

GOVERNMENT OF THE DISTRICT OF COLUMBIA
OFFICE OF CONTRACTING AND PROCUREMENT



Public Oversight Roundtable On
**Contracting and Procurement Practices at the Department of General Services and
the Office of Contracting and Procurement**

Testimony of
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Before the
Committee on Facilities and Procurement
The Honorable Robert C. White, Jr., Chairman
Council of the District of Columbia

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Good morning, Chairman White, members, and staff of the Committee on Facilities and Procurement. I am George Schutter, the Chief Procurement Officer (CPO) of the District of Columbia and the Director of the Office of Contracting and Procurement (OCP). Today, I am pleased to offer testimony on contracting practices and procurement authority in the District of Columbia.

THE DISTRICT’S CONTRACTING AND PROCUREMENT MODEL

The District of Columbia, like the majority of states, has adopted a procurement framework initially developed by the American Bar Association: The Model Procurement Code, which is an example of a centralized procurement model whereby contracting functions are consolidated in a central procurement office. This central procurement office, OCP, is managed by a chief procurement official who has the authority to conduct procurements for all agencies within the jurisdiction.

The primary law governing the procurement process in the District, the Procurement Practices Reform Act (PPRA) of 2010, gives the Chief Procurement Officer the exclusive authority to administer the PPRA and the authority to review and monitor procurement activities throughout the District. In addition to the PPRA, the federal statute, the Home Rule Act, vests the Mayor with plenary authority on contract matters, including binding the District in contracts or delegating such actions to District employees. The contracting authority provided to both the CPO and independent agencies, such as the Department of General Services (DGS), comes from the PPRA rather than from the Home Rule Act.

Effectively, the CPO may contract for any District requirement, whether that requirement is from an agency with independent authority or not. The National Association of State Procurement Officials (NASPO) has noted that “procurement laws often exempt some agencies or departments or particular types of procurement from that law’s coverage or from centralized procurement management.”¹ NASPO further states that a comprehensive approach to crafting a comprehensive

¹ National Association of State Procurement Officials, *State and Local Government Procurement: A Practical Guide* (2019).

procurement structure would define exclusions narrowly by types of commodities or services sought. This is exactly the approach that the PPRA takes in the District of Columbia.

The PPRA sets out the authorities that define our contracting environment in the District of Columbia. Specifically, we have three different authorities:

1. Agencies that are governed by the PPRA and under the authority of the Chief Procurement Officer. This is reflective of most agencies;
2. Agencies that are required to adhere to the PPRA, but are independent of the authority of the CPO. Some of the larger agencies under this category include DGS, DC Public Libraries (DCPL), DC Public Schools (DCPS), Child and Family Services Agency (CFSA), and the Office of the Chief Financial Officer (OCFO); and
3. Agencies that are not required to adhere to the PPRA, nor are they under the CPO's authority. Those agencies include: DC Water, Washington Convention & Sports Authority, DC Courts, Housing Finance Agency, Not-for-Profit Hospital Corporation, DC Retirement Board, and Health Benefit Exchange, among others.

Regardless of these differences in authority, I want to stress that as the CPO of the District, I feel responsible for oversight of the entire procurement environment in the District, which is why I serve all agencies by providing any support, training, and advice that they may need.

CONTRACTING AND PROCUREMENT AT OCP

The District's implementation of a centralized procurement model has served and continues to serve our agencies and the public well. The District has benefited from increased efficiency, cost reduction, and better business relationships as the model has matured. Over the past four years, OCP's organizational design has been revamped to better support District requirements and create a network of connected contracting professionals that can be called on for their subject matter expertise. The design is supported by a Chief Contracting Officer (CCO) structure, based on agency clusters and organized around similar commodities, services, and requirements. For example, OCP has a CCO supporting Information Technology (IT) requirements. That IT CCO physically works at the Office of the Chief Technology Officer (OCTO) and manages IT contracting requirements for OCTO, as well as the other 77 client agencies to OCP. Any

contracting professional throughout the network that has an IT contracting issue is able to reach out to the IT CCO and his team for their IT contracting subject matter expertise.

OCP's design further provides what I refer to as wrap-around services for the contracting professionals executing the District's contracting requirements. The model has provided the basis to consolidate wrap-around services under the leadership of the CPO, to include an Office of the General Counsel staffed with contracting attorneys; an Office of Procurement Integrity and Compliance; a Procurement Training Institute managing the three-tiered contracting certification required by the PPRA, as well as other contracting training for both District employees and industry; a Communications team focused on outreach to District contractors; the Procurement Center of Excellence; and the Office of the Ombudsman.

The model also allows OCP to play an important role in contracting governance and policy development through managing the Procurement Accountability Review Board (PARB), the District Contracting Best Practices Forum, and OCP's audit committee to conduct oversight of the entire procurement function. Other states have recognized the District's centralized model and have expressed interest in following our lead by emulating the design we have established. For example, both Alaska and Maryland, currently engaged in procurement reform efforts, are in discussions with OCP to consider this model as a best practice that may serve their constituents as well.

COORDINATION WITH AGENCIES WITH PPRA EXCEPTIONS

OCP drives the broader procurement system within a model that has agencies independent of the CPO and/or of the PPRA. In the District of Columbia, the CPO serves two roles:

1. He or she is the contracting service provider for 78 District agencies, and
2. He or she oversees the entire procurement process for all agencies, regardless of their status with respect to independence.

In all procurements conducted by OCP, the contracting and program functions are equal partners. OCP strives to coordinate our procurement decisions with the program agency, all the while focused on the public benefit and aiming for complete transparency. Specific areas of collaboration include:

- Small Business Opportunities: All District agencies adhere to the District's small and certified business goals. The contracting officer and all directors of District agencies actively manage the attainment of those goals. In Fiscal Year 2018, the District committed to spending \$656 million with small businesses and exceeded that goal by spending more than \$814 million. This fiscal year, the District is on track to meet its spend goal of \$844 million.
- Training: As the Procurement Training Institute at OCP evolves, the agency's intention is to maintain a centrally-controlled training catalog and instructional staff that will include our full-time faculty and subject matter experts in various types of specialty contracting. The Procurement Training Institute and its resources are available to all District agencies to facilitate the development of staff and the standardization of procurement processes. Further, we continue our coordination efforts with independent agencies, specifically through the functions of this central procurement training hub, which include the conduct and oversight of all procurement training and education programs for District employees and the establishment and maintenance of a central procurement library. OCP's Chief Learning Officer is now focused beyond the initial training and certification of contracting officers and specialists to developing a consolidated course catalog, online and classroom training courses, and a web-based procurement library of relevant resource materials for use by any interested party.
- Transparency and Technology: Working with OCTO, both OCP and independent agencies strongly support transparency in the contracting process. Most procurement actions for all District agencies are posted on an easily accessible Contracts and Procurement Transparency Portal, maintained by OCP. This is a public website that any interested party can search and see where and how the District's money is spent.
- Competition: All agencies recognize and support the benefits of full and open competition, which is the best practice to ensure we receive the most advantageous pricing for any good or service we purchase. Independent and OCP client agencies simultaneously understand and support the benefit of small business goals and our authority to set certain contracts aside for small and/or certified business enterprises. We all work closely with the Department of Small and Local Business Development to ensure we properly balance our

business development responsibilities with our goal of maximizing the value of every public dollar entrusted to us.

- Outreach: Independent agencies and OCP coordinate on outreach programs that assist vendors in understanding and navigating the procurement process. For example, last Friday, June 14th, OCP hosted its fifth annual DC Buys Reverse Vendor Trade Fair at the Ronald Reagan Building and International Trade Center. The event provided an opportunity for small and local businesses to interact with District contracting professionals about upcoming procurement opportunities. DGS and CFSA contracting staff participated in the event, as they have in past years, and were able to engage hundreds of small and local businesses.
- OCP also hosts the Contracting Best Practices Forum, which meets multiple times a year. The Contracting Best Practices Forum is an opportunity for all District agencies to share best practices, reduce risks, increase efficiencies, and standardize the contracting and procurement process.
- Compliance: The Procurement Accountability Review Board, chaired by the Mayor, with the City Administrator and the CPO, meets quarterly to provide oversight of any agency procurement action that:
 - Results in a retroactive procurement;
 - Results in a negative action at the Contract Appeals Board; or
 - Is an item that the CPO would like to review with the Board.
- Additionally, the OCP Audit Committee, which is responsible for overseeing performance of operational assessments of District procurement processes, has invited a senior member of DGS to formally join to strengthen insight from independent agencies.

Let me stress that OCP is here and stands at the ready to provide all needed support to the procurement operations of independent agencies. Going forward, my intent is to continue to work with independent agencies to implement many positive contracting practices now taking place, including:

- Working with agencies to incorporate the tiered Contracting Officer and Contract Specialist training and certification to the contracting staff of those independent agencies.

- Working with agencies and the Procurement Training Institute to develop appropriate courses, such as a facilities construction course, to be offered to independent agencies contracting staff as a supplement to the three-tiered certification for all contracting staff.
- Ensuring that the chief contracting officers of independent agencies can avail themselves to OCP leadership.

We believe these actions help us reach our goal of excellence in the procurement process District-wide.

CONCLUSION

Before I conclude, I want to make clear that the PPRA provides a model that is serving the District well. It provides an appropriate level of central oversight and agency autonomy when it is in the best interest of the citizens we serve. It is a model I understand, value, and support. I understand that some may want to consider removing independent authority from agencies, but I want to note that action would require shifting staff, process development, template development, and establishing new lines of management and communication. As OCP has observed over its own transformation, this change management takes years to complete. With any well-developed program of change, there are both costs and benefits to clients and stakeholders of the process and its results.

Changing models or procurement authority in the District would take time, focus, and serious change management, which would likely to be disruptive for several years to affected agencies. Such transitions also have inherent risk to any ongoing contracting actions and the projects they support. I hope the Committee and the Council will keep that in mind as we continue to collaborate on how to ensure we are following best practices for contracting and procurement in the District of Columbia.

Thank you for allowing me to testify before you today on OCP's contracting and procurement work. As always, I am happy to answer any questions you may have.