recordation standards for each stage of the competitive sealed proposal evaluation process; (2) quality assurance requirements; and (3) standards for reviewing and accepting evaluation sheets.

EXHIBIT B: OCP RESPONSE TO THE DRAFT REPORT

OCP RESPONSE:

OCP agrees with this recommendation, and has a two pronged approach to address this issue. OCP is in the process of creating the following programs:

- *Procurement Training Curriculum. This curriculum will provide instructional services and training for approximately 100 contracting and procurement personnel. The courses will be certified by the American Council on Education. The curriculum will include modules in Competitive Sealed Proposals, Competitive Sealed Bids, Source Selection, Advanced Source Selection and Contract Administration. This curriculum will become effective this fiscal year.*
- *OCP's Procurement Manual, will serve as a comprehensive guide to the contracting and procurement process in the District, and will be for exclusive use by city procurement personnel, and will cover all aspects of procurement – from identifying the need, to closing out a contract. The manual is expected to be published by the end of this year.*

Both programs will significantly improve contract formation, monitoring, evaluation and administration; and will be governed in accordance with the PPA and 27 DCMR.

3. Determine the feasibility of implementing an automated proposal evaluation and work flow system.

OCP RESPONSE:

OCP will look at the feasibility of implementing an automated proposal evaluation system.

Finding 2: Competitive Range and Determination

4. Review Title 27 DCMR requirements and OCP's practices that govern the process for conducting and documenting competitive range determinations and develop a structured methodology and operational policies to address the following: (1) conducting and documenting competitive range determinations; (2) notifying offerors within the competitive range; and (3) notifying offerors not within the competitive range.

OCP RESPONSE:

The response to Question #2 above is germane here. Both of the items discussed there will include guidance on competitive range determination.

Finding 3: Contract File Maintenance

5. Develop a quality control function for the review of contract file folders to ensure that relevant and original contract documentation is filed in the contract folder.

EXHIBIT B: OCP RESPONSE TO THE DRAFT REPORT

OCP RESPONSE:

OCP has completely overhauled its contract file maintenance system and has taken/is taking the following actions:

- *Updated the Contract File Preparation Guidelines to include a much more user friendly contract file check list. The contents of the files must be approved and signed off by the contracting officer prior to transfer to the file room*
- *Centrally locate all contracts into a single location.*
- *Create a new database to track the movement of files in and out of the file room.*
- *Hire a Records Management Specialist to oversee improvements in and the operation of the OCP's file room.*
- *Create a system to ensure that OCP retains a duplicate of the original signed documents in its files before the contract is transmitted to the Council.*
- *Initiate random and frequent audits by the agency's Office of Procurement Integrity and Compliance (OPIC), to ensure that the content of files are in compliance with all District laws and regulations.*

6. Develop a centralized contract filing, storage, and retrieval system that will allow OCP staff to retrieve and store contract documentation throughout the life of the contracting action.

OCP RESPONSE:

OCP agrees with this recommendation and is in the process of organizing, improving and upgrading its central filing facility to include a new database to track the movement of files; to ensure monitored access and retrieval of files in a controlled environment. The new database is in place with will be utilized throughout the fiscal year.

7. Develop a study that examines the feasibility of implementing an automated and centralized contract filing, retrieval, and storage system.

OCP RESPONSE:

OCP partially agrees with this recommendation. The agency does not need to implement a study to examine the feasibility of implementing an automated and centralized contract filing, retrieval, and storage system. The agency is actively participating in a coordinated effort being led by OCTO on electronic data management (EDM). This program will allow OCP to sort all of its contract files and records in an electronic database. The ground work is now being established to ensure a smooth transition from the creation and storage of paper contract files to electronic files.

Should you have any questions or require further clarification, please contact [REDACTED] Chief of Staff at (202) 727-[REDACTED] or [REDACTED]@dc.gov.

Sincerely,



David P. Gragan
Chief Procurement Officer

EXHIBIT C: MPD RESPONSE TO THE DRAFT REPORT



GOVERNMENT OF THE DISTRICT OF COLUMBIA
METROPOLITAN POLICE DEPARTMENT

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SEP 19 2008

Charles J. Willoughby
Inspector General
D.C. Office of the Inspector General
717 14th Street, N.W.
Washington, D.C. 20005

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Dear Mr. Willoughby:

This is in response to your September 4, 2008, correspondence addressed to Mr. David Gagan, Chief Procurement Officer, Office of Contracting and Procurement regarding the D.C. Office of the Inspector General's Audit of the Solicitation and Award of the D.C. Automated Traffic Enforcement System Contract; Contract No. POFA-2006-C-0066. The Metropolitan Police Department (MPD), appreciates being given the opportunity to review the draft report of the subject document. The MPD takes its responsibilities related to all stages of contract relationships very serious, and we are anxious to ensure that this contract and our operations are in accordance with required policies and procedures.

The subject contract is administered by the Automated Traffic Enforcement Unit of the Department's Homeland Security Bureau, Special Operations Division. We appreciate the hard work that was required of the Office of Contracting and Procurement (OCP) in ensuring the award of this contract within the timeframe stipulated by the Council of the District of Columbia. That timeframe may have played a role in the OCP staff's failure to establish clear documentation of records throughout the process. However, I am sure that your staff is as committed as the MPD staff toward ensuring that we take greater action to ensure contract compliance. We are pleased that the administrative procedures that may not have been followed to the letter did not impact the overall outcome of the solicitation and award process. We also share the perspective that transparency, bound by sufficiently documented guiding principles are essential in maintaining the integrity and fairness of the evaluation process.

Thanks to you and your staff for your diligence in ensuring that MPD gets the best contract and procurement support possible.

Sincerely,

Cathy L. Laffier
Chief of Police

cc: David P. Gagan, CPO, Office of Contracting and Procurement

P.O. Box 1506, Washington, D.C. 20013-1606