



Highlights of [GAO-07-159](#), a report to the Ranking Minority Member, Committee on Oversight and Government Reform, House of Representatives

Why GAO Did This Study

To improve acquisition outcomes, in 1997 the District established the Office of Contracting and Procurement under the direction of a newly created chief procurement officer (CPO). Since then, the District's inspector general and auditor have identified improper contracting practices.

This report examines whether the District's procurement system is based on procurement law and management and oversight practices that incorporate generally accepted key principles to protect against fraud, waste, and abuse.

GAO's work is based on a review of generally accepted key principles identified by federal, state, and local procurement laws, regulations, and guidance. GAO also reviewed District audit reports and discussed issues with current and former District officials as well as select state and local officials.

What GAO Recommends

GAO recommends that the District's Mayor submit a procurement reform plan to Congress. The former Mayor chose not to comment, but the new administration indicated concurrence with most of GAO's recommendations and intends to provide a plan within 60 days of the public release of this report. Comments from the Chief Financial Officer were limited to the section on direct vouchers. They indicated current review of their policy and GAO encourages implementation of this report's recommendations.

www.gao.gov/cgi-bin/getrpt?GAO-07-159.

To view the full product, including the scope and methodology, click on the link above. For more information, contact Ann Calvaresi-Barr, (202) 512-4841 or calvaresibarra@gao.gov.

DISTRICT OF COLUMBIA

Procurement System Needs Major Reform

What GAO Found

The District's procurement law generally does not apply to all District entities nor does it provide authority to the CPO to effectively carry out and oversee the full scope of procurement responsibilities across all agencies. A lack of uniformity in its procurement law and the CPO's limited authority not only undermines transparency, accountability, and competition but also increases the risk of preferential treatment for certain vendors and ultimately drives up costs. The current law exempts certain entities and procurements from following the law's competition and other requirements, and according to current and former District procurement officials, there is a push to expand independent procurement authority—a move that would reverse action taken by the District a decade ago. Other provisions of current law further erode competition. Notably, the law provides broad authority for sole source contracting and establishes high-dollar thresholds for small purchases, which are generally not subject to full and open competition. Also, in implementing the law, sufficient management oversight is lacking to ensure employees do not make unauthorized commitments.

The District has been challenged to effectively manage and oversee its procurement function, due in large part to the low-level position of the procurement office in the governmental structure, the rapid turnover of CPOs, and multiple players having authority to award contracts and affect contract decisions. At the same time, the District does not have the basic tools that contracting and agency staff and financial managers need to effectively manage and oversee procurements—including a procurement manual, a professional development program, and an integrated procurement data system.

In summary, the District's procurement system does not incorporate a number of generally accepted key principles and practices for protecting taxpayer resources from fraud, waste, and abuse. Specifically, the District lacks a comprehensive procurement law that applies to all District entities over which the CPO has sole procurement authority and promotes competition; an organizational alignment that empowers its procurement leadership; an adequately trained acquisition and contracting workforce; and the technology and tools to help managers and staff make well-informed acquisition decisions.

To better ensure every dollar of its more than \$1.8 billion procurement investment is well spent, it is critical that the District have a procurement system grounded in a law that promotes transparency, accountability, and competition, and helps to ensure effective management and oversight and sustained leadership. High-level attention and commitment from multiple stakeholders—including Congress—are needed if the District's procurement law is to provide the right structure and authority and if procurement reforms are to succeed.