



# **UNITED STATES CAPITOL POLICE OFFICE OF INSPECTOR GENERAL**

## **Review of Hazardous Materials Response Team Procurement Process**

**Report Number OIG-2010-02  
March 2010**

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**UNITED STATES CAPITOL POLICE**  
*WASHINGTON, DC 20003*



***INSPECTOR GENERAL***

**PREFACE**

The Office of Inspector General (OIG) prepared this report pursuant to the Inspector General Act of 1978, as amended. It is one of a series of audit, reviews, and investigative and special reports prepared by OIG periodically as part of its oversight responsibility with the respect to the United States Capitol Police to identify and prevent fraud, waste, abuse, and mismanagement.

This report is the result of an assessment of the strengths and weaknesses of the office or function under review. It is based on interviews with employees and officials of relevant agencies and institutions, direct observation, and a review of applicable documents.

The recommendations therein have been developed on the basis of the best knowledge available to the OIG, and have been discussed in draft with those responsible for implementation. It is my hope that these recommendations will result in more effective, efficient, and/or economical operations.

I express my appreciation to all of those who contributed to the preparation of this report.

A handwritten signature in cursive script that reads "Carl W. Hoecker".

Carl W. Hoecker  
Inspector General

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## **Abbreviations**

Financial Liaison Officer	FLO
Fiscal Year	FY
General Services Administration	GSA
Hazardous Incidence Response Division	HIRD
Hazardous Materials Response Team	HMRT
Office of Financial Management	OFM
Office of Inspector General	OIG
Office of Management and Budget	OMB
Request for Quotation	RFQ
Standard Operating Procedure	SOP
United States Capitol Police	USCP or Department
United States Code	U.S.C.

## Executive Summary

In June 2009, the United States Capitol Police (USCP or Department) Office of Inspector General (OIG) received an anonymous complaint alleging an individual in the Hazardous Materials Response Team (HMRT) circumvented the procurement process for sole sourcing high-value purchases for services and supplies. Thus, OIG engaged contract auditors to conduct agreed-upon procedures to determine whether HMRT complied with applicable laws and regulations for procurement procedures regarding the competitive bid process and justifications for sole source solicitations. Our scope included HMRT procurements over \$3,500, the threshold for competitive bidding, obligated during fiscal years (FYs) 2007 through 2009.

*Table 1 – Procurements Identified in Complaint*

FY	Number of Procurements	Value
2007	2	\$98,300
2008	1	\$15,000
2009	2	\$85,360
<b>Totals</b>	<b>5</b>	<b>\$198,660</b>

Source: June 2009 anonymous complaint and [REDACTED] System.

The complaint identified five procurements totaling about \$199,000, as shown in Table 1. We noted no exceptions for the five sampled procurements based on applied agreed-upon procedures.

However, HMRT did not consistently comply with the Department's procurement policies and procedures regarding sole source solicitations and competitive bidding. This occurred primarily because Office of Financial Management (OFM) procurement personnel and Financial Liaison Officers (FLOs) are not familiar with the Standard Operating Procedure (SOP) [REDACTED]

During FYs 2007 through 2009, HMRT recorded 71 obligations totaling about \$1.6 million with individual values of over \$3,500. We reviewed 46 of 71 HMRT procurements totaling about \$1.2 million, which included the five procurements specifically raised in the complaint. We noted the following:

- 15 (\$421,000) of 46 HMRT procurements tested did not have viable facts and rationale to support the use of a sole source procurement as required by SOP [REDACTED]
- 5 (\$74,000) of 46 HMRT procurements tested did not have a sole source justification as required by SOP [REDACTED]
- 1 (\$23,400) of 46 HMRT procurements tested did not contain adequate descriptions of services needed as well as provided a limited opportunity to respond to the request.

Additionally, OFM did not always safeguard contract files. We noted OFM does not maintain a locked storage room where contract files are kept, nor does OFM have a records management process for tracking who has retrieved a file. Thus, OIG is recommending that OFM distribute the SOP and provide training to individuals responsible for sole source procurements and the competitive bidding processes. This would ensure that contracting officials promote and provide



for full and open competition in soliciting offers and awarding Government contracts. Additionally, we are recommending that OFM immediately establish controls for safeguarding contract records. We conducted an exit conference with the Department officials on March 9, 2010. Their comments are incorporated in the body of the report as applicable and in their entirety in Appendix B.

## Background

In June 2009, OIG received an anonymous complaint related to HMRT purchasing irregularities. The complaint alleged an individual in the HMRT division circumvented the procurement process for sole sourcing high-value purchases for services and supplies.

HMRT is a division within the Hazardous Incidence Response Division (HIRD). HMRT is one of two HIRD divisions. HMRT's mission is to protect Congress, its legislative processes, members, employees, and visitors by providing hazardous materials/weapons of mass destruction and technical rescue response team.

According to USCP SOP [REDACTED] ...

The OFM Procurement Division is responsible for entering into business arrangements using procurement vehicles such as contracts, inter-agency agreements, purchase orders and purchase cards, to obtain supplies and services USCP needs to fulfill mission requirements....

As a legislative Branch Department, USCP is not required to follow the *Federal Acquisition Regulation*. Accordingly, by developing policies and procedures based on "best practices," the USCP procurement division is providing the Department with a way of doing business that meets the requirements in a responsive manner while being mindful of the public trust.

USCP SOP [REDACTED] establishes a standard in order to apply consistency to individuals responsible for preparing sole source justifications and to ensure approvals of the justification is performed prior to the sole source award. Further, the SOP defines the following:

- Sole Source - Single Provider for supplies and or services.
- Sole Source Justification - A document that provides the justification for not obtaining competition for procurements, thereby justifying the use of a single source to purchase supplies and/or services.
- Standard Practice - Competition must be the first consideration for all necessary requirements in order to meet the USCP mission.

## Objectives, Scope, and Methodology

On behalf of OIG, the contract auditors performed agreed-upon procedures to (1) gain an understanding of existing controls related to the Department's procurement policies including justifications for sole source contracting; (2) determine the number and dollar value of HMRT procurements over \$3,500 and the percentage of sole source justifications HMRT made during the period October 1, 2006 through September 30, 2009; and (3) determine whether HMRT complied with applicable laws and regulations for procurement procedures regarding the competitive bid process and justifications for sole source solicitations. Additionally, OIG conducted analytical procedures of the contract auditors' work. Our scope included HMRT procurements over \$3,500 during FYs 2007-2009, which equated to 71 obligations totaling about \$1.6 million.

To accomplish our objectives, we drew upon Federal acquisition and procurement laws and regulations, including the *Procurement Integrity Act* (41 U.S.C. 253, 423); Office of Management and Budget (OMB) Circular No. A-123, *Management Accountability and Control, Appendix B*; and OMB Circular A-76 *Policy* as industry best practice criteria. We also reviewed the following OFM SOPs:

[REDACTED]

In addition, we interviewed USCP personnel responsible for performing and supervising procurements to gain an understanding of USCP procurement policies and procedures. We tested, based on the predetermined scope of the agreed upon procedure, transactions occurring between October 1, 2006, through September 30, 2009. Using the USCP accounting system, [REDACTED], we extracted HMRT procurements data, which identified 71 obligations totaling \$1,602,243 for FYs 2007-2009, as shown in Table 2.

**Table 2 – HMRT Obligations over \$3,500 for FYs 2007-2009**

<i>Fiscal Year</i>	<i># of Procurements</i>	<i>Obligation Value</i>
2007	26	\$470,684.35
2008	21	\$660,045.98
2009	24	\$471,512.82
<b>Totals</b>	<b>71</b>	<b>\$1,602,243.15</b>

Source: USCP [REDACTED] System.

Of the 71 obligations, we selected 41 HMRT procurements that were equal to or greater than \$3,500 from the obligation report created by the USCP Financial Systems Accountant. In addition to the 41 items, we included the 5 procurements raised in the complaint for a total of 46 items tested for compliance as shown in Table 3. This sample of procurements provided a 64 percent coverage of the number of procurements and 74 percent coverage of the obligation dollars incurred. To determine compliance, we tested the 46 procurements for specific attributes. For 28 of 46 sole source obligations, we tested for additional required attributes.

**Table 3 - Total HMRT Procurements Tested**

<b>Fiscal Year (FY)</b>	<b># of Procurements</b>	<b>Total Obligation Value</b>
2007	14	\$383,142.70
2008	14	\$471,749.88
2009	18	\$325,877.94
<b>Totals</b>	<b>46</b>	<b>\$1,180,770.52</b>

Source: USCP [REDACTED] System.

We conducted fieldwork in Washington, D.C., from December 2009 through March 2010. We conducted these agreed-upon procedures in accordance with attestation standards established by the American Institute of Certified Public Accountants and *Government Auditing Standards* issued by the Comptroller General of the United States. The sufficiency of these procedures is solely the responsibility of OIG. On March 9, 2010, we conducted an exit conference with Department officials and incorporated applicable comments.

## **Results**

HMRT did not consistently comply with the Department's procurement policies and procedures regarding sole source solicitations and competitive bidding. For example, we found inadequate or a lack of sole source justifications and a lack of full and open competition. Additionally, we noted inadequate safeguarding of contract records and one instance of inadequate planning for solicitation. As a result, the Department is unable to determine whether they have ultimately obtained the best supplies and services that fulfill the agencies needs at the best price.

### **Inadequate or Lack of Sole Source Justifications**

SOP [REDACTED] states that "All justifications must include sufficient facts to justify the use of the specific exception to competition. The following shall be included:

- a. Title that identifies the documents as a "Sole Source Justification."
- b. Name of the project to include Bureau name and Point of Contact.
- c. Description of the required supplies and/or services.
- d. Identification of the Authority/Exception.
- e. Identification of the proposed contractor's unique qualifications or the nature of the exception cited.
- f. Description of market research conducted.
- g. Description of efforts made to ensure potential source was solicited.
- h. Sufficient rationale to warrant a determination by contracting officer that costs are fair and reasonable.
- i. Statement of actions to be taken to remove or overcome barriers to competition.
- j. Additional language supporting rationale for approving a sole source requirement.
- k. Certification and approval signatures."



However, during our testing of FYs 2007-2009 HMRT procurements, we found 15 of 46 instances totaling about \$421,000 did not include viable facts and rationale to justify the use of sole source procurement. Specifically, identification of proposed contractors' unique qualifications and market research conducted was either absent or inadequate. Further, under the supporting rationale section, there was either insufficient or no additional language that supported the justification for using sole source versus competitive bidding.

We also found that 5 of 46 instances totaling about \$74,000 did not have a sole source justification document. Although SOP [REDACTED] states that sole source procurements must be accompanied by a documented sole source justification, which provides the justification for not obtaining competition for procurements; thereby, justifying the use of a single source to purchase supplies and/ or services. The contract specialist, after determining they had an exception to competition, failed to properly prepare a sole source justification document. Instead, OFM would issue a memorandum to file that would indicate the following: introduction to item being procured, identification needed, circumstances preventing non-competitive procedures, other sources needed, and funding requirements needed. However, a proper sole source justification, in addition to the aforementioned, should include; descriptions of market research conducted, statement of actions to be taken to overcome barriers to competition, and additional language providing rational for approving a sole source requirement.

This noncompliance occurred primarily because the contract specialists and financial liaison officers were not familiar with the OFM's SOP for sole source procurements. As a result, sole source documentation was either inadequately prepared or not prepared. Additionally, the procurement division is unable to verify the nature and unique qualifications of the required supplies and/or services in addition to the documented authority for the exception to competition. Further, sole source procurements without sufficient documentation of the justification can be subject to question. Lastly, procurement officers, without complete and proper documentation, cannot diligently execute their responsibilities to ensure that the contract specialist conducted best practices by ensuring competition was the first consideration for all necessary requirements in order to meet the USCP mission.

## **Conclusions**

Staff did not adhere to the policies and procedures established by OFM for how to prepare sole source justifications generally because there was a lack of awareness of the sole source justification SOP. Purchases that are to undergo full and open competition through competitive procedures could be falsely identified as sole source procurements. Additionally, because of the lack of evidence presented in the sole source justification, the Department is unable to determine whether they have ultimately obtained the best supplies and services that fulfill the agencies needs at the best price. Thus, OIG is making the following recommendation.

**Recommendation 1:** We recommend that United States Capitol Police distribute to the Procurement Division and all Financial Liaison Officers a copy of the Standard Operating Procedures for sole source justifications. Additionally, the Office of Financial Management should provide or ensure that applicable personnel receive training in Federal procurements as well as Agency and Division policies and procedures.

### **Lack of Obtaining Full and Open Competition for Procurements**

*10 U.S.C. 2304 and 41 U.S.C. 253<sup>1</sup>* “requires that contracting officers shall promote and provide for full and open competition in soliciting offers and awarding Government contracts. Contracting officers shall provide for full and open competition through use of the competitive procedure(s) contained that are best suited to the circumstances of the contract action and consistent with the need to fulfill the Government’s requirements efficiently. The competitive procedures available for use in fulfilling the requirement for full and open competition are as follows: competitive proposals, combination of competitive procedures, and use of multiple award schedules listed under the procedures established by the Administrator of General Services.”

However, during our testing of FYs 2007-2009 HMRT procurements, we noted the Department did not obtain full and open competition for 1 (\$23,400) of 46 procurements. This occurred primarily because the OFM SOP [REDACTED] does not specify a required amount of time for which contract specialists should publicize proposed contract actions. The Department utilizes the General Services Administration (GSA) E-buy component as a method of soliciting competition. E-buy is designed to facilitate the buyers’ request for submission of quotations for a wide range of commercial supplies and products. The Department posted the request for quotation (RFQ) on the GSA E-buy for only five days. Although, GSA generally has a three day requirement for RFQ, the Department posted the RFQ on a Friday over a holiday weekend, which did not allow sufficient time for sellers to respond to the solicitation. As a result, no vendors responded to the solicitation and the Department selected the same vendor that HMRT had placed on the purchase order four weeks prior to the RFQ being posted to GSA.

### **Conclusions**

Although, the Department uses the GSA E-buy tool, there still remains a limitation of competition by not allowing contractors a sufficient amount of time to submit a quote. Further, the Department does not specify in its procurement policy, under enhancing competition, the required amount of time for which contract specialists should publicize proposed contract actions through a Government Point of Entry. Thus, the Department is unable to ascertain whether other qualified sources exist for required goods and/or services. Further, the Department is unable to determine that the anticipated cost to the Government for HMRT contracts would be fair and reasonable due to a lack of price analysis, cost analysis, or cost realism. Thus, OIG is making the following recommendation.

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<sup>1</sup> Procurement Integrity Act.



**Recommendation 2:** We recommend the United States Capitol Police update its procurement policy to include a required amount of time for which contract specialists should publicize proposed contract actions as a means of enhancing competition. In addition, we recommend the procurement division not issue purchase orders with assigned vendors before a request for quotation has been placed on GSA and has gone through full and open competition.

### **Lack of Safeguarding Contract Files**

██████████ states “Official contract files should be standardized whenever possible in accordance with Division processes and procedures. Accounting Division should maintain the official file copies of all documentation relating to and reflecting contractor payments.”

██████████ states that the procurement division staffs are to file contracts in two part folders with designated colors according to the award type. Manila folders are used for purchase orders, yellow folders are used for delivery and task orders, and grey folders are used for interagency agreements. Folder labels are to display award numbers on top and contractor name immediately below. All corresponding documentation for the contract is to be filed in accordance with the sequence reflected on the file checklist.

Furthermore, the Government Accountability Office (GAO), *GAO/AIMD-0021.2.1, Standards for Internal Control in the Federal Government* states “An agency must establish physical control to secure and safeguard vulnerable assets”.

However, during our testing of HMRT procurements, we found one instance where OFM was unable to locate a procurement file (PO-OSB200800013). This may have occurred because OFM does not maintain a locked storage room where contract files are kept and there is no records management process to track who has retrieved a file, the date the file was taken, and the date the file was returned. As a result, users of procurement files are not able to efficiently locate necessary procurement records. Further, procurement officers are unable to attest to whether contract specialists conducted business in a manner that met USCP’s mission requirements in a responsive and responsible manner.

**Recommendation 3:** We recommend the United States Capitol Police safeguard government contract records by establishing physical control over vulnerable assets. Access to records should be limited to authorized individuals, and accountability for their custody and use should be assigned and maintained.

## Inadequate Planning for Procurement Requests

SOP [REDACTED] states “All procurements for supplies and/ or services should be justified using one of the following five authorities/exceptions.

1. Only one source
2. International Agreement
3. Authorized or Required Statute
4. National Security
5. Unusual or Compelling Urgency.”

“Procurement requests citing ‘urgent mission needs’ as an exception to competition should be closely scrutinized. Urgent mission needs is defined as those requirements that could not have reasonably been foreseen. Short lead time submissions of procurement requests to the Procurement Division due to a lack of planning or Bureau delays in providing funding or approvals do not constitute urgent mission needs. Urgent needs are those requirements that could not have been anticipated in advance because of changed circumstances or an unscheduled event requiring Agency support.”

However, during our testing of HMRT procurements, we found one instance totaling \$25,000 where the justification for exception to competition did not fall under one of the five authorities that are applicable to procurements for the Department. As a result, the Procurement Division had to sole source a contract because HMRT did not properly prepare or plan.

The 2006 contract for medical examinations expired on September 30, 2006. The Department failed to award a new contract prior to the 2006 contract’s expiration, which was needed to maintain compliance with Occupational Health and Safety Administration and National Fire Protection Association standards. As a result, the Procurement Division is vulnerable to noncompliance and potential waste because the Department was unable to determine whether it ultimately obtained the best supplies and services at the best price. In the future, we suggest that HMRT notify the Procurement Division as early as possible of recurring contract requirements. This would allow time to conduct appropriate research for potential contracts early in the acquisition process in order to develop the requirement, identify potential sources for competition, and ultimately obtain the best supplies and services that fulfill the agencies needs at the best price.



## SUMMARY OF RECOMMENDATIONS

**Recommendation 1:** We recommend that United States Capitol Police distribute to the Procurement Division and all Financial Liaison Officers a copy of the Standard Operating Procedures for sole source justifications. Additionally, the Office of Financial Management should provide or ensure that applicable personnel receive training in Federal procurements as well as Agency and Division policies and procedures.

**Recommendation 2:** We recommend the United States Capitol Police update its procurement policy to include a required amount of time for which contract specialists should publicize proposed contract actions as a means of enhancing competition. In addition, we recommend the procurement division not issue purchase orders with assigned vendors before a request for quotation has been placed on GSA and has gone through full and open competition.

**Recommendation 3:** We recommend the United States Capitol Police safeguard government contract records by establishing physical control over vulnerable assets. Access to records should be limited to authorized individuals, and accountability for their custody and use should be assigned and maintained.



## UNITED STATES CAPITOL POLICE

OFFICE OF THE CHIEF  
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WASHINGTON, DC 20510-7218  
March 26, 2010

Form 100-100-1000

COP 100266

### **MEMORANDUM**

**TO:** Mr. Carl W. Hoecker  
Inspector General

**FROM:** Phillip D. Morse, Sr.  
Chief of Police

**SUBJECT:** Response to OIG draft report on its *Review of Hazardous Materials Response Team Procurement Process* (Report No. OIG-2010-02).

The purpose of this memorandum is to provide the United States Capitol Police response to the Office of the Inspector General's (OIG's) draft report *Review of Hazardous Materials Response Team Procurement Process* (Report No. OIG-2010-02).

After reviewing the audit findings and recommendations in the draft report, the Department generally concurs with the recommendations.

**Recommendation 1:** *We recommend that the United States Capitol Police distribute to the Procurement Division and all Financial Liaison Officers a copy of the Standard Operating Procedures for sole source justifications. Additionally, the Office of Financial Management should provide or ensure applicable personnel receive training in Federal procurements as well as Agency and Division policies and procedures.*

**USCP Response:** We generally agree that all staff involved in the procurement process should have knowledge of the Department's procedures for sole source justifications and receive training in Federal procurements, as well as the Department's policies and procedures. To our knowledge, all employees currently involved in OFM's Procurement Division and HMRT do have access to the sole source justification procedures currently used by OFM and have received training in Federal procurements. Our new Procurement Officer is reviewing all his division's policies and procedures and plans to issue comprehensive policies and procedures for distribution throughout the Department this year. The Department provided training for all its Procurement Division personnel as well as its CORs and COTRs during FY 2009. A number of CORs and COTRs were unable to attend this training at that time and I authorized an additional class to accommodate these staff this year. However, without access to the exception cases cited by the OIG we have no way to determine whether these cases are current or from several years ago, before the training classes were provided. If the cases are current, we would be better able to determine exactly

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which procedures need clarification or which aspects of the training need to be enhanced. As a result, I respectfully request the OIG provide my staff with the details of the cases they identified where the sole source justifications were lacking or inadequate.

**Recommendation 2:** *We recommend that the United States Capitol Police update their procurement policy to include a required amount of time for which contract specialists should publicize proposed contract actions as a means of enhancing competition. In addition, we recommend the procurement division not issue purchase orders with assigned vendors before a request for quotation has been placed on GSA and has gone through full and open competition.*

**USCP Response:** We generally agree and will update our procedures to require competitions on GSA's E-buy system to include at least 3 business days. However, our procedures do not allow a contract specialist to complete a purchase order until after the competitive process is complete. We do encourage our bureaus and offices to include vendor names on their purchase requests, as this practice can save time in the total procurement process, especially if the named vendors are already on the GSA schedule. The purchase request for goods or services does not pre-determine the competitive outcome of the RFQ, however to increase competition we will consider updating our procedures to allow more than one vendor to be named on a purchase request.

**Recommendation 3:** *We recommend that the United States Capitol Police safeguard government contract records by establishing physical control over vulnerable assets. Access to records should be limited to authorized individuals, and accountability for their custody and use should be assigned and maintained.*

**USCP Response:** We generally agree that safeguarding contract files is an important internal control and that we were unable to locate one of the 46 files requested during the review. However, while we do not currently keep our contract files in a locked storage room, we do maintain a records management process that stores our files in a locked retrieval system and tracks who has retrieved a file and the date the file was taken through a place card system. When the file is returned, the retrieval information is crossed out and the card is replaced by the file. We do not agree that users of our system are not able to efficiently locate necessary procurement records, as we were able to quickly and efficiently locate and retrieve 45 of the 46 files requested often with less than a full day notice. Additionally, the contract specialist, who had retrieved the file that was found to be missing, has maintained all the necessary records electronically thereby allowing the procurement officer to determine if he had conducted his duties in a responsible and responsive manner that would meet the Department's mission requirements with regard to this contract. The Department is currently reviewing all of its contract files and plans to implement enhanced records management processes when this review is complete, to ensure that it maintains adequate safeguards and controls over all of its contract files.

Thank you for the opportunity to respond to the OIG's draft report. Your continued support of the men and women of the United States Capitol Police is appreciated.

Very respectfully,



Phillip D. Morse, Sr.  
Chief of Police

cc: Chief Administrative Officer  
Assistant Chief of Police  
USCP Audit Liaison





