

M E M O R A N D U M



SUBJECT: Progress on Two OIG Reports

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This is to provide information on the progress made as a follow up to two OIG Audit Reports, namely, Noncompetitive Contract Actions (OIG CA 16-001) and the Contract Closeout Process (OIG CA 16-002).

Noncompetitive Contract Actions Progress (OIG CA 16-001)

1.1 Use of Independent Cost Estimate

Response:

To ensure that the requisite data is included, PRMT has developed Standard Operating Procedure 16-09 to inform procurement personnel of the Independent Cost Estimate (ICE) requirements pursuant to Chapter VI, Section 6 of FTA Circular 4220.1F. This SOP contains an independent cost estimate form template with instructions and estimate guidelines. This form has individual estimate worksheets for professional and technical services, products and equipment, and an estimate guide for various services. Upon signing the form, the preparer of the cost estimate is acknowledging use of the most current and relevant data available. An inter-office memo will be circulated to communicate the SOP 16-09 to all program office employees who will be responsible for procurement actions to adhere to PRMT requirements and ensure compliance to ICE development, review and approvals. (See Attachment 1)

As part of the new Contract (CLM) software application implementation, the system enforces the standard template and pre-defined workflow for review and approval of the Independent Cost Estimate by PRMT and program office employees.

1.2 Training in awareness and use of the ICE

Response:

Training was scheduled to begin on June 7, 2016, for the monthly Contracting Officer Technical Representing (COTR). The COTR manual has been amended to include the ICE form and SOP 16-09 will be distributed. (See Attachment 1) As part of the Contract (CLM) software application implementation training all PRMT and customer employees will be taught to ensure signatures on the cost estimate form are present and

accounted for.

2.1 Review process for cost/price analysis monitoring

Response:

PRMT continues to use the expertise of the Office of Inspector General auditors to review cost and pricing details for offers submitted.

3.1 Documenting Procurement Actions

Response:

The CPRO has initiated a monthly audit of contracts by generating a report that reveals the contract number and description of any award or modification action that has not been fully digitized and uploaded to the system. All PRMT personnel have been 100% trained and being held accountable to digitize all relevant contract documentation in order to ensure zero loss of contract files. The CPRO also issued SOP 16-12, Standard Operating Procedure for Procurement Reporting. (See Attachment 2) The purpose of this SOP is to introduce guidelines for the duties and responsibilities of the Office of Procurement and Materials, the Chief Procurement Officer (CPRO), Contracting Officers, Contract Administrators, and Policy for drafting procurement reports.

As part of the CLM application, all procurement documents will be generated in the system and recorded automatically based on the business process rules. PRMT and program employees will be trained on how to use document generation, authoring, review and routing for approvals in the new system.

3.2 Training PRMT staff on maintenance of properly documenting files

Response:

The CPRO has issued several standard operating procedures to the PRMT staff to ensure the maintenance of properly documenting files. All PRMT personnel have been 100% trained and being held accountable to digitize all relevant contract documentation in order to ensure zero loss of contract files. SOP 14-10 required the digitation of contract files. (See Attachment 3) SOP 16-03 implemented the use of checklists for the required documents for a contract file. (See Attachment 4) As part of the CLM application, all procurement documents will be generated in the system and recorded automatically based on the business process rules. PRMT and program employees will be trained on how to use document generation, authoring, review and routing for approvals in the new system.

4.1 Regular review of delegation of authority limits and use of the authority

Response:

The CPRO issued SOP 15-01 which standardized the process to obtain a contracting authority warrant. (See Attachment 5) The SOP instituted the Contacting Officer's Warrant Authority Application Form. The form is multi-purpose and adaptable to a variety of transactions. Part A of the form lists the following: (1) Initial Warrant Application; (2) Increase Existing Warrant Authority; (3) Correction/Edit/Change of Existing Warrant or Warrant Record; (4) Deletion of Warrant Due to Administrative Termination; and (5) Deletion of Warrant Due to Termination for Cause. Part B of the form provides application submission instructions. The form along with the supporting documentation will be submitted to PRMT's Policy Branch. The warrant authority will be active for three years at the end of that period, the warrant holder must take refresher training conducted by PRMT.

Contract Closeout Progress (OIG CA 16-002)

1.1 Development of Policies for Effective and Efficient Closeout

Response:

The contract closeout process is critical to WMATA for meeting its procurement and fiscal responsibilities. PRMT drafted and implemented Standard Operating Procedure 16-02. (See Attachment 6) The purpose of this Standard Operating Procedure (SOP) is to ensure that PRMT and those responsible for contract administration perform standardized procedures to administratively close a contract after it is completed, including documenting and certifying that all services and deliverables are satisfactory and all costs have been settled. The SOP is based upon the procedures for contract closeout set forth in Chapter 18 sections 18 and 19 of WMATA's Procurement Procedures Manual (PPM) and Federal Acquisition Regulation (FAR) 4.804-5.

As part of the CLM application, contract agreement functionality can be utilized to setup the close procedures to plan and execute the close process in timely manner. All PRMT employees will be trained to utilize this functionality.

1.2 CLM Availability Agency

Response:

PRMT is in the process of reviewing the Contract Life Cycle Management (CLM) system to determine if it can facilitate the implementation of a contract closeout module for PRMT's use only.

As part of the CLM application, contract agreement functionality can be utilized to setup the close procedures to plan and execute the close process in timely manner. All PRMT employees will be trained to utilize this functionality.

1.3 Establish a process to ensure that COs comply with PPM for contract closeout.

Response:

PRMT updated Appendix A of the PPM. Appendix A contains 11 checklists for the preparation of a contract file. Contract Administrators must assemble all relevant written records for all procurements. These requirements are addressed in greater detail in P/I 8.7/2. The appropriate checklist must be completed by the Contract Administrator to ensure that the proper procurement processes have been followed, all considerations relevant to the procurement process have been addressed. To ensure compliance, PRMT drafted SOP 16-03 for dissemination to staff. (See Attachment 4) The purpose of this standard operating procedure is to issue documentation checklists for the following procurement actions: (1) contracts over \$150,000; (2) simplified acquisitions and (3) modifications to contracts.

1.4 Procedures for contracting officer to use status fields in PeopleSoft.

Response:

PRMT is in the process of determining if CLM can facilitate the contract lifecycle by implementing a contract closeout module to develop (1) procedures requiring COs to utilize the contract status field in PeopleSoft once a contract has reached the end of its lifespan and (2) a "Ready to be Closed" contract status in PeopleSoft.

2.1 Is the Capital Project Delivery Office (CPDO) contract closeout P&P not an issue for MCAP?

Response:

PRMT has developed an Authority-wide SOP for contract close-out, SOP16-02. (See Attachment 6) PRMT advised the CPDO leadership and staff about the newly developed close-out process. Currently, PRMT is working with them using the same forms and processes to manage the close-out process and has also conducted training with the CPDO

staff that performs the administrative close-out process. PRMT maintains the only official contract for review by FTA and DHS. The files maintained by CPDO provide internal departmental level checks and balances to ensure that the project has been completed. The main purpose of the CPDO files is for project management.