June 8, 2023

A REPORT BY THE OFFICE OF INSPECTOR GENERAL

OIG 23-007

Audit of WMATA's
Procurement Pre-Award Cycle Time

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EXECUTIVE SUMMARY

OIG conducted an audit of the procurement pre-award life cycle. The audit objective was to determine the effectiveness of controls over WMATA's procurement pre-award cycle time. The audit report identified three findings and 10 recommendations. The findings and the recommendations are meant to assist management in strengthening WMATA's procurement pre-award process.

The procurement pre-award life cycle encompasses all acquisition phases involved in obtaining goods and services, from defining business needs, including advance planning, pre-solicitation, and solicitation, to award.

For WMATA, lead times begin at the receipt of a "procurement ready package" from the program office. The maximum number of days set forth in WMATA's standard procurement administrative lead time ranges from 30 to 180 days based on the procurement type. OIG testing revealed the time to process these procurement requests ranged from a minimum of 190 days to a maximum of 654 days. Exceptions to the established lead time may be granted by the Chief Procurement Officer based on Procurement's workload and available resources.

OIG found that controls over WMATA's procurement pre-award cycle time require improvement. Specifically, WMATA:

▪ Exceeded Procurement Administrative Lead Time (PALT) for 80% of procurements reviewed and had incomplete acquisition planning and tracking provisions in place.
▪ Did not consistently document pre-award procurement actions in a centralized file system.
▪ Did not downward adjust purchase requisition (PR) amounts after award.

Contract award delays put WMATA at risk of not being able to procure mission-critical goods and services, such as: rail maintenance, inspection services, critical IT system maintenance and upgrades, and plant maintenance. In addition, a standardized storage method is necessary so that documents are available if there is a change in personnel, any disagreement over contract performance, and/or legal issues. Also, if the PR obligation amounts are not consistently adjusted after the contract award, funds are not made available to the department and used for other needs. For the procurements sampled and reviewed, approximately $2.6 million could have been adjusted and returned to the departments' budget.

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ABBREVIATIONS AND ACRONYMS

CLM	Contract Lifecycle Management
COTR	Contracting Officer Technical Representative
CTA	Chicago Transit Authority
D&F	Determination and Findings
GM/CEO	General Manager / Chief Executive Officer
FY	Fiscal Year
ICE	Independent Cost Estimate
IFB	Invitation for Bid
OIG	Office of Inspector General
PALT	Procurement Administrative Lead Time
PO	Purchase Order
PR	Purchase Requisition
RFP	Request for Proposal
RFQ	Request for Quote
SAM	System of Award Management
SOW	Scope of Work
TET	Technical Evaluation Team
WMATA	Washington Metropolitan Area Transit Authority

BACKGROUND

What is the Procurement Pre-Award Life Cycle?
The procurement pre-award life cycle encompasses all acquisition phases involved in obtaining goods and services, from defining business needs to award. Those phases are as follows:

- **Advance Planning or Acquisition Planning:** Procurement planning begins as soon as a program office identifies a need. Normally, this is well in advance of the fiscal year in which a contract award is required. The goal of procurement planning is to ensure that the Authority meets its needs in the most effective, economical, and timely manner consistent with Authority policy.

- **Pre-Solicitation:** In this phase, actions are taken that result in the Purchase Requisition (PR) ("requisition"), Scope of Work[1] (SOW), Independent Cost Estimate (ICE), and if applicable, Determination and Findings (D&F) for sole-source contracts.

- **Solicitation to Award:** During this phase, requirements are finalized so vendors can submit competitive bids. Examples of documented requirements for a solicitation include Request for Proposals (RFPs), Invitation for Bids (IFBs), or Request for Quotes (RFQs). Once bids are received and evaluated by a Technical Evaluation Team (TET), a vendor is selected, and a contract is awarded.

WMATA's Procurement Administrative Lead Time (PALT)
For WMATA, lead times begin at the receipt of the procurement ready package from a program office. A procurement ready package consists of a properly prepared, fully documented requisition, ICE, SOW/Specifications, and D&F, to include any applicable approvals. The maximum number of days allowed for WMATA's standard PALT ranges from 30 to 180 days based on procurement type, including simplified acquisitions and RFPs. Exceptions to the established lead time may be granted by the Chief Procurement Officer based on Procurement's workload and available resources.

Transit Agency Acquisition Planning and PALT Guidance
For other transit agencies, the PALT definition timeframes and tracking are varied. The Chicago Transit Authority (CTA) tracks from pre-solicitation through award through a quality assurance surveillance plan by procurement type (i.e., Professional Consulting Services, RFP, IFB, Sole Source, and Letters of Interest). Also, CTA has a separate project management group outside of its procurement group that tracks PALT and identifies recommendations on the PALT process. For the TET review of potential vendors prior to selection, CTA provides a range of 3 to 40 days to complete this subprocess within the pre-award process. For a table summary of CTA's PALT quality assurance surveillance plan timeframes, see Table 1:

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[1] Also referred to as Statement of Work or specifications.

Table 1 – CTA PALT Quality Assurance Surveillance Plan Timeframes by Procurement Type

#	Phase	Suggested Timeframe				
		Professional Consulting Services	RFP	IFB	Sole Source	Letters of Interest
1	Process Timeframe	2 Months	4-6 Months	3-5 Months	8-12 Months	4-6 Months
2	Pre-Solicitation Phase: SOW, ICE, And Funding Information (Purchase Requisition) Development	Part of Tracking, but no Suggested Timeline	Part of Tracking, but no Suggested Timeline	Part of Tracking, but no Suggested Timeline	47 days	Part of Tracking, but no Suggested Timeline
3	Solicitation Phase: Solicitation Package, Diversity Compliance Review, Buy America Review (If applicable), Final Recommendation Review or Sole Source Purchasing Process	26 days (3 days for TET Review)	207 days (27 days for TET Review)	248 days (30 for days TET Review)	123 days	157 days (22 for days TET Review)

The Los Angeles Transit Authority tracks procurement lead times similarly to WMATA and federal government agencies. Those are from solicitation to award and do not include pre-solicitation.

Federal Acquisition Planning and PALT Guidance

Federal PALT guidance provides implementation guidance from acquisition planning to solicitation proposal receipt. It suggests a "frictionless strategy" and "acquisition actions" to reduce PALT through the development of an acquisition plan, formation of an acquisition team, conducting market research, developing a cost estimate, preparing work statements, developing quality assurance surveillance plans, engaging industry (engaging vendors), and developing a "post" requirements package.

For federal government agencies, PALT is tracked starting from the solicitation phase to the award. Although pre-solicitation is integral to the procurement cycle, it is not standardized among different procurement areas or "categories" (e.g., IT, business

operations, construction), making it difficult to measure and compare among different categories. Therefore, it is not part of the federal PALT definition.

PeopleSoft Contract Lifecycle Management (CLM)

CLM supports WMATA's contract management activities for pre-solicitation. According to the PeopleSoft Manual, "CLM provides a framework to create and manage the transactional procurement contracts used for executing purchases, as well as providing robust document management authoring capabilities to create and manage the written contract document using Microsoft Word." The system also provides a structured method to develop and manage the contract clause library and the procurement workflow life cycle and approval processing for documents.

AUDIT OBJECTIVE

The audit objective was to determine the effectiveness of controls over WMATA's procurement pre-award cycle time.

FINDINGS AND RECOMMENDATIONS

Finding 1 – PALT Timeline Exceeded/Incomplete Acquisition Planning & Tracking

For 24 of 30 (80%) procurement actions reviewed, the time to execute a procurement request from the "procurement ready package" to award exceeded WMATA's PALT timeline. The total contract amount of the 30 procurements actions reviewed, in aggregate, was $50.6 million. (See a listing of contracts reviewed in Appendix B). The reasons WMATA's PALT was not met included incomplete SOWs, technical difficulties with CLM, and staffing. Contract award delays create a risk that procurements will be delayed and affect WMATA's operations.

What is Required

WMATA Acquisition Planning Guidance

Procurement's Best Practices Manual requires departments to engage in advance procurement planning. Advance procurement planning begins as soon as a program office identifies a need, which is normally well in advance of the fiscal year in which a contract award is required. The goal of procurement planning is to ensure that the Authority meets its need(s) in the most effective, economical, and timely manner consistent with Authority policy. Advance procurement planning is necessary to allow adequate time for:

- Conducting market research.
- Evaluating commercially available solutions, including industry standard terms and conditions.
- Reviewing requirements and obtaining clarifications to avoid duplicative goods or services.
- Finding the business solution that best meets the customer's needs.
- Developing and issuing the solicitation, including the development of evaluation criteria specific to the procurement.
- Vendors to prepare and submit bids or proposals.
- Evaluating the bids/proposals and award of a contract.

WMATA's PALT

According to Procurement's Best Practices Manual, Section 4-24, WMATA's standard lead times range from 30 to 180 days due to procurement type and dollar threshold. Table 2 below, summarizes WMATA's PALT:
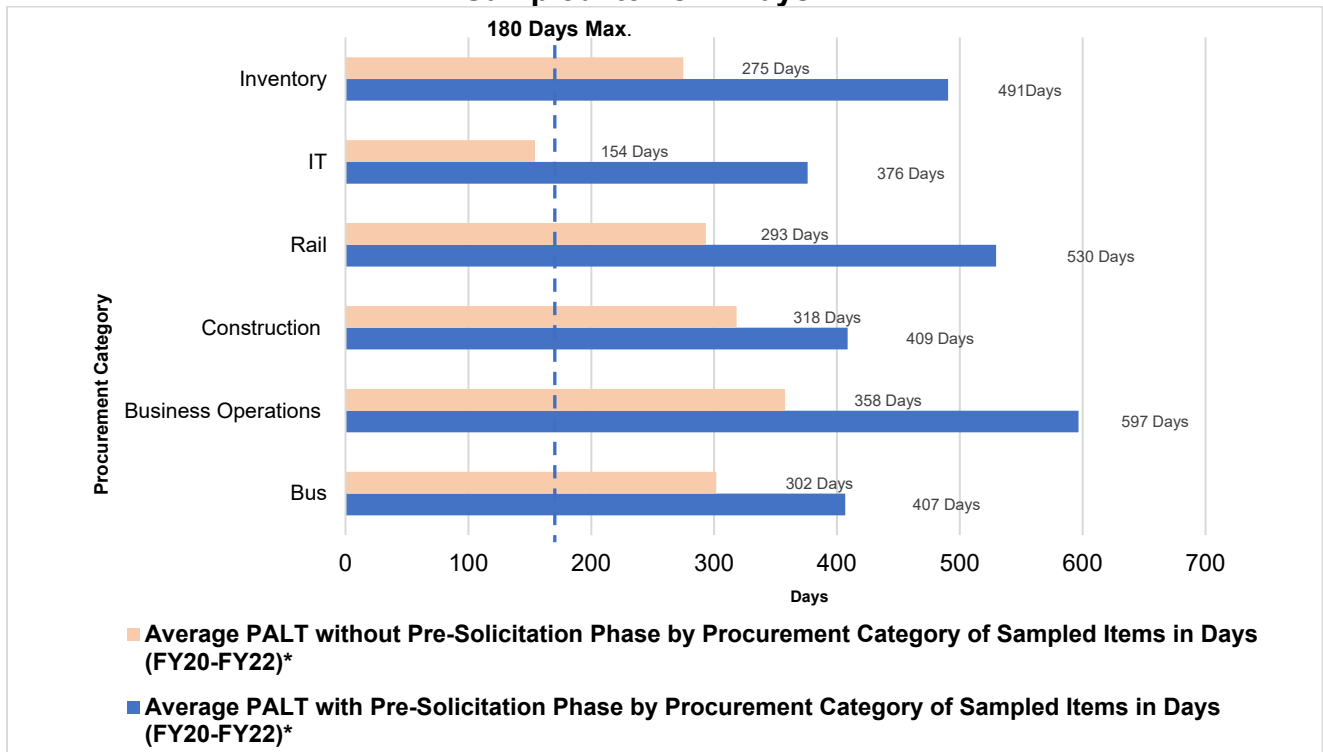
Table 2 – WMATA's PALT

Procurement Type	Dollar Value	Lead Time Range (Calendar Days)
Under $250,000 Using Simplified Procedures	$0 – $10,000	Purchase Card
	$10,000 and above	30-45 days
Under $250,000 Using Simplified Procedures	Any Amount as Simplified Purchase	30-45 days
Blanket Purchase Agreement (BPA)	Any Amount	30-45 days
Task Orders Under Indefinite Delivery Contracts	Any Amount	30-45 days
Formal Procurement Procedures Sealed Bids Invitation for Bids (IFB)	Any Amount	60-90 days
Competitive Proposals Request for Proposals (RFP)	Any Amount	90-180 days
Delivery Orders/Task Orders issued off WMATA IDIQ or Requirements Type Contracts	Any Amount	30-60 days
Non-Competitive Actions Other Than Full and Open Competition (e.g., sole source, urgent actions)	Any Amount	30-90 days
Delivery Orders/Task Orders	Any Amount	30-60 days
	Any Value	30-60 days

What We Found

Actual Procurement Timeline Exceeded WMATA PALT

For 24 of 30 (80%) procurement items reviewed, the time to execute a procurement request from the procurement ready package to award exceeded WMATA's PALT timeline. The amount of time to process these procurement requests ranged from a minimum of 190 days to a maximum of 654 days. For 30 of 30 procurement items reviewed, the timeline from the initial request, including the pre-solicitation phase to award, ranged from a minimum of 250 days to a maximum of 871 days. The sample selection included all procurement types, such as IFB, RFQ, Sole Source, and Task Orders. For WMATA's Average PALT by Procurement Category OIG sampled items from FY2020 through FY2022, see Chart 1:

Chart 1 – WMATA Average PALT by Procurement Category for Sampled Items in Days:

180 Days Max.

Procurement Category	Average PALT without Pre-Solicitation	Average PALT with Pre-Solicitation
Inventory	275 Days	491Days
IT	154 Days	376 Days
Rail	293 Days	530 Days
Construction	318 Days	409 Days
Business Operations	358 Days	597 Days
Bus	302 Days	407 Days

■ **Average PALT without Pre-Solicitation Phase by Procurement Category of Sampled Items in Days (FY20-FY22)***

■ **Average PALT with Pre-Solicitation Phase by Procurement Category of Sampled Items in Days (FY20-FY22)***

* Note: The difference between Average PALT without Pre-Solicitation and Average PALT with Pre-Solicitation was made up of the steps from initial request to Procurement Ready Package.

WMATA's Pre-Award/PALT Guidance Differs from Federal PALT

WMATA's PALT timeline establishes lead times only based on procurement type and has timeframes ranging from a 30-day minimum to a 180-day maximum. Also, Procurement's Best Practices Manual has a very high-level description of "Advanced Planning" that is required to take place during Pre-Award, but does not go into detail about outputs or steps that should take place in "Advanced Planning" prior to the solicitation phase, unlike Federal PALT guidance.

Contract Managers from each Procurement Category stated that advanced planning was not a consistent or mandatory practice across the procurement categories. Although PeopleSoft CLM training includes some guidance for performing "Advanced Planning" and "Pre-solicitation" duties, the CLM training did not include detailed guidance on developing a SOW or ICE.

WMATA's Pre-Award/PALT Tracking Differs from Other Transit Agencies

In comparison to CTA's PALT guidance, WMATA's PALT is a more general timeline and does not have a quality assurance surveillance plan. CTA's PALT has a detailed breakdown of the procurement actions required to complete a purchase request, including a suggested timeframe to complete each action. This plan could help program and procurement personnel gain an overall understanding of what is expected and help them track each activity. For the TET review of vendors, there was no evidence that this was consistently tracked electronically in PeopleSoft.

The following table compares PALT guidelines among WMATA, CTA, and Federal Government agencies:

Table 3 – PALT Guideline Comparison Among WMATA, CTA, and Federal Agencies

#		WMATA PALT	CTA PALT	Federal Agency PALT
1	Timeframe Range	30-180 Days	60-365 Days	30-365 Days
2	Factor that Determine Timeframe	Procurement Type	Procurement Type	- Total Acquisition Value, - Services vs. Goods, and - Base Contract vs. Modification

CLM Series Workflow vs. Simultaneous Workflow

According to WMATA Program Offices, the CLM system only allows program office personnel to update required procurement documentation for the CLM system in a "series workflow".[2] rather than being able to draft and update required documentation simultaneously prior to approval, causing a delay in the pre-award process.

According to the PeopleSoft Manual, the PeopleSoft approval framework can be used to create new approval processes. For managing document life cycles, PeopleSoft allows the user to "check out" multiple files, but each one must be opened and saved individually.

Why This Occurred

The reasons this occurred were:

- Program Offices were not informed by Procurement that their SOWs were incomplete.

- Procurement noted that professional technical writers were needed for technical SOWs and specifications, but Procurement did not hire the writers.

- For complex contracts, in some instances, there were numerous vendor candidates (10 or more) and the TET review took longer because they had to review many proposals.

- There were instances when not enough or no vendors responded to the open solicitation, and Procurement had to re-solicit the procurement.

- According to Procurement and program office personnel, there were difficulties with the PeopleSoft CLM system because it was not designed to allow the upload of required pre-award documents simultaneously, and some required pre-award documents were too large for CLM.

- Procurement stated it was understaffed, overloaded, and, as a result, had "competing priorities" when performing work. In addition, according to Procurement, the

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[2] Series Workflow is defined as sub-tasks for pre-award. For example, PR, SOW, ICE, and Insurance, cannot be performed simultaneously, but only in series. Program offices complained they cannot work simultaneously on sub-tasks to help the process move forward but instead had to wait on electronic approvals.

Procurement categories (i.e., IT, Bus, and Rail) were understaffed by 30 percent. According to a program office personnel, although there were 20 purchase requests in the queue, they could only get one through due to the staffing shortage.

Recommendations

We recommend the GM/CEO:

1. Update Contracting Officer Technical Representative training to include acquisition planning and what is required of the program office for the pre-solicitation phase.

2. Update WMATA PALT policy to account for complex procurements, similarly to other transit agencies or Federal PALT guidelines for the following:

   - Include different PALT breakouts for supplies versus services.
   - Include PALT breakout by dollar amount.
   - Include different PALT for base contracts versus modifications to contracts.

3. Update WMATA PALT policy to include quality assurance surveillance plans to track PALT and procurement actions within the WMATA procurement pre-award process.

4. Modify the PeopleSoft to allow for TET review tracking and update PeopleSoft CLM to allow simultaneous workflow.

5. Assess and expand the use of professional scope writers for complex procurements across procurement categories.

Finding 2 – Inconsistent Pre-Solicitation-to-Award Procurement File Document Retention

Pre-award documentation within contract files was incomplete and key pre-award activities were not always performed. This occurred because contract files were not maintained in a centralized repository. In addition, there is no guidance on succession knowledge transfer or document retention when a Procurement or program office employee transfers within or separates from WMATA. In addition, a standardized storage process is necessary so that documents are available if there is a change in personnel, a disagreement over contract performance, and/or litigation.

What is Required

According to Procurement's Best Practices Manual, documentation maintained in contract files shall be sufficient to constitute a complete history of the transaction for the following purposes:

- Provide a complete background as a basis for the decisions made at each step of the procurement process.
- Support actions taken.
- Provide information for reviews and investigations.
- Furnish essential facts in the event of litigation.

Files to be established include, but are not limited to:

- A file for each contract.
- A file for canceled solicitations.
- A separate Contracting Officer's Technical Representative or Contracting Officer's Representative file.

Procurement's contract file documents the basis for the procurement and the award, the assignment of contract administration (including payment responsibilities), and any subsequent action taken by the contracting office. Files shall be maintained at organizational levels to ensure the following:

- Effective documentation of contract actions.
- Ready accessibility to principal users.
- Minimal establishment of duplicate and working files.
- Safeguarding of confidential documents.
- Conformance with any procedures for file location and maintenance.

According to Procurement's Best Practices Manual, the following PALT and/or pre-award related documents should be in the contract file:

1. **SOW:** SOW should include, at a minimum: Introduction; Background; Objectives; Deliverables; Performance and Acceptance Criteria; Technical Specifications; Performance Schedule; and Location of work and any constraints.

2. **ICE:** As part of the advance procurement planning process, the program office must provide an ICE to the Contracting Officer or designee with every procurement action. ICE represents the Authority's best estimate of the most current price for the supplies, services, or construction being procured.

3. **D&F:** If applicable, a written D&F reviewed and approved by the Chief Procurement Officer and General Counsel for the following reasons: 1) only one responsible bidder or proposer; 2) unusual and compelling urgency; 3) single bid; 4) unsolicited proposal; 5) excluding a particular source from competition; 6) limited competition; 7) continued development or production of a major system or continued provision of highly specialized services; or 8) purchasing a part from a specific manufacturer in order not to void a warranty.

4. **TET Review Report:** A report that justifies the ranking of each firm by including a description of the discussions and evaluation conducted by the TET to allow the Contracting Officer to review the considerations upon which the recommendations are based.

5. **Cost/Price Analysis:** A analysis of the cost or price for every procurement action, including contract modifications/change orders.

6. **System of Award Management (SAM) Verification:** The SAM is used for registering to do business with the federal government, listing contract opportunities, capturing contractor performance, viewing contract data, searching assistance listings, reporting subcontracts, etc. Procurement personnel shall consult the SAM before soliciting an offer from or consenting to a subcontract. The result of the SAM search must be documented in the contract file.

7. **Insurance provisions approved by the Office of Risk Management:** Insurance and indemnification provisions in equipment, supply, and service contracts in accordance with procedures established by the Office of Risk Management and approved by the Chief Procurement Officer.

According to Procurement's Best Practices Manual, a central file system is established to ensure the ability to locate contract files. Bid or proposal information and source selection information must be protected from disclosure to unauthorized persons. The Authority may retain contract files in any medium (paper, electronic, etc.) or any combination of media, provided the requirements of this section are satisfied.

According to WMATA's Records Management Manual, the retention period for procurement documentation pertaining to routine procurement of services, supplies, etc., is 3 years, after which the documentation is retired to the Records Center. Documentation can be destroyed 2 years after retirement to the Records Center.

What We Found

Key internal control procedures identified and reviewed for the procurement pre-solicitation and solicitation process were not documented. The contract files Procurement provided to

OIG were incomplete and required OIG to request pertinent contract documents from several additional sources – the Contract Officer or Contract Administrator and, in some cases, even requested documentation from the responsible program office. Documentation that was never provided to OIG is summarized below.

Table 4 – Contract Documents Not Provided

#	Finding Item	Number of PRMT Requests
1.	SOW	7 of 42 (17%)
2.	ICE	8 of 42 (19%)
3.	D&F for sole source procurements	4 of 15 (27%)
4.	TET review	9 of 15 (60%)
5.	Cost/Price Analysis	28 of 36 (78%)
6.	SAM Verification	28 of 42 (67%)
7.	Insurance provisions approved by the Office of Risk Management	7 of 24 (29%)

Why This Occurred

The reasons this occurred were:

▪ Either a Contract Administrator, Contracting Officer Technical Representative, or program office personnel helping with monitoring the procurement had left WMATA; there was no mandatory workforce or succession plan policy to follow when transferring documentation to incoming personnel prior to an employee leaving or retiring. Additionally, the program office did not retain historical information on previous procurements that would have been helpful. Institutional knowledge was not documented or retained, but was lost.

▪ Separations Policy and Checklist (P/I 7.3.3/4) contains guidance on retaining documentation for document preservation requests, but not existing ongoing contract documentation.

▪ Based on documentation obtained for review, Procurement and program offices did not consistently use the procurement central file system, PeopleSoft Purchasing, and PeopleSoft CLM for centrally keeping records of the complete conformed contracts.

Recommendations

We recommend the GM/CEO to:

6. Identify one official repository for contract information and documentation so that if there is a separation from employment, the files can be easily identified.

7. Develop succession planning ("knowledge transfer") guidance in Procurement's Best Practices Manual for procurement documentation across the Authority.

8. Update the "Separation from Employment" (P/I 7.3.3/4), Appendix A: Administrative Responsibilities for Employee Separation to retain routine procurement documentation.

9. Determine if there are any barriers or challenges that may prevent full utilization of PeopleSoft CLM and address those barriers and challenges.

Finding 3 – Funds Committed to Purchase Requisition Were Not Changed Based on Purchase Order Amounts

During OIG's review we found instances where excess funds committed to purchase requests were not used yet and the funds were not adjusted to be returned to the department for other use. For 10 of 30 (33%) procurement items reviewed, the purchase requisition (PR) was higher in dollar amount than the awarded PO amount. A PR is defined as a commitment transaction prior to the obligation of funds. Circumstances can change requiring the PR to be adjusted. In our sample, PRs were not adjusted because there was no established PR adjustment and threshold guidance. As a result, for the procurements sampled and reviewed, almost $2.6 million could have been adjusted and returned to departments' budgets or for other procurement needs.

What is Required

According to Procurement's Best Practices Manual, the Procurement Department accepts a program office's "procurement ready package" for a purchase request, if the requisition is properly prepared and approved, including other required pre-solicitation documentation.

According to the PeopleSoft Manual, commitment control allows tracking and controlling commitments, obligations, and expenditures. Users can track for encumbrance accounting, as well as check validation against predefined, authorized budgets. Commitment control enables large portions of the accounting control process to be automated.

What We Found

For 10 of 30 procurement items reviewed, the PR was higher in dollar amount than the awarded PO amount by almost $2.6 million.

Table 5 – Downward Adjusted Requisition Amounts

Requisition	Requisition Amount	Actual Contract Award Amount	Difference	Percentage Difference: Requisition Amount to Contract Award
1			$142,476.00	
2			$1,585,760.00	
3			$179,700.00	
4			$1,795.28	
5			$2,730.57	
6			$50,100.00	
7			$83,950.09	
8			$446,292.22	
9			$33,377.00	
10			$43,664.20	
		Total:	$2,569,845.36	

According to Procurement, if the Contracting Officer deems the PR to be "significantly" higher than the awarded PO amount, the PR chart fields are updated to match the PO amount similarly to how the original PR was prepared and approved in the system. However, it is based on the Contracting Officer's discretion.

Why This Occurred

The reasons this occurred were:

- **No PR adjustment guidance:** Although Procurement does have guidance on creating chart field accounting lines for the initial PR commitment transaction and awarded PO obligation transaction, there was no guidance on adjusting or editing the PR based on changes.

- **No "significant difference" threshold:** There is no established guidance on what is considered a significantly higher PR than the PO, which would trigger a requirement to make an adjustment in the system.

Recommendation

We recommend the GM/CEO:

10. Update Procurement policies and procedures, or related job aids, to include a PR adjustment transaction at PO award. In addition, include a PR adjustment transaction for each PO award obligation transaction that takes place.

Response Due Date

Please respond directly to OIG addressing each recommendation made by May 9, 2023.

SUMMARY OF MANAGEMENT'S RESPONSE

OIG received WMATA's comments on May 9, 2023 (Appendix C). WMATA Management concurred with the findings and recommendations. The Executive Vice President/Chief Financial Officer (EVP-CFO) also concurred with the findings and recommendations and has initiated actions to address the recommendations in this report.

For recommendations 9 and 10, OIG reviewed the responses and did not see estimated completion dates. OIG followed up with the Office of Procurement and they provided estimated completion dates for the two recommendations as follows:

- **Recommendations 9:** The recommendation relating to addressing challenges of CLM has a completion date of "at least a year out" from the date of this audit report, which was June 30, 2024.

- **Recommendation 10:** The recommendation relating to the purchase requisitions has a completion date of December 31st, 2023.

SCOPE, AND METHODOLOGY

Scope

The scope of the audit was WMATA's procurements, category-wide, from FY 2020 to 2022, specifically from pre-solicitation to award.

Methodology

To achieve our audit objective, our audit methodology was as follows:

- Researched background information about WMATA's pre-solicitation to award process by reviewing WMATA's PALT policies and procedures, WMATA Board Resolutions, WMATA Procurement Memorandums, Federal procurement and PALT implementation guidance from Federal Transit Administration and Office of Management and Budget, and Transportation Industry Best Practices from the American Public Transportation Association.

- Reviewed prior audits from external agencies who performed similar procurement administrative lead time audits.

- Performed interviews, walkthroughs, and follow-up discussions with WMATA Procurement and program office personnel to gain an understanding of WMATA's procurement pre-solicitation to award process, PALT process, and specific WMATA purchase requests/procurements.

- Performed interviews with external agencies – CTA, Los Angeles Transit Authority, and the General Services Administration – to obtain insight, best practices, and background on their PALT processes.

- Documented WMATA's pre-solicitation to award process with a narrative, flowchart, and risk control matrices. Identified and documented key process internal controls for WMATA's pre-solicitation to award process related to PALT.

- Obtained WMATA procurement action population, performed data analysis, and selected a judgmental sample of WMATA procurements to review and analyze controls over the pre-solicitation to award process related to PALT. The sample selection method was based primarily on purchase requests with the highest days between request date and PO award date that were above 180 days. OIG selected supplemental "spot check" samples for potential "split" procurements, "negative" PALT date ranges, and cancelled purchase requests.

- For the sample selected, OIG reviewed the design effectiveness and operating effectiveness of procurement administrative time process internal controls. Specifically, OIG reviewed SOW, ICE, PR, D&F, Office of Management and Budget Approval,

WMATA General Counsel Approval, Office of Risk Management Approval for Insurance, and the TET Review.

Generally Accepted Government Auditing Standards Statement
We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

CONTRACTS REVIEWED

Sample #	Procurement Request #	Contract ID / Purchase Order ID	Title	Actual Contract Value	Request Date	Package Acceptance Date	PO Award Date	PALT Days W/O Pre-Solicitation Phase	PALT Days W/ Pre-Solicitation Phase
1					01/14/2020	6/9/2020	11/18/2021	527	674
2					08/02/2021	9/3/2021	7/20/2022	320	352
3					07/14/2021	3/7/2022	5/17/2022	71	307
4					09/22/2021	9/27/2021	7/13/2022	289	294
5					02/24/2020	9/28/2020	7/14/2022	654	871
6					08/06/2019	11/23/2020	8/10/2021	260	735
7					07/17/2020	9/28/2021	7/7/2022	282	720
8					11/09/2020	12/16/2020	2/13/2022	424	461
9					12/29/2020	8/6/2021	3/2/2022	208	428
10					02/23/2021	8/3/2021	3/15/2022	224	385
11					07/09/2020	11/2/2020	7/22/2021	262	378
12					09/15/2021	4/29/2022	5/31/2022	32	258
13					11/12/2019	8/18/2020	10/13/2021	421	701
14					09/15/2020	7/26/2021	10/13/2021	79	393
15					09/20/2021	6/9/2022	6/30/2022	21	283
16					10/19/2021	1/28/2022	6/30/2022	153	254
17					10/22/2021	3/24/2022	6/29/2022	97	250
18					09/01/2019	4/5/2021	12/30/2021	269	851
19					09/01/2019	8/18/2020	10/6/2021	414	766
20					03/06/2020	9/30/2020	1/11/2022	468	676

Sample #	Procurement Request #	Contract ID / Purchase Order ID	Title	Actual Contract Value	Request Date	Package Acceptance Date	PO Award Date	PALT Days W/O Pre-Solicitation Phase	PALT Days W/ Pre-Solicitation Phase
21					02/24/2020	11/12/2020	10/26/2021	348	610
22					12/12/2019	2/5/2020	8/2/2021	544	599
23					08/10/2020	3/5/2021	10/6/2021	215	422
24					08/20/2021	8/26/2021	4/29/2022	246	252
25					01/15/2021	8/2/2021	6/2/2022	304	503
26					02/22/2021	4/9/2021	6/9/2022	426	472
27					02/12/2021	4/9/2021	3/28/2022	353	409
28					09/24/2021	11/24/2021	6/2/2022	190	251
29					12/03/2019	5/21/2020	9/15/2021	482	652
30					07/12/2021	3/30/2022	6/6/2022	68	329

MANAGEMENT'S RESPONSE

M E M O R A N D U M

![M metro logo]

SUBJECT: OIG Audit Report: Audit of WMATA's Pre-Award Cycle Time

DATE: May 9, 2023

T. Suzette Moore, CPPO, CPPB, NIGP-CPP
Digitally signed by T. Suzette Moore, CPPO, CPPB, NIGP-CPP
Date: 2023.05.11 15:24:38 -04'00'

FROM: Senior Vice President/Chief Procurement Officer – T. Suzette Moore

THRU: Executive Vice President/Chief Financial Officer – Yetunde Olumide

Yetunde Olumide
Digitally signed by Yetunde Olumide
Date: 2023.05.11 11:07:25 -04'00'

TO: Inspector General – Rene Febles

The Office of Procurement and Materials (Procurement) and WMATA's management team have carefully reviewed the Office of Inspector General's (OIG) Audit Report, "Audit of WMATA's Procurement Pre-Award Cycle Time," dated April 13, 2023. Procurement generally agrees with OIG's recommendations to improve controls over WMATA's pre-award cycle time with the understanding that the 30 contracts sampled were a small representation of the total workload handled during the audit period. During the audit period Procurement processed 6,096 requests resulting in the award of more than 20K purchase orders totaling $7.7B.

In reference to OIG Appendix B, it appears information is inconsistent with management records therefore, a review of all the records was conducted and comments are provided in Attachment A. The summary column in Attachment A explains the rationale for exceeding the Procurement Administrative Lead Time (PALT) and identifies in some instances where the PALT was not exceeded. However, as discussed below, management agrees with all, recommendations in the report, with the exception of recommendation 10 and plans to take the corrective actions described below.

1. **Update Contracting Officer Technical Representative training to include acquisition planning and what is required of the program office for the pre-solicitation phase.**

   Response
   Management agrees with this recommendation and will update the Contracting Officer's Technical Representative (COTR) training to include acquisition planning and what is required of the program office for the pre-solicitation phase.

   Procurement will enhance the COTR Training program to emphasize the importance of the program office's responsibility for developing specifications, statements of work, providing an independent cost estimate,

Washington Metropolitan Area Transit Authority

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applicable justifications, competition timeframes, and determining delivery dates subject to management approvals established by the Board and General Manager and Chief Executive Officer. Training will reinforce the importance of procurement planning to ensure that the Authority meets its need(s) in the most effective, economical, and timely manner consistent with Authority policy. Advanced procurement planning begins as soon as a program office identifies a need, which generally is well before the fiscal year in which a contract award is required. This action will be completed by July 31, 2023.

2. **Update WMATA PALT policy to account for complex procurements, similarly to other transit agencies or Federal PALT guidelines for the following:**
   a. **Include different PALT breakouts for supplies versus services.**
   b. **Include PALT breakout by dollar amount.**
   c. **Include different PALT for base contracts versus modifications to contracts.**

Response
Procurement Administrative Lead Times (PALT) are not a requirement of the Federal Transit Administration. However, Management agrees the PALT should be broken down by procurement method (i.e., IFB, RFP). The PALT is an estimate of the number of days required to complete the actions leading to contract award. Several unknown variables can affect the timeline (i.e., unfair competitive advantages, restrictive specifications, exceptions to the Terms and Conditions, lengthy negotiations, protests, funding issues, setting the vendor up in the Supplier Portal, vendor delays, etc.). Further, the PALT is subject to staff workload and available resources. The biggest hurdle to awarding contracts on time is poorly written Statements/Scopes of Work (SOWs) which could be improved with training and hiring professional scope writers or other technical staff. Moreover, in partnership with the EnoMax program, Procurement is researching the feasibility of an Administrative Contract Management (ACM) team within Procurement, that serves as the COTR in all business units. Specifically, this new team would assist departments with SOW creation and submission. Notwithstanding the aforementioned, Management will continue to evaluate how PALT can be improved and work toward establishing any efficiencies to reduce this

performance indicator. While this will be an ongoing effort, the initial improvements will be completed by December 31, 2023.

3. **Update WMATA PALT policy to include quality assurance surveillance plans to track PALT and procurement actions within the WMATA procurement pre-award process.**

   Response
   Management agrees with this recommendation, and Procurement is currently soliciting a vendor to provide Enterprise Resource Planning (ERP) software and system integration services, including quality assurance surveillance plans to track PALT and procurement actions within the WMATA procurement pre-award process.

   In the interim, Procurement plans to monitor PALT via dashboard reporting with indicators to alert the appropriate parties when requests are approaching PALT timeframes. The dashboard reporting will include the following elements:
   - Aging Report – shows aged requests by phase to help identify potential issues
     - Initiation – CLM Entry in Progress
     - Initiation – Pending Contract Administrator (CA) assignment
     - Pre-Solicitation – Request assigned to a CA but not yet accepted by Procurement
     - Solicitation – Request accepted by Procurement but not yet awarded
   - Procurement Details – shows available details from CLM's Pre-Solicitation Management module, including Purchase Request Number (PRN) Approval Status Details.

   This action will be completed by August 31, 2023.

4. **Modify PeopleSoft to allow for TET review tracking and update PeopleSoft CLM to allow simultaneous workflow.**

   Response
   Management agrees with this recommendation, and Procurement is currently soliciting a vendor to provide Enterprise Resource Planning (ERP)

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software and system integration services, allowing for TET review tracking
and simultaneous workflow. We are avoiding adding enhancements to the
current system due to the solicitation in process; however, we acknowledge
that TET very well could cause a delay based on program staff availability,
the complexity of the procurement, and the number of proposals received.
As previously noted in response to recommendation 2, Procurement will
develop a dashboard to monitor the various phases of the pre-award cycle.
This action will be completed by August 31, 2023.

5. **Assess and expand the use of professional scope writers for complex
procurements across procurement categories.**

   <u>Response</u>
   The Procurement Best Practices Manual, Chapter 3-2 (a), states that the
   program office is responsible for preparing the specification, purchase
   description, or SOW and submitting it to Procurement with their purchase
   request. However, as noted in response to OIG recommendation 1,
   Procurement is enhancing COTR training to address the development of
   SOWs. Additionally, as mentioned in recommendation 2, Procurement is
   researching the feasibility of an Administrative Contract Management (ACM)
   team, within Procurement, that serves as the Contracting Officer's Technical
   Representative (COTR) in all business units. Specifically, this new team
   would assist departments with scopes of work (SOW) creation and
   submission.

6. **Identify one official repository for contract information and
documentation so that if there is a separation from employment, the
files can be easily identified.**

   <u>Response</u>
   Management agrees with this recommendation, and Procurement is
   currently soliciting a vendor to provide Enterprise Resource Planning (ERP)
   software and system integration services for the functions of Finance,
   Procurement, Human Capital Management (HCM), Learning Management,
   and Technology. Specifically, the new system will serve as the Central
   Contract Repository to maintain contract files so that the files can be easily
   identified if there is a separation from employment.
   In the interim, Procurement is pursuing a system solution to achieve scalable

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and measurable improvements in 1) Solicitation Centralization and Management; 2) Procurement Solicitation Process; and 3) Contract Management. Proposals are currently under evaluation by the TET. Moreover, in an effort to complement the new system solution, Procurement's Policy team will establish an official repository for contract information and documentation on its network drive, based on Procurement's monthly awards reporting vehicle. This action will be completed by July 15, 2023.

7. **Develop succession planning ("knowledge transfer") guidance in Procurement's Best Practices Manual for procurement documentation across the Authority.**

   Response
   Management agrees with this recommendation, and Procurement has developed a Contract Administrator Exit Assessment to summarize the various stages of procurements assigned to departing Contract Administrators. The Exit Assessment shall be reviewed and signed by the Category Manager as well as the Contract Administrator at least three (3) weeks prior to the Contract Administrator's separation from the Office of Procurement and Materials. This "Exit Assessment" will be maintained within the identified contract repository. This action will be completed by September 30, 2023.

8. **Update the "Separation from Employment" (P/I 7.3.3/4), Appendix A: Administrative Responsibilities for Employee Separation to retain routine procurement documentation.**

   Response
   Management agrees with this recommendation, and the updates to the P/I are underway. P/I updates began in 2022 as the P/I was pending a triennial review in 2023. We have updated the current draft to Appendix A to include a reference to Procurement personnel and documentation. The update of the P/I is subject to the WMATA internal review and approval process. We will update the response with the timeframe for completion at a later date.

9. **Determine if there are any barriers or challenges that may prevent full utilization of PeopleSoft CLM and address those barriers and challenges.**

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Response
Management agrees with this recommendation and has determined that
many barriers and challenges prevent the full utilization of PeopleSoft CLM.
Management is addressing those barriers and challenges by soliciting a
vendor to provide Enterprise Resource Planning (ERP) software and system
integration services for the functions of Finance, Procurement, Human
Capital Management (HCM), Learning Management, and Technology. This
action is contingent upon acquiring and deploying the new ERP system.

10. **Update Procurement policies and procedures, or related job aids, to
include a PR adjustment transaction at PO award. In addition, include
a PR adjustment transaction for each PO award obligation transaction
that takes place.**

Response
Management agrees with this recommendation. However, it is the
requestor's (program office) responsibility to contact the requisite CA to
request that the funds be released back to the project. Purchase Orders
include a finalization flag that, when checked, will release funds from the
requisition back to the project budget once it has been budget checked and
saved. The Procurement department will follow up with respective program
offices.

Attachments

cc: GM/CEO – Randy Clarke
       Senior Executive Team
       VP Chief Risk & Audit Officer - Elizabeth Sullivan

List of Attachments
1. Appendix A - Table of Rationale for Exceeding PALT
2. Appendix B – EnoMax 2023 Business Project

ATTACHMENTS INTENTIONALLY OMITTED

TO REPORT FRAUD, WASTE, OR ABUSE

Please Contact:

Email: hotline@wmataoig.gov

Website: wmataoig.gov/hotline-form/

Telephone: 1-888-234-2374

Facsimile: 1-800-867-0649

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Office of Inspector General
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