

GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF CONTRACTING AND PROCUREMENT



Fiscal Year 2017 Performance Oversight Hearing

Testimony of
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Director

Before the
Committee of the Whole
Council of the District of Columbia
The Honorable Phil Mendelson, Chairman

John A. Wilson Building
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Good morning, Chairman Mendelson and Council members. I am George Schutter, the director of the Office of Contracting and Procurement and Chief Procurement Officer of the District of Columbia. Thank you for inviting me to testify on behalf of Mayor Muriel Bowser in today's hearing to discuss the activities and accomplishments of the Office of Contracting and Procurement in fiscal years 2016 and 2017, to date.

Mayor Bowser's administration remains committed to creating pathways to the middle class by investing in education, infrastructure, public safety, and people. The Fair Shot Budget for fiscal year 2017 (FY2017) was the first budget developed wholly under Budget Autonomy. For the first time since Home Rule was passed in 1973, the District was able to spend our local dollars without having to wait on Congress to pass the federal budget. This brings us one step closer to operating like the 51st state.

The mission of the Office of Contracting and Procurement (OCP) is to partner with vendors and District agencies to purchase quality goods, services, and construction in a timely manner and at a reasonable price, while ensuring that all purchasing actions are conducted fairly and impartially. In 2016, OCP processed over 9,000 procurement actions, valued at approximately three billion dollars.

Procurement

As I have shared with you before, improving the quality, integrity and efficiency of procurement in the District drives our day-to-day work and our strategic approach to how we do procurement in the District.

In fiscal year 2016, we focused on efficiency by documenting our processes and updating regulations to conform to the Procurement Integrity Transparency Accountability Amendment

Act of 2015 (PITAAA) which went into effect earlier this fiscal year. We created new Council summary templates that include the requirements set forth in the PITAAA and circulated them to OCP staff and staff at independent agencies including DC Public Schools, DC Public Library, Child and Family Services Agency, and the Department of General Services.

We have also developed and circulated flow charts of the Invitation for Bids and Request for Proposals processes to create more standardization in the procurement process and improve planning and coordination between OCP and the program agencies we support. The next round of flow charts will document the design/build and simplified acquisitions procurement processes.

I am also proud to share that we have automated the DC Supply Schedule application process, eliminating the manual paper application. The automated DCSS application streamlines the process by eliminating the need for a business to apply in person with hard copy. The new application process also provides web-based information to the business on the status of its application. We expect this automated application to go live early next month and we will officially roll it out at DC Buys on April 27. Our ultimate goal is to partner with other agencies who engage with the business community, including the Department of Small and Local Business Development and the Department of Consumer and Regulatory Affairs, to further streamline the application processes and eliminate duplicative requests for information.

We continue to support the District in special projects and initiatives of which procurement is a component, specifically the District's Emergency Operations Center during declared emergencies including Winter Storm Jonas, and other significant events such as the 2017 Presidential Inauguration. We have assembled a team of procurement professionals that have been trained to support the EOC and to facilitate immediate procurement actions if the need arises.

Acquisition Management

In fiscal year 2016, we used lessons learned from previous years to further hone our approach to our annual acquisition planning process. We added features to the Acquisition Planning Tool to collect information about whether a new acquisition was set aside for a Certified Business Enterprise and we also collected information about option years that needed to be exercised in the coming fiscal year. In fiscal year 2017, 100% of our 77 partner agencies developed acquisition plans that allowed us to identify approximately \$5.2 billion worth of acquisitions from those agencies. We also added an additional layer of checks and balances by requesting each agency director to review and certify all purchases valued over \$250,000. We found that this effort increased participation and accuracy of each agency's acquisition plan.

We are currently in the early stages of the fiscal year 2018 acquisition planning process, surveying OCP and program agency staff to get feedback about what worked well in the process last year and where we have opportunities for improvement. We are also working with the Office of the Chief Technology Officer to further automate the OCP acquisition planning tool so that we can capture additional information in the system. We expect that the new features in the acquisition planning tool will facilitate better planning and forecasting. Acquisition planning is an ongoing process, but we expect that each year plans will become more useful and refined.

Transparency

Transparency in contracting continues to be one of my top priorities for the agency. Our goal in fiscal year 2016 was to increase the frequency with which we post documents to the website and ensure ease of navigation for our customers. In FY16, we condensed several databases on our website so that the notices of contract award and the award documents are posted in the same

place. As of March 13, 2017, we have posted 77 percent of new contract awards since the beginning of fiscal year 2016. We have provided additional administrative support to scan and upload documents for teams that have a backlog of contracts. Members of the public can find a large number of contracts on the District's FOIA portal in addition to what's posted on our website. We continue to post a report of all of our purchase orders and purchase card transactions on the District's digital public square on a monthly basis.

In 2016, we worked to improve internal transparency by creating dashboards that show our progress on our key performance indicators and other factors that help us to regularly evaluate the health of our agency and our progress toward some of our collective goals. We expect these tools will identify existing and emergent trends that will help us to make necessary policy and practice changes.

Our transparency goal for this year is to continue to post more information required by the Procurement Integrity Transparency and Accountability Amendment Act and to ensure that posting contracts is an automated process for all members of the procurement team.

We are also focused on how to improve transparency between OCP and our customer agencies. This fiscal year, we are specifically focusing on a more robust reporting and analysis tool that highlights key information and data that speak to each program agency's individual procurement health to include a staffing overview, and contract status against their annual acquisition plan.

Learning and Development

In fiscal year 2016, we continued to focus on the Procurement Training Institute and ensuring that all procurement courses are practical and applicable to the work that we do every day. Last year, we refined the courses for each tier of the program to ensure that it aligns with how we

manage procurement in the District and it provides the tools, resources, and competencies that are needed for our procurement professionals to be better business advisors to our customers. As of March 1, approximately 63% of the procurement staff have earned a certification in Tiers I and II. By the end of fiscal year 2017, we expect that all members of the procurement division will either be trained to their appropriate level or have an approved training plan with dates by which they will complete each tier.

Our Foundations course, which is a pre-requisite for Tier I certification and is required for all new hires, has been well received by the staff, particularly those who are new to the District. The course introduces staff to the District's regulatory environment and also provides an overview of the Office of Contracting and Procurement. The PTI team and our human resources department have coordinated schedules so that the Foundations course is offered twice a month, as a normal course of business for all onboarding staff, so that every new member of the OCP team has the tools they need to be successful.

In addition to the courses offered through PTI, we continue to offer courses to our external customers who are a part of the procurement process. In fiscal year 2016, we delivered 7 courses to over 2100 District employees. We expect that number to increase to over 2300 by the end of this fiscal year. One of the biggest changes to these courses was the introduction of an expanded Contract Administrator course. Last year we evaluated the Contract Administrator course and determined that a three hour course did not provide the substantive information needed to properly manage contracts post award. The course is now two days and the curriculum introduces participants to the parts of a contract, defines the roles of procurement personnel, increases awareness of procurement ethics, describes the contractor evaluation system and requirements, and outlines the invoice process and requirements. Evaluating contractor

performance is critical to ensuring that the District is getting the best value for the goods, goods, and construction we procure for our residents.

Engagement

In fiscal year 2016, OCP reached over 2,000 members of the business community through a comprehensive outreach and engagement program. The program, designed to increase transparency in contracting and help industry partners better understand how to do business with the District included four key initiatives:

- OCP in the Wards 2016 gave local businesses an opportunity to engage with me and hear my vision for contracting in the District. In fiscal year 2016, over 500 industry partners attended OCP in the Wards sessions across the District.
- DC Buys is a unique opportunity for the local and regional vendor community to market their goods and services directly to the program managers and procurement personnel who ultimately make purchasing decisions on behalf of District agencies. Held at Gallaudet University's Kellogg Conference Center, DC Buys 2016 attracted over 600 industry partners interested in doing business with the District.
- In partnership with the Department of Small and Local Business Development, OCP hosted several sessions where OCP Contracting Officers met with businesses in an intimate setting to discuss their agencies' needs and review the forecast of contracting opportunities. The sessions were held in partnership with several agencies to include the Department of Motor Vehicles, the Department of Forensic Sciences and the Department of Energy and the Environment.

- OCP continues to host two workshops each month to provide businesses with a better understanding of the District’s procurement process – one focused on general information about doing business with the District and one focused on the DC Supply Schedule workshop. The sessions are led by members of the Communications and Engagement Team and contract specialists and contracting officers from the Simplified Acquisition Team.

In fiscal year 2017, OCP will continue to focus on and expand engagement with industry through these four initiatives and look for new opportunities to engage with our current and future industry partners. DC Buys 2017 will be held on Thursday, April 27 at Gallaudet University from 9:00 AM until 2:00 PM.

OPIC

In fiscal year 2016, OCP’s Office of Procurement Integrity and Compliance (OPIC) conducted 99 internal audits and supported external auditors with additional reviews including the Single Audit and the Comprehensive Annual Financial Review (CAFR). For the second year in a row, there were no audit findings attributed to OCP in either the Single Audit or the CAFR.

OPIC’s goal is to use our internal audits to find inconsistencies or challenges and develop remediation strategies for widespread improvements as soon as possible. One of the ways we do is through the OCP Audit Committee which we introduced in fiscal year 2016. While still relatively new, the Audit Committee is a critical element of OCP’s internal oversight and management structure. The Audit Committee meetings allow for OCP leadership to have deeper understanding of procurement issues and a larger role in deciding the necessary policy or practice changes to address the root causes of our internal audit findings. Following best

practices, the Audit Committee consists of a representative from each of our key stakeholder groups: procurement, our agency performance team, Learning and Development, the Office of General Counsel, and our finance partners from the Office of the Chief Financial Officer. The Audit Committee findings, plus any recommendations of the Procurement Accountability Review Board, become part of a continuous improvement effort that informs the Procurement Training Institute on curriculum adjustments that will enhance the operations of the procurement and contracting team.

Surplus Property

In fiscal year 2016, OCP earned \$4.03 million through the District's Surplus Property Program through its continued focus on providing surplus property management, reutilization and disposal services to District agencies and eligible not-for-profit organizations. In fiscal year 2016, the Surplus Property Program continued to increase awareness of the program. The team hosted an Accountable Property Officer (APO) Summit, where over 70 APOs from across the District joined us to discuss the program and its policies and procedures. We recently held a reutilization event with DC Public Library at the Martin Luther King Library. Ten agencies attended and were able to reutilize the excess assets at the library to address equipment resource shortages at their respective agencies. We have found that with increased awareness of Surplus, we are able to reduce and in some cases eliminate District agencies' expenses related to moving services, manual labor, inventory services, and landfill dumping.

For the remainder of fiscal year 2017, we are focused on automation of the current property disposal action process. Currently the process is a paper process that allows Accountable Property Officers across the District to dispose of property that's reached the end of its useful

life. In partnership with the Office of the Chief Technology Officer, we are developing a database that will allow APOs to log surplus property in a database so that property can be tracked via a dashboard managed by the Surplus team. We anticipate this change will increase efficiency in the administration of surplus property intake, will facilitate auditing, and will reduce the program's use of paper. The new database is being piloted with seven agencies to automate their inventories beginning with capitalized assets. After the inventory uploads are complete, the pilot program will commence and run through the remainder of fiscal year 2017.

Conclusion

In closing, I am pleased with the progress that we have made toward realizing my vision of improving the quality, efficiency, and integrity of procurement in the District in fiscal years 2016 and 2017, to date. We could not have done this without the hard work and dedication of all the members of the Office of Contracting and Procurement team. Their hard work and enthusiasm allow OCP to provide the best possible service to our partner agencies. I appreciate their continued diligence and commitment to awarding contracts and disposing of surplus property in accordance with the laws and regulations that govern contracting in the District. I also want to thank Mayor Bowser, City Administrator Young, and Deputy City Administrator Donahue for their continued support, guidance, and drive toward contracting and procurement excellence. Thank you Chairman Mendelson for your support. As always, we strive to operate with complete transparency, and I will ensure that the communication channels with your staff remain open and productive. This concludes my prepared testimony and I am happy to answer any questions you may have.