

**Prince George's County, Maryland
Office of Audits and Investigations**

**Office of Information Technology ("OIT")
CATS II**

Special Review – Contract Award

July 2016



**David H. Van Dyke
County Auditor**

TABLE OF CONTENTS

	<u>PAGE</u>
Letter of Transmittal	
CATS II Contract Award Review Report	2-21
List of Titles and Terms	Appendix A
Sherman Ragland Memo to the Blue Ribbon Commission	Appendix B
CATS II Managed Services Timeline	Appendix C
CATS II TOPR Managed Services Excerpt	Appendix D-1
Evidence of No Waiver Provided to Emagine IT	Appendix D-2
SDDD Scores and Recommendations for Managed Services	Appendix D-3
Barnes International LTD CBB Certification	Appendix D-4
Jobs First Act (CB-17-2011) Excerpt	Appendix D-5
Formal Protest - net.America	Appendix E-1
County Response to net.America's Protest	Appendix E-2
Procurement Regulations Excerpt - Protests	Appendix E-3.1
Procurement Regulations Excerpt - Protests	Appendix E-3.2
Request for Debriefing - net.America	Appendix F-1
Request for Debriefing - Exceed Corp	Appendix F-2
Procurement Regulations Excerpt – Debriefing	Appendix F-3
Managed Services Task Order Excerpt Asset Requirements	Appendix G-1
County Assets Issued to Contractor	Appendix G-2
Timeline Excerpt - Clare Hines, CEO, net.America	Appendix H-1
Solicitation of net.America Employees	Appendix H-2


The County Council and County Executive
of Prince George's County, Maryland

We have conducted a special review of the Prince George's County

**OFFICE OF INFORMATION TECHNOLOGY ("OIT") CATS II CONTRACT
AWARD FOR THE MANAGED SERVICES TASK ORDER**

in accordance with the requirements of Article III, Section 313, of the Charter for Prince
George's County, Maryland. Our report is submitted herewith.

We have communicated the contents of this report with appropriate County
personnel. We wish to express our sincere gratitude to all personnel from the various
County Departments as well as citizens and contractors, for the cooperation and
assistance extended to us during the course of this review.



David H. Van Dyke, CPA, CIA, CFE
County Auditor



Sylvia S. King, CIA, CFE, CICA
Audit Manager



Alicia C. Stanford, CIA, CICA
Staff Auditor

INTRODUCTION

On October 19, 2015, our Office received a memorandum (*see Appendix B attached*) from a Blue Ribbon Commission member, Mr. Sherman Ragland, titled “Comments of Sherman Ragland” (“the memo”). The memo alleged certain improprieties and evidence of “fraud and corruption” in the procurement action related to the issuance of a new contracting vehicle for the procurement of Information Technology (“IT”) goods and services called Consulting and Technical Services II (“CATS II”).

Based upon these allegations, a review was conducted, which included reviews of relevant laws, regulations, policies, procedures, records, County assets, and interviews of appropriate personnel.

BACKGROUND

The objective of CATS II is to facilitate the ability of County agencies to quickly and efficiently obtain high quality IT information related to consulting and technical services. The CATS II Program provides the County with a flexible contracting vehicle for obtaining consistent IT resources in a two-step process: (1) the issuance of master contracts (open for bidding by any company); and (2) the receipt of a master contract allows the awardees to compete with other awardees (pre-qualified vendors) for Tasks Orders issued by the user agencies.

The master contract award process was facilitated and documented by the Office of Central Services (“OCS”) Contract Administration and Procurement (“CAP”) Division, and functions similar to an Indefinite Delivery/Indefinite Quantity (“ID/IQ”) contract. There are a total of 96 participating Master Contract awards under CATS II across the seven (7) functional areas outlined below. IT businesses that are not currently participating in the CATS II Program have the option to consider contacting current CATS II Master Contractors to inquire about subcontracting opportunities.

CATS II task orders are released periodically throughout the life of the Master Contract. Master Contractors are notified of task order opportunities by email announcing the release of a Task Order Proposals Request (“TOPR”). The Office of Information Technology (“OIT”) facilitates the TOPR process, and TOPRs issued by OIT and the resulting award of a Task Order falls within their authority pursuant to the CATS I and CATS II Request for Proposal/Request for Quotation (“RFP/RFQ”) and Master Agreements. The task order process is used by other County agencies that have indefinite delivery contracts for Architectural, Civil Engineering, Environmental Engineering and Construction Management Services, namely OCS, the Department of Public Works and Transportation (“DPW&T”), and the Department of the Environment (“DOE”). However, the OIT task order process does not have the same level of

involvement by OCS and Office of Law personnel as compared to the other County agencies using this procurement mechanism.

The intent of CATS II is such that since the Master Contractors are already under contract with the County, they have already met many contracting requirements such as bonds and insurance, thus shortening the time between the identification of the need and initiation of the work to address it. The IT services, available under the CATS II Program, include the following seven Functional Areas:

1. Program Management Office
2. Application/Software Engineering
3. Data Center/Facilities Management
4. Service Desk Support
5. Enterprise Architecture and New Technologies
6. Information Security
7. Documentation and Technical Writing

Mr. Sherman Ragland, who submitted the complaint to the Blue Ribbon Commission, is the husband of Ms. Clare Hines, founder and Chief Executive Officer (“CEO”) of the incumbent Service Desk Support contractor, the net.America Corporation (net.America). Mr. Ragland is the owner of the net.America trademark, and although net.America was awarded a master contract for multiple functional areas, they were unsuccessful in their bid for the Managed Services Task Order under discussion.

EXECUTIVE SUMMARY

The memo from Mr. Sherman Ragland indicated that the procurement action related to the award of certain information technology goods and services task orders, had cause to question the integrity of the County's procurement process.

We reviewed all of the allegations outlined in Mr. Ragland's memo, and the processes used to award the contract in question. We reviewed relevant documentation, and conducted interviews of key participants and County employees involved with the procurement action of securing a vendor for the Managed Services Master contract award and Task Order award under CATS II. Specifically, we reviewed purchasing guidelines, documentation outlining the process, emails, and steps undertaken by County personnel to support the selection. We also conducted research of publicly available information of parties involved in the solicitation and response to the contract, and inspected County assets for evidence of issuance to the contractor.

After obtaining sufficient documentation, we noted the following with regards to the allegations in the memo:

- 1. *The award of the multi-million dollar, multi-year contract (\$3.933 million/ FY2016-18) for Managed Services under CATS II, made to Emagine IT Inc. (Emagine IT), did not comply with the requirements of the Jobs First Act (CB-17-2011).*** The award of the Managed Services contract for services solicited under the Task Order Proposal Request ("TOPR" 16-2001-OIT) did not comply with the Jobs First Act or certain requirements outlined in the TOPR. Also, the award of the contract to Emagine IT was not in compliance with the recommendation from the County's Supplier Development & Diversity Division ("SDDD") division of the Office of Central Services ("OCS"). OIT awarded preference points to Emagine IT incorrectly and without the authority to do so.
- 2. *The RFQ "bundled" together the work being done previously by three (3) different contractors doing business with the County into one (1) multi-million dollar, multi-year contract.*** The award of the Managed Services contract to a single contractor did not appear to be an attempt at "bundling" or "combining of disparate functions, previously performed by multiple vendors, in order to create one contract that was too large for a small business to be competitive."
- 3. *net.America filed a formal protest of the award of the Managed Services contract to Emagine IT, and was notified by the Director of Central Services that, under specific language inserted into the RFQ, no protests would be honored.*** The County's Procurement Regulations as it relates to task orders and the ability to protest is subject to interpretation. As per our interpretation of the County's Procurement Regulations, net.America appears to have met the requirements for a valid protest.

4. ***net.America and Exceed Corporation, two County based incumbent contractors, requested debriefs upon finding out that they were unsuccessful bidders, but were told that their requests would not be honored.*** Both net.America and Exceed Corporation were offered debriefs by the County via email, and have requested debriefs in a timely manner, but have not been afforded any as of the date of the writing of this report.
5. ***Emagine IT's Project Manager was issued a County cell phone and laptop. The assets contained important phone numbers and special encryption software allowing specialized access to confidential information and systems.*** Emagine IT's Project Manager has not been issued a County cell phone, and there does not appear to be any unnecessary access to County systems/data. County cellular phones and data that Emagine IT contractors do have access to, are a necessary part of the company's ability to provide the services they are contracted to perform. Compensating controls are also in place to protect the County's information from possible breach.
6. ***Emagine IT's Project Manager left the County issued cell phone and laptop in his car, outside a bar in Washington D.C. on his way home and they were both stolen.*** County assets issued to the Emagine IT Project Manager were not stolen/lost, and all assets issued to the Project Manager were still in his possession at the time of our review. While the Project Manager did have a cellular phone and laptop stolen, these items were the property of Emagine IT and not Prince George's County.
7. ***Emagine IT had knowledge of their award of the Managed Services contract the same day that proposals were due.*** At the time of the writing of this report, we were unable to substantiate this allegation.
8. ***net.America's staff were being solicited by Emagine IT one day after proposals were due and prior to the contract award.*** At the time of the writing of this report, we were unable to obtain corroborating evidence to support this allegation. We found that net.America voluntarily provided the information to Emagine IT upon verbal notification of Emagine IT's win.
9. ***A County employee who originally raised concerns about Emagine IT was removed from the contract for raising early concerns about Emagine IT's ability to handle the work appropriately.*** At the time of the writing of this report, we were unable to substantiate this allegation.

10. None of the businesses who submitted proposals for the Managed Services RFQ had been formally notified of the County's selection of Eimage IT for a multi-year, multi-million dollar contract as of October 19, 2015, or allowed to raise concerns. We were unable to obtain documentation that companies who submitted bids were notified in writing of the selection of Eimage IT for the multi-year, multi-million dollar Managed Services contract. It appears as though the incumbent Service Desk contractor (net.America) was informed verbally.

SCOPE

The objective of our review was as follows:

- Determine whether the award of the CATS II Managed Services Task Order to Emagine IT, was made in compliance with the Jobs First Act (CB-17-2011), certain requirements of the TOPR (16-2001-OIT), and the recommendations of SDDD.
 - Determine whether the County “bundled” work that was previously being done by several Prince George’s County technology firms into one larger contract award, using the CATS II contracting vehicle. The contract award for “Managed Services” functional area was alleged to have bundled together work being done previously by three (3) different contractors doing business with the County into one multi-million dollar, multi-year contract.
 - Determine whether one of the Prince George’s County based contractors filed a formal protest on September 29, 2015, and whether the company was provided with a letter on October 9, 2015, from the Director of the Office of Central Services, notifying them that under specific language inserted into the particular RFQ, that “no protests would be honored.”
 - Determine whether on or about September 22, 2015, two (2) incumbent CATS I contractors were notified by phone that they were not awarded the CATS II task orders, and their requests for “debriefings” were denied.
-
- Determine the validity of the issuance of County assets to Emagine IT contractors, address allegations of access to privileged information, and stolen County assets and data.
 - ❖ Determine whether on or about October 8, 2015, the new Project Manager for Emagine IT was given a County issued cell phone and a County issued laptop to be able to “work from home.”
 - ❖ Determine whether the cell-phone was pre-programmed with every important phone number of every key employee in the Prince George’s County Government.
 - ❖ Determine whether the laptop contained special encryption software that would allow any user to access every database used by the County including: Confidential Human Resources (HR) information provided by

County employees and County Council members, confidential court records of the court system, access to almost all of the Police records and information delivered to police officers on their lap top computers in their squad cars, and of course any and all information stored on a server used by Prince George's County employee.

- Determine whether the Project Manager for Emagine IT, left the County issued cell phone and laptop in their car outside a bar in Washington D.C. on his way home, and whether they were both stolen.
- Determine whether a Senior Level official and owner of Emagine IT had knowledge that his company would be the recipient of the CATS II award on or about August 11, 2015, in close proximity to when proposals were due on August 10, 2015.
- Determine whether incumbent employees were solicited by Emagine IT, and told that they “needed to forward their resumes if they wanted to remain working on the County contract” on August 11, 2015.
- Determine whether a County employee who originally raised concerns about Emagine IT was removed from the contract for raising early concerns about Emagine ITs ability to handle the work appropriately.
- Determine whether as of October 19, 2015, any of the businesses who submitted proposals under the CATS II RFQ had been formally notified of the County's selection of Emagine IT for the multi-year, multi-million dollar contract.

APPROACH

As part of the review of this matter, we performed the following:

- Obtained, reviewed, and analyzed memoranda pertaining to the allegations described previously.
- Obtained, reviewed, and analyzed County documentation related to the allegations including requests for quotations (“RFQ”); emails; internal memorandums; technical proposals, cost proposals; and asset records.

- Reviewed applicable County laws and regulations, existing policies and procedures, to gain an understanding of the laws, regulations, policies and procedures governing the County's Procurement process.
- Conducted research of publicly available information relative to parties involved in the solicitation, application for and/or award of the contract.
- Inspected County assets to determine their existence.
- Conducted interviews and/or inquiries with individuals with knowledge of the contract award in person, via phone and/or by email.

For the purposes of this review, our primary focus was the process and award of the TOPR Titled: Managed Services (Task Order: 16-2001-OIT), which was sent to master awardees of Functional Area 4 – Service Desk Support and Functional Area 5 – Enterprise Architecture and New Technologies, under the CATS II contracting vehicle.

FINDINGS

Based on the documents reviewed, information collected, inspections performed, and interviews conducted during the course of the review, we found the following.

Finding No. 1

The award of the Managed Services Task Order award to Emagine IT was not in compliance with the Jobs First Act (CB-17-2011), certain aspects of the Task Order Proposal Request (TOPR 16-2001-OIT), nor the Supplier Development & Diversity Division (SDDD) recommendations.

The supplier participation requirements associated with the Managed Services TOPR indicated that there was a 30% Minority Business Enterprise (“MBE”) and 40% County Based Business (“CBB”) requirement. (See **Appendix D-1** attached)

SDDD in OCS is the only County entity that recommends the award of preference points pursuant to the Jobs First Act, as they are the only entity that has the correct information with regard to certification status. The law says that procurement applies the preference points which are recommended by SDDD. The County Purchasing Agent, Mr. Roland Jones, is the only person authorized by the Prince George’s County Procurement Code who is allowed to grant waivers regarding matters of procurement activity. Waivers must be approved by the County Executive and the Chairman of the County Council. Per Mr. Jones, he did not grant a waiver and/or adjustment, as it relates to compliance with the Jobs First Act, to Emagine IT. (See **Appendix D-2** attached). Furthermore, Mr. Jones stated that he would not have issued any waivers related to the award of the Managed Services task order because there were too many companies who submitted proposals and met the criteria for CB-17-2011.

A review of the Office of Central Services’ SDDD completed score sheet indicated that at the time of the bid/TOPR close date (August 10, 2015), neither Emagine IT, nor Barnes International (Emagine IT’s subcontractor), were certified MBE or CBB. SDDD clearly conveyed to OIT on August 28, 2015, that Emagine IT’s proposal would receive no preference points as they were not certified either MBE or CBB, and that Emagine IT’s proposal could not be recommended for award (See **Appendix D-3** attached).

OIT staff indicated both during an interview and in an email, that OIT awarded preference points to Emagine IT for their CBB participation. Not only did OIT not have the authority to award preference points, the points were applied in error. The CBB certification relied on by OIT was for Barnes International, Emagine IT’s sub-contractor,

and should not have been used, as it expired on March 15, 2015. Reactivation of Barnes International's CBB certification did not occur until September 14, 2015, which was about a month after the Managed Services TOPR solicitation close date of August 10, 2015 (See *Appendix D-4 attached*).

We inspected evidence of scores and performed recalculations based on the evidence obtained, and determined that Exceed Corporation had the higher score. We noted that of the four (4) contractors with the highest scores, Emagine ITs contract price was highest.

We examined the requirements of the Jobs First Act (CB-17-2011) *Sec. 10A-161(c)* and noted that it states that *"Failure to apply the applicable provisions of Section 10A-160 and this section to a procurement award, subject to the waivers and adjustments authorized by this Division, shall render the procurement award and/or contract or agreement void."* (See *Appendix D-5 attached*).

County Administration Response to Finding No. 1

On or about October 19, 2015, and via a copy of a letter from Sherman Ragland to the Prince George's County Blue Ribbon Commission, the Administration became aware of the allegation that the award of the CATS II task order for Managed Services (the "Task Order") did not comply with the requirements of CB-17-2011 regarding County-based business participation. On that same day, Thomas Himler, Deputy Chief Administrative Officer for Budget, Finance, Economic Development and Administration, directed the Director of the County's Office of Information Technology ("OIT") and the Office of Law ("OOL") to each conduct investigations into the allegations. Simultaneous reviews of the award process were conducted by the County's Office of Audits and Investigations ("A&I"), who were in frequent communication with the Administration regarding their respective findings throughout these review processes. The reviews revealed that in meeting the County-based business participation requirements of CB-17-2011, the awardee of the Task Order, Emagine IT, utilized a County-based business whose certification had expired prior to the closing day for the receipt of proposals. Consequently, and after careful transition analysis and planning, Emagine IT Task Order was deemed void and the Task Order was issued to the correct awardee, i.e., Exceed Corporation. As of the date of this response, Exceed Corporation is providing Managed Services to the County.

Directives have been issued to OIT and the Office of Central Services ("OCS") to confirm the legality of all other CATS II awards and to develop and implement process improvements to prevent any future legal or administration errors in the administration of County procurements.

Finding No. 2

The County did not bundle together the work being done previously by three (3) different contractors doing business with the County into one (1) multi-million dollar, multi-year contract.

Based on the documents and information reviewed, as well as the interviews conducted during the course of the review, the award of the Managed Services contract to a single contractor did not appear to be an attempt at “bundling” which is a term used in Federal contracting and represents a consolidation of two or more procurement requirements for goods or services previously provided or performed under separate smaller contracts into a solicitation of offers for a single contract that is likely to be unsuitable for award to a small business. The move by the County to a Managed Services approach, appears to be consistent with best practices in the industry, which allows for a better customer service experience and faster resolution times.

The Managed Services task order under the CATS II award was created by combining the existing service desk task order with a newer task order for infrastructure support. This constitutes tier one and tier two of the same functions in order to allow a single point of accountability when an individual contacts the service desk for assistance. This structure aligns with recommendations outlined by the Information Technology Infrastructure Library (“ITIL”) standard. (See **Figure 1** below).

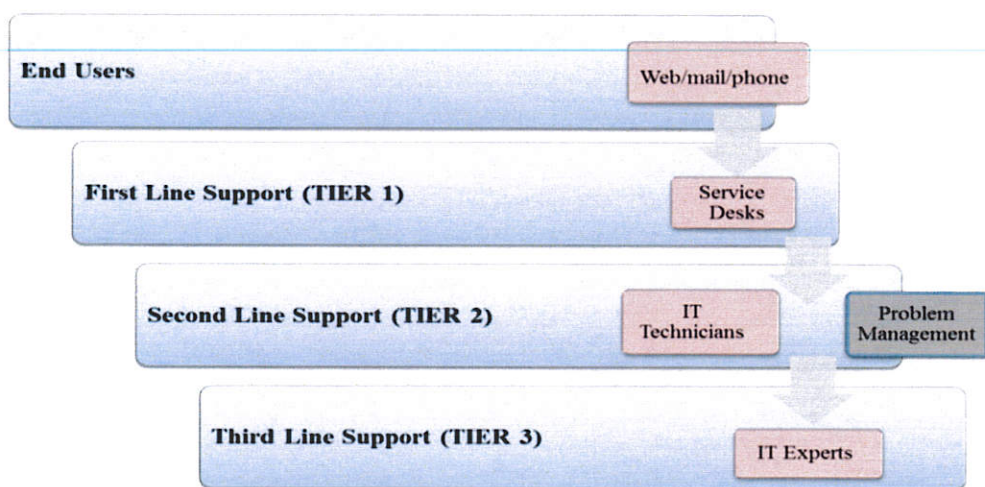


Figure 1: Example of ITIL Incident Management process

Management made the decision in 2015 to transition to the Managed Services model. Additionally, OIT indicated that the managed services approach has shown to improve operations, cut expenses, and deliver better service to OIT’s partner agencies.

The combination of the two functional areas into one task order, does not in itself, preclude small businesses that possess the requisite past experience or those who are willing and able to partner with larger businesses through a sub-contracting relationship, from bidding on task orders (TOPRs).

County Administration Response to Finding No. 2

The Administration declines to comment on unsubstantiated allegations.

Finding No. 3

net.America filed a formal protest in a timely manner, on September 29, 2015, and they were notified by the Director of Central Services that under specific language inserted into the particular RFQ, that “no protests would be honored.” Based on our interpretation, the County’s Procurement Regulations do not specifically address the protesting of task orders, and the County has relied on this act of omission/interpretation in its regulations to convey to interested parties that the regulations “do not permit protests of task orders.” Based on what is included in the Procurement Regulations, the vendor appears to have met the requirements of a valid protest.

net.America Corporation, which is the incumbent Service Desk vendor under CATS I, received a phone call from an OIT staff member on September 22, 2015, indicating to net.America that their bid was unsuccessful for the Managed Services task order. net.America filed a formal protest of the award of the Managed Services TOPR within 7 days on September 29, 2015, (See **Appendix E-1** attached). The response by the County within the required 10 business days on October 9, 2015, stated that “*the County’s Procurement Regulations do not permit protests upon the issuance of Task Orders, no protests may ensue at the Task Order issuance level.*” This representation by the County is subject to interpretation. (See **Appendix E-2** attached).

The County’s Procurement Regulations do not specifically address the protesting of task orders per se, and it appears as though the County has relied on this act of omission/interpretation in its regulations to convey to interested parties that the regulations “do not permit protests of task orders.”

The County’s Procurement Regulations defines contracts as “...it includes but is not limited to contracts of a fixed-price, cost reimbursement, cost-plus-a-fixed-fee, or incentive type; **contracts providing for the issuance of job or task orders [Master Contract]**; grant; leases; letter contracts; and purchase orders. It also includes

*supplemental agreements [task orders] with respect to any of the foregoing....2. Protest – means any dispute relating to the solicitation, selection, or award of a County contract.” As such, our interpretation of the County’s Procurement Regulations is that a “task order” could be considered a “supplemental agreement” with respect to the definition of a contract, and as such may be protested. (See **Appendix E-3.1 and E-3.2 attached**).*

The response from the County to net.America regarding their protest also indicated that net.America was made aware that task orders could not be protested in Addendum 5 - Q.39 of the RFQ and agreed to these terms by submitting a proposal. However, the County’s Procurement Regulations state that *“the protestors may protest any phase of the solicitation or award, including **but not limited to** specifications, bid or proposal solicitation, and **awards**.”* It is our interpretation that a task order is an award, and is therefore open to protest.

Additionally, it appears as though the protest by net.America may have met other requirements for consideration covered under the Time for Filing for protests sections of the Procurement Regulations which state that *“3. Protests not delivered within the time period specified in 1. or 2. above, as applicable, shall be untimely, and not considered, unless the Purchasing Agent determines that the basis of the protest raises significant and substantive questions of fairness in the solicitation, award, or contract administration process.”* (See **Appendix E-3.2 attached**).

County Administration Response to Finding No. 3

The Administration agrees that the County’s Procurement Regulations (the Regulations) as it relates to the ability to protest the award of task orders is subject to interpretation. This means reasonable minds could disagree on whether “task orders” are included in the definition of “contract” such that they are subject to protest. The Office of Central Services (“OCS”) relied upon legal advice, nationwide procurement policies and long-standing County process and procedure in interpreting the regulations as not permitting protests of task orders.

Specifically, the Review cites the Regulations’ definition of the word “contract,” which includes the term “supplemental agreements.” In consideration of the latter term, the reviewers opined that “a ‘task order’ **could be considered** a ‘supplemental agreement’ with respect to the definition of a contract, and as such may be protested.” However, the term “supplemental agreements” is not defined in the Regulations and could therefore also mean change orders, purchase order amendments, contract extensions, and similar other contract adjustments that, under the reviewers’ interpretation, could be subject to protest. An interpretation of the Regulations as allowing protests of any vehicle that

could be considered a supplemental agreement gives rise to substantial challenges to government operations and resources.

OCS's interpretation that task orders are not subject to protest reflects long-standing County policy and procedure. The County has long issued task orders for indefinite delivery quantities contracts. Yet, to the best of our knowledge, the County has never before entertained a protest of the issuance of a task order. OCS's interpretation of the Regulations is also guided by federal procurement laws. Federal Acquisition Regulations prohibit protests to task orders except under two limited circumstances: 1) task orders valued over \$10 Million (which regulation will sunset in September of this year for all federal agencies except DoD, NASA, and the Coast Guard); and 2) protests on the grounds that the task order increases the scope, period, or maximum value of the Master Contract. (See 48 CFR 16.505(10)). These edicts advise against making task orders subject to protest in general. In any event, OCS, as the agency with the most expertise and experience in government procurement, deserves substantial deference in interpreting the laws applicable to County procurements.

Even if the law could be reasonably interpreted as subjecting task orders to protest, the protest at issue here would still have been denied. The Regulations make clear that protests for which the basis is evident prior to the closing of a solicitation must be made prior to the closing of the solicitation. The policy behind this law is to prevent unsuccessful offerors from lodging protest mainly because they are unsuccessful. The CATS II solicitation made clear that protests would not be allowed at the task order level. net.America, the entity that sought protest, signed an Addendum acknowledging its awareness of that provision. Its objections came only after becoming aware that the Task Order would not be issued to net.America.

Finding No. 4

net.America and Exceed Corporation, two County based incumbent contractors, upon finding out that they were unsuccessful bidders, requested debriefs in a timely manner, net.America was denied a debrief, and no debriefs have been granted to either contractor to date.

OIT staff communicated to two unsuccessful bidders, net.America Corporation and Exceed Corporation on October 21, 2015, that once the contract was fully executed, they will be given the opportunity for a debriefing. (See ***Appendix F-1 and Appendix F-2 attached***). Both companies met the Procurement Regulations requirement of "requesting a debrief within 30 days after contract award." (See ***Appendix F-3 attached***). However, as of February 10, 2016, neither company had been provided with a debrief.

Furthermore, one of net.America's grounds for protesting the award which was submitted to the County on September 29, 2015, included what is essentially a request for a "debrief." Thus the denial of the protest by the County to net.America on October 9, 2015, could also be construed as a possible denial for a debriefing.

County Administration Response to Finding No. 4

The Office of Central Services ("OCS") has been directed to debrief net.America and Exceed Corporation on their responses to the CATS II Task Order Proposal Request for Managed Service, such debriefings to be conducted by no later than August 5, 2016, and only if desired by those entities.

Finding No. 5

The Project Manager for Emagine IT was not provided with a County issued cell phone. The Project Manager was in possession of County issued laptops so the Project Manager had the ability to "work from home".

Access to the data and systems for applicable contractors is permissible under the contract agreement between the County and Emagine IT, and there are compensating controls in place to protect the County from a possible breach.

The allegation stated that the Emagine IT "Project Manager asked for and was given a County issued cell phone and a County issued laptop to be able to "work from home." It was also alleged that the cell-phone was pre-programmed with every important phone number of every key employee in the County Government, and the laptop contained special encryption software to allow any user access to every database used by the County including confidential human resources, court and police systems, records and information.

The Managed Services task order stipulates that Emagine IT must provide its contractors with cellular phones for its staff to be utilized for conducting business in relation to the County contract. We found that the Emagine IT Project Manager was never issued a County cell phone, therefore the cell phone could not have been pre-programmed with every important phone number of every key employee in the Prince George's County Government as alleged. We noted that the County made available to contract staff the following County cell phones, which may be in the contractors' possession: an iPhone 5S that is used in the office as the contractor's backup line and for emergencies (inclement

weather use/EOC) in the event that the County provided land line telephones are unavailable; and, two (2) emergency spare iPhone 5S for Senior County Management.

We inquired of OIT staff, checked County asset records, and performed inspections to determine that the Eimage IT Project Manager had all County assets (laptops, tablet, monitors etc.) issued to him in his possession as of February 5, 2016. Per inquiry of OIT personnel, the equipment currently issued to the Eimage IT Project Manager after the Managed Services contract start date belongs to the County. This equipment does not contain any “special encryption” that would provide sensitive access beyond what is necessary in order for the contractor to perform their job in accordance with the task order requirements. Also, security for SAP (HR), Courts, Police, etc. is managed by the owners of the systems, and it is not possible to provide special access to these systems without contacting their respective agencies.

Furthermore, we determined that compensating controls are designed to be in place such that Contractors are required to adhere to the County’s Security Policy, are subjected to background checks and possible drug tests, and are required to sign the County provided Non-Disclosure Agreement and Business Associate Agreement. Effectiveness of these compensating controls were not tested as part of our review. (See *Appendix G-1 and G-2 attached*).

County Administration Response to Finding No. 5

The Administration declines to comment on unsubstantiated allegations.

Finding No. 6

The Eimage IT Project Manager did not leave a County issued cell phone and laptop in his car outside a bar in Washington DC on his way home, and they were not stolen.

While the Project Manager for Eimage IT did have a cellular phone and laptop stolen, these items were the property of Eimage IT and not Prince George’s County.

County Administration Response to Finding No. 6

The Administration declines to comment on unsubstantiated allegations.

Finding No. 7

A Senior Level official and owner of Emagine IT had knowledge that his company would be the recipient of the CATS II award on or about August 11, 2015, when proposals were due on August 10, 2015.

Individuals who were interviewed indicated that they spoke to third parties who stated that it was known that Emagine IT would be awarded the Managed Services TOPR before the close of the proposal period. We were unable to speak to those individuals or to obtain affidavits from individuals with first-hand knowledge of this allegation at the time of the writing of this report.

Clare Hines, CEO/President of net.America furnished to us the following statement:

“On August 10th 2015 3pm we received word through the grapevine that Emagine IT was going to be the awarded contractor of the Managed Services TOPR. On August 11th 2015 our staff was being solicited by Emagine IT as they “knew” they were already selected“(See *Appendix H-1 attached*).

County Administration Response to Finding No. 7

The Administration declines to comment on unsubstantiated allegations.

Finding No. 8

Incumbent employees were solicited by Emagine IT management, but only after net.America voluntarily provided the information to Emagine IT after the contract award. We were unable to substantiate that Emagine IT requested the information on August 11, 2015.

After being notified of the intent to award, Emagine IT invited the incumbent contractors to interview at their company headquarters. Accommodations, including on-site and telephone interviews, were made for those who were unable to travel to Emagine IT’s location in Virginia. The incumbent (net.America) was also notified of the County’s intent to award the contract to Emagine IT. net.America voluntarily provided their employees’ contact information to OIT and Emagine IT, and requested that incumbent staff be afforded an opportunity to work with Emagine IT. We were unable to obtain corroborating evidence to support the allegation that “on August 11, 2015, net.America’s staff was being solicited by Emagine IT as they “knew” they were already selected,”

before the exchange of the information occurred on September 23, 2015. (See *Appendix H-1 and H-2* attached).

County Administration Response to Finding No. 8

The Administration declines to comment on unsubstantiated allegations.

Finding No. 9

We were unable to identify a Prince George's County employee who originally raised concerns about Emagine IT, and who had been removed from the contract.

We were unable to substantiate this allegation. OIT Management indicated that five (5) net.America staff were removed for various performance related reasons, and this occurred prior to the task order award.

County Administration Response to Finding No. 9

The Administration declines to comment on unsubstantiated allegations.

Finding No. 10

As of October 19, 2015, beyond what was verbally communicated by OIT, none of the businesses contacted who submitted proposals under the CATS II RFQ have been formally notified of the County's selection of Emagine IT for the multi-year, multi-million dollar contract.

We were unable to obtain documentation that companies who submitted bids were notified of the selection of Emagine IT for the multi-year, multi-million dollar contract. However, we determined that the incumbent Service Desk contractor was informed verbally as evidenced by the statement received from Ms. Clare Hines below:

*"On September 22, 2015 we received a telephone call that we were not successful in our re-bid for the Managed Services Task Order. We were told to expect a letter to that effect. I offered to contact the winning firm to encourage them to hire the wonderful staff that has been supporting the County under my watch. I was provided the name Rob Holder and a phone number." (See *Appendix H-1* attached).*

County Administration Response to Finding No. 10

County Procurement Regulations do not set forth a notification procedure for unsuccessful offerors upon award of task orders. The Office of Central Services is in the process of revising the County's Procurement Regulations and, by direction of the Administration, shall incorporate clear and unambiguous notification procedures for task order issuances.

MONETARY IMPACT TO PRINCE GEORGE'S COUNTY

Over the next three years, the difference between the award of the Managed Services contract to Emagine IT, which was not recommended to be moved forward in the award phase by SDDD, and Exceed Corporation, which received the highest score by OIT and the most percentage points by SDDD, is approximately half a million dollars, which represents the amount of money the County could potentially have saved. Also, as a County Based Small Business ("CBSB") and performing more than 51% of the work, Exceed Corporation, as the prime contractor, met both the required MBE and CBB requirements (*See Appendix D-3 attached*).

RECOMMENDATIONS

- I. Immediate action should be taken to address the issue of voiding the existing contract as stipulated in the Jobs First Act (CB-17-2011).**
- II. A full review of internal controls should be conducted to determine how such incidents can be prevented and/or detected in the future.**
- III. Procurement Regulations need to be revised, as soon as possible, with special attention to the issuance of task orders, to address the lack of specific guidance surrounding the award of contracts through this method.**

County Administration Response to Recommendations

- I. The Administration has voided the task order issued to Emagine IT. A Task Order has been issued to Exceed Corporation, who is providing Managed Services to the County thereunder.
- II. A full review of internal controls has been conducted regarding the CATS II process and additional CB-17-2011 training was conducted for all Office of Central Services

procurement personnel. Process improvements have been implemented to prevent and detect administrative errors in the administration of County procurements.

- III. Also, as stated above, the Office of Central Services is in the process of revising the County's Procurement Regulations.

List of Titles and Terms

Term	Definition
CAP	Contract Administration and Procurement
CATS I/II/CATS 2	Consulting and Technical Services I/II
CB	County Bill
CBB	County Based Business
CBSB	County Based Small Business
CFE	Certified Fraud Examiner
CEO	Chief Executive Officer
CIA	Certified Internal Auditor
CICA	Certified Internal Controls Auditor
CPA	Certified Public Accountant
DC	District of Columbia
DOE	Department of the Environment
EOC	Emergency Operations Center
DPW&T	Department of Public Works and Transportation
HR	Human Resources
ID/IQ	Indefinite Delivery/Indefinite Quantity
IT	Information Technology
ITIL	Information Technology Infrastructure Library
MBE	Minority Business Enterprise
OCS	Office of Central Services
OIT	Office of Information Technology
RFP	Request for Proposal
RFQ	Request for Quotation
SDDD	Supplier Development & Diversity Division
TOPR	Task Order Proposal Request

Comments of Sherman Ragland

Blue Ribbon Commission on Addressing Prince George's County Structural Deficit

Monday October 19, 2015

Chairman Adams, honorable members of the Commission. I am pressed to bring before this body information that has been provided to me from multiple sources. I am only presenting to this Commission those things I have been able to verify to be true, but it is only the tip of the iceberg.

Shortly before our very first meeting on September 14, 2015, I was approached by a woman at the Starbucks in Bowie. Up until that time we had never met, but she asked me my name and asked if I was the same Sherman Ragland who had been appointed to the Blue Ribbon Commission. I said I was. She then told me that she was formerly employed in the County Administration Building and although she no longer worked there, she still had a number of friends and colleagues who did, and she wanted to know if our Blue Ribbon Commission was actually going to do something about the nonsense taking place inside the building, or were we simply going to be a "Rubber Stamp". Although the phrase she used was not "nonsense". I asked her what she meant, and she began to describe in detail evidence of fraud and corruption she had seen, first hand, and although she was no longer employed in the building, she had evidence from several reliable sources that it was taking place. I assured her that I was not interested in being a part of any committee, or Commission whose only purpose was to be a "rubber stamp", and gave her an oath that if I "saw something, I would not hesitate to say something to my fellow Commissioners." As they say, be careful of taking an oath.

I come before you today, during this comment period because I have first hand knowledge of events that have taken place inside this building, which at best case are "highly questionable" and at worst case, potentially yet another example of what the Washington Post just recently described as a "Culture of Corruption."

As all of us know, our County has been through one of the worst periods in our history. One person and his accomplices were able to take full advantage of the lack of transparency in our Government. Because of their own personal lack of ethics, they were able to use the people's money as his own personal cookie jar, by handing out contracts and selling County assets for personal gain. News outlets from the Washington Post to Great Britain's Daily Mail sold millions of copies by showcasing the very worst behavior possible from a small band of civil servants, including the senior most employee of our government.

But the stories did not just showcase the shortcomings of a elected officials, and a handful of senior level county employees. They also demonstrated a system in which far too many



Appendix B

Sherman Ragland Memo to the Blue Ribbon Commission

elected officials and employees of our government have skewed the procurement process in order to divert County awarded contracts for personal gain. Not just diverting the people's money for their own personal enrichment, but dragging our County's reputation through the mud for the entire world to see.

In one particular story in the Washington Business journal, The FBI Special Agent investigating the last, and most egregious case of this said, "While Jack Johnson's guilty plea today shines a bright light on the crimes he and his associates committed. It is not the end of the FBI's investigation in the corruption in Prince George's County."

In that same article our current County Executive was quick to respond that "The news about the former County Executive is by no means reflection of the people of Prince George's County, or employees of its government." He continued, "We have made appropriate moves to improve our *process*."

Shortly after taking office our current County Executive called for the creation of an advisory board to look at the issues surrounding what the FBI and the mass media have called a "Culture of Corruption" in Prince George's County.

The Accountability, Compliance and Integrity ("ACT") Advisory Board, lead by two people of the highest integrity, had participants appointed by both the County Executive and the County Council. They met diligently for six months, sat through Power Point presentations from County agencies, heard from leading experts in the region on the topic of policies and procedures to combat fraud, abuse and waste in government, and on June 13, 2011, they submitted their final report with recommendations. Unfortunately, it appears four years later, there is little evidence that any recommendations have actually been implemented.

In keeping my promise to the woman at Starbucks, I've seen something and now I'm saying something. I am bringing to the attention to our Commission a procurement action has occurred on our watch. In just the last 30 days. A procurement that raises serious questions about not only the integrity of the procurement process, but clearly demonstrates that both the County Council and the County Executive still have a lot of work to do, if we are every going to get out from under the stigma of operating within a Culture of Corruption.

If we truly are here to do something about the County's Structural Deficit, then a serious conversation about the manner in which contracts are awarded, and the people's money is being spent must be a part of that conversation.

Unlike the ACT Advisory Board, we are here for an entire year, and our recommendations are for the eyes of the County Council who not only have the power to pass laws, but also have the power to provide funding, and where necessary, take it away to ensure that not only are their laws adhered to, but that the integrity of the manner in which the people's money is spent is protected, regardless of who is employed in the senior level positions in our Government.



Appendix B

Sherman Ragland Memo to the Blue Ribbon Commission

As many of us know, four years ago the County passed the Jobs First Act (CB-17-2011), which was created for the explicit purpose of keeping County dollars in the hands of the businesses and their employees who resided in the County.

Earlier this year the County issued a new contracting vehicle for the procurement of information technology goods and services called CATS II. CATS II was put in place specifically because of the provisions within this contracting vehicle that directed County staff to make procurement decisions in line with the new Jobs First Act, which were not present in the original CATS contracting vehicle.

Over the summer the decision was made senior level employees of our Government to BUNDLE work that was previously being done by several Prince George's County technology firms into ONE larger contract award, using the CATS II contracting vehicle. For those who are not familiar with government contracting, the BUNDLING of contracts is a practice that in and of itself is a highly questionable practice. Along with no-bid contracts, that was used throughout the Bush/Cheney administration to award donors big businesses like Halliburton and Bechtel. The Small Business Administration (SBA) has requested and received specific legislation in 2010 to make most forms of Contract Bundling at the Federal contracting illegal. The Bundling of Contracts almost always raises a red flag amongst knowledgeable procurement professionals.

On July 8, 2015, the County issued an RFP for technology services under the CATS II contracting vehicle. The RFP BUNDLED together the work being done previously by of three (3) different contractors doing business with the County into ONE (1) multi-million dollar, multi-year contract.

On August 10, 2015, all proposals were due to the County, with several Prince George's based business submitting their proposals, including two (2) companies who were doing the work that was being BUNDLED into the single award.

On August 11, 2015 ONE DAY AFTER PROPOSALS WERE DUE, a Senior Level official and owner of a company BASED IN FAIRFAX COUNTY VIRGINIA started contacting the employees of the companies doing work for the County that was the subject of the RFP submission due the day before. He informed several of the employees that his company would be the recipient of the CATS II award, and that they needed to forward their resumes if they wanted to remain working on the County contract.

On or about, September 22, 2015, the two Prince George's based contractors performing work under the old CATS I contract vehicle were notified over the telephone that they were not the successful bidders for the new CATS II RFP. When the companies were told that they were not the successful bidder(s), they requested a debriefing, but were told that their request would not be honored.

On September 29, 2015, one of the Prince George's based contractors filed a formal protest, and on October 9, 2015, the company received a letter from the Director of



Appendix B

Sherman Ragland Memo to the Blue Ribbon Commission

Procurement and Contracts with the County notifying them that under the specific language inserted into this particular RFP, that NO PROTESTS WOULD BE HONORED.

On October 2, 2015, a Senior Level Employee/Owner of the FAIRFAX COUNTY BASED COMPANY contacted the employees of the Prince George's Based contractors and told these employees that interviews for the work under the County contract would be conducted at the company's headquarters in FAIRFAX COUNTY VIRGINIA, and that "if you want to keep your job, you will come here for an interview." When several of the contractor employees "called in sick", a County Employee discovered that the employees of the incumbent contractors were being told to call in sick so they could to interview in FAIRFAX COUNTY VIRGINIA for their jobs and she reported this to her boss. She was told that it "would be looked into."

On, or about October 8, 2015, the new Project Manager for the FAIRFAX COUNTY BASED Contractor asked for and was given a County issued cell phone and a County issued laptop to be able to "work from home." The cell phone was pre-programmed with every important phone number of every key employee in the 6 Prince George's County Government. The laptop contained special encryption software that would allow any user to access every database used by the county including: Confidential Human Resources (HR) information provided by County employees and County Council members, Confidential Court Records of the Court System, Access to almost all of the Police records and information delivered to police officers on their laptop computers in their squad cars, and of course any and all information stored on a server used by a Prince George's County employee.

On or about October 14, 2015, The PROJECT MANAGER OF THE FAIRFAX COUNTY BASED CONTRACTOR WHO WAS THE RECIPIENT OF THE CATS II RFP, LEFT THE CELL PHONE AND THE LAPTOP IN THEIR CAR, OUTSIDE A BAR IN WASHINGTON, DC ON THEIR WAY HOME AND THEY WERE BOTH STOLEN.

The Prince George's County employee who originally raised concerns about the FAIRFAX COUNTY BASED CONTRACTOR HAS BEEN REMOVED FROM THE CONTRACT, essentially for raising early concerns about their ability to handle the work appropriately.

As of October 19, 2015, NONE OF THE BUSINESSES WHO SUBMITTED PROPOSALS UNDER THIS CATS II RFP HAVE BEEN FORMALLY NOTIFIED OF THE COUNTY'S SELECTION OF A FAIRFAX COUNTY FIRM FOR THIS MULTI-YEAR, MULTI-MILLION DOLLAR CONTRACT, MUCH LESS RAISE THEIR CONCERNS.

Chairman Adams, honorable members of this Blue Ribbon Commission, I have other information, but I have not been able to verify it yet. But I think this is enough for what I am proposing as our next steps. Again, this happened under our watch.

My recommendations are as follows:

The formation of a Task Force, or Sub-Committee to begin an immediate review of ALL contracts awarded by the County since the Accountability, Compliance and Integrity ("ACT") Advisory Board filed its report on June 13, 2011, starting with contracts with an actual value, or estimate value of over \$1.0 Million.

1) Were they the result of Contract Bundling, if yes, what were the prior contracts and were those contracts previously performed by Prince Georges County based firms?

2) Were these contracts fully compliant with the Jobs First Act? Were Prince George's Based firms selected as prime contactors and if not, was a full analysis provided to the County Council explaining why a non-Prince George's based firm selected.

3) Were any of the RFP's which led to the source selection written using BEST PRACTICES, such as those recommended by the Accountability, Compliance and Integrity ("ACT") Advisory Board, which called for a goal of "Maximum transparency in the decision making process. In other words, were non-winning bidders afforded an opportunity for a debriefing, and were any and all concerns about the integrity of the procurement process documented and addressed.

4) What prior relationships existed between the Owners, Officers and Key Employees of the successful bidders and any county employee involved in the procurement action, including and senior level employees who could influence both the writing of the RFP and the selection process.

5) What Contracting Best Practices has the county actually implemented since Accountability, Compliance and Integrity ("ACT") Advisory Board submitted their formal report on June 13, 2011. Have the following specific recommendations been implemented and if not, why not?

1) Creation of an Inspector General function that meets the standards of the National Association of Inspector Generals.

2) Strengthening of the County Board of Ethics. [Is everyone involved in the decision making process barred from seeking employment for a period of 2-5 years after leaving County Government?]

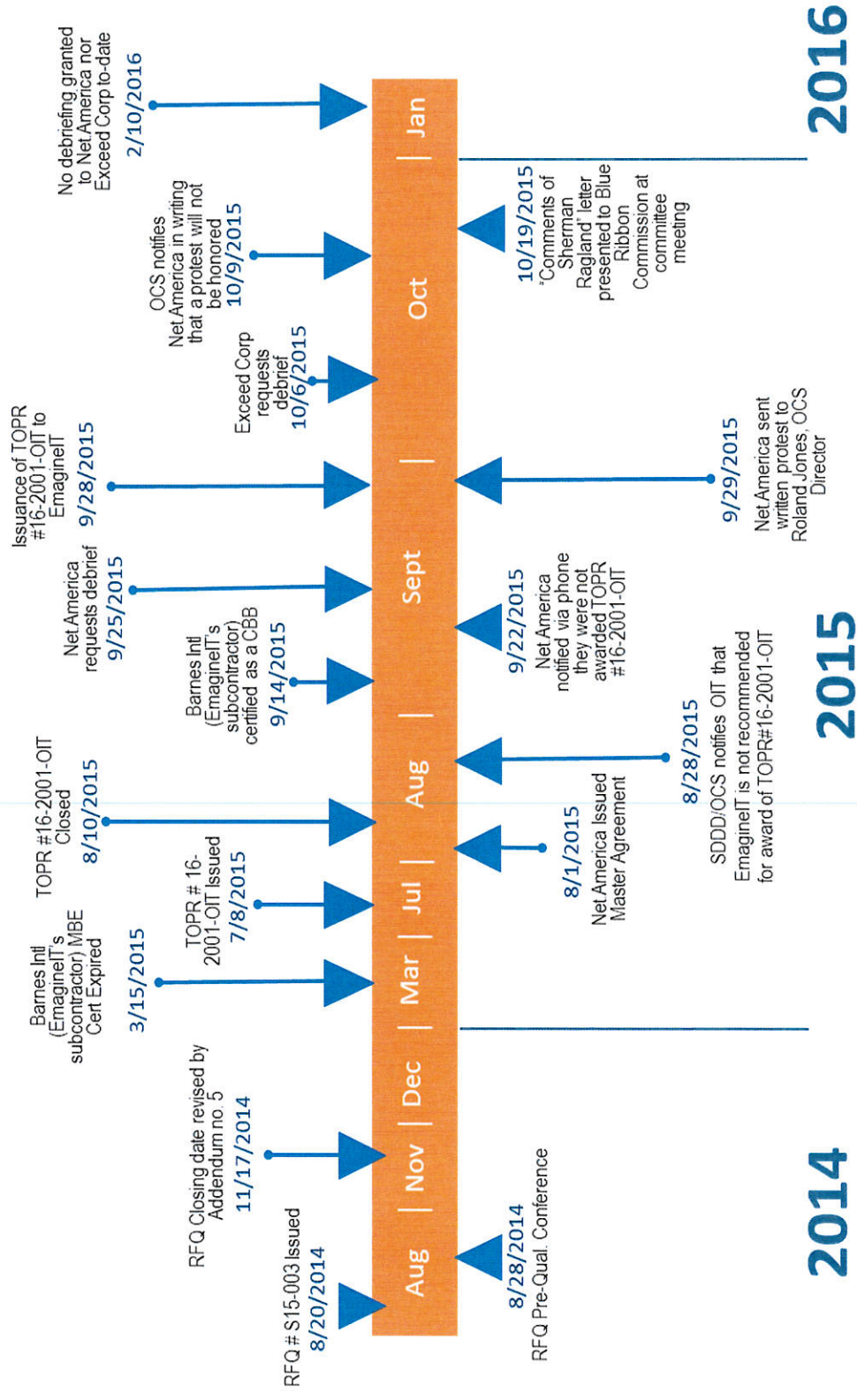
3) Establish an easily accessible fraud, waste and abuse hotline. [Note, currently if you search the term "Whistleblower" on the County's website, it results in the following response: **"We did not find any results for the Whistle Blower Hotline"**

4) Commit to a goal of maximum transparency in the decision making process.

CATS II RFQ

Managed Services Master and Task Order

Timeline



CATS 2 for Prince George's County

(Consulting and Technical Services 2)
Prince George's County Government

Task Order Proposal Request (TOPR)

TOPR No.	16-2001-OIT
Task Order Title:	Managed Services
Customer Department:	Office of Information Technology
Reference Contract:	S15-003 (CATS 2)
Program Manager:	Frederina Tidwell Simms Office of Information Technology 9201 Basil Court, Suite 250 Largo, MD 20774 E-mail: CATSPROGRAMAdmin@PrinceGeorgesCountyMD.gov
Task Order Manager:	Joyce Price
User Contact:	TBD
TOPR Release Date:	July 8, 2015
Closing Date/Time:	August 10, 2015
Approximate Start Date:	September 13, 2015
End Date:	August 31, 2017 with possible extensions coinciding with the CATS 2 contract.
Task Order Type:	Time & Materials (T&M) Prices to remain fixed for the initial Task Order Period of Performance.
TOPR Sent To:	Functional Area 4 – Service Desk Support Functional Area 5 – Enterprise Architecture & New Technologies

Page 1 of 19

Quotation Deliverables:

The Task Order Proposal must include the following:

- A signed **Certification and Acknowledgement of Prince George's County Supplier Participation Requirements**.
- A completed **Supplier Participation Utilization Plan Form**

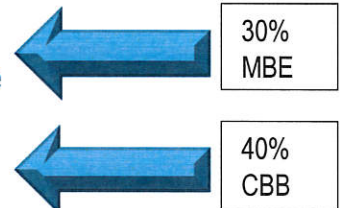
(All Task Order opportunities under the CATS II for Prince George's County have a minimum 30% MBE participation requirement per the Master Contract.)

Please note that this form is also used to determine whether the Prime Contractor is meeting the 40% Local Participation requirement, which is mandated by County Law. This requirement may be met by the Prime Contractor being a Supplier Development and Diversity Division (SDDD) Certified County Based Business (CCBB) or by engaging a subcontractor which is a CCBB.

(Failure to include the aforementioned forms will result in disqualification.)

NOTE: As of July 1, 2013, the Jobs First Act (CB-17-2011), became effective. This legislation creates County bidding preferences and participation requirements for certified County-based businesses which have been certified by the Supplier Development and Diversity Division (SDDD) of the Office of Central Services on certain procurement contracts with the County. Its purpose is to enhance the County's overall economic development. Offerors are encouraged to contact SDDD to secure certification.

Requirements of the
Managed Services TOPR
16-2001-OIT



Page 2 of 19

Appendix D-2
No Waiver Provided to Emagine IT

From: Jones, Roland L.
Sent: Friday, December 04, 2015 5:14 PM
To: King, Sylvia S.
Cc: Stanford, Alicia C.
Subject: RE: OIT Contract Award

No waiver provided to
Emagine IT by the
County's Purchasing
Agent, the Director of
OCS

Ms. King,

In regard to the aforementioned question below I attest that, I Roland L. Jones, Director, The Office of Central Services and County Purchasing Agent, did not grant a waiver and/or adjustment, as it relates to compliance with the Jobs First Act, to EmagineIT.

1. The Purchasing Agent is the only person authorized by the Prince Georges County Procurement Code to grant waiver regarding matters of procurement activity.
2. All waiver must be approved by the County Executive & Chairman of the County Council.
3. The Supplier Development & Diversity Division is authorized and responsible for giving preference points to suppliers based on their certification status.

Thank you,

"DOGMATIC DETERMINATION ACHIEVING EXCEPTIONAL EXCELLENCE"

ROLAND L. JONES

DIRECTOR

OFFICE OF CENTRAL SERVICES

1400 MCCORMICK DRIVE SUITE 336

LARGO, MD 20774

OFFICE: 301-883-6450

CELL: 301-237-8866

FAX: 301-883-6464

RLJONES2@CO.PG.MD.US

[HTTP://CENTRALSERVICES.MYPGC.US](http://CENTRALSERVICES.MYPGC.US)



Appendix D-3

SDDD Scores and Recommendation for Managed Services TOPR Contract Award



SUPPLIER DEVELOPMENT & DIVERSITY DIVISION

This Spreadsheet is being used solely for your request of certification status and participation compliance for the CATS II vendors prior to award. SDDD will provide certification status with recommended preferences points and provide confirmation of the prime meeting the required subcontractor participation. It will be the job of the OTT to ensure to include and calculate the recommended preference and/or bonus points for the vendors. Upon award notice of respective bidder, SDDD is requesting a tabulation sheet outlining the final tally and the proposed utilization plan. Each prime contractor will be expected to submit their monthly supplier reports to SDDD by the 10th of each month via email SDDDCCompliance@co.pg.md.us. If you should have any questions of concerns please contact Ms. Yohanna Allen at 301-883-6416 or the SDDD Main office at 301-883-6480.

VENDOR NAME	MBE	COUNTY BASED BUSINESS		RECOMMENDED PREFERENCE POINTS	Subcontractor Participation Met	Comments	Recommended for Next Level
		CBB	CBSB		MBE 30% CBB 40%		
Imagine IT	NA	NA	NA	0%	X	Barnes International is not a recognize certified MBE nor CBB with the County MBE certification expired March 15, 2015.	NO
Exceed	X	NA	X	15%	X	As a CMBE and performing more than 51% of the work, Exceed as the prime meets the required Mbe and CBB participation requirement	Yes
Applied Technologies Services	X	NA	NA	5%	X	Their subcontractor they are using to meet 40% participation needs to re-certify as certification expires in October. If not recertified they will not met the required participation.	Yes
Blue Sky	X	NA	NA	5%	X		Yes

SDDD scoring sheet for the Managed Services TOPR – showing neither Imagine IT nor Barnes International (Imagine IT's subcontractor) were MBE nor CBB compliant. Imagine IT is not recommended for the Managed Services contract award

Appendix D-4
Barnes International LTD CBB Certification



Rushern L. Baker, III
County Executive

PRINCE GEORGE'S COUNTY GOVERNMENT
Office of Central Services
Supplier Development & Diversity Division

Roland L. Jones
Director

Floyd E. Holt
Deputy Director

September 14, 2015

Mr. Darryl Barnes
Barnes International, LTD
1707 Cinnamon Teal Way
Upper Marlboro, MD 20772

Re: Barnes International, LTD
Determination of CBB Status
Certification No: **CBBC-15-528**

Imagine ITs sub-contractor CBB certification on 9/14/2015, one month after bid-close on 8/10/2015, and therefore invalid for the Managed Services TOPR

Dear Mr. Barnes:

Congratulations, this letter is to inform you that the Supplier Development & Diversity Division (SDDD) has determined that your firm qualifies for certification as a County Based Business (CBB) in Prince George's County. Please note that your firm's CBB certification is based on the company's eligibility criteria with the Supplier Development & Diversity Division (SDDD). Any changes in certification status should be reported to SDDD within 10 business days. **As a reminder, your firm's CBB certification status is for one (1) year only.**

Your certification applies only to a specific area or areas of specialty and/or expertise as approved by the SDDD.

The enclosed certificate sets forth the expiration date and areas(s) of specialty and expertise for your firm's certification as a "Prince George's County-Based supplier". Please review your certificate carefully. Note that CBB certification is not a "pre-qualification" for your firm to do business in the County. To increase your firm's opportunity to obtain a County contract, your company should actively participate in the bidding process.

Thank you for applying for certification with the Prince George's County Supplier Development & Diversity Division. We look forward to working with, and serving you again soon.

Sincerely,

Sharon Moore Jackson
Acting Executive Director

Enclosure: Certification No: **CBBC-15-528**

"One Mission - One Team"

1400 McCormick Drive, Suite 281, Largo, Maryland 20774 (301) 883-6480, FAX (301) 883-6479

Sec. 10A-161. County-based business participation requirements.

(a) For any procurement that is greater than One Hundred Thousand Dollars (\$100,000) in total value for which a County agency or the County government secures competitive bids or proposals, including, but not limited to, competitive bids secured pursuant to Section 10A-112 or competitive proposals pursuant to Section 10A-113, the Purchasing Agent shall require the following:

(1) At least forty percent (40%) certified County-based business participation; provided, that the costs of materials, goods, and supplies shall not be counted towards the 40% participation requirement, unless such materials, goods, and supplies are purchased from County-based businesses; and

(2) A bid or proposal responding to a solicitation shall be deemed nonresponsive and shall be rejected by the Purchasing Agent if it fails to meet the forty percent (40%) minimum certified County-based business participation requirement in Paragraph (1) of this Subsection, unless the participation requirement is waived and adjusted pursuant to Subsection (b) of this Section.

(3) Any existing procurement contract or agreement for which a County agency or the County government secured competitive bids or proposals, including, but not limited to, any procurement contract that was awarded pursuant to Section 10A-112 or Section 10A-113, and including any existing multiyear contract or extended contract, which does not include at least forty percent (40%) certified County-based business participation as prescribed in this Subsection at the time of any contemplated exercise of an option, extension, or renewal, including automatic extensions or renewals (e. g. "evergreen" contracts or agreements), shall not be renewed or extended.

(b) If the Purchasing Agent determines that there are insufficient responsible County-based businesses to completely fulfill the requirement of Paragraph (1) of Subsection (a) for a particular procurement or if the requirement would result in the loss of federal or state funds or grants, the Purchasing Agent may waive the requirement and adjust the minimum participation percentage, subject to the approval of the County Executive. For procurement contracts or agreements subject to approval by legislative act under Section 819 of the Charter, a waiver and/or percentage adjustment authorized by this Subsection must also be approved by the County Council. For procurement contracts or agreements not subject to approval by legislative act under Section 819 of the Charter, notice of a waiver and/or percentage adjustment authorized by this Subsection must be sent to the County Council by the Purchasing Agent by no less than fourteen (14) calendar days prior to the decision being made to waive the requirement and adjust the minimum participation percentage in Paragraph (1) of Subsection (a).

(c) Failure to apply the applicable provisions of Section 10A-160 and this Section to a procurement award, subject to the waivers and adjustments authorized by this Division, shall render the procurement award and/or contract or agreement void.

(d) On a case by case basis, for any procurement subject to the requirements of Subsection (a) of this Section, the Purchasing Agent may require more than forty percent (40%) certified County-based business participation if the Purchasing Agent determines that there is a sufficient number of County-based businesses to justify a higher certified County-based business participation requirement.

(CB-17-2011)

CB-17-2001 – Failure to apply the provisions of the law renders the procurement award and/or contract or agreement void

Appendix E-1 Formal Protest – net.America



September 29, 2015

VIA HAND DELIVERY AND EMAIL (OCSdirector@co.pg.md.us)

Mr. Roland L. Jones
Director, Office of Central Services
1400 McCormick Drive Suite 336
Largo, Maryland 20774

Re: Bid Protest of Award under TOPR No. 16-2001-OIT, Managed Services
Contract S15-003 (CATS 2)

Dear Mr. Jones:

This letter constitutes a formal bid protest against the apparent award of the Managed Services task order, TOPR No. 16-2001-OIT (the "Task Order"), to Emagine IT. The contract to Emagine IT should not be executed or should be suspended if already executed pending the resolution of this protest.

The Task Order was issued under the CATS 2 contract. The CATS 2 contract specifies that, in accordance with Prince George's County Code § 10A-107(a), bid protests shall be submitted to the Purchasing Agent. According to Prince George's County Code § 10A-101(a)(35), the Purchasing Agent is the Director of the Office of Central Services. That is why we are sending this protest to you, two copies in an envelope marked "Protest" and via email.

The net.America Corporation ("net.America") has not yet received official notice of the award. Therefore, we are basing this protest on a phone call we received on September 22, 2015, during which we were told that Emagine IT won the Task Order. This protest is timely filed within seven days of September 22nd.

The following are our protest grounds:

- (1) We have not been provided an official notice of award or explanation for why we did not win. We have an excellent performance history as the incumbent contractor, we are a Prince George's County-based company, a small, disadvantaged business, and we submitted a superior proposal for the Task Order. Therefore, we were very surprised to learn, unofficially, that we lost the Task Order to a Virginia-based firm. We are entitled to receive official confirmation of the award and an explanation for why we did not win, which could give rise to additional bases for protest.
- (2) We were surprised to hear that the apparent awardee, Emagine IT, is not based in PG County. Rather, Emagine IT is based in Fairfax, Virginia. We protest the award to a non-Prince George's County based business.

p 301.218.4559 • f 301.218.6457 • info@netamerica.net • www.DiscoverNetAmerica.com



- (3) Lastly, we have serious concerns about the selection process. As noted, we still have not received an official notice of the award, but we were told unofficially of the award on September 22nd. Furthermore, Emagine IT has been contacting our incumbent personnel about transitioning to Emagine IT for several weeks. We are concerned how Emagine IT apparently knew about the award to them, and started contacting our people, indicating they would win well before we received even an unofficial notice of the award. This needs to be investigated for possible improprieties in the selection process.

Based on the above, we request that you sustain this protest, cancel the award to Emagine IT, and award the Task Order to net.America.

Please provide us with a written response to this protest as quickly as possible. We reserve the right to supplement this protest with additional protest grounds once we receive an explanation for why we apparently did not win the Task Order.

As a Prince George's County resident and taxpayer I find it difficult to believe that the County would make the award to a Virginia-based firm.

Sincerely,

Protest filed on 9-29-2015 by net.America, within 7 days of being verbally told that they were unsuccessful on 9-22-2015

Debrief
Request



Rushern L. Baker, III
County Executive

PRINCE GEORGE'S COUNTY GOVERNMENT
Office of Central Services

Roland L. Jones
Director

Royd E. Holt
Deputy Director

October 9, 2015

Ms. Michelle E. Litteken
PilieroMazza PLLC
888 17th Street, NW, 11th Floor
Washington, DC 20006

RE: Response to Protest - The net.America Corporation

Dear Ms. Litteken:

The terms of the County's Request for Qualifications No. S15-003 for Computer and Technical Services (the "RFQ") made clear that "[a]s the County's Procurement Regulations do not permit protests upon the issuance of Task Orders, no protests may ensue at the Task Order issuance level." Said terms were set forth in the Answer to Question 39 in Addendum 5 of the RFQ. The net.America Corporation acknowledged its receipt of those terms in the attached document that was included in its response and agreed to those terms by submission of its response to the RFQ. Consequently, net.America Corporation's protest may not ensue.

An act of omission
makes this
statement true

We encourage net.America Corporation to participate in future Prince George's County solicitations. Should you have additional questions I may be reached at 301-883-6400.

Sincerely,

A handwritten signature in blue ink, appearing to read "RL Jones".
Roland L. Jones
Purchasing Agent

Enclosure

Appendix E-3.1

Procurement Regulations - Chapter XXV - Protests

Spelling error,
should be contract

11. "Contract" means all written types of agreements, grants, and orders for the purchase or disposal of supplies, services, construction, insurance or any other item. It includes but is not limited to contracts of a fixed-price, cost reimbursement, cost-plus-a-fixed-fee, or incentive type; contracts providing for the issuance of job or task orders; grant; leases; letter contracts; and purchase orders. It also includes supplemental agreements with respect to any of the foregoing.

Master Contract

Task Orders

C. Definitions:

1. "Interested Party" means an actual or prospective bidder or offeror that may be aggrieved by the solicitation or award of a contract, or by the protest.
2. "Protest" means any dispute relating to the solicitation, selection, or award of a County contract.
3. "Protestor" means any actual or prospective bidder or offeror who is aggrieved and who files a protest.

Who may
file a protest

D. Filing of Protests

1. An interested party may protest against the award, or the proposed award of a County contract for supplies, services, or construction to the County Purchasing Agent. The protest shall be in writing in duplicate sent directly to the Purchasing Agent.

E. Time for Filing


1. Protests based upon alleged improprieties in any type of solicitation which are apparent before bid opening or the closing date for receipt of proposals shall be delivered before bid opening or closing date for receipt of bids or proposals.
2. In cases other than those covered in 1. above, protests shall be delivered no later than seven days after the bid opening, or when the basis or the protest is known, or should have been known.

Timeframe – no later than 7 days after
bid open or when the basis is known or
should have been known

Appendix E-3.2

Procurement Regulations – Chapter XXV – Protests

Protests allowed in any phase of solicitation or award, including but not limited to ...proposal solicitations (RFP/RFQ), and awards



3. **Protests** not delivered within the time periods specified in 1. or 2. above, as applicable, shall be untimely, and not considered, unless the Purchasing Agent determines that the basis of the **protest** raises significant and substantive questions of fairness in the solicitation, award or contract administration process.

F. Subject of Protest. **Protestors** may **protest** any phase of the solicitation or award, including but not limited to specification, bid or proposal solicitations, and awards.

G. Form. The **protest** shall be in writing, addressed to the County Purchasing Agent in an envelope marked "**Protest**." The **protest** shall, at a minimum, include the following:

1. The name and address of the **protestor**;
 2. Identification of the procurement, including solicitation or contract number;
 3. The basis for the **protest** or appeal, complete in all respects, the relief sought and whether the **protester** wishes to have a hearing; and
 4. Evidence, exhibits, or documents to substantiate the **protest**
- unless not available within the **protest** delivery time, in which instance the expected date the material will be available, is to be stated.

H. Making Information on Protest Available

1. Information to **Protestor**: The Purchasing Agent shall, upon written request, make available to the **protestor** information submitted that bears on the substance of the **protest** except where information is proprietary, confidential, or otherwise not permitted or requested to be withheld in accordance with law or regulation. Persons, who wish to deep

From: Ernie Brice [mailto:Ernie.Brice@netamerica.net]
Sent: Friday, October 23, 2015 3:54 PM
To: CATSProgramAdmin
Cc: Clare Hines
Subject: RE: Award Decision Notice 16-2001-OIT Managed Services

Debrief requested
in a timely manner

Good afternoon

Thanks for the formal notification of the task order award decision. net.America always desires to improve, so we **whereby request a debrief of our TOPR response, it strengths and weaknesses, and the rationale for our non-selection.**

We believe this will be very useful to us.

Vr
ernie

-----Original Message-----

From: CATSProgramAdmin [mailto:catsprogramadmin@co.pg.md.us]
Sent: Wednesday, October 21, 2015 6:26 PM
To: Ernie Brice
Cc: Clare Hines
Subject: Award Decision Notice 16-2001-OIT Managed Services

Good afternoon Mr. Brice,

Thank you for your interest and response to the Task Order Proposal Request 16-2001 Managed Services. We understand and appreciate the level of effort placed into creating this proposal. However, the Task Order Approval Committee has completed their evaluation and we regret to inform you that net.America Corporation was not selected.

Nonetheless, this will not be the last opportunity afforded for a proposal under Consulting and Technical Services II (CATS II). **Please be advised net.America Corporation is afforded the opportunity for a debriefing. The debriefing will be confined to the analysis of your proposal. The content of competing proposals will not be disclosed. If interested, a request for a debriefing must be made, in writing, to the CATS Program Manager, Frederina T. Simms, by close of business October 31, 2015.**

Offer by OIT to
provide a debrief

There are efforts underway, specifically limited to CATS II awardees. Please expect a request for a business capability statement in the next few weeks. Understanding net.America Corporation provides a vast number of goods and services, we are limiting our requests specifically to CATS II awardees.

Once again, thank you for your submission and we look forward to working with you in the near future.

Frederina T. Simms | Contracts and CATS Acting Program Manager
Email: CATSProgramAdmin@PrinceGeorgesCountyMD.gov
Office of Information Technology | Prince George's County, Maryland Government Largo Government Center | 9201 Basil Court | Largo MD 20774 Main Number: 301-883-5440 | Fax Number: 301-883-3122
Direct: 301-952-5143

Appendix F-2

Exceed Corp. request for Debriefing

From: [Mary Daye](#)
To: [CATSProgramAdmin](#)
Cc: [Terry Sellers](#); [Rossalynn Abbott, PMP, ITIL v3](#); [Len Newman, PMP, ITIL v3](#); [Tidwell-Simms, Frederina](#)
Subject: RE: Award Notice Decision 16-2001-OIT Managed Services
Date: Wednesday, October 21, 2015 5:08:10 PM

Thank you Ms. Tidwell-Simms,

Debrief requested
in a timely manner

Exceed Corporation is formally requesting a debrief for 16-2001-OIT Managed Services.

Mary Washington-Daye, CF.APMP, ITIL v3
Proposal Manager - Business Development
Exceed Corporation
8100 Professional Place, Suite 211
Lanham, MD 20785
Phone: 301-276-8308
Fax: (301) 731-4797
Cell: (202) 695-6377

From: [CATSProgramAdmin](#)
Sent: 10/21/2015 3:31 PM
To: [Mary Daye](#)
Cc: [Terry Sellers](#); [Rossalynn Abbott, PMP, ITIL v3](#); [Len Newman, PMP, ITIL v3](#); [Tidwell-Simms, Frederina](#)
Subject: Award Notice Decision 16-2001-OIT Managed Services

Good afternoon Ms. Daye,

Thank you for your interest and response to the Task Order Proposal Request 16-2001 Managed Services. We understand and appreciate the level of effort placed into creating this proposal. However, the Task Order Approval Committee has completed their evaluation and we regret to inform you that Exceed Corporation was not selected. Although we find your proposal to be responsive, it does not fully provide for the needs of the County at this time.

Nonetheless, this will not be the last opportunity afforded for a proposal under Consulting and Technical Services II (CATS II). Once the contract is fully executed, Exceed Corporation will be given the opportunity for a debriefing. The debriefing will be confined to the analysis of your proposal. The content of competing proposals will not be disclosed. If interested, a request for a debriefing must be made, in writing, to the CATS Program Manager, Frederina T. Simms, by close of business October 31, 2015.

Offer by OIT to
provide a debrief


There are efforts underway, specifically limited to CATS II awardees. Please expect a request for a business capability statement in the next few weeks. Understanding Exceed Corporation provides a vast number of goods and services, we are limiting our requests specifically to CATS II awardees.

Once again, thank you for your submission and we look forward to working with you in the near

D. Debriefing of Unsuccessful Offerors

1. Unsuccessful offerors shall be briefed by the Purchasing Agent or the Purchasing Agents designee upon their written request, provided the request is made within 30 days after contract award. Debriefings shall be provided at the earliest feasible time after contract award.
2. Information given offerors shall be factual and consistent with the evaluation. Offerors shall be |

Procurement Regulations
Chapter XV – Section D –
Debriefing of Unsuccessful
Offerors



informed of the areas in which their technical or management proposals were weak or deficient and furnished the basis for the selection decision and contract award.

3. A summary of the briefing shall be made a part of the contract file.
4. The content of competing offeror's proposals or the individual scores or evaluation notes of the raters shall not be disclosed during briefings.

Appendix G-1

Managed Services Task Order Asset Requirements

General Program Administration

GENERAL COUNTY RESPONSIBILITIES

The County will provide office space for contract staff at no cost. All space, furniture, hardware (such as computers, printers, multi-function devices) and software are County-owned and maintained.

The County will provide land line **telephones**. Contract related local and long distance calls and other utilities will be provided by the County.

The County will provide the Contractor access to systems to record and track incidents and service requests; to perform remote and on-site desktop activities; and, to repair/replace computers, printers, scanners, and other County owned IT equipment.

The County will oversee all Contract administration activities and monitor Contractor service levels in accordance with the resulting Contract; and, function as single point of contact for Contract administration.

GENERAL CONTRACTOR RESPONSIBILITIES

The Contractor must provide cellular phones for its staff to be utilized for conducting business in relation to this contract. Please provide your approach to ensuring field technicians have a means to communicate to the central call center office.

The Contractor must provide a means for field technicians to travel to remote sites/locations throughout the county. Please provide your approach to ensuring field technicians have a means to travel to remote locations for support and service.

The Contractor will be responsible for maintaining accurate and updated documentation and for updating tools and resources, such as a searchable knowledge base.

The Contractor will adhere to County Administrative Procedures and all associated policies, procedures, processes, standards, and guidelines.

REPORTS AND MEETING DELIVERABLES

SECURITY AND CONFIDENTIALITY

The Contractor will have physical access to the County's facilities and electronic access to the County's data network and computers. Thus, the Contractor will be required to adhere to the County's Security Policy, which will be provided upon contract award. In addition, all Contractor employees working at County locations will be required to wear identification badges at all times. In some instances, Contractor employees may be required to be escorted by a County employee in order to gain access to restricted County facilities. All Contractor personnel will be required to complete a Background check and successfully complete the annual IT Security Awareness training.

A background check of all staff must be completed by the Contractor and available upon request to the County. Background checks will include the following information:

- Criminal, Credit, and Motor Vehicle Administration check
- Current and Past employer
- Drug Screen

The Contractor will also have access to County data that may be of a confidential or privileged nature. Therefore, each Contractor employee will be required to sign a County provided Non-Disclosure Agreement and Business Associate Agreement. Additionally, the County reserves the right to require periodic background checks and/or drug screening of contract staff, as a condition of working on this Task Order. The County has the right to obtain additional background checks and drug screenings.

At the County's discretion, a Contractor employee may be required to vacate County premises immediately, if it is deemed that the Contractor employee may have access to confidential data for a matter in which the contractor may be involved, or if the Contractor employee may be involved in illegal use of confidential data.

The items above do not relieve the Contractor from any requirements in the General Terms and Conditions of the Consulting and Technical Services (CATS 2) Master Agreement.

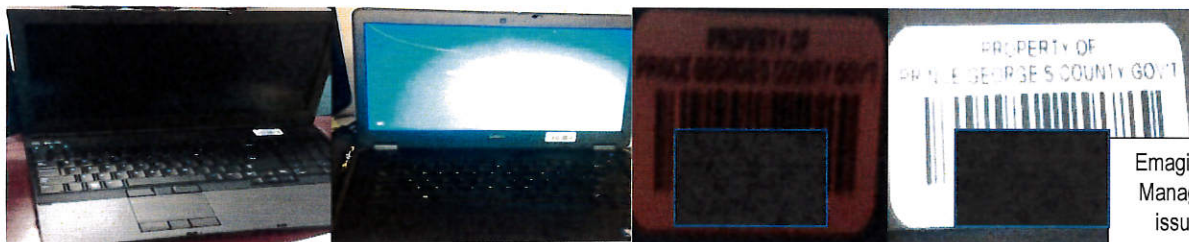
The County reserves the right to review and make final decisions as it pertains to staff, hires and their assignments.

Compensating controls to protect County assets/data

Appendix G-2

County Assets – Laptops and Cell Phones

1	Assets Assigned to EmagineIT							
2	Prepare [REDACTED] by OIT Asset Management 12/7/2015							
3								
4	AGENCY	ASSET	PRODUCT	BARCODE	SERIAL NUMBER	USER	STATION	DATE ASSIGNED
12	OIT	Laptop	Precision M4600	[REDACTED]	[REDACTED]	[REDACTED]	OIT Service Desk SD8	8/11/2012
18	OIT	Laptop	Latitude E6440				OIT Service Desk (Off-Site)	11/24/2015
24	OIT	Tablet	Dell Venue 11 Pro				OIT Service Desk	11/10/2015
35	OIT	Monitor	Dell E1910H 19" Flat Panel				OIT Service Desk SD8	10/26/2015
36	OIT	Monitor	Dell E1910H 19" Flat Panel				OIT Service Desk SD8	10/26/2015
49	OIT	Dock	E-Port Plus				OIT Service Desk SD8	10/26/2015
52	OIT	Dock	Dell Tablet Dock v2.0				OIT Service Desk SD8	10/26/2015



Emagine IT Project Manager's County issued laptops

From: [REDACTED]
 Sent: Wednesday, December 09, 2015 12:06 PM
 To: King, Sylvia S.
 [REDACTED]
 Subject: RE: County Asset

Good morning Ms. King

I want to first note that the Managed Services Contract requires that the vendor (EmagineIT) provide cell phones for each technician's use.

However, there are some exceptions so contract staff have the following cell phones in their possession:

- 1) An iPhone 5S that is used in the office as their backup line and for emergencies (inclement weather use/EOC);
- 2) There are also two (2) emergency spare iPhone 5S for the County Exec and VIP use (backup phones);

Kindest regards,



Summary of Events

- net.America awarded the Service Desk Task Order in November 2012 under the CATS I IDIQ for Prince Georges County. It was a one year base plus 3 one year options
- Under our management we took the Service Desk (SD) from a 76% rating to a 91% rating based on random surveys of County users of the SD
- In 2013 the County decided it might be forced to come out with CATS II IDIQ ahead of the scheduled expiration of CATS I to accommodate the new County Based Law (Jobs First Act (CB-17-2011)) that was created to ensure more county dollars stayed with county businesses and not farmed out of state like in the previous administration
- In August 20th, 2014 CATS II RFP issued and net.America submitted and won a slot under the IDIQ
- On July 2nd, 2015, we were instructed via teleconference (with Shelby Henderson, Kim Knight, Frederina Simms and Joyce Price) that our contract was being cut by 25% effective immediately. We were told we had not done anything wrong but that the OIT budget had been cut due to the SAP development project being over budget.
- On July 8th, 2015 Task Order for proposal #16-2001-OIT was issued for Managed Services which we bid on
- Proposals were submitted on August 10th, 2015 10am
- On August 10th 2015 3pm we received word through the grapevine that Emagine IT was going to be the awarded contractor of the Managed Services TOPR
- On August 11th 2015 our staff was being solicited by Emagine IT as they “knew” they were already selected.
- On September 22, 2015 we received a telephone call that we were not successful in our re-bid for the Managed Services Task Order. We were told to expect a letter to that effect.
- I offered to contact the winning firm to encourage them to hire the wonderful staff that has been supporting the County under my watch. I was provided the name Rob Holder and a phone number.
- I contacted Rob Holder Sr. VP of Emagine IT and congratulated him on the win and asked him to consider the incumbent staff
- On September 23rd, 2015 we became aware that Rob Holder and Vennard Wright were close acquaintances (See attached article) and I started to rethink that perhaps the proposal review process was flawed.
- On September 25, 2015 we requested a debriefing of our proposal and why we were not selected. Received no answer to date
- On September 29th, 2015 we submitted the protest letter to Roland Jones and copied County exec Baker, Council and our attorneys’
- On October 2nd, 2015, our staff are told to travel to Fairfax VA during business hours to interview with Emagine IT for their jobs.

net.America's allegation that 1) it was known that Emagine IT would win the contract on the due date for proposals and 2) incumbent staff were being solicited by Emagine IT on August 11, 2015 (one day after the close of the TOPR)

From: Clare Hines [mailto:clarehines@netamerica.net]

Sent: Wednesday, September 23, 2015 3:07 PM

To: [REDACTED]@eit2.com

Cc: [REDACTED]

Subject: net.America Staff OIT Contact List

[REDACTED]

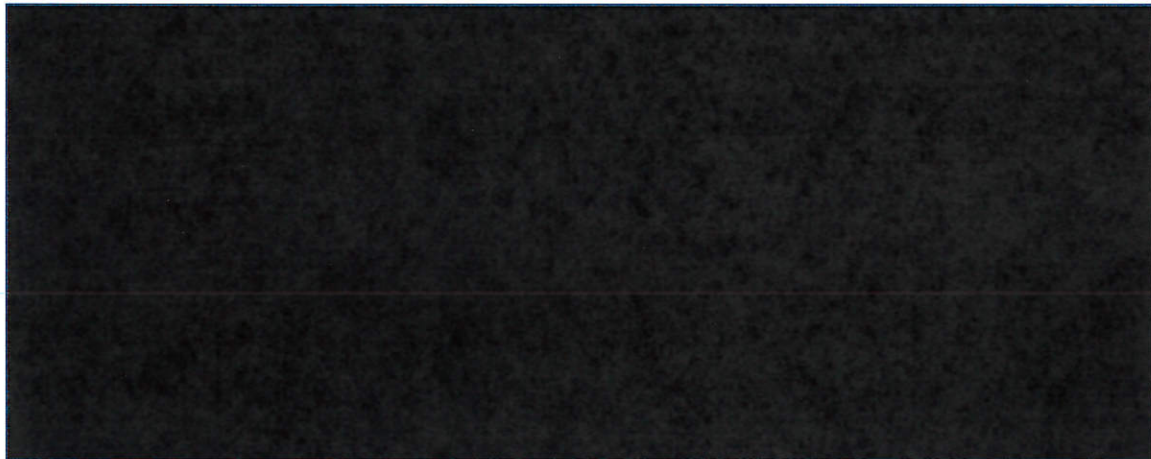
Attached is the contact list for the current Service Desk staff. They all expressed interest in speaking with you or someone from your firm so please feel free to reach out to them. I cannot say enough how resilient and hardworking the staff have been in an overstressed and overworked environment and trust that the new managed services approach will be very welcomed.

Once we get the formal transition dates from OIT, please do not hesitate to contact me if I can be of any assistance.

Best Regards,

Clare

Clare L. Rayag-Hines



OIT CONTACT INFORMATION SHEET



NAME	CELL PHONE NUMBER	PERSONAL EMAIL ADDRESS
[REDACTED]		

Redaction - to protect the privacy
of individuals