

**Performance Audit:
Procurement Solicitation
and Evaluation**

March 2006

**City Auditor's Office
City of Atlanta**



CITY OF ATLANTA

City Auditor's Office
Leslie Ward, City Auditor
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March 2006

Why We Did This Audit

City officials identified procurement as a significant potential risk to accomplishing their objectives. The city created the Department of Procurement in 2002 and the chief procurement officer requested we review controls over solicitation and evaluation. We focused on aviation procurements because these represent a large proportion of the city's total contracting budget, and because of the number of protests by participating vendors.

What We Recommended

While we primarily focused on aviation contracts, our recommendations are applicable citywide and are intended to increase the accuracy of solicitation documents, safeguard the integrity of the evaluation process and enhance transparency and credibility. Procurement should:

- Monitor the number and nature of changes to solicitation documents that originate with user departments and evaluate completed solicitations to provide guidance and improve templates and checklists;
- Offer briefing meetings to vendors to answer questions and provide feedback before protests are filed;
- Restructure scoring methodology;
- Allow evaluators to discuss criteria during evaluations; and
- Ensure evaluators are qualified, free from conflicts of interest, and understand evaluation criteria and procedures.

We also recommend aviation review its solicitations and model new solicitations after similar successful efforts.

For more information regarding this report, please contact Richard Edwards at 404.330.6678 or redwards@atlantaga.gov.

Performance Audit:

Procurement Solicitation and Evaluation

What We Found

The city's procurement ordinances and the Department of Procurement's procedures are consistent with industry practices that are intended to ensure fair and open competition. All 30 solicitation files we reviewed showed evidence that the city followed procedures intended to encourage competition, including:

- Advertising contracting opportunities in industry publications and local newspapers;
- Preparing written solicitation documents;
- Providing opportunities for potential vendors to ask questions and obtain clarification; and
- Establishing procedures for evaluating solicitation responses.

The process must not only be open and treat bidders and potential bidders fairly; it must appear to be fair. Frequent changes to technical specifications and confusion about how the city evaluates bids/proposals could lead vendors to question the process. Bidders protested at least 16 percent of the aviation solicitations between January 2002 and November 2004, often citing problems with specifications and evaluation procedures. Frequent changes to specifications also contribute to delays and bid cancellations, which can dissuade potential vendors from participating in future solicitations and can adversely affect operations.

- The city revised technical specifications after releasing solicitation documents in about half of the procurements we reviewed, and issued more than three addenda – the Department of Procurement's rule of thumb limit – for one third of the procurements we reviewed. Most of the procurements we reviewed extended the due dates past the original deadline.
- Evaluators' scores for individual vendors varied an average of 35% of the total possible points. Such variation could affect vendors' perceptions that the process is fair, especially since evaluators do not provide reasons for their scores. Several factors appear to contribute to the variation in scoring including different interpretations of criteria and how to score them, lack of instruction, lack of opportunity to discuss the criteria with other evaluators, and the way the scoring mechanism is structured.



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AUDIT COMMITTEE
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Fred Williams
Mayor Shirley Franklin
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March 1, 2006

Honorable Mayor and Members of the City Council:

We conducted this audit of the city's procurement solicitation and evaluation processes because officials and managers identified procurement as one of the most significant potential risks to achieving operational goals. To address procurement problems, the city created the Department of Procurement in 2002. The city's new procurement officer shared these concerns and requested we review controls over solicitation and evaluation, functions for which procurement shares responsibility with user departments.

We focused the scope of our review on aviation solicitations completed between January 2002 and November 2004. Therefore, some of the files we reviewed were initiated before the new procurement department was operational. We concentrated on aviation procurements because both the number and size of procurements represent significant proportions of the city's procurement activity and we were aware of a number of protests.

Our recommendations are intended to build on the department's efforts to strengthen city procurement and to ensure transparency and enhance credibility. Management in the Departments of Procurement and Aviation agree with our recommendations. Their responses are appended to the report.

The Audit Committee has reviewed this report and is releasing it in accordance with Article 2, Chapter 6 of the City Charter. We appreciate the courtesy and cooperation of city staff throughout the audit. The team for this project was Jeremy Weber, Anthony Nicks, and Richard Edwards.

Leslie Ward
City Auditor

Wayne Woody
Audit Committee Chair

Procurement Solicitation and Evaluation

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Introduction

We conducted this performance audit of procurement solicitation and evaluation procedures pursuant to Chapter 6 of the Atlanta City Charter which establishes the City of Atlanta Audit Committee and the City Auditor's Office, and outlines the City Auditor's Office primary duties. The Audit Committee reviewed our audit scope in January 2005.

A performance audit is an objective, systematic examination of evidence to independently assess the performance of an organization, program, activity, or function. The purpose of a performance audit is to provide information to improve public accountability and facilitate decision-making. Performance audits encompass a wide variety of objectives, including those related to assessing program effectiveness and results; economy and efficiency; internal control; compliance with legal or other requirements; and objectives related to providing prospective analyses, guidance, or summary information.¹

We initiated this audit because city officials and managers identified procurement processes as one of the most significant potential risks to accomplishing their objectives. The city's new chief procurement officer also requested an audit to review controls over solicitation and evaluation. We focused our review on Department of Aviation procurements because the number and costs of aviation contracts represent a large proportion of the city's total contracting budget, and because of the number of protests by participating vendors. While we primarily focus our review on aviation contracts, our intent is to identify improvements that can be applied to procurement processes for other parts of city government as well.

Background

City Ordinances Govern Procurement

Atlanta's Procurement and Real Estate Code of Ordinances (procurement code) governs the city's procurement process. The code establishes centralized procurement for the city and is intended

¹ Comptroller General of the United States, Government Auditing Standards, Washington, DC: U.S. General Accounting Office, 2003, p. 21.

to maximize the purchasing value of city funds through increased economy, and by fostering competition for public procurement. The procurement code defines rules and responsibilities for the Department of Procurement and user departments.

The Department of Procurement ensures that procurement activities follow city ordinances. Led by the chief procurement officer, the Department of Procurement manages the procurement functions of the city in conjunction with user departments. The department's mission is to assist and provide guidance to the user departments in obtaining the goods and services they need to accomplish their goals and objectives. The department is responsible for ensuring that procurement activities follow the city code and acts as the primary repository of records for the city's procurement activities.

The department was created in 2002 following the 2002 Process Review report that recommended several process and organizational changes to provide better service and enhance the effectiveness and efficiency of the city's procurement system.² The city adopted the report's recommendation to establish the chief procurement officer and assistant procurement officer positions. The assistant procurement officers manage the three Department of Procurement divisions that were established in the reorganization: aviation, watershed and public works, and general fund. The chief procurement officer position was filled in November 2002.

In 2005, the department is authorized 50 staff positions and a budget of \$4.2 million. Seven positions are dedicated to the Department of Aviation. The aviation division is the largest of the three in terms of procurement dollars spent. It awarded contracts totaling about \$128.7 million (68 percent) of the \$189.3 million procurement dollars the city spent in 2004.

Procurement and user department staffs coordinate procurement activities. In addition to the procurement staff dedicated to aviation projects, the Department of Aviation has a contract services unit with three staff members that coordinate competitive procurements for all except Planning and Development Business Unit projects. Seven staff members in the Planning and Development Business Unit coordinate procurements for airport's

² A Process Review and Redesign of the Procurement Process by Thompson, Cobb, Brazilio, and Associates, PC, issued on July 26, 2002.

current Capital Improvement Project. Together these units work with the project managers, engineers, and other specialists to develop solicitations and coordinate aviation activities with the Department of Procurement.

The City Seeks Competitive Bids or Proposals

The city uses several methods to procure goods and services. In general, methods become more formal as contract and purchase amounts increase. The two methods discussed in this report are competitive sealed bids and competitive sealed proposals. Both methods are designed to assure low price and product competition. They apply to contracts and purchases over \$20,000.

Competitive sealed bids. The city uses solicitation documents called Invitations to Bid (ITBs) to solicit competitive sealed bids from vendors when all of the requirements for a good or service are known and mandatory. The city evaluates the bids and awards the contract to the vendor who can deliver acceptable goods or services at the lowest price, provided the vendor is a responsive and responsible bidder. Price is the deciding factor in evaluating bids in this process.

Competitive sealed proposals. The city uses solicitation documents called Requests for Proposals (RFPs) to solicit sealed, competitive proposals when the requirements for goods or services are not all known or mandatory. The city generally uses RFPs when it needs a vendor to build or design a solution or for management or professional services. In evaluating proposals to select a vendor, the city's decision is based upon a combination of price, understanding of scope and objectives, expertise, qualification of team members, experience, proposed level of effort, past performance, and other criteria.

Standard Operating Procedures outline the city's procurement process. The Department of Procurement has developed specific procedures for all procurement activity in the city. These collective procedures constitute the city's procurement process and are outlined in the Department of Procurement's Standard Operating Procedures (SOP). The SOP describes three distinct phases in the procurement process: planning and development, active, and execution.

In the planning and development phase, the department that needs a good or service identifies its requirements and funding source and

submits specifications to the Department of Procurement, Risk Management, and Office of Contract Compliance. Risk Management reviews the request for bonding or insurance requirements and Contract Compliance sets EBO/EEO goals. Procurement then prepares solicitation documents, advertises the need for the good or service, and holds a pre-bid/proposal conference with potential vendors.

During the active phase, procurement receives bids/proposals and evaluates whether they responded to all of the requirements in the solicitation. Procurement distributes responsive bids/proposals to the requesting department, Risk Management, and Contract Compliance for technical evaluation. Following technical evaluation, procurement compiles the scores and ranks the bids/proposals, then facilitates additional oral evaluations, if necessary.

In the execution phase, procurement notifies vendors of the results of evaluation, legislation is prepared to authorize contracts, and contract documents are prepared and approved.

Exhibit 1 illustrates the tasks and responsibilities for the Department of Procurement and the user departments using aviation as an example of a user department.

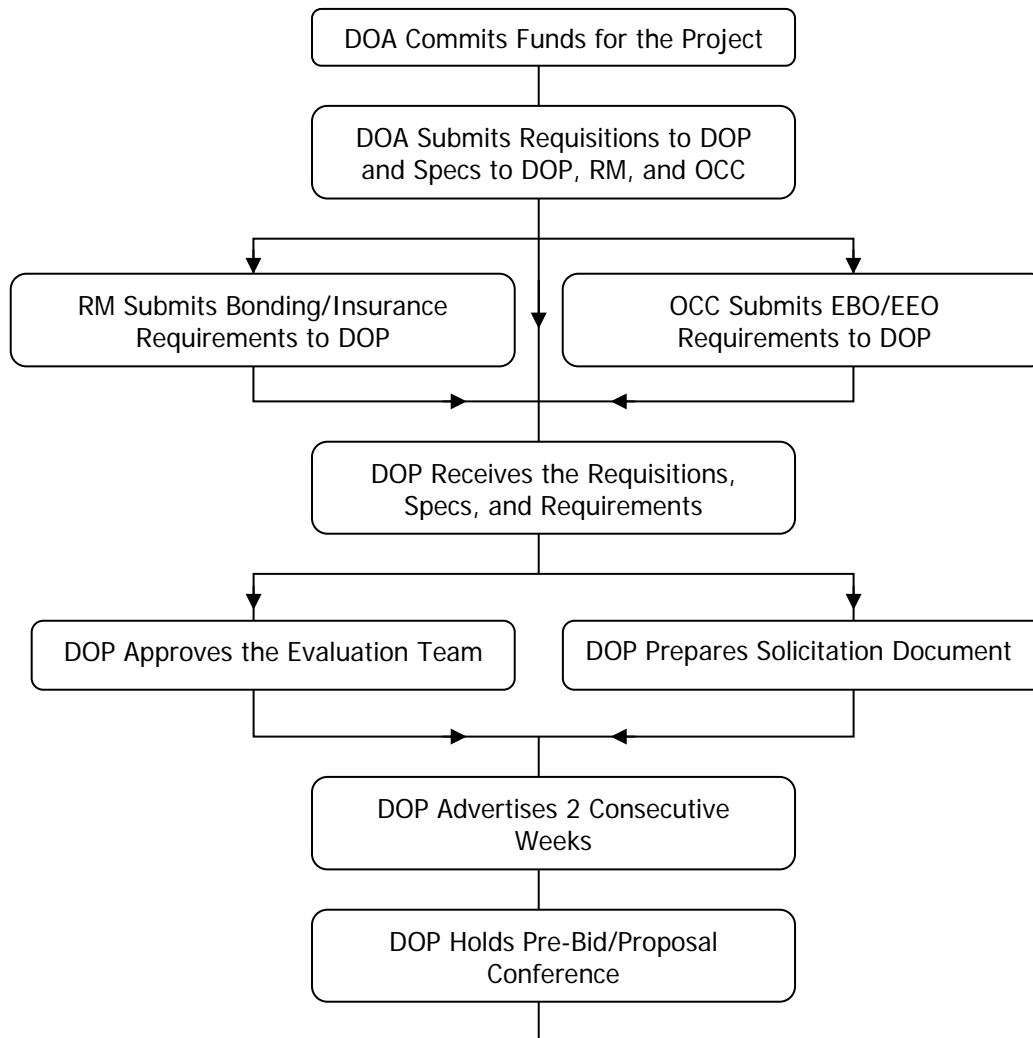
EXHIBIT 1: PROCUREMENT SOLICITATION PROCESS

DOA- Department of Aviation
RM-Risk Management

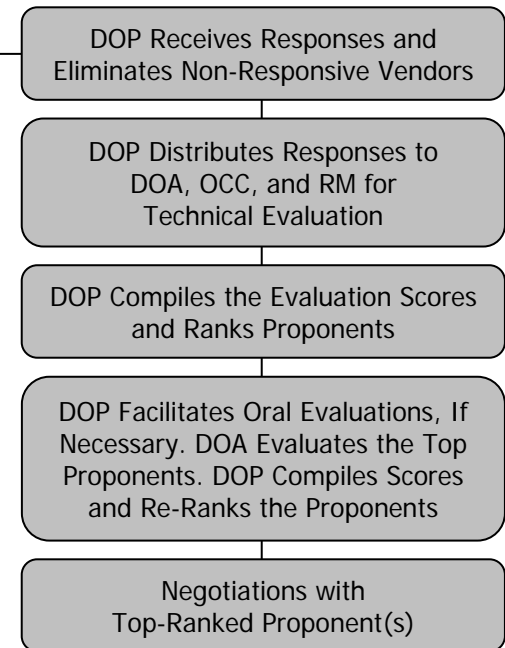
Legend

DOP-Department of Procurement
OCC-Office of Contract Compliance

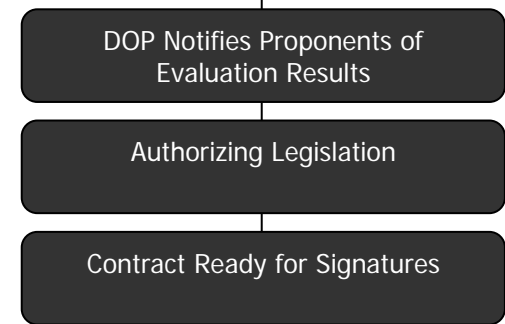
Planning and Development Phase



Active Phase



Execution Phase



Audit Objectives

This audit addresses the procurement process used by the Department of Procurement and the Department of Aviation with particular focus on the procedures used to solicit, evaluate, and select contractors within that process. The report answers the following questions:

- Does the process offer fair and open competition?
- Does the process follow city policies, procedures, and guidelines, and do these requirements reflect best practices?
- Are the bids and proposals evaluated objectively?
- What factors contribute to bid protests, and how often do they occur?

Scope and Methodology

This audit was conducted in accordance with generally accepted government auditing standards except for completion of an external peer review.³ We conducted our audit fieldwork from November 2004 to May 2005. Our audit covered Department of Aviation competitive procurement activity from January 2002 to November 2004. Our scope included some solicitations that occurred or were in progress before the Department of Procurement was created.

The audit methods included:

- Reviewing Department of Procurement procedures for preparing vendor instructions and managing the flow of information to vendors; soliciting vendor proposals and bids; and evaluating vendor proposals.
- Reviewing Department of Aviation procedures for evaluating vendor proposals.
- Interviewing procurement and aviation officials regarding their proposal and evaluation practices.

³ Government auditing standards require audit organizations to undergo an external peer review every three years. A peer review is planned for 2006.

- Comparing the Department of Procurement's written policies and practices with city ordinances, procurement industry standards, and best practices.
- Developing a checklist of 21 criteria to assess whether procurements were consistent with industry practices to promote fair and open competition. (See Appendix 1)
- Using the checklist to review 30 aviation solicitation files including:
 - » 15 randomly-selected executed contract files, 3 of which were protested;
 - » 8 cancelled solicitations, 2 of which were protested; and
 - » 7 protested solicitations and awards not included in the randomly-selected and cancelled inventory.

Findings and Analysis

Summary

The city's procurement ordinances and the Department of Procurement's procedures are consistent with industry practices that are intended to ensure fair and open competition. All 30 of the contract files we reviewed indicate that the city has adopted and uses procedures to promote competition, including identifying qualified vendors, providing the same information to all prospective bidders/proposers, and following standard procedures for receiving and selecting bids/proposals. On average, 21 vendors obtained solicitation packages for the procurements we reviewed and the city received an average of 5 responses per solicitation, including joint ventures submitted by more than one vendor.

While the city's procedures are designed to encourage competition, frequent changes to technical specifications and confusion about how the city evaluates bids/proposals could lead vendors to question the process. The process must not only be open and treat bidders and potential bidders fairly; it must appear to be fair. Bidders protested at least 16 percent of the aviation solicitations between January 2002 and November 2004, often citing problems with specifications and evaluation procedures. We did not attempt to verify specific claims made in protests, but found that the department changed technical specifications after releasing solicitation documents in about half of the procurements we reviewed, and issued more than three addenda – procurement's rule-of-thumb limit – for one third of the procurements we reviewed. We also found that evaluation scores varied widely without explanation and can appear to be subjective.

We make several recommendations intended to:

- improve the quality and accuracy of solicitation documents, thereby reducing the number of changes and addenda;
- enhance the credibility of vendor evaluations by reducing evaluator subjectivity through a restructured scoring system and increased discussion;

- safeguard the integrity of vendor evaluations by ensuring that evaluators are qualified, independent, objective, and that they understand the evaluation criteria and procedures; and
- reduce the number of vendor protests through increased transparency.

City Procurement Procedures Are Consistent with Industry Practices

The city's procurement ordinances and the Department of Procurement's procedures are consistent with industry practices that are intended to ensure fair and open competition. Fair and open processes help ensure that the city receives quality goods and services for the best price. One way to assess competition is by the number of vendors seeking bid/proposal documents and the number of responses. For the 30 solicitations we reviewed, an average of 21 vendors obtained solicitation packages and the city received an average of 5 responses, including joint ventures submitted by more than one vendor.

Best Practices Are Intended to Encourage Competition and Treat Bidders Fairly

Fair and open competition has been the ideal for public procurement since at least the 1920's. Over the years, the concept of fair and open competition has been promoted by several public laws, federal procurement amendments, and organizations such as the American Bar Association. The concept of fair and open competition embodies the following principles:

- Bidders who might be qualified to compete for a contract must be made aware of the opportunity and be provided the chance to respond.
- Notices to prospective contractors must adequately inform them of the nature of the procurement and how to proceed with offers.
- Closing dates and processing procedures must be established and followed.
- Solicitations must specify the evaluation factors.

- Evaluations and awards must be based upon the criteria specified in the solicitations.⁴

Processes that encourage competition and award bids fairly help to ensure that the city receives quality goods and services at the best price.

City Procedures Are Modeled on Best Practices

The **Model Procurement Code** is the guiding standard for state and local governments regarding fair and open procurement. The ABA's House of Delegates adopted *The Model Procurement Code for State and Local Governments* in 1979. It has since been revised and published as *The 2000 Model Procurement Code*.

The city's procurement ordinance is modeled after *The 2000 Model Procurement Code* (Model Code) prepared by American Bar Association (ABA) procurement experts. The Model Code is a guide state and local governments can use to ensure that their procurement procedures meet legal and ethical standards. The Model Code also stipulates the requirements for fair and competitive procurement systems.

The city's procurement process includes many of the principles intended to encourage fair competition. All 30 of the contract files we reviewed indicate that the city has adopted and uses procedures to promote fair and open competition including:

- advertising contracting opportunities;
- preparing written solicitation documents that contain project specifications, instructions on how to respond, and information regarding how proposals will be evaluated;
- providing opportunities for vendors to ask questions and obtain clarification; and
- establishing procedures for evaluating solicitation responses.

The city uses several methods to obtain sufficient participation in its solicitations. Procurement maintains a "potential bidders" list of all vendors interested in participating in city procurements. The department uses this list to invite vendors to participate in the procurement process. The potential bidders list is compiled from

⁴ GAO report GAO-02-36, *Metropolitan Washington Airports Authority, Contracting Practices Do Not Always Comply With Airport Lease Agreements*.

vendors who have completed the necessary paperwork to indicate their interest in participating in city contracts. Companies that successfully complete the paperwork are classified by their specialty and invited to participate when the city needs goods or services within that specialty.

The city also advertises in industry publications and local newspapers to solicit potential bidders. Both the invitations and the advertising provide a general sketch of what the city intends to purchase and how to obtain the necessary documents required for participation in the solicitation, as well as other pertinent information such as closing dates and when important meetings will be held.

The City's Procurement Methods Attracted Bidders

The city's efforts to solicit bids and proposals attracted the interest of numerous vendors for the solicitations we reviewed. For those solicitations, the average number of vendors that obtained solicitation packages was approximately 21. The average number of responses received per solicitation was approximately 5, ranging from 1 to 15. The average number of responses received does not necessarily equate to the average number of vendors that responded. In some instances, proposals were submitted jointly by multiple vendors. Per city policy, contracts in excess of \$10 million are required to be joint ventures in order to provide opportunities for women and minority participation in the contracting process unless the project is funded by the federal government. Joint ventures are not required in federally-funded contracts because of different federal contracting policies.

Confusion about the Procurement Process Could Undermine Perceptions of Fairness

The procurement process must not only be fair but must also appear to be fair to bidders and potential bidders. Frequent changes to technical specifications and confusion among vendors and some evaluators about how the city evaluates bids could lead vendors to question the process. Bidders protested at least 16 percent of the aviation solicitations between January 2002 and November 2004, often citing problems with specifications and evaluation procedures. Frequent changes to specifications also contribute to delays and bid cancellations, which can dissuade potential vendors from participating

in future solicitations and can adversely affect the departments seeking goods and services.

Although technical specifications originate with the user department, the Departments of Procurement and Aviation share responsibility for the quality of aviation solicitations. We recommend the chief procurement officer monitor the number and nature of changes to solicitation documents, and use the information gained to improve templates and checklists to assist staff preparing solicitation documents. We also recommend the Department of Aviation review and evaluate completed solicitations to identify areas to improve and elements to continue in future solicitations.

Because vendors may file protests in order to gain information about the evaluation process, we concur with the Department of Aviation's suggestion that procurement offer pre-protest meetings to vendors who wish to file protests in order to answer vendors' questions and provide feedback on the evaluation. Finally, we make several recommendations to better use evaluators' expertise, clarify evaluation scoring, and ensure that evaluators are technically qualified, free from conflicts of interest, and fully understand the criteria and procedures.

Procurement Often Changed Solicitation Documents after Release

Solicitation documents are the primary media the Department of Procurement uses to communicate bid/proposal requirements to potential bidders. They contain the following information:

- How to prepare and submit proposals
- When and where to submit them
- Information requirements
- Evaluation criteria and process
- Special instructions such as disadvantaged business practices and requirements

The Department of Procurement needed to revise technical specifications after releasing solicitation documents in about half of the procurements we reviewed, and issued more than three addenda – the department's rule of thumb limit – for one third of the procurements we reviewed. Frequent changes in technical specifications can indicate that the specifications are unclear, which can dissuade vendors from participating. Numerous changes or clarifications can also delay the procurement as the city needs to give vendors more time to respond. Most of the procurements we reviewed extended the due dates past the original deadline.

Addenda are issued in most solicitations to address vendors' questions. The Department of Procurement provides an opportunity for potential bidders to ask clarifying questions about the solicitation

and suggest changes to technical specifications once solicitation documents have been issued. Vendors may have questions about procedures or find deficiencies and errors in the solicitation document. The city answers these questions and issues any revisions to the solicitation via addenda which are sent to all vendors who have purchased the solicitation document. This practice is integral to an open process.

Experts recommend limiting changes. While some changes to solicitation documents are to be expected, numerous changes contribute to delay, increase workload for city staff and responding vendors, and may affect vendor responses. According to the International City/County Management Association (ICMA), too many changes will cause suppliers to abandon their efforts to prepare an effective proposal. The ICMA suggests that, in order to maintain a managed and fair process, there should be a limit to the number of changes that are made to solicitations.⁵

Although not a hard and fast rule, the Department of Procurement recommends no more than three addenda per solicitation. According to this guideline, one addendum is acceptable for each of the following reasons:

- to change a due date,
- to clarify or revise technical specifications, and
- to answer vendors' questions.

The department issued addenda for all but five of the solicitations we reviewed, and nine (almost one-third) had more than three. One solicitation had 11 addenda. Exhibit 2 shows the number of addenda issued for the solicitations we reviewed. Of the five solicitations without addenda, three were issued as emergency solicitations,⁶ one was cancelled fairly early in the process, and one was executed under normal circumstances. (Appendix 2 lists the number and purpose of the addenda for each solicitation we reviewed.)

⁵ IMCA [IQ Report, Bulletproof RFPs](#) p.7

⁶ Procedures for emergency solicitations are not as stringent as those for regular solicitations, although they should adhere as closely as possible to regular procurement practices.

EXHIBIT 2
ADDENDA ISSUED PER SOLICITATION

| Number of Addenda | Number of Solicitations |
|-------------------|-------------------------|
| No addenda issued | 5 |
| 3 or Fewer | 16 |
| 4 to 6 | 7 |
| 7 or More | 2 |
| Total | 30 |

Source: Audit sample of Department of Aviation solicitations, 2002 – 2004.

Numerous changes can indicate unclear requirements.

Changes to technical specifications were frequent, occurring in 17 (56 percent) of the files we reviewed, suggesting that project technical requirements are not as clear as they should be. Six of the 17 solicitations had at least two addenda that revised technical specifications; one had five such addenda. Exhibit 3 shows the number of solicitations that had each type of addenda.

EXHIBIT 3
TYPES OF ADDENDA ISSUED

| Types of Addenda | Number of Solicitations |
|----------------------------------|-------------------------|
| Changed Technical Specifications | 17 |
| Answers to Bidders' Questions | 22 |
| Changed Due Dates | 22 |
| Changed General Information | 9 |
| Other | 7 |

Source: Audit sample of Department of Aviation solicitations, 2002 – 2004.

Note: Many solicitations have multiple addenda, which is why there appears to be more than 25 solicitations in the table.

Some of these addenda made relatively minor changes to technical specifications, but several involved significant revisions. For example, in one solicitation, two separate addenda revised the technical specifications and drawings for the project. In the first addendum, 13 modifications were made to the technical specifications, and 41 modifications were made to the drawings. In the second addendum, an additional five changes were made to the drawings.⁷ These two addenda answered 52 questions from seven vendors.

Department of Procurement officials are aware of the numerous technical changes to specifications which originate with the user department. The officials said they do not know the exact cause of changes, but that the city has not traditionally had the expertise to prepare highly technical proposals; thus, they use consultants to assist in the process. Department of Aviation officials said large projects and changing conditions will most likely require changes as the planning process unfolds. They also said it is possible that tight schedules may be a factor that leads to moving projects along at a rapid pace, which can in turn lead to the need for changes.

Revisions delay procurements. Numerous changes and revisions lead to delays in the solicitation process as the city must extend proposal due dates to allow vendors time to review the changes, adjust their responses, or ask follow-up questions. If the changes could materially or significantly alter a bid amount, the addenda must be issued at least 72 hours before the response due dates. For the 30 files we reviewed, 22 solicitations (77 percent) had bid/proposal due date extensions. One solicitation's response due date was extended 105 days. Several solicitations had due dates extended more than once.

Exhibit 4 shows the number of days response due dates were extended. We could not translate the cost of the delays into actual dollars, but it is generally accepted that delays increase the city's costs and costs borne by vendors responding to the solicitation.

⁷ Although drawings are not considered technical specifications we included them because of their importance in providing information required to satisfy the solicitation objectives.

EXHIBIT 4
EXTENDED RESPONSE DUE DATES

| Days Between Original and Final Response Due Dates | Number of Solicitations | % |
|--|-------------------------|---------------|
| 0 Days | 8 | 26.7% |
| 1-20 Days | 8 | 26.7% |
| 21-40 Days | 8 | 26.7% |
| 41-60 Days | 3 | 10.0% |
| 61+ Days | 3 | 10.0% |
| Total | 30 | 100.0% |

Source: Audit sample of Department of Aviation solicitations, 2002 – 2004.

In several solicitations we reviewed, due dates were extended because procurement officials were slow to respond to vendor questions, therefore not allowing enough time for vendors to review responses. We reviewed 36 addenda in which due dates were extended. In 9 of them, vendors made issue with respect to timeliness of responses to their questions and the receipt of addenda. The city extended the proposal due date in all those cases. It was unclear why responses were slow, but one memorandum written by a procurement official indicated that the excessive number of questions required an extension of the proposal due date.

Omissions also contribute to deadline extensions and bid cancellations. We found several solicitations in which important general information was not included in the solicitation document. Such omissions can cause delays and cancellation of the project. Although this occurred in only three of the 30 cases we reviewed, one omission was critical enough to cancel the solicitation. The project was cancelled near the end of the solicitation selection process. We could not determine the monetary cost of the cancellation, but there was a significant time cost in the loss of the project due to the delay.

Procurement prepares the front-end section of each solicitation document with assistance from the user department. These sections, called "fronts," contain important information such as vendor

instructions, the evaluation plan, and contract compliance information. Procurement uses a computer template to prepare the fronts and inserts the technical sections into the solicitation document. The template assists staff in creating the documents and maintaining some consistency, but does not provide assurance that critical information will be included.

Model Solicitation Documents and Review Process Would Improve Quality

Officials from the Departments of Procurement and Aviation agree that numerous changes to solicitations are not desirable. The number of addenda issued per solicitation is a performance measure of the quality of city solicitation documents. Addenda to technical specifications are especially troubling because they are the requirements necessary to satisfy the city's objective for that solicitation.

We recommend the chief procurement officer monitor the number and nature of changes to solicitation documents and use the information gained to improve templates and checklists to assist staff in preparing and reviewing solicitation documents. Procurement should ensure that all necessary information is included in the solicitation documents user departments submit. We also recommend the Department of Aviation review and evaluate solicitations to identify areas to improve and elements to continue in future solicitations.

Procedures to Score Evaluation Criteria Are Confusing

While procurement's SOP provides a standard framework for evaluating bids and proposals that incorporates mandatory criteria established in city code, evaluators base their scores on individual judgment. Our analysis of 24 evaluations shows that the range of scores evaluators awarded a single written response varied by as much as 35 percent and a single oral response by as much as 42 percent of the total possible points. Such variation in scores could affect vendors' perceptions that the process is fair, especially since evaluators are not required to provide reasons for their scores. Several factors appear to contribute to the variation in scoring including different interpretations of criteria and how to score them, lack of instruction, lack of opportunity to discuss the criteria with other evaluators, and the way the scoring mechanism is structured.

Procurement's SOP sets an evaluation framework based on mandatory criteria in the code. The Department's SOP provides a framework for evaluating bids and proposals. User departments select a panel of evaluators to determine the merits of each proposal based on a set of mandatory evaluation criteria established by the city's procurement code. Evaluators used the mandatory criteria to evaluate responses in the solicitation files we reviewed. The criteria were consistent with sections or requirements of the solicitation documents, and documents explained how they would be used in the specific project.

Evaluators score bids and proposals using a combination of a weighted-point and a pass/fail methodology. In addition to scoring the responses, user departments may ask evaluators to score oral interviews conducted with the top vendors. The methods evaluators use to arrive at their scores are not spelled out in the code or SOP.

Mandatory Evaluation Criteria

1. Previous experience demonstrating competence to perform work involved in the project;
2. Past experience of previous contracts with respect to time of completion and quality of work;
3. The fee or compensation demanded for the work or services;
4. The ability to comply with the applicable ordinances and resolutions of the city, the regulations and ordinances of the county in which the work is to be performed and the laws of the state and the United States;
5. The ability to comply with the schedule of the commencement and completion of the work or services as required by the city;
6. The financial ability to furnish the necessary bonds;
7. The financial condition of the professional or consultant;
8. The ability to provide staffing of management personnel to the project, satisfactory to the city; and
9. Compliance with equal business opportunity (EBO) and other Office of Contract Compliance requirements.

Source: Section 2-1189, paragraph (d) of the Procurement Code

Scores vary widely without explanation. The evaluation process is designed to use each evaluator's knowledge and experience to determine the merits of the individual proposals. Thus, there is always some degree of subjectivity in the evaluation. However, scores given by evaluators to the same vendor sometimes vary significantly. Since evaluators are not required to provide reasons for their scores, vendors receive no explanations for these differences.

This can raise questions among vendors that undermine the credibility of the evaluation process.

Exhibit 5 illustrates how evaluation scores vary; it contains the total scores given in the initial evaluation of one of the solicitations we reviewed. In this evaluation, four evaluators scored the ten proposals submitted by vendors to the city. Score variation is measured in the last column of the table as “score range”—the difference between the high and the low scores received by each vendor. It can also be measured as “evaluator range”—the difference between the high and low scores given by each evaluator.

EXHIBIT 5
EVALUATION SCORES OF VENDOR PROPOSALS

| Total Scores for the Initial Evaluation of Vendor Proposals (40 possible points) | | | | | |
|--|--------------|---------------|---------------|-------------------|---------------------------|
| | Evaluator | | | | Score Range (High-Low) |
| | One | Two | Three | Four | |
| Vendor A | 40 | 36 | 40 | 38 | 4 (40-36) |
| Vendor B | 36 | 37 | 40 | 38.5 | 4 (40-36) |
| Vendor C | 28 | 26 | 26 | 34 | 8 (34-26) |
| Vendor D | 26 | 32 | 40 | 34 | 14 (40-26) |
| Vendor E | 22 | 32 | 34 | 25 | 12 (34-22) |
| Vendor F | 21 | 33 | 32 | 37 | 16 (37-21) |
| Vendor G | 18 | 27 | 30 | 35 | 17 (35-18) |
| Vendor H | 11 | 21 | 24 | 34 | 23 (34-11) |
| Vendor I | 11 | 28 | 31 | 29 | 20 (31-11) |
| Vendor J | 5 | 17 | 28 | 14 | 23 (28-5) |
| Column Average | 21.8 | 28.9 | 32.5 | 31.9 | 14.1 |
| Evaluator Range (High-Low) | 35 (40-5) | 20 (37-17) | 16 (40-24) | 24.5 (38.5-14) | |

Source: Audit sample of Department of Aviation solicitations, 2002 – 2004.

Evaluators’ scores for a single vendor varied an average of 35 percent. The difference between the high and low scores for both vendors H and J was 23 points. Scores also varied widely for vendor I, who received three scores around 30 and a low score of 11.

The average score range (the average of the differences between the high and the low scores received by each vendor) for this evaluation was 14.1 points, or approximately 35 percent of the 40 possible points, a relatively wide variation in scores.

Scores by individual evaluators awarded to the different vendors varied as well. Evaluator one gave a wide range of scores (a spread of 35 points), while evaluator three gave a narrow range (a spread of 16 points). The average score given by evaluator one (21.8 points) was approximately ten points lower than the average scores given by evaluators three and four (32.5 and 31.9 points respectively).

We observed similar patterns in the other 24 solicitation evaluations reviewed. Exhibit 6 summarizes the average score ranges for these evaluations. Ten of the evaluations had score range averages greater than 20 percent of the total possible points, reflecting wide variations among evaluators.

Wide variations in scores may undermine the system's credibility. Such variations may imply a level of subjectivity in the evaluations that can impact vendors' perceptions that the process is fair, particularly since vendors receive no explanations for the scores they receive. For example, Vendor J said in correspondence related to the solicitation evaluation we analyzed in Exhibit 5, "some evaluators seemed to apply subjective criteria in solicitations where it was inappropriate."

Wide variation in scores also suggests that evaluators might be using different approaches and score interpretations in evaluating the proposals. This could potentially affect the evaluation outcome, including which vendors are asked for oral interviews and which vendor is ultimately awarded the contract. Although such effects may be hypothetical, scoring results do lead to bid protests – about one third of the bid protests we reviewed cited concerns with evaluation.

EXHIBIT 6
AVERAGE SCORE RANGES FOR
INITIAL TECHNICAL AND ORAL EVALUATIONS

Technical Evaluations

| | Average Score Range (Pts.) | Total Possible Points | Average Score Range (%) |
|----|----------------------------|-----------------------|-------------------------|
| 1 | 3.0 | 70 | 4% |
| 2 | 3.7 | 60 | 6% |
| 3 | 3.0 | 40 | 8% |
| 4 | 8.0 | 75 | 11% |
| 5 | 12.0 | 75 | 16% |
| 6 | 14.0 | 85 | 16% |
| 7 | 7.3 | 40 | 18% |
| 8 | 13.4 | 65 | 21% |
| 9 | 16.5 | 75 | 22% |
| 10 | 15.6 | 65 | 24% |
| 11 | 12.0 | 40 | 30% |
| 12 | 20.2 | 65 | 31% |
| 13 | 29.3 | 85 | 35% |
| 14 | 14.1 | 40 | 35% |

Source: Audit sample of Department of Aviation solicitations, 2002 – 2004.

Oral Evaluations

| | Average Score Range (Pts.) | Total Possible Points | Average Score Range (%) |
|----|----------------------------|-----------------------|-------------------------|
| 1 | 2.5 | 85 | 3% |
| 2 | 6.5 | 65 | 10% |
| 3 | 8.0 | 75 | 11% |
| 4 | 7.4 | 65 | 11% |
| 5 | 9.5 | 75 | 13% |
| 6 | 12.7 | 85 | 15% |
| 7 | 11.3 | 75 | 15% |
| 8 | 8.6 | 40 | 22% |
| 9 | 30.5 | 75 | 41% |
| 10 | 16.7 | 40 | 42% |

Source: Audit sample of Department of Aviation solicitations, 2002 – 2004.

Our review of evaluation files and interviews with staff suggests that evaluators' different interpretations of criteria and how to score them, lack of instruction, lack of opportunity to discuss the criteria or proposals, and the way the scoring system is structured contribute to the variation.

Unclear criteria could contribute to inconsistency.

Correspondence from a vendor and an evaluator suggests that significant differences may be due to a lack of clarity in both the criteria and their application to the evaluation. The vendor stated "the process and factors used to judge the proposals were not clearly set forth so as to allow the evaluators to properly review the proposals." An evaluator stated that the "evaluation criteria provided in the RFP is very vague and is not consistent with the format proposers were required to follow, so it makes it very difficult to have more than a subjective evaluation on the criteria." The evaluator further stated that "it is difficult to differentiate between some proposers based on the RFP as written, without insight as to what the RFP writer was anticipating or intending to solicit from the proposer."

Scoring methodology could contribute to inconsistency.

Significant scoring differences might also arise from how the scoring is structured. Each criterion is assigned a certain weight out of 100 points. The maximum score for any given criterion is equal to its weight. For example, if the weight for a particular criterion is 15 out of 100, then the maximum score an evaluator can give a vendor for that criterion is 15 points.

Although this method is straightforward, there is no guidance for evaluators in assigning points in order to ensure consistent interpretation. Without guidance, evaluators are left to interpret what each score value means and individual interpretations of score values can become subjective. For example, a score of 10 to one evaluator might mean the same thing as a score of 8 to another. This may help explain why some evaluators tend to score higher or lower than others, as seen in Exhibit 5 above.

Score interpretations can become even trickier as the criteria weights increase. In one of the evaluations we reviewed, one criterion had a weight of 30. Interpreting what a score of 26 out of 30 means versus a score of 28 out of 30 can quickly become subjective. Moreover, some evaluators increased subjectivity by introducing additional possible scores in the form of fractions. In one evaluation, an evaluator gave such scores as 12.4, 21.8, and 7.3.

Lack of instruction could contribute to inconsistency. The Department of Procurement does not provide evaluators specific instructions on how to proceed with the evaluation. Moreover, according to the department, evaluators have often been selected well after the solicitation was planned and structured and have generally not been involved in the preparation of evaluation plans and criteria. The department amended the SOP in June 2005 to require that evaluators be included in developing the evaluation plans.

Lack of opportunities for discussion could contribute to inconsistency. The Department of Procurement prohibits discussion among the evaluators during the evaluation in order to avoid the possibility of evaluators unduly influencing each other. However, one aviation official suggested that this policy is too restrictive. In the case we described earlier where the evaluator found it difficult to apply the criteria to specifications, the evaluator was unable to obtain clarification because of the policy. Evaluators may not have a clear understanding of some evaluation criteria because they might lack experience in certain areas. The official believes that, in such situations, evaluators should be allowed to ask each other questions to better understand the evaluation criteria.

In order to promote more consistent interpretation of the mandatory criteria and how they should be scored and prevent misunderstandings among all parties, we recommend the Department of Procurement:

- Ensure that evaluation criteria are clearly defined and understood by the evaluation team;
- Ensure that evaluation criteria are clearly linked to solicitation document requirements;
- Restructure its scoring methodology to reduce the number of possible scores per criterion, create a rubric to define what each possible score means, and apply weights after evaluators have scored the proposals;
- Train evaluators on where to find pertinent information in the solicitation responses and how responses can meet the requirements of the solicitation; and
- Allow discussion among evaluators to clarify criteria.

Many Protests Cite Problems with Specifications and Evaluations

Bid protests are an inevitable part of the procurement process; however, protests can be costly and time consuming. Even when protests are unsuccessful, they create an unfavorable impression of the city's procurement process. In the protests we reviewed, vendors cited problems with specifications and evaluation procedures. Exhibit 7 summarizes the various issues raised in the protests and their frequency of occurrence. We did not attempt to verify the veracity of the claims made by vendors who protested response evaluations and contract awards.

EXHIBIT 7
PROTEST ISSUES RAISED

| Bid Protest Issue | Frequency of Occurrence |
|--------------------|-------------------------|
| Evaluation Results | 9 |
| Procedures | 10 |
| RFP Content | 5 |
| Legal Concerns | 2 |
| Other | 2 |

Source: Audit sample of Department of Aviation solicitations, 2002 – 2004.

Bidders protested at least 16 percent of aviation solicitations carried out between January 2002 and November 2004.⁸ We could not determine from best practices or other sources the number of protests that can be expected to occur. However, protests require valuable time for the Department of Procurement to analyze and respond to the issues raised. Therefore, we believe procurement should work towards keeping protests to a minimum.

Exhibit 8 summarizes and provides examples of statements made by protesting vendors. We provided examples for three categories: Evaluation Results, Procedures, and RFP content.

⁸ Based on information provided by the Department of Procurement and our random sample of 15 contracts, which identified two protests that the department had not listed. We did not independently review all contract files to determine whether a protest was filed.

EXHIBIT 8
STATEMENTS MADE BY PROTESTING VENDORS

| Claim | Category |
|---|--------------------|
| Charged that the city allowed a proponent to respond outside of the allocated time frame. | Procedural |
| Charged that all questions were not answered and the city did not make sure the company fully understood the requirements. | Procedural |
| Charged that the city did not clarify questions and issues for the proponent. | Procedural |
| Charged that the selection of the competing bidder was based upon factors not in the RFP and the Atlanta Code. | Procedural |
| Questioned how is a contractor who does not meet the criteria for the project allowed to operate for two years without a contract. | Evaluation results |
| Questioned what criteria it failed to meet and what the successful bidder did that was better. | Evaluation results |
| Charged that competing bidder failed to satisfy minimum requirements for experience. | Evaluation results |
| Charged that the city erred in its conclusions regarding the bidder's proposed scope of work, and erred in its conclusion of what the bid price represented. | Evaluation results |
| Charged that the city failed to provide crucial information, namely the correct amount of gross annual revenues and the number of current payphones and prepaid machines. | RFP Content |
| Charged that the RFP was open for interpretation. | RFP Content |
| Charged that requirements were incomplete and unclear. | RFP Content |
| Charged that there were misrepresentations in the requirements. | RFP Content |

Source: Audit sample of Department of Aviation solicitations, 2002 – 2004.

Aviation officials believe some protests will inevitably occur, but that others can be avoided by providing vendors with information or feedback before they can file protests. Because of the amount of effort vendors put into their solicitation responses, one aviation analyst believes vendors may want more feedback to determine what they can improve to increase their chances of winning future solicitations. This idea was reinforced by another aviation official who said vendors use bid protests as a method to obtain information about their weaknesses and about the evaluation procedures. The official believes some protests would not be filed if vendors had an

opportunity to discuss evaluations with procurement before the protests were filed. He suggests that procurement should offer to meet with vendors to discuss evaluations; if such meetings do not resolve vendors' issues, then vendors would be allowed to continue with the protests.

We cannot be sure that vendors use the protest system to obtain feedback about the evaluation process; however, the 2002 Process Review stated that vendors were confused about the procurement process and recommended that procurement enhance its vendor relations efforts.

Procurement Should Ensure that Evaluators Are Free from Conflicts of Interest and Technically Qualified

The Department of Procurement relies on aviation to select evaluators that meet its ethical and technical requirements. The requirements laid out in the SOP state that evaluators must follow "guiding principles during the solicitation period which include, but are not limited to, ethics, integrity, competence and proper handling, and care of confidential information. All activities must be conducted in accordance with the City's ethical principles and standards of conduct." However, neither aviation nor procurement has procedures to ensure that these requirements are met. Evaluators should also have the technical expertise and experience necessary for effectively performing their evaluation assignments.

Evaluators should be free from conflicts of interest. Aviation officials select evaluators informally based on their knowledge of individuals within the department and best fit for the specific project. According to aviation officials, they do not check potential evaluators' credentials to ensure that they have no conflicts of interest that would disqualify them from the evaluation team, such as seeking employment from, or direct financial interest in, the vendors submitting bids or proposals.

We recommend, as part of the evaluation, procurement require potential evaluators sign a disclosure statement documenting their qualification to independently and objectively serve on an evaluation panel, and agreeing not to disclose any sensitive or proprietary information obtained.

Evaluators should be technically qualified. Procurement requires aviation to submit evaluator qualifications for approval before

they are selected to evaluation teams. Aviation has met this requirement by providing procurement with the names and titles of those persons it has selected to serve on the teams. Procurement reviews the titles for relevance to the specific project and grants approval if satisfied with the submissions.

Although evaluators' job titles relate to the specific projects, the titles do not assure that the evaluators meet the necessary qualifications. The assistant procurement chief for aviation stated he has begun attempts to obtain more information on evaluators by requesting resumes. Additionally, procurement officials said that, overall, the qualifications of evaluators are not of the level it desires, although they are moving forward in obtaining the types of skills needed to conduct highly technical evaluations.

Because the Department of Procurement is responsible for managing the procurement process, the department should be more involved in determining whether evaluators are qualified. Procurement should work more closely with aviation to review the qualifications of potential evaluators. At a minimum, the Department of Procurement should ascertain how the evaluators' work experience relates to the requirements of the evaluation.

Recommendations

Our recommendations identify improvements that will 1) increase the quality and accuracy of solicitation documents, thereby reducing the number of changes and addenda; 2) safeguard the integrity of vendor evaluations by ensuring that evaluators are qualified, independent, objective, and that they sufficiently understand the evaluation criteria and procedures; 3) enhance the credibility of vendor evaluations by reducing evaluator subjectivity through a restructured scoring system and increased discussion; and 4) reduce the number of vendor protests through increased transparency.

1. **Model New Solicitations after Similar Solicitations.** In accordance with ICMA best practices, we recommend that the Department of Aviation and the Department of Procurement develop and implement procedures for modeling new solicitations after similar successful solicitations. Both departments contribute important sections to the solicitation document and would benefit from identifying and reviewing such solicitations from either internal or external organizations. In so doing, the ICMA suggests contacting those organizations to ask what they learned from the process and how it might have been improved. Such insights could enhance the quality and effectiveness of the city's solicitations.
2. **Develop Controls to Ensure that All Necessary Information is Included in Solicitation Documents.** Although it already uses a computer template designed to prevent such errors, important information has occasionally been omitted from solicitation documents. The Department of Procurement should create and implement further quality-assurance controls to ensure that solicitation documents include all necessary information and that such information is accurate. At the very least, procurement could develop a checklist review before issuing the documents.
3. **Develop a Review Process for Solicitations with Numerous Addenda.** The Department of Procurement should create and implement a process for reviewing solicitations with numerous addenda. Procurement should determine the reasons for the addenda and use the results of the review to improve future

solicitation documents. The review process would require working with aviation and other departments contributing to the addenda.

4. **Be More Involved in Determining the Qualifications of Evaluators.** Because the chief procurement officer is ultimately responsible for approving evaluators, the Department of Procurement should work more closely with aviation to assess the qualifications of prospective evaluators. This entails the following steps:

- First, procurement and aviation should clearly identify the qualifications that evaluators should possess for a given solicitation.
- Second, when recommending prospective evaluators, aviation should provide information to demonstrate that the evaluators meet those qualifications.
- Third, instead of simply reviewing the names and job titles of potential evaluators, the Department of Procurement and chief procurement officer should review the additional information provided by aviation before granting approval.

Following these steps will help the chief procurement officer to better fulfill the department's obligation to approve prospective evaluators and increase accountability for those decisions.

5. **Design a "Conflict of Interest" Disclosure Statement Form for Evaluators.** In consultation with the ethics officer, the Department of Procurement should design a disclosure statement form for prospective evaluators to declare that they can independently and objectively serve on the evaluation panel, have no conflicts of interest with regard to the evaluation, and understand the expected standards of conduct. Aviation could have responsibility for presenting the form to prospective evaluators, but the form should be signed before evaluators are approved.

6. **Ensure Evaluators Fully Understand the Evaluation Criteria and Evaluation Procedures.** Under the revised SOP, the Department of Procurement will begin to involve evaluators when selecting evaluation criteria and developing evaluation plans for the solicitations. In addition, procurement should develop procedures for ensuring the following:

- Evaluation criteria are clearly defined and understood by the evaluators.
- Evaluation criteria are clearly linked to the solicitation response requirements.
- Evaluators understand which criteria they will evaluate and are adequately instructed on evaluation protocol, procedures, and scoring systems.

Following these recommendations should reduce potential misunderstandings between vendors, evaluators, and the city about what is expected to be included in the responses and how they will be evaluated.

7. **Restructure the Evaluation Scoring Methodology.** The Department of Procurement should restructure its scoring methodology. In order to reduce unnecessary subjectivity, the department should use a limited and consistent number of possible scores for all of the criteria and create a rubric that defines what each possible score means. Scores could then be weighted during compilation by multiplying each criterion's score by its percent weight.
8. **Allow Evaluators to Discuss Criteria During Evaluations.** The Department of Procurement should revise its evaluation policies to allow evaluator discussion during evaluations to clarify criteria. This could clear up any lingering misunderstandings and enable the evaluators to approach the criteria in a more uniform way. In order to preserve the objectivity of the evaluations, the Department of Aviation should monitor or facilitate these discussions to prevent evaluators from discussing their actual scores.
9. **Offer Pre-Protest Meetings to Vendors.** The Department of Procurement should offer pre-protest meetings to vendors who wish to file protests. These meetings could be used to answer vendors' questions and provide feedback on the evaluation. They may reduce the number of protests filed by vendors.

Appendices

APPENDIX 1 **CRITERIA USED TO EVALUATE DOA SOLICITATIONS**

| <u>List of Criteria</u> | |
|-------------------------|---|
| 1) | Was a scoring system used? |
| 2) | Was procurement limited to specific manufacturers? |
| 3) | Were potential contractors excluded from bidding? |
| 4) | Was RFP circulation limited to less than 21 days? |
| 5) | Did any bidders help with the RFP? |
| 6) | Was the scoring system outlined in the RFP used? |
| 7) | Does the recommendation reflect the evaluation scores? |
| 8) | Do recommendations include description of the evaluation process? |
| 9) | Was there a potential supplier list maintained? |
| 10) | Was a pre-bid conference held? |
| 11) | Was the RFP publicity announced? |
| 12) | Did the RFP identify the evaluation process? |
| 13) | RFP instruct on how to organize proposals? |
| 14) | Were any proposals corrected or withdrawn without proper authorization? |
| 15) | Were proposals open to public inspection after contract award? |
| 16) | Were there indications of prohibited contacts with procuring agency? |
| 17) | Does documentation explain why a prospective bid is not responsible |
| 18) | Does documentation explain partial or total bid rejections |
| 19) | Were Evaluation Factors Weighed? |
| 20) | Did the RFP process opening as scheduled? |
| 21) | Is there a process to handle conflicts of interest? |

APPENDIX 2
TABLE OF CONTRACT CHANGES

| Contracts – See Legend for Full Contract Name and Number | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|--|--------|--------|--------|-----------------------|---|--------|-------------|-------------|-------------|-------------|--------|--------|--------|--------|----|----|-------------|-------------|----|--------|----|--------|----|--------|----|----------------------------|-----------------------|----|
| Changes | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 13 | 14 | 15 | 16 | 17 | 18 | 19 | 20 | 21 | 22 | 23 | 24 | 25 | Total Per Change | | |
| Changed Date | ✓ ✓ | ✓ | ✓ ✓ | ✓ ✓ ✓ ✓ ✓ | ✓ | ✓ ✓ | ✓ ✓ ✓ | ✓ ✓ ✓ | ✓ ✓ ✓ | ✓ ✓ ✓ | ✓ ✓ | ✓ | ✓ | ✓ | ✓ | | ✓ | ✓ ✓ ✓ | | ✓ ✓ | ✓ | ✓ ✓ | ✓ | | | ✓ ✓ ✓ ✓ ✓ ✓ | 49 | |
| Changed Technical Specifications | ✓ | ✓ ✓ | ✓ | ✓ ✓ ✓ ✓ | | | ✓ | | ✓ | ✓ | ✓ | | ✓ ✓ | ✓ ✓ | ✓ | ✓ | | ✓ | | | ✓ | | | ✓ ✓ | ✓ | | ✓ ✓ ✓ ✓ ✓ | 28 |
| Answered Bidder's Questions | ✓ | | ✓ | ✓ ✓ | ✓ | ✓ | ✓ | ✓ | ✓ ✓ ✓ | ✓ ✓ | ✓ ✓ | ✓ ✓ | ✓ ✓ | ✓ | ✓ | | ✓ | ✓ ✓ ✓ | ✓ | ✓ ✓ | ✓ | ✓ | ✓ | | ✓ | ✓ ✓ ✓ | 34 | |
| Insert Missing Documents | | | | | | | | | | | | ✓ | | | | | | | | | | | | | | | 1 | |
| Changed General Information | | | | ✓ | | | | ✓ | | ✓ | | ✓ ✓ | ✓ ✓ | | | | ✓ ✓ ✓ | | ✓ | | | | | | ✓ | ✓ | 13 | |
| Revised Responses to Proponents | | | | ✓ | | | | | | | | | | | | | | | | | | | | | | | 1 | |
| Not Found in File | | | ✓ | | | | | | | | | | | | | | | | | | | | | ✓ | | | 2 | |
| Clarifications | | | | ✓ ✓ ✓ | | | ✓ | | ✓ | | | | | | | | | ✓ | | | | | | | | | 6 | |
| Total Contract Changes | 4 | 3 | 5 | 17 | 2 | 3 | 6 | 5 | 8 | 7 | 5 | 6 | 7 | 4 | 3 | 1 | 5 | 8 | 2 | 4 | 3 | 3 | 4 | 3 | 16 | 134 | | |

| Legend | | | | | |
|------------------------|--------------------------|------------------------------------|------------------------|--------------------------|--|
| <u>Contract</u> | <u>Contract #</u> | <u>Contract Name</u> | <u>Contract</u> | <u>Contract #</u> | <u>Contract Name</u> |
| 1 | FC-7505-02 | Demolition Services | 14 | FC-7241-00 | Fifth Runway Truck Drainage |
| 2 | FC-7437-02 | Fiber Optics Room | 15 | FC-7582-03 | Wi Fi Network |
| 3 | FC-7395-01 | Fiber Optics Backbone | 16 | FC-7416-02 | Approach Clearance |
| 4 | FC-7687-04 | Security Access Control | 17 | FC-7516-02 | Vending Concessions |
| 5 | FC-7633-03 | Ground Transportation Taxi Starter | 18 | FC-7370-01 | A&E Design and Support |
| 6 | FC-7434-02 | Fixed Based Operator | 19 | FC-7404-02 | Community Satisfaction Survey |
| 7 | FC-7427-02 | Public Pay Phone | 20 | FC-7415-02 | Ground Trans. Shuttle & Shared Ride Svcs |
| 8 | FC-7430-02 | Advertising Concessions | 21 | FC-7098-99 | Security Fence & Guard Post Improvements |
| 9 | FC-7369-01 | A&E Major Support | 22 | FC-7468-03 | Fuel Storage Facility |
| 10 | FC-7313-01 | Concourse E Duty Free | 23 | FC-7387-01 | North/South Terminal Ceiling Replacement |
| 11 | FC-7708-04 | Public Pay Telephone Concession | 24 | C-510-B | Dynamic Roadway Signs |
| 12 | FC-7542-02 | Car Rental Counter Space | 25 | FC-7629-03 | MHJIT Embankment & Utilities Relocation |
| 13 | FC-7565-03 | Sullivan Road Relocation | | | |

Explanation of Types of Changes:

| | |
|---|---|
| <u>Changed Date</u> | Changes to the bid proposal due date caused by other changes to bid documents. This includes changes to best offer and final bid due dates. |
| <u>Changed Technical Specifications</u> | Changes to technical specification issued after the bid proposal was advertised for bid. |
| <u>Answered Bidder's Questions</u> | Responses to questions submitted by the proponents prior to the bid due date. |
| <u>Insert Missing Documents</u> | Amending bid documents to insert missing documents or to correct information. |
| <u>Changed General Information</u> | Changes to general information listed in the bid documents. Changes may be initiated by Department of Procurement or by the Department of Aviation. |
| <u>Revised Responses to Proponents</u> | Answers to additional questions asked by proponents prior to bid due date. |
| <u>Not Found in File</u> | Amendment not found in file. |
| <u>Clarifications</u> | Date clarifications issued by Department of Procurement or Department of Aviation. |

APPENDIX 3
CONTRACT FILES REVIEWED

| Number | Contract Name |
|-------------|--|
| FC 7565-03 | Sullivan Road Relocation |
| FC 7241-00 | Fifth Runway Trunk Drainage |
| FC 7416-02 | Approach Clearance |
| FC 7503-02 | Comprehensive Fixed Assets |
| C 510 B | Dynamic Roadway Sign |
| FC 7516-02 | Vending Concessions |
| C 510 (O) | Miscellaneous Design Construction |
| FC 7505-02 | Demolition Services |
| FC 7437-02 | Fiber Optics Room |
| FC 7395-01 | Fiber Optic Backbone |
| FC 7370-01 | A&E Design and Support |
| FC 7313-01 | Concourse E Duty Free |
| FC 7369-01 | A&E Major Support |
| FC 7468-03 | Fuel Storage Facility |
| FC 7542-02 | Car Rental Counter Space |
| FC 7582-03 | WiFi Network |
| FC 7687-04 | Security Access Control |
| C 510 N | Construction Administrative Service |
| FC 7708-04 | Public Pay Telephone Concession |
| FC 7633-03 | Ground Transportation Taxi Starter |
| FC 7434-02 | Fixed Based Operator |
| FC-7404-02 | Community Satisfaction Survey |
| FC-7427-02 | Public Pay Phone |
| FC-7430-02 | Advertising Concessions |
| C-528 | Main Security Screening Checkpoint |
| FC-7098-99 | Security Fence & Guard Prost Improvement |
| FC- 7415-02 | Ground Transportation Shuttle & Shared Ride Services |
| FC- 7629-03 | MHJIT Embankment and Utilities Relocation |
| FC- 7387-01 | North/South Terminal Ceiling Replacement |
| FC 7141- 02 | Banking Services |

APPENDIX 4
AUDIT RESPONSE – DEPARTMENT OF PROCUREMENT



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DEPARTMENT OF PROCUREMENT
Adam L. Smith, Esq.
Chief Procurement Officer
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January 26, 2006

Ms. Leslie Ward
Internal Auditor
Office of the City Internal Auditor
68 Mitchell Street, SW
Atlanta, GA 30303

Dear Ms. Ward:

Re: Procurement Solicitation and Evaluation Performance Audit Report

This letter serves as a response to your audit report of the Procurement Solicitation and Evaluation process for the period of November 2004 to May 2005. Based on our review of the audit and the subsequent meetings with you to discuss same, without hesitation, the Department of Procurement (the "DOP") agrees with the recommendations contained in the audit report.

At the outset, please be advised that the DOP has made tremendous progress and improvements to its overall operations. We will continue to make improvements and benchmark our progress with other purchasing operations to ensure that we reach high performing measures.

In response to the recommendations, the DOP states the following:

1. Model new solicitations after similar solicitations.

The DOP has already developed steps for formal contracts for user agencies to follow in the formal contract process. Those steps are set forth in the DOP's Standard Operating Procedures ("SOP"). During the project development team meetings, the DOP will refer to and use previous solicitation documents as models and guides to ensure accuracy and consistency for new solicitations. The DOP has already updated all standard documents used in connection with solicitations. These documents include all of the requirements customarily contained in the solicitation documents for the City and user agencies. Additionally, it is now customary for the DOP to utilize the National Institute of Governmental Purchasing Contracts Library (which contains, among other things, model specifications, etc., for projects completed by other governmental agencies).

APPENDIX 4 (continued)
AUDIT RESPONSE – DEPARTMENT OF PROCUREMENT

Ms. Leslie Ward
Internal Auditor

Re: Procurement Solicitation and Evaluation Performance Audit Report
January 26, 2006
Page 2

2. Develop controls to ensure that all necessary information is included in solicitations.

The DOP will ensure that formal solicitations follow the steps for formal contracts set forth in the SOP. In addition, the DOP has implemented the Contracting Officer Project Checklist, a chronology checklist of the formal contract process; and the Solicitation Document Checklist, a checklist that contains all components of documents for Requests for Proposal and Bids to ensure consistency of use for all solicitations. The Contracting Officers and Administrative Assistants have and will continue to receive monthly training on the development of all solicitation documents, including steps from origination to execution of the contract, and the maintenance of project files.

3. Develop a review process for solicitations with numerous addenda.

It is the customary procedure for the DOP to review and discuss the complete project solicitation before it is released and made available to the public. Because the DOP does not develop specifications, as it relies heavily on the departments and agencies for the development of specifications for solicitations, the DOP will continue to coordinate with the project team as a part of its project checklist process, and ensure that the solicitation is complete before it is made available to the public, including having answered all questions raised in any Pre-Proposal conferences by potential vendors.

4. Be more involved in determining the qualifications of evaluators.

The evaluation criteria, team and process will be reviewed and discussed during the project development phase for each project. These processes will be further reviewed and approved by the DOP and User Agency. The evaluation process will also be reviewed and discussed in detail with the approved project evaluators during the project development phase. The DOP will continue to make itself available to the evaluators and evaluator teams for assistance and direction for evaluating each project.

5. Design a Conflict of Interest Disclosure Statement Form for evaluators.

Pursuant to the DOP's SOP, the DOP already requires every evaluator to abide by the Principles and Standards of Conduct for Procurement for Evaluators. Additionally, once approved by the Law Department and the Ethics Officer, the DOP will then require every evaluator to acknowledge and sign the Form for Principles and Standards of Ethical Conduct for Procurement Evaluators. The DOP anticipates the implementation of this form beginning, March 1, 2006.

APPENDIX 4 (continued)
AUDIT RESPONSE – DEPARTMENT OF PROCUREMENT

Ms. Leslie Ward
Internal Auditor

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January 10, 2006

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6. Ensure evaluators fully understand the evaluation criteria and evaluation procedures.

During the project development phase of the procurement process, the DOP, along with the User Agency, will establish the evaluation criteria and process. Also during the development phase, the DOP will now require departments and agencies to submit their proposed list of evaluators. At this phase, the DOP will conduct background evaluations to ensure that each evaluator has the necessary and appropriate background and experience to evaluate the proposed project. The evaluation process will also be reviewed and discussed in detail with the approved project evaluators during the project development phase. The DOP will also continue to make itself available to the evaluators and evaluator teams for assistance and direction for evaluating each project.

7. Restructure the evaluation scoring methodology.

The DOP believes that the current methodology works; however, it is incumbent upon the DOP to explain fully the methodology to the evaluators. The DOP will continue to explain the methodology in connection with the procurement process. The DOP believes it is necessary and essential to provide the evaluators with an Evaluators Instructions Sheet - explaining the evaluation process including, but not limited to, the structure of the scoring methodology for the project. The DOP agrees to work with the Law Department to review the current scoring methodology for the overall procurement process. The DOP will also solicit the input of the departments and agencies on the methodology. The DOP anticipates making revisions to the scoring methodology, if deemed necessary, by March 1, 2006.

8. Allow evaluators to discuss criteria during evaluation.

The evaluation process will also be reviewed and discussed in detail with the approved project evaluators during the project development phase. The DOP will also continue to make itself available to the evaluators and evaluator teams for assistance and direction for evaluating each project. As a part of the evaluation phase, the DOP will establish a forum in which the evaluators may discuss the project, i.e., provide clarity, answer questions, etc.

9. Offer Pre-Protest meeting to vendors.

The DOP currently provides a forum in which an unsuccessful proponent may discuss issues relating to a specific project. The DOP considers such meetings as “de-briefings”, not “pre-protest” meetings. The DOP will continue to provide opportunities for vendors to voice their concerns on projects. To strengthen this process, the DOP will request guidance from the Law Department.

APPENDIX 4 (continued)

AUDIT RESPONSE – DEPARTMENT OF PROCUREMENT

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Internal Auditor

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January 26, 2006
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The DOP appreciates your recommendations and we are committed to making improvements for overall efficiency and effectiveness. If you have any questions or would like to discuss this matter further, please do not hesitate to contact us.

Sincerely,



Adam L. Smith

ALS/mb

cc: Mayor Shirley Franklin
Ms. Lynnette W. Young

APPENDIX 5
AUDIT RESPONSE – DEPARTMENT OF AVIATION



RECEIVED JAN 27 2006

CITY OF ATLANTA


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MAYOR

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BENJAMIN R. DeCOSTA
AVIATION GENERAL MANAGER

MARIO C. DIAZ
DEPUTY GENERAL MANAGER

TO: Leslie Ward
City Internal Auditor

FROM: Mario Diaz 
Deputy General Manager

DATE: January 19, 2006

RE: Procurement Solicitation and Evaluation Performance Audit Draft Report

We are providing this letter in connection with the draft report of your audit of Procurement Solicitation and Evaluation for the period of November 2004 to May 2005. We understand that your audit was conducted for the purpose of determining whether appropriate measures are in place to ensure fair and open competition in the City's Procurement process. Also, you addressed issues such as departmental compliance, the use of industry best practices and the root causes of bidder protests.

We agree in principle with the recommendations of the report and we suggest an implementation plan be developed to ensure successful execution of the recommendations. However, we are limiting our primary response to the first recommendation since that recommendation is within Aviation's purview.

Recommendation #1: Model New Solicitations after Similar Successful Solicitations

Aviation agrees with this recommendation and we will work with the Department of Procurement in this process to ensure that we produce solicitations that model previous successful solicitations. Our contract division will take ownership of this recommendation to ensure that solicitations follow industry best practices, modeled after similar successful solicitations. We recommend establishing a peer review process to review and evaluate solicitations to identify areas for improvement. We further recommend the use of a standard solicitation document with allowances for project-specific exceptions only. We concur to a limit of three addenda per solicitation and the

APPENDIX 5 (continued)

AUDIT RESPONSE – DEPARTMENT OF AVIATION

simplification of the scoring system; perhaps 1-5, with 1 being the lowest and 5 being the highest, and the scores weighted as deemed necessary.

Aviation stands ready to implement the audit recommendations in order to come closer to industry best practices in the procurement process. You can be assured we will do our part to address the issues and concerns of the audit to ensure that our procurement process is as efficient and effective as possible.

Cc: Benjamin DeCosta
Willie Self
Daniel Molloy
Lepora Manigault