



OFFICE OF THE DISTRICT OF COLUMBIA AUDITOR

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Deborah K. Nichols
District of Columbia Auditor

015:00:LB

**Current Status of the Contract for the District's
Consolidated Real Property Inventory System**

July 27, 2000



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The Honorable Charlene Drew Jarvis, Chairperson
Committee on Economic Development
Council of the District of Columbia
441 4th Street, N.W., Room 708
Washington, DC 20001

Letter Report: Current Status of the Contract for the District's Consolidated Real Property Inventory System

Dear Councilmember Jarvis:

This letter report updates the information provided to you by the Office of the District of Columbia Auditor on October 15, 1999 in response to your inquiry regarding the contract awarded to Tecumseh Professional Associates for the development of the District's real property inventory system.

OBJECTIVE, SCOPE, AND METHODOLOGY

The objective of the original examination was to review the circumstances surrounding the execution of the real property inventory contract and the vendor selection process. The information previously provided covered the period March 9, 1999 through October 1, 1999. Information such as completed deliverables, payments and work remaining under the contract, which was not available to the Auditor at the time the previous report was submitted to your office, is now available and reported herein. To facilitate a thorough examination, the Auditor obtained relevant information and documentation from the Office of Property Management, the Downtown Business Improvement District, the Office of the Deputy Mayor for Planning and Economic Development, the Office of the Chief Technology Officer, the United States General Services Administration, and the United States Small Business Administration.

BACKGROUND

Under the Williams Administration, one of the major initiatives of the newly-established Office of the Deputy Mayor for Planning and Economic Development was to identify all properties owned by the District of Columbia government. Preliminary inquiries made by the then-Interim Deputy Mayor for Planning and Economic Development revealed that the administration and

maintenance of information related to the District's real property was fragmented over many District agencies, and no single District official or agency could provide a comprehensive inventory of property owned by the District government. In February 1999, the then-Interim Deputy Mayor for Planning and Economic Development sought the assistance of the Director of Federal Relations, Downtown Business Improvement District (BID), rather than the District's Chief Procurement Officer, in developing a task order for procuring real property inventory consulting services. Due to the stated urgency of this procurement, the Director of Federal Relations for BID, who is detailed to the BID from the United States General Services Administration (GSA), suggested that the then-Interim Deputy Mayor for Planning and Economic Development procure the services through GSA.¹

In a March 1, 1999 letter addressed to the Regional Administrator of the General Services Administration, the then-Interim Deputy Mayor for Planning and Economic Development requested GSA's assistance in contracting for real property inventory services using an existing source of supply such as an indefinite delivery/indefinite quantity contract. In his letter, the then-Interim Deputy Mayor stated that the inventory of the properties would include: (1) identifying all properties owned by the District and Federal Government; (2) describing the property and identifying the probable private uses and any encumbrances or restrictions including leases or rights agreements; (3) identifying an electronic system, compatible with the Geographic Information Systems (GIS) in development and use by local and federal agencies, to input, store, and maintain the data in the system; and (4) analyzing and updating excess and surplus property procedures. The then-Interim Deputy Mayor also stated in the letter that the "Downtown Business Improvement District (BID) has honored the Mayor's request for the services of [the BID's Director of Federal Relations] to assist in this effort," and that the GSA should "feel free to contact him..."

On March 9, 1999, the then-Interim Deputy Mayor issued a Purchase Notification for \$20,000 to the GSA, requesting that the GSA procure a contractor to develop a scope of work and methodology to inventory and capture, in an electronic format, government-owned property in the District of Columbia. On March 24, 1999, the GSA awarded a \$17,383 contract, on behalf of the District, to Tecumseh Professional Associates. The statement of work for this contract was as follows:

¹ D.C. Code, Section 1-337(j) authorizes the Director of the Office of Contracting and Procurement "to place orders, if he determines it to be in the best interest of the District of Columbia, with any federal department, establishment, bureau, or office for materials, supplies, equipment, work, or services of any kind that such federal agency may be in a position to supply or be equipped to render by contract or otherwise..." This authority can be delegated to directors and contracting officers of District agencies, departments and offices. Also, D.C. Code, Section 1-1183.5(a)(3) states that: (a) Procurement contracts may be awarded through noncompetitive negotiations when...the Director or the Director's designee determines in writing that... the contract is with a vendor who maintains a price agreement or schedule with any federal agency, so long as no contract executed under this provision authorizes a price higher than is contained in the contract between the federal agency and the vendor;...

The Contractor will meet with GSA and District Agency managers responsible for property records. The Agencies will be requested to provide the Contractor with all relevant property data available in electronic or printed form. The Contractor will: (1) Enter the data specified below in a dbase file: (a) Holding Agency; (b) Property address; (c) ID number, if provided by the agency; (d) Nature of the property (i.e., residential, vacant lot, commercial) if provided by agency; (2) Provide a list of properties having data inconsistencies -- limited to the following items: (a) "Ownership" claimed by more than one agency; (b) Addresses not in the District; (c) Nature of property data conflicts where property is on more than one Agency's inventory, if basic data is provided by agencies; and (3) Provide GSA with a printed copy of the inventory and the dbase file of the data recorded.

The first task under the contract was to poll all District government agencies having custodial responsibility for real property, and input the information obtained into a database. Data was collected from the Office of Tax and Revenue, the Office of Property Management, and various other District agencies that maintained real property inventories. In his testimony before the Council's Committee on Economic Development on September 27, 1999, the then-Interim Deputy Mayor for Planning and Economic Development reported on the kinds of problems found by the consultants with respect to the District's real property inventory records. The problems included same square and lot numbers but different street addresses and vice versa for the same property; incorrect property addresses; inadequate information regarding which agency was responsible for maintaining a property; and discrepancies in ownership and use restrictions.

Prior to the contract award, in a letter dated March 12, 1999, Tecumseh informed the GSA that it had "developed a multi-phase project plan that allows for maximum flexibility on the part of the District to adjust or modify work to be done based upon programmatic and/or budgetary priorities." Tecumseh further stated that : "At this time we have provided cost information [\$17,383] for only Phase I of the project due to uncertainties associated with the later phases. This approach also contemplates that Tecumseh can make necessary adjustments to project and staffing plans based upon constant dialogue with key District contacts and frequent project status reviews."

The initial project eventually evolved into the following broad phases: Phase I: Real Property Inventory Scope Development and Research; Phase II: Project Element Coordination; Phase III: Policy; and Phase IV: Project Management Reform. Appendix I presents the contract phases in detail, along with the contract modifications and deliverables associated with each phase. Three advances totaling \$520,000 were issued to GSA to fund this contract during the period March 9, 1999 through August 12, 1999. A chronology of events regarding the property inventory project and the contract with Tecumseh is set forth below.

Chronology: Issuance of Purchase Notifications, Contracts, and Modifications

March 9, 1999	The then-Interim Deputy Mayor for Planning and Economic Development issued a Purchase Notification to GSA for an estimated amount of \$20,000 to procure a contractor to provide the scope of work and methodology to inventory and capture, in an electronic format, government-owned property in the District of Columbia.
March 24, 1999	GSA awarded Contract Number GS11P99ZGM-0077 to Tecumseh Professional Associates, Inc. for \$17,383. The contract required the contractor to meet with GSA and District Agency managers responsible for property records and gather relevant property data for consolidating the District's real property inventory. The contractor was required to (1) enter specific property data into a dbase file; (2) provide a list of properties having specific data inconsistencies; and (3) provide the GSA with a printed copy of the inventory and the dbase file of the data recorded.
March 30, 1999	The then-Interim Deputy Mayor for Planning and Economic Development issued a Purchase Notification to GSA for \$250,000. GSA subsequently modified the Tecumseh contract to add new tasks, thus, increasing the value of the original \$17,383 contract by \$250,000 non-competitively. The broad tasks to be performed by the contractor were: inventorying the real estate owned and/or controlled within the District of Columbia's boundaries; describing the property and identifying the probable private uses and any encumbrances, restrictions, easements, rights-of-way or leases; collecting and compiling the inventory data in a format compatible with the Geographic Information System (GIS) used by the District and GSA; and analyzing the District's excess and surplus property procedures and recommending modifications to make them more efficient.
May 19, 1999	GSA issued Contract Modification PS-01 for \$68,668.44 to Tecumseh Professional Associates, Inc. The scope of services included: System Design, Data Source Confirmation, and Geographic Information System Application (Creation of web page to access real property database).
June 30, 1999	GSA issued Contract Modification PS-02 for \$59,273.42 to Tecumseh Professional Associates, Inc. to: (1) review D.C. agency property transaction records and (2) provide legal and policy research relating to the D.C. government's property operations and management policies.
August 12, 1999	The then-Interim Deputy Mayor for Planning and Economic Development issued a Purchase Notification to GSA for an additional \$250,000 to complete the property inventory project and respond to a congressional reporting mandate. The scope of services included: (1) policy research

support relating to the city government's property operations and management policies; (2) preparation of a report to Congress on the real property activities of the District of Columbia; (3) installation of and training on a real property information system; (4) correction of agency-provided real property data; and (5) integration of databases by electronic or other means.

September 24, 1999 GSA issued Contract Modification PS-03 for \$148,676 to Tecumseh Professional Associates, Inc. With the execution of this modification by GSA and Tecumseh, the total cost of the Tecumseh contract exceeded \$290,000. The scope of services included: (1) additional legal and policy research support relating to the D.C. government's property operations, (2) project management, (3) property acquisition and disposal research, (4) preparation of a report to Congress on the real property activities of the District of Columbia, (5) operation and maintenance support for the D.C. Property Management system, (6) application upgrades and enhancements, (7) ArcView training, (8) lease abstract documentation for eight waterfront properties, and (9) a report on historically effective property management practices.

FINDINGS

Former Interim Deputy Mayor for Planning and Economic Development Had Delegated Contracting Authority of Only \$25,000

Subsequent to submitting the initial report to your office, the Auditor sent an inquiry to the Office of Contracting and Procurement (OCP) regarding the delegated contracting authority of the former Interim Deputy Mayor. The response from OCP indicated that the former Interim Deputy Mayor for Planning and Economic Development was delegated small purchase contracting authority not to exceed \$25,000, and that OCP had no record of any other delegations of contracting authority to him pursuant to the Procurement Practices Act of 1985, as amended, D.C. Code, Section 1-1181. *et seq.* Thus, the former Interim Deputy Mayor could bind the District only to the extent of his contracting authority of \$25,000. Despite this limitation, the Auditor has copies of three Purchase Notifications signed by the former Interim Deputy Mayor that substantially exceeded his delegated contracting authority of \$25,000. The first, dated March 30, 1999, is for \$250,000; the second, dated August 12, 1999, is for \$250,000; and the third, dated September 2, 1999, is for \$270,000. The first two are related to contracts issued to Tecumseh. The third Purchase Notification to GSA for \$270,000 was not related to the real property inventory contract, but intended to procure the services of a contractor who could provide comprehensive professional services in program management, planning and development of real estate. The GSA will return to the District a total of \$449,634, composed of the \$270,000 unused advance for program management and an estimated \$179,634 of unobligated funds advanced for the real property inventory contract.

RECOMMENDATION

The District's Chief Procurement Officer take the necessary action to ensure that effective checks and balances are in place, and enforced, to prevent District officials and employees from exceeding their delegated contracting authority.

Major Procurement and Contract Administration Responsibilities of the District Were Performed by the Director of Federal Relations for the Downtown Business Improvement District

The Downtown Business Improvement District's (BID)² Director of Federal Relations has been detailed from the GSA to the BID since 1997. BID's Director of Federal Relations (DFR) informed the Auditor that: he worked on the District's real property inventory project in an advisory capacity; the former Interim Deputy Mayor was in charge of the project; and all work performed on the project was directed and approved by the former Interim Deputy Mayor. The DFR further stated

² The Downtown Business Improvement District (BID) is supported by area business and community leaders. The BID is funded through taxes collected by the District of Columbia in the form of BID tax revenue, pursuant to the Business Improvement Districts Act of 1996 (D.C. Law 11-134; D.C. Code § 1-227.1 *et seq.*) and the Business Improvement Districts Temporary Amendment Act of 1997 (D.C. Law 12-23). The work performed by the BID is aimed at enhancing the downtown experience for residents and visitors through marketing, physical improvements, safety, maintenance, hospitality, transportation and homeless services programming. The Downtown D.C. BID is a 110-block neighborhood containing about 825 properties. The BID serves the area bounded by the National Mall on the south, Massachusetts Avenue on the north, the U.S. Capitol to the east and the White House to the west.

that he advised the former Interim Deputy Mayor on the District's procurement options, helped develop the scope of work and task orders, and located the GSA contracting officer that could provide contracting assistance. The former Interim Deputy Mayor abdicated the District's financial and contract management responsibilities to the DFR, a non-District employee. Thereafter, the DFR monitored the initial task order issued to Tecumseh and served as the District's point person for the contract. He had no signatory authority; however, the GSA project manager issued progress payments to the contractor based on the DFR's verbal acceptance of the deliverables. This action violated the "Payment Provisions" as set forth in the scope of work document issued with the Purchase Notification. The payment provisions stated: "Payment will be made to GSA as an advance against the contractor payment. GSA will make the payments to the contractors based upon written acceptance by the Deputy Mayor for Economic Development." [Auditor's Emphasis] The GSA project manager informed the Auditor that the DFR was involved in the project from the beginning and delivered the District's payments to GSA. The GSA project manager further informed the Auditor that he does not have any acceptance/approval documents signed by the former Interim Deputy Mayor or any other District official regarding acceptance of the deliverables.

RECOMMENDATIONS

1. The District's Chief Procurement Officer review the contract monitoring procedures that are in place with respect to any tasks remaining under the GSA/Tecumseh real property inventory contract to ensure that future payments are not disbursed by GSA to the contractor without written acceptance by the appropriate designated District official.
2. The District's Chief Procurement Officer establish effective policies and procedures to ensure that services provided by contractors through the General Services Administration or any other federal agency are properly and effectively administered and monitored by an accountable District government official.

The District Government's Role in Monitoring and Administering the Contract Was Non-Existent

Although the contract is between the GSA and Tecumseh, and as such, the GSA project manager is primarily responsible for administering the contract, it appears that the District failed to put a process in place to ensure that the District was kept informed at all times with respect to goods and services required, cost/price estimate approvals, and the receipt and acceptance of goods and services delivered. Further, documentation was not maintained by any District official regarding important meetings between representatives of Tecumseh and the GSA and the resulting decisions or approvals. Additionally, the GSA project manager's file contained little correspondence from the District regarding the fiscal year 1999 real property inventory contract subsequent to the award of the contract to Tecumseh in March 1999. Thus, the Auditor had little written evidence that the appropriate District officials or their designees provided input and approval at all important and appropriate stages of the administration and performance of the contract. When the Auditor first

made inquiries about the contract in September 1999, the DFR could not readily provide copies of the deliverables, but had to request copies from the GSA project manager.

The District failed to issue a Memorandum of Understanding between the District and the General Services Administration for this contract and the absence of such a document has resulted in a number of failures on the part of the District with respect to funding and monitoring the contract. For example, the Auditor's review of the GSA project manager's contract file revealed that there is no record on file that the District was informed of GSA's fee and how it would be calculated for administering the Tecumseh contract. The amount, though not yet paid, is an estimated \$30,000. It is not clear from the District's purchase notifications and scope of services documents that the amount of the purchase notification included a fee to GSA for administering the contract. This matter, along with other relevant matters, should have been properly addressed in a Memorandum of Understanding, had one been issued when the former Interim Deputy Mayor engaged the GSA to assist in this procurement.

There appears to have been three major players in the monitoring and administration of Tecumseh's real property inventory contract: the GSA project manager, the DFR, and the former Interim Deputy Mayor for Planning and Economic Development. No District employee or District government office could provide detailed information to the Auditor on all phases of the contract for the period March 9, 1999 through December 31, 1999. Noticeably absent from this transaction was the District's Chief Procurement Officer and the Office of Contracting and Procurement. All inquiries made by the Auditor regarding the contract were directed to the DFR, who is not a District government employee accountable to any elected or appointed officials of the District of Columbia. The DFR was apparently given unwritten authority by the former Interim Deputy Mayor to act as liaison between the GSA and the District on this contract. The Auditor strongly believes that this informal arrangement was not in the District's best interest. A far more prudent course of action would have been to delegate the responsibility of administering and monitoring performance under the contract to an employee or official of the District government. The Auditor has relied primarily on GSA records in determining what deliverables were agreed to and what deliverables or services were actually received by the District. As previously stated in this report, the GSA project manager authorized payments, on behalf of the District, to Tecumseh based on verbal acceptances from the DFR.

RECOMMENDATIONS

1. The Deputy Mayor for Planning and Economic Development verify which deliverables were received by the District under the contract and inform the District of Columbia Auditor, in writing, whether the District received all goods and services for which it paid and at the agreed upon price.
2. The Deputy Mayor for Planning and Economic Development immediately delegate responsibility for acquiring and maintaining documentation for, as well as monitoring, all fiscal year 2000 activities related to the real property inventory project to a specific District government employee and advise the District of Columbia Auditor, in writing, of the person delegated this responsibility.

Scope of Services and Funding Needed for the Project Appeared to Have Been Determined Inaccurately in Light of Numerous Modifications and the District's Request to the GSA for the Return of \$179,634 in Unspent Project Funds.

At the direction of the District's Chief Financial Officer, the Chief Financial Officer for the Office of the Deputy Mayor for Planning and Economic Development sent a memorandum, dated November 18, 1999, to GSA requesting the return of unobligated advances totaling \$467,054. The GSA project manager informed the Auditor on April 13, 2000 that the unobligated balance to be returned to the District was \$449,634. Part of the unobligated balance includes the unused advance of \$270,000, issued on September 2, 1999, for "professional planning and real estate development and management support for the National Capital Revitalization Project." The remainder of the unused amount, which is associated with the real property inventory contract, is \$179,634. Table I presents a reconciliation of the real property inventory contract advances and the balance to be returned.

Table I
Real Property Inventory Contract
Reconciliation of Advances and Expenditures

<u>Advances for Real Property Inventory Contract:</u>	\$520,000
<u>Expenditures and Obligations:</u>	
Total Payments to Tecumseh.....	\$292,588
Estimated fee for GSA's Services.....	29,365
Disbursement for Roof Repairs.....	3,000
Obligated for Remaining Tasks.....	<u>15,413</u>
Total	\$340,366.....(340,366)
<u>Balance to be Returned to the District:</u>	\$179,634

Source: Office of the District of Columbia Auditor based on information provided by the GSA Project Manager for the District's real property inventory contract

Details regarding the specific tasks that were not accomplished with these funds was not available at the time of this report. Additionally, it is not clear to what extent future task orders will incorporate tasks previously identified but not completed.

Table II below is a record of payments disbursed to the GSA under the real property inventory contract and contract modifications awarded by GSA, in addition to the progress payments made by GSA to Tecumseh Professional Associates. As shown in Table II, the District made three advances to GSA for a total of \$520,000. The GSA issued a total of \$294,000 in task orders under the contract. GSA paid Tecumseh a total of \$292,588 during the period July 15, 1999 through December 31, 1999, and \$44,778 remains obligated by GSA for work remaining under the September 24, 1999 task order and for GSA's estimated fee of \$30,000 for administering the contract. An additional \$3,000 of District funds were inappropriately used for roof repairs unrelated to the inventory contract. Details regarding the roof repair expenditure are presented later in this report.

Table II
District Purchase Notifications and Advances to GSA and
GSA Payments to Tecumseh Professional Associates, Inc.
Relative to the Real Property Inventory Contract
Period: March 9, 1999 to December 31, 1999

Date	Description of Transaction	District Advance to GSA	GSA Awards Contract	GSA Progress Payment to Contractor
3/9/99	Purchase Notification for \$20,000 for real property inventory project signed by Deputy Mayor.			
3/18/99	GSA received check from District	\$20,000		
3/24/99	GSA awarded contract to Tecumseh		\$17,383	
3/30/99	Purchase Notification for \$250,000 signed by Deputy Mayor.			
4/1/99	GSA received check from District	\$250,000		
5/19/99	GSA awarded contract mod. PS-01 to Tecumseh		\$68,668	
6/30/99	GSA awarded contract mod. PS-02 to Tecumseh.		\$59,273	
7/15/99	Progress Payment No. 1			\$17,373
7/15/99	Progress Payment No. 2			\$22,990
8/12/99	Purchase Notification for \$250,000 signed by Deputy Mayor			
8/20/99	GSA received check from District	\$250,000		
8/26/99	Progress Payment No. 3			\$45,202
8/26/99	Progress Payment No. 4			\$54,860
9/20/99	Progress Payment No. 5			\$45,868
9/24/99	GSA awarded contract mod. PS-03 to Tecumseh.		\$148,676	
10/14/99	Progress Payment No. 6			\$71,621
12/6/99	Progress Payment No. 7			\$34,674
	Total	\$520,000	\$294,000	\$292,588

Source: Office of the District of Columbia Auditor based on information provided by the GSA Project Manager for the District's real property inventory contract

RECOMMENDATIONS

1. The Deputy Chief Financial Officer for Planning and Economic Development advise the District of Columbia Auditor, in writing within the next 30 days, on the status of the November 18, 1999 request to the General Services Administration for the return of unobligated funds advanced for the real property inventory contract and the planned procurement of professional and real estate development and management support for the National Capital Revitalization Project.
2. The Deputy Mayor for Planning and Economic Development provide an accounting to the District of Columbia Auditor which shows incomplete tasks that relate to the unused portion of funds advanced for the real property inventory project.

Lack of District Documentation Relative to Goods and Services Received Under the Contract Precluded Complete Verification of Deliverables

Though not specifically designated as such, the GSA contract with Tecumseh appears to be a cost-reimbursement contract. The GSA task orders to Tecumseh, which are the contractual documents for the procurement, are supported by cost estimates, however, the Auditor has been unable to verify whether the cost estimates were negotiated and approved by the District prior to GSA's issuance of the task order to Tecumseh. The Auditor did observe one instance where the contractor's cost estimates included a price analysis which presented the contractor's estimated cost, a government estimate, and the negotiated cost. It is not clear whether the advances to GSA for the various phases of the contract were based on approved cost estimates because the documentation for the purchase notifications does not contain cost breakdowns.

The Auditor reviewed the files of the GSA project manager for the Tecumseh contract to match progress payments with goods and services received by the District. As detailed in Table III, the GSA issued seven (7) progress payments to Tecumseh during the period July 15, 1999 through December 6, 1999. Table III presents a cost breakdown for each progress payment, detailing all costs which the contractor classified as: Direct Labor, Communications, Consultants, Federal Express and Postage, Reproduction/Supplies/Computer, Miscellaneous Expenses, Travel, and General and Administrative (G&A). Direct Labor totaling \$201,275 represented 69 percent of total progress payments made to Tecumseh. Consultant Services totaling \$76,784 represented 26 percent, and the remaining direct costs, totaling \$14,528, represented 5 percent. Project costs included travel of the senior consultant on the project who resides in Albuquerque, New Mexico, where Tecumseh Professional Associates is based. The Auditor reviewed Tecumseh's cost proposals, submitted on GSA Form 2630, Professional Services Fee Proposal, and found that travel costs were included in the proposals.

Table III
GSA Progress Payments to Tecumseh Professional Associates, Inc
District of Columbia Real Property Inventory Project
July 15, 1999 through December 6, 1999

<u>Progress Payment</u> <u>Number 1:</u>	\$17,372.48	<u>Deliverables:</u>
Direct Labor	\$17,372.48	For work performed March 1999 through April 15, 1999. The following items were submitted by Tecumseh to GSA on June 2, 1999: A report listing square and parcel/lot numbers, agency, location/address and allowed use for all DC agency and federal government property holdings in the District of Columbia, including computer diskettes containing Microsoft Excel data files used to produce the report.
Total	\$17,372.48	

<u>Progress Payment</u> <u>Number 2:</u>	\$22,989.84	<u>Deliverables:</u>
Direct Labor	18,886.08	For work performed April 16 through May 28, 1999. The deliverables could not be determined from billing documentation.
Communication	0.00	
Consultants	2,174.00	Based on a schedule prepared by the GSA project manager for the Auditor in May 2000, the deliverables purportedly associated with this payment included: (1) a list of data elements, (2) recommendations on cost effective data collection methodology, (3) project management, and (4) a D.C. agency contact list.
Fed Ex/Postage	0.00	
Reproduction/Supplies/		
Computer	999.00	
Miscellaneous Expenses	0.00	
<u>Travel:</u>		
Air:	572.00	
Ground:	90.29	
G&A	268.47	
Total	\$22,989.84	

<u>Progress Payment Number 3:</u>	\$45,201.99	<u>Deliverables:</u>
Direct Labor	34,825.54	For work performed May 29 through June 25, 1999. Work billed included: Research on DC Real Property Authority; Research on "49 Act; Meetings with OPM and the BID's Director of Federal Relations, Downtown Business Improvement District; Review of real property deeds from DC Office of Finance; and research on DC Council role in real property disposal.
Communication	20.90	
Consultants	7,560.00	
Fed Ex/Postage	29.24	
Reproduction/Supplies/ Computer	0.00	
Miscellaneous Expenses	437.48	
<u>Travel:</u>		
Air:	1,173.00	
Hotel:	330.00	
Meals:	147.00	
G&A:	678.83	
Total	\$45,201.99	

<u>Progress Payment Number 4:</u>	\$54,859.60	<u>Deliverables:</u>
Direct Labor	29,284.30	For work performed June 26 through July 30, 1999. Billing documentation included time sheets which contained brief descriptions of work performed, such as: review of land records and drafting memo on property description and chain of title; obtain copies of land record documents; meetings with legal consultant on escrow environmental issues related to specific DC properties. Documentation also included a bill from The Management Link Company for \$7,550 for: (1) Completion of familiarization, assessments, and reviews submitted on 9/19/99 and (2) Completion of concept paper for a Real Property Revolving Fund submitted to Tecumseh on 6/23/99. Also included was a bill for \$5,000 from The Management Link Company for the "Draft Report of Findings and Recommendations on Real Property Practices," submitted to Tecumseh on 7/28/99.
Communication	33.79	
Consultants	22,466.89	
Fed Ex/Postage	26.88	
Reproduction/Supplies/ Computer	72.05	
Miscellaneous Expenses	0.00	
<u>Travel:</u>		
Air:	586.75	
Hotel:	330.00	
Meals:	147.00	
Ground:	238.79	
G&A:	1,673.15	
Total	\$54,859.60	

<u>Progress Payment</u> <u>Number 5:</u>	\$45,868.09	<u>Deliverables:</u>
Direct Labor	29,846.72	For work performed August 2 through August 27, 1999. Billing documentation included: (1) direct labor costs of \$29,846 for work performed by the project manager, one information technology specialist, 3 real estate specialists, and one database specialist; (2) consultant's invoice for \$7,560 for legal services (only \$4,131 listed on Tecumseh's invoice for the legal consultant); (3) Spatial Systems Associates, Inc. invoice for \$2,580 for "ArcView 3.1 software for use by DC Government; (4) an invoice for \$2,775 for consulting services for DC Property Ownership Analysis and Programming; and (5) an invoice for \$5,021 from The Management Link Company for the 8/19/99 submission to Tecumseh of a "Final Report on the Findings and Recommendations on DC Real Property Practices." The BID's Director of Federal Relations, Downtown Business Improvement District, provided a copy of this report to the D.C. Auditor last year.
Communication	17.29	
Consultants	14,508.18	
Fed Ex/Postage	90.75	
Reproduction./Supplies/		
Computer	125.32	
Miscellaneous Expenses	0.00	
<u>Travel:</u>		
Air:	6.70	
Ground:	225.00	
G&A:	1,048.13	
Total	\$45,868.09	

<u>Progress Payment</u> <u>Number 6:</u>	\$71,621.65	<u>Deliverables:</u>
Direct Labor	41,779.40	For work performed August 28 through September 24, 1999. \$41,779 represents labor costs of 4 real estate specialists, 2 database specialists and one information technology specialist. Legal consulting fees were \$5,429. Other consulting fees were \$3,980 and \$15,625. Support documentation detailing work performed was not available, therefore, deliverables could not be determined.
Communication	10.12	
Consultants	25,034.94	
Fed Ex/Postage	20.92	
Reproduction./Supplies/		
Computer	0.00	
Miscellaneous Expenses	0.00	
<u>Travel:</u>		
Air:	1,174.25	
Hotel:	739.04	
Meals	509.60	Based on a schedule prepared by the GSA project manager for the Auditor in May 2000, the deliverables associated with this payment were: (1) ArcView, MS Office 97, WDCPM Application, MS Access, (2) Data compaction, (3) data records review, (4) data synchronization, and (5) Data search, analysis, and reporting support.
Ground	401.08	
G&A	1,952.30	
Total	\$71,621.65	

<u>Progress Payment</u> <u>Number 7:</u>	\$34,673.91	<u>Deliverables:</u>
Direct Labor	29,281.11	For work performed September 27 through October 29, 1999. Billing documentation for this invoice included a 9/28/99 invoice for \$15,625 for writing services for two reports: (1) Real Property Acquisition, Management, and Disposal for the Office of Asset Management and (2) Real Property Management Plan for the D.C. School system. The BID's Director of Federal Relations provided copies of these reports to the D.C. Auditor. Also included in the billing documentation was an invoice for \$3,980 for a 2-Day Introduction to ArcView customized training and consulting using the D.C. Property View data and other GIS mapping layers.
Communication	0.00	
Consultants	5,040.00	
Fed Ex/Postage	0.00	
Reproduction./Supplies/ Computer	0.00	
Miscellaneous Expenses	0.00	
Travel	0.00	
G&A	352.80	
Total	\$34,673.91	

Source: Office of the District of Columbia Auditor based on information provided by the GSA Project Manager for the District's real property inventory contract

RECOMMENDATIONS

1. The Deputy Mayor for Planning and Economic Development collect from the General Services Administration and the Downtown Business Improvement District all fiscal year 1999 documentation related to the real property inventory contract awarded to Tecumseh Professional Associates.
2. The Deputy Mayor for Planning and Economic Development assemble the documentation in chronological order to facilitate further review of the contract by appropriate appointed and elected officials of the District of Columbia Government.

\$3,000 Inappropriately Disbursed from Advances Made to the GSA for the Real Property Inventory Project

Payment information received from the GSA project manager revealed that the GSA was authorized to use \$3,000 of the real property inventory project funds to pay for roof repairs on a fish cutting building located at the Wharf. The work was completed on September 10, 1999. The Auditor's investigation of the matter revealed that the then-Interim Deputy Mayor for Planning and Economic Development authorized the DFR to procure a contractor through GSA to perform the repairs and use funds from the real property inventory project to pay for the repairs. The DFR indicated that he was negotiating long-term leases on behalf of the District with the tenants that rented the fish cutting building when the issue arose regarding the leaking roof. He further stated that there was mayoral and congressional interest in the successful outcome of the lease negotiations and to show good faith the former Interim Deputy Mayor for Planning and Economic Development

felt compelled to resolve the problem as soon as possible. The building is owned by the Federal government, but the District is the custodian. Although the District's Department of Housing and Community Development (DHCD) is responsible for maintaining the building, it did not procure the services of a contractor to perform the emergency repairs within the time needed.

RECOMMENDATION

The Deputy Mayor for Planning and Economic Development obtain a \$3,000 reimbursement from the District's Department of Housing and Community Development for the roof repair payment inappropriately disbursed from funds advanced to the General Services Administration for the District's real property inventory contract.

The District's Real Property Inventory Is Now in One Database, but Field Verification of Sites Is Necessary to Establish the Database's Integrity

The Auditor was informed by the Office of Property Management (OPM) that the Geographic Information System (GIS) portion of the District's real property inventory project is complete. The system contains 10 different maps of the District and allows the user to see an aerial view of a property and access information about the property. The maps and information can be printed. The computerized inventory of District-owned or controlled properties contains 2,422 records. The inventory includes District-owned properties, properties owned by the Federal government that have been transferred to the District, and properties owned by the Redevelopment Land Agency.³

OPM stated that although the real property inventory is now in one database, it is not complete because field inspections must be performed to verify each property's existence, ownership, physical condition, current use, and tenants. In February 2000, OPM initiated a pilot inspection program in which OPM employees inspected 190 of the properties. The remaining properties will be inspected by contractors. The Office of Contracting and Procurement (OCP) awarded a contract to Interior Systems, Inc. on June 2, 2000 to "provide real property inventory and spatial design services" for District-owned properties. OCP solicited bids from seven (7) contractors listed on the GSA Schedule; however, only three (3) proposals were submitted. All respondents were deemed qualified and experienced to perform the tasks specified in the solicitation, thus the primary selection factor was price. The contractor began performing services under the contract during the first week in July. The period of performance is estimated at 45 days.

³ Pursuant to D.C. Code, Section 5-804, the Redevelopment Land Agency is granted the power to further the redevelopment of blighted territory in the District of Columbia and the prevention, reduction, or elimination of blighting factors or causes of blight and for that purpose to acquire and assemble real property by purchase, exchange, gift, dedication, or eminent domain, and including the power to rent, maintain, manage, operate, repair, clear, transfer, lease, and sell such real property, but excluding the power to build new structures thereon.

The Office of the Deputy Mayor for Planning and Economic Development also has access to the GIS application for District-owned properties. The Auditor was informed that the system has been useful in answering questions and providing information to developers who, for example, inquire about the availability of a parcel of land for development. The office uses the system to generate aerial photographs, property maps, and information about census tracts, ownership, and the assessed value of a property. The Auditor was also informed that the major benefit of the system is that the District now has a consolidated inventory, which means District real property information may be obtained from one source. Use of the system, however, is still limited to individuals who are familiar with GIS technology. The Office of the Deputy Mayor for Planning and Economic Development is still in charge of the project and is working with OPM on the task order related to the query capabilities of the system, which will make it more user friendly.

RECOMMENDATIONS

1. The Director of the Office of Property Management advise the District of Columbia Auditor, in writing, when the site verifications have been completed.
2. The Director of the Office of Property Management provide a status report to the District of Columbia Auditor on the District's real property inventory system following the completion of the site verifications. The status report should include a listing of the type of information that is provided for each property in the inventory, the name of the system administrator, the users of the system, web page functionality, system training, tasks remaining, if any, to make the system completely functional and useful to the intended users, and any information that addresses the value and benefits of the new system.

CONCLUSION

Three purchase notifications totaling \$520,000 were issued by the District government to the General Services Administration during the period March 9, 1999 through September 2, 1999 to accomplish various tasks related to establishing an automated inventory system of District-owned real property. The purchase notifications were initiated by the former Interim Deputy Mayor for Planning and Economic Development. The former Deputy Mayor improperly authorized the obligation of \$520,000 of District appropriated funds by signing purchase notifications as "Authorizing Official" and "Contracting Officer," under delegated contracting authority of only \$25,000. The three purchase notifications signed by the former Interim Deputy Mayor substantially exceeded his \$25,000 delegated contracting authority.

The former Interim Deputy Mayor considered the need for a consolidated real property inventory an emergency procurement and as such did not issue a Request For Proposals. Instead, the former Deputy Mayor sought the assistance of the General Services Administration in selecting a contractor to develop a scope of work and methodology to establish a consolidated electronic inventory of government-owned property in the District of Columbia. The contractor that developed

the scope of work and methodology under the original contract, Tecumseh Professional Associates, Inc., was also the beneficiary of subsequent modifications that were required to accomplish a growing list of services that included: system design, data source confirmation, creation of a web page to access the real property database, a review of D.C. agency property transaction records, legal and policy support relating to the District government's property operations and management policies, preparation of a report to Congress on the real property activities of the District of Columbia, installation of and training on a real property information system, correction of agency provided real property data, and integration of databases by electronic or other means. The total amount of funds committed by the District for this contract escalated from \$20,000 to \$520,000 during an 8-month period.

The former Interim Deputy Mayor apparently improperly delegated major procurement and contract administration responsibilities to the DFR. All inquiries made by the Auditor regarding the contract were directed to the DFR, who is not a District government employee, but performed a number of contract administration duties that should have been delegated to a District employee under the supervisory jurisdiction of the District's Chief Procurement Officer. As a consequence of not having a District employee monitor the contract, no District employee or District government office could provide detailed information to the Auditor on all phases of the contract for the period March 9, 1999 through December 31, 1999. Further, a total of \$790,000 was disbursed from the District's Treasury, under the signature of a District official that did not possess the requisite contracting authority, for purposes not clearly articulated. Additionally, approvals to pay the contractor were provided to the GSA, not in a written authorization signed by a District official, but verbally by the DFR. Further, the lack of District documentation relative to the receipt of goods and services under the contract precluded complete verification of deliverables by the Auditor.

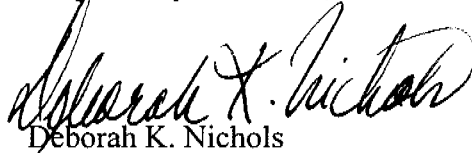
The General Services Administration paid Tecumseh Professional Associates a total of \$292,588 under the real property inventory contract during the period July 15, 1999 through December 31, 1999. GSA will receive approximately \$30,000 for administering the contract; the disbursement by GSA of \$3,000 for roof repairs unrelated to the real property contract was authorized by the former Interim Deputy Mayor; and \$15,413 remains obligated by GSA to complete work under the September 24, 1999 task order. The District has requested that the GSA return the unobligated balance of the contract, which is estimated at \$449,634. The unobligated balance includes \$270,000 that was advanced to the GSA for professional services in program management, planning, and development of real estate. A contract was never issued for these services.

The District's real property inventory is now in one database, but field verification of the sites is necessary to establish the accuracy and completeness of the information contained in the database of 2,422 records. During the Auditor's review, only 190 of the properties had been inspected and photographed. The District competitively awarded a contract on June 2, 2000 to Interior Systems, Inc. to inspect District-owned properties. The contractor began performing services under the contract during the first week of July. The estimated period of performance is 45 days.

It is clear from the findings that the District government's responsibilities relative to procuring, administering, and monitoring the GSA/Tecumseh contract for the consolidation of the District's real property inventory were not fully exercised or properly delegated. As a consequence of this abdication of responsibilities, a District government official was allowed to exceed his contracting authority, a non-District government employee performed major contract administration functions that should have been under the control of the Office of Contracting and Procurement, District funds were disbursed to the contractor based on the verbal approval of a non-District government employee, project funds were improperly disbursed, and no District government official or employee has a complete record of events relating to the procurement or pertinent supporting documentation for verification of goods and services received.

The Chief Procurement Officer (CPO) must adopt, implement and disseminate to all contracting officers policies and procedures designed to ensure that all contracts entered into by the District government are properly procured, administered and monitored. The CPO must also ensure that District contracting officers are held accountable when failing to strictly comply with applicable procurement laws and regulations.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Deborah K. Nichols", written over the printed name.

Deborah K. Nichols
District of Columbia Auditor

APPENDIX

Contract Phases and Deliverables
District of Columbia Real Property Inventory Contract
Between the General Services Administration and
Tecumseh Professional Associates, Inc.
For the Period March 1, 1999 through September 30, 1999

Contract Phase	Deliverables
<p>Original contract Phase I: The contractor will provide the scope of work and methodology to inventory and capture in an electronic format the government owned property in the District of Columbia.</p>	<ul style="list-style-type: none"> • Poll all District government agencies responsible for operating and maintaining real property, and input the information into a database. • Provide a list of properties having data inconsistencies. • Provide GSA with a printed copy of the inventory and the dbase file of the data recorded
<p>Modification PS01 Phase II: Project element coordination and management Scope of Work:</p>	<ul style="list-style-type: none"> • Participation in District meetings regarding property issues • Monthly project schedules and executive summary • Project completion report
<p>Modification PS01 Phase II a: Data Source Confirmation - Phase II a-2 : Identification of data sources for the missing data elements of the property information desired by the District</p>	<ul style="list-style-type: none"> • List of data elements desired by District agencies seeking to utilize the data base • Names of contact persons capable of supplying District source data • Report on negotiations to acquire the District data • Sources for public domain or commercially available demographic and similar data
<p>Modification PS01 Phase II a-3: Scoping out the methodology for the acquisition of "deep research" data elements</p>	<ul style="list-style-type: none"> • Detailed property information of five properties, to include agreed upon elements such as easements, restrictive covenants, title, reversionary clauses, etc. • Recommendations on how to cost effectively acquire similar data on other properties as required
<p>Modification PS01 Phase II c - Data Testing and Corrections</p>	<ul style="list-style-type: none"> • Reconciliation of data received against CFO data and Tax Assessment data. Testing for accuracy of data • Compilation of a corrected master data file

Contract Phase	Deliverables
Modification PS01 Phase II b: Geographic Information System Application	See deliverables under tasks 1 through XXXX below
Modification PS01 Phase II b- Task 1: Data Element Detail	<ul style="list-style-type: none"> • Web-Page Data Dictionary • Web-Page Data Element Source & Update Guide
Modification PS01 Phase II b - Task 2: Web-Page Functionality Definition	<ul style="list-style-type: none"> • Web-Page Functional Diagram(s) • Web-Page Function Descriptions
Modification PS01 Phase II b - Task 3: Web-Page Environmental Description	<ul style="list-style-type: none"> • Web-Page Hardware Description • Web-Page network implementation diagram(s) • Web-Page development/maintenance description(s)
Modification PS01 Phase II b - Task 5: Web-Page Implementation	<ul style="list-style-type: none"> • Fully operational and hosted Web-Page
Modification PS01 Phase II b - Task 6: Ongoing Web-Page and Database Administration	<ul style="list-style-type: none"> • As defined on a task-by-task basis
Modification PS01 Task XXXX - Training (can be provided on any of several levels)	<ul style="list-style-type: none"> • As required
Modification PS02 Phase III-Policy - Deliverables for III a (1) Provision to DC government of legal and policy research support relating to the DC government's property operations and management policies:	<ul style="list-style-type: none"> • Reports and memoranda relating to property and administrative laws governing real property operations in the District, as requested by the District • Reviews and reports relating to property agreements entered into by the District, or proposed to be entered into by the District or its agencies, as requested by the District • Participation in meetings with District officials, as requested by the District

Contract Phase	Deliverables
Modification PS02 Phase III a - Property Management Reform	<ul style="list-style-type: none"> • Interview an estimated 20 D.C. agency property management officials • Document procedures for the acquisition, transfer between agency and disposal of property by the agencies interviewed • Document property record keeping procedures • Produce a summary report on each agency's procedures • Project management
Modification PS02 Phase III b - Property Management Reform	<ul style="list-style-type: none"> • Completion of familiarizations, assessments, and reviews of DC property management systems • Concept paper for a real property revolving fund • Draft report of Findings and recommendations • Final report and presentation (if desired) to appropriate officials.
Modification PS03 Phase IV - 8 tasks defined below:	See deliverables under tasks 1 through 8 below
Task 1 - Project Management	This tasking covers the cost of project/task management, administration, and reporting. (Estimated cost cover the period from September 1, 1999 through December 1, 1999)
Task 2 - Property Acquisition & Disposal Procedures	<p>Contractor will provide:</p> <ul style="list-style-type: none"> • Legal and Policy research support relating to the City's government's property operations and management policies.
Task 3 - Report to Congress on the real property activities of D.C.	<ul style="list-style-type: none"> • The report will include: • Analysis of the organizational structure • Analysis of the budget structure • Recommendations of actions to improve portfolio management, including the structure of a management regime, policies and financial reporting principles • A plan to develop and maintain an inventory of government owned and leased property
Task 4 - Operations and Maintenance	<ul style="list-style-type: none"> • Subtask A - System Installation • Subtask B - Monthly Database Maintenance • Subtask C - Ad Hoc Query Services • Subtask D - Disaster recovery Support

Contract Phase	Deliverables
Task 5 - System Performance Builds	<ul style="list-style-type: none"> Subtask A - Data Element Enhancement Subtask B - GIS User Interface Standardization
Task 6 - Training	<p>Contractor will provide the ESRI Authorized:</p> <ul style="list-style-type: none"> 2-Day "Introduction to ArcView" training course with 1-Day follow-on customized training in the operation of the "Washington DC Property Management System"
Task 7 - RLA Lease Abstract Documentation	<p>Tasking includes the development of:</p> <ul style="list-style-type: none"> Eight (8) Lease Summaries and eight (8) Lease Abstracts for the eight identified RLA Leases for waterfront properties
Task 8 - City Government Agencies and Property Management Operations	<p>Contractor will provide:</p> <ul style="list-style-type: none"> A report on historically effective property management practices and the roles and/or interactions between property management organization and various city/county governmental agencies