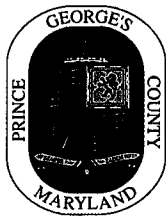


**Prince George's County, Maryland
Office of Audits and Investigations**

Office of Central Services (“OCS”)

**Special Review
Business Development Reserve Program (“BDRP”)**

March 2020



**David H. Van Dyke
County Auditor**

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

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

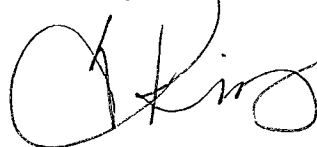
Business Development Reserve Program ("BDRP")

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

On January 25, 2019, the Office of Audits and Investigations initiated a review of the Business Development Reserve Program (BDRP) contract award following an anonymous phone call received from an individual who alleged that the unsolicited award of the BDRP program to vendor CMT Services, Inc. (CMT) was done inappropriately. A review was conducted, which included reviews of relevant documentation, records of financial information, and interviews of appropriate personnel.

I. BACKGROUND – Business Development Reserve Program (BDRP)

The BDRP was established under Council Bill 33-2012 to provide rules and regulations governing the implementation and administration of the program. The BDRP was intended to provide for the development and implementation of a program designed to encourage and assist County-based businesses to contract with the County for goods and services. The intention of the BDRP was to establish a sheltered market, expedite the procurement process and other preferences for eligible businesses. The bill required that these rules be administered by the County's Purchasing Agent. The initial legislation, CB-33-2012, included an abrogation (repeal) clause, providing that its provisions shall be of no further force and effect after June 30, 2015. Subsequently, CB-74-2016 re-established the BDRP effective as of April 1, 2017. CB-115-2017 revised the requirements of the BDRP by eliminating the need for the Director of OCS to identify and reserve \$5 million in procurement contracting and subcontracting opportunities by April 15 for the next fiscal year, solely for award to County-based small businesses (CBSB) enrolled in the program, and the need to notify the County Executive and the County Council of upcoming procurement opportunities. Instead the revised regulations stipulated that the Director of OCS shall make a good faith effort to reach an annual goal of awarding at least \$5 million in procurement contracting and subcontracting to CBSB enrolled in the BDRP, subject to availability of funds in the annual County budget, with the Purchasing Agent being allowed to adjust the goal during the fiscal year in order to select the most appropriate opportunities. Written notice of opportunities shall be submitted to eligible enrollees in the Program. (See *Appendix B Series*).

The County contract with CMT to develop the Business Development Reserve Program (BDRP) was executed on July 8, 2014. The initial term of the contract was for two (2) years with the option to extend based on obtaining a mutual agreement between the County and CMT. The CMT contract was extended via an amendment on November 8, 2016, for an additional two (2) years, with an effective expiration in June 2018, for a combined total of four (4) years.

CMT is a consulting, management, and technology solutions services provider to government and commercial entities, with services offered in the following areas:

- Cost and Price Proposal Development/ Acquisition Support;
- Education and Training;
- Clinical Services;
- Environmental and Engineering Services;

- Human Capital; and,
- Information Technology.

Headquartered in Hyattsville, Maryland, CMT is a Small Business Administration (SBA) certified Historically Under-utilized Business Zone (HUBZone), Economically Disadvantaged Woman Owned Small Business (EDWOSB). CMT is also a Minority Business Enterprise (MBE) and Disadvantaged Business Enterprise (DBE) certified by the Prince George's County Government Office of Central Services (OCS), Supplier Development and Diversity Division (SDDD). CMT is also recognized as a certified Small, Women-owned, and Minority-owned Business (SWaM) by the State of Virginia. CMT has provided staffing, training, wage monitoring, and compliance services to the County since 2011.

The BDRP curricula, as provided by CMT, is comprised of mandatory training courses which were to be customized to the needs of the participants. The courses, as noted in the proposal, were subject to change based on the results of the post assessment tests. According to the technical proposal there were to be mandatory courses, as well as several supplemental course offerings for BDRP participants in Year 1 and Year 2 as either in-person or on-line training. It was proposed that each participant would take one (1) supplemental course based on the results of the assessment test. Supplemental courses were proposed to be offered primarily in Year 2 of the program unless approved by the County. An example of the supplemental curricula included the following: Securing Contracts (Past Performance), Managing Contracts, and Managing Portfolios (Accounting Systems and Compliance).

II. Executive Summary

At the time of our review, the County paid the contractor (CMT) over \$822,000 on a sole sourced contract valued at \$1.2 million without sufficient oversight. Invoices were approved and paid without sufficient or missing supporting documentation, and the County did not maintain training materials. The number of participants in the program decreased from the initial proposed 50 to 31, and to-date, there have been no contract awards related to the program. However, a recent solicitation has been issued (BDRP-20-001).

A summary of the findings are as follows:

- 1) BDRP Training Contract was awarded as a sole source contract based on regulations that were not applicable.
 - The knowledge, skills and specialized expertise of the contractor that was cited was not exclusive to CMT and should therefore have been open for competitive bid.
 - Sole source was also originally justified due to the partnership and license with Strategy Execution (Previously known as ESI International) and referred to in this report as ESI. However, the contractor later disclosed to Audits and Investigations

(A&I) that this was not relevant, as ESI or its materials were not utilized during the training.

- 2) Participants in the BDRP training program were preselected by the Office of Central Services (OCS), prior to the contract award, which conflicts with the selection process included in CMT's unsolicited technical proposal.
- 3) OCS Contract Administration and Procurement Division did not set up Purchase Orders (POs) correctly to coincide with the technical and cost proposal. As such:
 - o The County did not receive any discounts or adjustments when the number of participants decreased from 50 to 31.
 - o The CMT invoices could not be reconciled with the PO.
- 4) Lack of Adequate Management Oversight of the BDRP training program. Examples include:
 - o The Capstone module (a training assessment module) was eliminated from Purchase Order #2, although the County was invoiced and paid \$84,500 for the module.
 - o Documentation was not provided to substantiate payments to subject matter experts that were billed as part of the contract.
- 5) Lack of supporting documentation to justify increases in purchase order amounts.
- 6) OCS failed to execute a change order according to established policies and procedures resulting in an increase to the Purchase Order value by \$103,000, for a total amount of \$226,000, without sufficient justification.
- 7a) An outdated Administrative Procedure (ADM. Proc. 336) provides instructions on the method to execute a Direct Payment. This procedure was effective prior to SAP. No current policies and procedures appear to be in place to govern the use of Direct Pay mechanism and associated levels of approvals.
- 7b) The regulations and approval for special circumstance procurements as defined in Sec. 10A-105 (b) (3) of the Procurement ordinance are not currently defined by the Purchasing Agent.
- 8a) The County failed to adequately track sub-contractors and the related payments, as required by regulations. We were able to determine that \$2M had been awarded to BDRP participants since 2014 outside of the program. An additional \$5 million had been awarded

as a result of sub-contracts per OCS, however, we were unable to substantiate this in SAP. OCS has a new system that will collect this information for future reporting (B2G Now).

- 8b) There were inconsistencies in SAP in the reporting of contract values because of a lack of policies and procedures. Contract values were not consistently entered into SAP by year or including extended periods, which could affect SAP reports.
- 9) The contractor inappropriately marketed the services of CMT to BDRP training participants.
- 10) The County failed to require the contractor to allow for the retention of Training Materials once the program was complete, after expending over \$800,000. The materials cannot be re-used by the County in future phases, unless CMT provides the training, as the contractor maintains proprietary ownership.
- 11) Lack of adequate Miscellaneous Professional Liability for errors and omissions insurance coverage as required by the County's Risk Management Division. No review by Risk Management could be substantiated.
- 12) Training is not required by the BDRP regulations and alternative implementation plans should be considered. Survey results of training participants indicate:
 - a. Only 43% so far are very satisfied.
 - b. Most were disappointed with the elementary level of training because they were more experienced firms.
 - c. Lack of BDRP set aside opportunities available since the conclusion of training.
 - d. Focus on Federal contracting was not relevant to the County's procurement process.
 - e. The length of time to complete the training has been 4 years versus 1-2 years.
- 13) Lack of the award of BDRP set aside opportunities available since the conclusion of training.

III. SCOPE

The objective of our review was as follows:

- I. Determine whether the contract for the BDRP for training of selected contractors/suppliers was procured in accordance with County policies, procedures and regulations.
- II. Determine whether the desired outcomes and results for the BDRP have been achieved to date.

IV. METHODOLOGY

As part of our review, we performed the following:

- Obtained, reviewed, and analyzed documentation related to the unsolicited award of the BDRP contract to vendor CMT Services, Inc., including but not limited to the Technical and Cost Proposals, emails, contracts etc.
- Obtained and reviewed financial information related to the BDRP in the County's financial system of record (SAP).
- Obtained and reviewed relevant BDRP program materials, schedules, list of participants and graduates, deliverables, and reports etc.
- Conducted interviews and/or inquiries with individuals with knowledge of the BDRP in person, via phone and/or by email.
- Conducted interviews and surveys with randomly selected BDRP program participants and partners.

V. FINDINGS, COMMENTS AND RECOMMENDATIONS

Finding #1a: Lack of Support to Justify the Only, Practical Source BDRP Training Contract Award to CMT.

Finding #1b: CMT's Proposed Partnership with ESI was not relevant to the County's BDRP Training.

A review of the initial contract award to CMT was performed, and it was determined that the justification for a sole source award was not substantiated for reasons described by the County's Purchasing Agent. As a result, this contract was awarded without the benefit of a competitive bid process, which would have ensured that the County received the best value in terms of cost and quality of service. Additionally, A&I concluded that the program was not effectively managed, and several inconsistencies occurred within the contracting and payment process. Specifically, on January 14, 2014, CMT submitted an unsolicited proposal to SDDD at a proposed cost to the County of approximately \$1.22 million. This proposal was accepted by the Purchasing Agent (Roland Jones) as an "only practical source". This was done in lieu of OCS Contract and Procurement (CAP) Division issuing a competitive, sealed request for proposal (RFP) for an open solicitation procurement method.

The Purchasing Agent (Roland Jones) approved the SDDD request for an "Only Practical Source" citing the code of regulations Subtitle 10A-108(a) (13) in order "to expediently meet BDRP legislative mandate". The procurement subtitle section cited states that the Purchasing Agent may authorize a sole source contract award based on the individual being an expert or specialist employed under Section 902 (*See excerpts below*). However, our review indicated that the Purchasing Agent failed to provide reasonable justification for awarding the contract for training services to be provided by CMT for BDRP, as such the specialized skills (expertise) did not appear to fall under the classifications as stated in Section

902 (*See excerpt below*). It does not appear as though the circumstances cited by the Purchasing Agent meet the justification for a sole source procurement. We also noted, through research and survey inquiry, that there may have been other firms, including some who are County based, who could have been capable of developing and implementing the BDRP training program such as Braxton Education and Training and JD Clark Professional Services Inc., or ESI International, Inc., to name a few.

Sec. 10A-108. - Exemptions.

(a) Unless otherwise ordered by the Purchasing Agent, the acquisition of the following supplies and services shall not be subject to Divisions 2, 6, and 7:

(13) Experts or specialists employed under Section 902 (see below) of the Charter:

Section 902. - Classified and Exempt Service.

County positions shall be either in the classified or the exempt services. The exempt service shall consist of: (1) elected officials; (2) the Chief Administrative Officer; (3) the directors and deputy directors of offices and departments in the executive branch; (4) the executive directors and members of boards and commissions; (5) the immediate staff of the County Executive; (6) the County Auditor; (7) persons assigned to hourly rated positions for temporary or seasonal help, provided that such persons are not compensated for more than 1000 hours work per twelve-month period; (8) experts or specialists performing temporary services; (9) persons employed as attorneys-at-law, except hearing examiners; (10) employees required to be covered by the State merit system; (11) aides for each member of the Council; (12) the Council Administrator, and (13) other positions recommended by the County Executive and approved by the County Council.

Through inquiry, we determined that in 2013-2014, then County Purchasing Agent (Roland Jones), who was also the Director of OCS, enlisted the assistance of the principal (owner) of CMT (Annette Johnson) to provide advice to the County for legislation for the BDRP (CB-33-2012). Annette Johnson appeared to have worked with then Office of Central Services (OCS) Supplier Development Diversity Division (SDDD) Director to provide feedback on the proposed regulations and implementation strategies. Later, the SDDD Director who had worked with CMT early in 2014, expressed in a Sole Source Request Letter “to further develop a relationship to form...a juncture to broaden CMTs services as a CB-MBE..., by having CMT be the first small business to receive a license from ESI International (a global, project focused training company) for Federal Acquisition Certification”. It is unclear from the contract file as to whether CMT ultimately received such a license from ESI International as purported to justify CMT as an expert or specialist, because no attachment to the determination request was included in the contract file. A review of the CMT website did not list the ESI license or certification.

We inquired of representatives from Strategy Execution, Inc. (previously known as ESI International) as to the licenses and/or certifications they awarded to CMT and or its President & CEO Annette Johnson. Strategy Execution Inc. had no record of certification for Ms. Johnson or CMT Services, and had only sold its limited agreement for a one-year use of training material from May 2013 – May 2014, specific to the Federal Government. Strategy Execution Inc. indicated that Ms. Johnson attended a course at ESI International and that a one-year license (channel engagement agreement) was provided to CMT Services for use of the training content of its Federal Acquisition Certification-Contracting Officer's Representative (FAC-COR) from May 2013-2014. The limited term agreement between CMT and ESI contains provisions whereby the licensee (CMT) may not reproduce, customize, redesign or re-engineer any FAC-COR content or make derivative works from it for any purpose, including training purposes without ESI's prior written consent. We obtained and inspected the BDRP training material and noted that it did not include any reference to ESI and were unable to determine whether ESI content material may have been altered to include the CMT logo. Our review could not determine whether the possible use/receipt of the FAC-COR training content has any implied legal issues for the County. None of the training material reviewed was marked by ESI as a third-party provider.

We inquired of CMT regarding the relationship and use of ESI material and staffing as it relates to the County's BDRP training program. CMT provided the following statement regarding its relationship with ESI (See **Appendix F Series**), which confirmed our findings:

- *"The ESI agreement had a one-year term, which was not renewed after its expiration on May 14, 2014. The BDRP contract was awarded to CMT on July 8, 2014, after the agreement had expired.*
- *The ESI agreement permitted CMT to instruct qualified students in only the single training program, Federal Acquisition Certification - Contracting Officer's Representative (FAC-COR).*
- *The ESI FAC-COR product was only usable to train Federal employees in the requirements they needed to become CORs on Federal contracts. It had no relevance or use whatsoever in any other context."*

We surveyed a sub-set of BDRP trainees, and feedback received indicated that most of the training was either very elementary in nature or geared to Federal Contracting. We noted that leveraging the use of ESI training content appears to be a key reason for the award of the BDRP contract to CMT. CMT indicated in the Unsolicited Technical Proposal to the County (See **Attachment D**) that in order to deliver training solutions to support the County's BDRP pilot training program:

- "CMT has teamed with ESI International, a global, project-focused training company recognized as an industry leader for improving the way individuals and companies

manage projects, contracts, and requirements through innovative training solutions. ESI has been reviewed and approved as an Authorized Provider of continuing education and training programs by the International Association for Continuing Education and Training (IACET)."

- "***We (CMT and ESI) have combined our learning solutions*** and capabilities to provide a team of qualified instructors with the expertise to conduct the courses required to successfully support this program."
- "***Our (CMT and ESI) blended resources provide*** the experience and agility of a small woman-owned minority multi-discipline business (CMT), and a large company (ESI), to meet and exceed this program's objectives."
- "***Together (CMT and ESI), our courses*** meet the highest standards of academic excellence and "real world" experiences."

CMT indicated that ***ESI BDRP Course Instructors will be utilized*** as follows in their unsolicited proposal:

- Risk Identification/Mitigation – ESI
- Project Planning – ESI
- Strategic Project Management – ESI

However, contrary to what was stated in the unsolicited proposal (See **Appendix F Series**), CMT provided the following response during our review:

- *Since the ESI agreement could potentially have been used during the time that CMT's BDRP proposal was being evaluated by the County, CMT's success in obtaining a relationship with ESI for Federal training was cited in the proposal as a relevant qualification for CMT to conduct the BDRP. CMT cited this relationship as evidence that ESI had found CMT sufficiently qualified to provide training, and therefore the County could also find CMT qualified to do so.*
- *However, we must strongly emphasize again that **the ESI-CMT agreement never had any degree of participation in or affiliation with the BDRP program CMT provided for the County**; we therefore, do not see the relevance in providing a copy of this agreement to the County OAI, any more than we would see relevance in providing copies of CMT's other agreements with clients to provide non-relevant services, such as trash collection and recycling, or medical document process.*"

The justification by the Office of Central Services (OCS) to award the BDRP contract to CMT was based on the determination that CMT was an "only, practical source," and that CMT will be partnering with a large international training company (ESI) to deliver the training to the County. However, after reviewing the documentation maintained by OCS related to the contract award, we

determined that the basis does not appear to be justified, since there is no supporting documentation available for review in County maintained files, such as licenses or certifications to corroborate that CMT was an expert or specialist to provide this training. The role that ESI played appears to have been misrepresented in the CMT unsolicited proposal, as they were not an integral part of the training. Furthermore, while CMT had a limited one-year license to use ESI material from 2013-14, it was outside the scope of time the County's BDRP training was conducted and was not relevant. Finally, there were other companies, including those in the County, that could have provided the training.

Recommendation 1a: If it is determined that training will continue to be a significant component of the BDRP implementation plan; then, the County should ensure that future award(s) of the BDRP training contract should be solicited as a request for proposal (RFP) to ensure that the County is getting the best value for its money.

Recommendation 1b: The County should ensure that it maintains adequate documentation and records to support the award of any contract. It is especially important to maintain records to support those contracts that are deemed "an only practical source" for audit/review purposes and to promote transparency.

Finding #2 – Inconsistencies in the BDRP Application and Selection Process

In addition to training development, design and delivery, CMT was tasked with developing a fair and equitable application/selection process of potential program participants, as outlined in the Unsolicited Technical Proposal dated January 14, 2014 to the County. The proposal indicated that CMT would develop "the most equitable application and selection process possible, utilizing the most current web-based technology to facilitate all the stages of the application/selection process." The proposed process indicated that applicants will enter their own data and will have the support of a BDRP Business Analyst, a County reviewer will screen the applicants, and all qualifying applicants will be placed into an Application Repository. A lottery system was to be used to randomly select 50 qualified participants from the five (5) industries. Upon execution of the commitment letter, the County would conduct an orientation of participants. Following the orientation, participants were given a paper-based assessment followed by an in-person interview by CMT. (See **Appendix E Series**).

However, our review indicated that CMT's proposed selection process was not implemented and we were unable to audit the selection process as stated in the proposal. Instead, the County conducted a restricted selection process which was not documented, and supplied CMT with the list of intended BDRP participants which was included in CMT's Unsolicited Technical Proposal to the County on January 14, 2014. Furthermore, orientation for the BDRP participants began on January 10, 2014, before CMT's proposal on January 14, 2014, and many months before CMT's

contract with the County, which became effective until July 8th, 2014. (See **Appendix E Series**). See below:

AGREEMENT
CMT Services, Inc.

THIS AGREEMENT (the "Agreement"), is made this 8th day of July, 2014 (the "Effective Date") by and between CMT Services, Inc. (the "Contractor"), and Prince George's County, Maryland, a body corporate and politic (the "County"), on behalf of the Office of Central Services Supplier Development and Diversity Division ("SDDD").

Participants in the BDRP training program were preselected by the Office of Central Services (OCS), prior to the contract award, which may not have been fair and transparent, and conflicts with the selection process included in CMT's unsolicited technical proposal. The County supplied the list of selected vendors to the contractor CMT which was included in their unsolicited proposal.

Recommendation #2: The Office of Central Services (OCS) needs to ensure that the selection process for the BDRP participants for future phases is fair, transparent and open to audit.

Finding #3: Failure to set up the Purchase Order to coincide with the BDRP Technical and Cost Proposals

We reviewed and inspected the CMT technical and cost proposals as compared with the County's purchase orders, invoices and payments for the BDRP program, which resulted in several inconsistencies. The table included in **Appendix J-2** compares the price proposal with the purchase orders issued during the pilot program period (2014 – 2017). The initial BDRP contract value was \$1,217,220; an additional increase of \$200,000 was approved. The total value of the contract was increased to \$1,417,220. A review of the contract in SAP system shows that four (4) Purchase Orders were released for the cumulative amount of \$1,084,725. The total amount paid to CMT, since FY 2014, is \$822,407 for training services related to the BDRP. The total amount invoiced by CMT to the County was \$823,006. No exceptions were noted in the payments to CMT.

We noted that there were significant differences between the proposal and the purchase orders. For example:

- i. **Mandatory Reporting** was included on the County's Purchase Order representing 70% of the price, however, it was not an item on the CMT Proposal. The County was invoiced and paid \$623,000 for this service.
- ii. The CMT technical and price proposal included provisions to develop **mandatory and supplemental course material** at a cost of \$1.05 million, however, this was not reflected in any of the purchase orders.

We were unable to determine from OCS whether the Mandatory Reporting was misrepresented as the Mandatory/Supplemental Course material. CMT responded to our request via OCS on May 18, 2019, and concurred that cross-walking the proposals to the POs and invoices and payments was almost impossible and indicated that "... the County's POs were issued with a set of pay line items derived in an unknown manner in which major components of the BDRP such as program management and implementation of courses were eliminated without any explanation or obvious basis; other pay line items were increased to arbitrary and sometimes unreasonable levels such as mandatory reporting....a line item created by the County which did not exist at all in CMT's proposal carried a majority of the annual PO funds." See below and **Appendix K Series**.

It is significant to note that the County accepted CMT's "match and fit" invoices and paid them as submitted against the County's PO line items. CMT did what it could to scale back some of the original BDRP concept and implementation and absorbed some of the administrative costs as its own investment in the success of the BDRP.

To further complicate matters, the County's PO's were issued with a set of line items derived in an unknown manner, in which major components of the BDRP, such as the actual Program Management and Implementation of the Courses (which carried most of the cost of the BDRP), were eliminated without any explanation or obvious basis, others increased to arbitrary and sometimes unreasonable levels, while the amount of funds provided for "Mandatory Reporting," a line item created by the County, which did not exist at all in CMT's proposal, carried the majority of the annual PO funds.

Upon receipt of the first of the County's PO's (capped at \$200,000 for the year), CMT inquired as to making the necessary corrections to both the line items of the PO, and the proportionality of the prices. CMT was instructed that the PO could not be corrected, nor increased during the year (which automatically would stretch the BDRP over several years more than the two years

designed for the program), and that CMT should "do the best it could" in fitting its costs into the unexplained line items of the PO. Faced with an already-awarded PO for the BDRP, and desirous of being a responsive contractor to the County, CMT chose to avoid the complications of walking away and defaulting on the County's PO and made an effort to "match and/or fit" its costs into the PO line items as they appeared in the POs.

The most obvious example of the situation is the line item for "Mandatory Reporting," a billing category which appears nowhere in CMT's proposal, nor bears any relationship to anything described in CMT's Technical or Price proposals. It was solely and completely created by the County – however, it carries the bulk of the funding for the BDRP, while the line item CMT proposed for the actual implementation of the courses for the participants has been fully eliminated by the County. The end result of the County's PO is that CMT can design the courses, using the skilled experts proposed to do that, and to evaluate the participants, can print materials, and submit monthly reports – but CMT does not have any line item that authorizes it to actually *conduct* the courses.

Figure 3: CMT Memo to A&I Request to Match the Proposal to the POs, Invoices and Payments

We also noted that CMT proposed a program to accommodate 50 qualified participants. Their price proposal dated January 2014, included unit pricing per participant. However, the agreement between CMT and the County was predicated on a fixed price per task as outlined in the purchase order as opposed to a per participant cost as outlined in the proposal. Had the purchase order followed the price proposal, then the agreement should have been written to reflect the unit price based on the number of participants. The County should have been afforded a discount because fewer companies, 31, participated than the 50 that were proposed. At the time of graduation, only 31 participants successfully completed the program. According to OCS, one firm was dismissed and the other 18 elected to leave on their own accord.

We were unable to reasonably cross-reference items that were proposed by CMT to the purchase orders and subsequently to the invoicing and payments made, because the purchase order pay line items were not set up to align with the technical proposal and/or to the two-party agreement. The discrepancies made it impossible to verify or audit the invoices and payments against what should have been delivered under the Program.

Recommendation 3a: Best practice would have been to set up the purchase order to align with the proposal, and OCS should ensure that this practice is mandatory going forward. In the event that there are subsequent negotiated changes from the original proposal, it should be documented and approved by the Purchasing Agent.

Recommendation 3b: Future agreements for BDRP training services should include provisions for a discount when the participant levels are reduced.

Finding #4: Lack of Adequate Management Oversight

CMT proposed the use of Capstone course materials to assess the participants attainment of curricular end results at a price of \$52,500, based on a cost of \$350 per each of the 50 students for three (3) modules. This item was ultimately eliminated from Purchase Order #2. However, we could not determine whether this item was provided to the County. An invoice for Capstone courses at a cost of \$84,500, or \$32,000 more than what was included in the CMT price proposal, without adequate justification utilizing a change order, was paid by the County. We also noted that instead of 50 participants in the training course, only 31 graduated the program, which would have reduced the cost of the line item, instead of increasing it to \$84,500. See technical and price proposal excerpts below:

SPECIAL REVIEW: BUSINESS DEVELOPMENT RESERVE PROGRAM (BDRP)

CAPSTONE COURSE

CMT has designed its BDRP Training to ensure the goals of the program are met and the participants have attained the learning objectives for each training course. We have achieved this through the development of a capstone course for each phase of the program. CMT's capstone courses will be used to assess the participant's attainment of curricular end-results. Participants will be given an opportunity to demonstrate they have achieved the learning goals of each phase through a cognitive learning modality:

Cognitive Learning	
Recall of Knowledge	Comprehension
Application	Analysis
Synthesis	Evaluation

Capstone Course (3 Per Participant)	Price based on \$350 per participant	\$350 per student x 3 Capstones	\$	\$2,500
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Figure 4: CMT's Technical Proposal page 15 and Cost Proposal

According to the agreement between the County and CMT, all invoices should include the invoice date, training topics, training date, purchase order reference, invoice number and invoice amount. However, our inspection of all 26 CMT invoices as it relates to the BDRP program, indicated that required information was either missing or mislabeled, for example, date of service and training topics. Additionally, none of the invoices provide substantive backup to support payments to subject matter experts (trainers/presenters). We determined that CMT utilized resources such as the County MBE Compliance Manager, who was not compensated by CMT. OCS has requested that CMT provide detailed information to support these expenses so that a thorough analysis can be performed prior to the award of BDRP – Class 2, which CMT has failed to provide at the time of this report. We determined that all CMT invoices were approved by the Purchasing Agent, with no review or input from the Contracting Division, and SDDD, for accuracy and compliance.

We obtained and reviewed the requirements for the contract administrator responsibilities outlined in OCS Procurement Directive/Advisory: #13-001 which states that: “the Contract Administrator serves as the custodian of record for the contract and is not authorized to make adjustments, changes, or revisions of the contract. Any required amendments to the original contract must be reviewed by the Buyer, with approval from the Contract Administrator and Procurement Division Manager, and must be memorialized in writing,” and noted that OCS was not in compliance with its own directive.

The Capstone materials were eliminated from the Purchase Order, and we were unable to determine whether the materials were provided. However, the County was invoiced and paid more than what was included in the CMT price proposal by \$32,000, even though the number of participants decreased from the initial 50 to 31. We also noted that certain invoices lacked required information as stipulated in the two-party agreement and the contracting Division failed to review the invoices prior to payment for accuracy and compliance.

Recommendation #4: OCS should ensure that better contract oversight procedures are in place as it relates to achieving the contract deliverables and the acceptability of the performance of work in accordance with the OCS Procurement Directive/Advisory: #13-001.

Finding #5: Lack of Supporting Documentation to Justify Increase in Purchase Order Amount

We noted that Purchase Order #2 was increased by \$103,750 by the Procurement Officer at the direction of the Purchasing Agent without any written justification. We were unable to determine which pay line item the increase was attributed to and why. This is contrary to acceptable procurement practices, as the increase in value of the PO could not be substantiated.

Recommendation #5: OCS should develop procedures and protocols to ensure that Procurement Officers are not allowed to increase purchase orders without written justification and proper approvals.

Finding #6: Failure to Follow Policy and Procedures Related to a Change Order and Increase in Purchase Order (PO) without Prior Authorization

The SAP contract approval screen in Calendar Year (CY) 2015 shows a system generated approval of the PO. This appears to have occurred during the “GO LIVE” period of the SAP procurement module. However, all subsequent PO’s generated in SAP should have been tracked and approved. The CY 2016 PO was also system approved. The next two POs were approved by the Division Chief of Contract Administration and Procurement (CAP) and the Deputy Director of OCS. The second PO in CY 2015 was stated to be associated with an approved Change Order and was increased by \$103,000 to \$226,000, on a written (email) request from a SDDD Business Analyst to the Buyer, and the Purchasing Agent (Roland Jones) was copied. According to the SDDD Business Analyst, this request was made at the direction of the Purchasing Agent. This process by-passes the SAP system monitoring and tracking protocols as well as Administration Procedure 120 for change orders.

No change order was executed and approved by the Administrative Review Committee (ARC) process in accordance with established policies and procedures. The OCS, Contracts and Procurement (CAP) Officer increased the value of the PO without prior authorization.

Recommendation #6. The Office of Central Services Contracts and Procurement Division should review all protocols to ensure that Procurement Officers have the proper authorization to increase the value of Purchase Orders (POs) and that all POs are properly monitored and tracked. All change orders must be reviewed and approved as required by Administrative Order 120.

Finding #7a: An outdated Administrative Procedure (ADM. Proc. 336 from 1981) provides instructions on the method to execute a Direct Payment. This procedure was effective prior to SAP. No current policies and procedures appear to be in place to govern the use of the Direct Pay mechanism and associated levels of approvals.

Finding #7b: The regulations and approval for special circumstance procurements as defined in Sec. 10A-105 (b) (3) of the Procurement ordinance are not currently defined by the Purchasing Agent.

A review of all BDRP payments (2014 – 2018) shows that the CMT invoice in SAP would have initially exceeded the value of the approved, fourth and final Purchase Order (PO No. 4300004903) of \$200,00 in 2018 by \$74,180. While the value of the PO was \$200,000, there was a remaining balance on the PO as of April 2018 of \$17,763. The County received the last two (2) invoices for services rendered in May 2018, consisting of invoices numbers 25 and 26 for \$42,585 and \$49,356 respectively, totaling \$91,943. See below:

PO#4 Value	\$200,000
Remaining Balance on PO#4 as of April 2018	\$ 17,763
May 2018 Invoices #25 and #26	(\$91,943)

Excess of Invoices Due over PO amount	\$74,180

The Office of Central Services attempted to pay the final two (2) invoices totaling \$91,943 against PO#4 which only had a balance of \$17,763 remaining. However, the SAP system created a release block (R-blocked) invoice, which is the mechanism in place to prevent payment in excess of the PO amount on June 1, 2018. OCS was advised by the Office of Finance that it was their responsibility to research and resolve the cause of the blocked invoices before any payments would be released. On June 27, 2018, CMT was advised via an email remittance notice that CMT invoices #25 and #26 had been reversed in the system (SAP), and thus would not be paid due to a lack of available funding on the existing PO.

A&I met with the Office of Finance in March 2019 to discuss the transactions, and at the time of the meeting, we were not made aware of the R-block that the Office of Finance had communicated to OCS. In July 2019, one (1) year later, and after A&I had completed its initial fieldwork, OCS issued a request for Direct Pay, to cover the outstanding CMT invoices #25 and #26 totaling \$91,943, which circumvented the purchase order process in SAP. A&I was made aware of the use of Direct Pay to pay the CMT invoices in November 2019 during the reporting phase. We were unable to obtain policies and procedures surrounding the use of Direct Pay in lieu of Purchase Orders. Additionally, while there was a request for Direct Pay by the Deputy Director of OCS, we were unable to determine whether this level of approval was sufficient. We reviewed the County

regulations 10A-108 which stipulates exemptions of when POs are not needed, and the payments made to CMT utilizing this mechanism does not appear to fall into the scope of the allowable exemptions. The current Purchasing Agent (Mr. Butler) indicated that in this case, *“a PO should not be arbitrarily issued without a corresponding valid and current contract. The contract for this effort had long expired. Issuing a PO against a “dead contract”, by practice, is an inappropriate procurement action. In procurement, the PO is part of a 3-way match: current and valid contract, invoice and purchase order. In this instance, the original PO had expired and there was no current contract. Therefore, the only possible way of paying the vendor for outstanding invoices under both an expired contract and PO is through request for direct payment. Issuing a new PO was not the appropriate mechanism.”*

A&I obtained and reviewed both the current regulations as well as the Administrative Procedure No. 336 related to Payment Requests (dated: May 8, 1981) with the Office of Finance. This Administrative Procedure provides the basis which allows the Accounts Payable Manager to process a direct payment without an approved purchase order. Specifically, the Office of Finance upon receipt of a complete and precise justification for payment with back up documentation that is approved by the Department Head, may process a payment request for expenditures not covered by the Central Purchasing Ordinance.

We reviewed Sec.10A – 105 of the procurement regulations (**See Appendix N attached**) which states that:

“(a) The Purchasing Agent is hereby empowered to issue such procurement regulations and procedures as the Purchasing Agent may deem necessary or appropriate to implement any provision of this Subtitle. Except as otherwise expressly provided in this Subtitle or otherwise required by law, any procurement regulation or procedure issued by the Purchasing Agent shall take effect at such time as designated by the Purchasing Agent and shall be binding upon all persons.

*(b) Except as otherwise provided under Division 6, Subdivision 1 of this Subtitle, regulations shall be recommended by the Purchasing Agent for approval by County Council resolution governing the following to carry out the purposes of this Subtitle:
.....(3) Special circumstance procurements”*

We determined that while special circumstance procurements are allowable in the regulations, no procedures appear to have been developed by the Purchasing Agent to govern the implementation of instances where special circumstances may be necessary. We also noted that previous versions of procurement regulations included provisions for special circumstances.

Recommendation #7a. County Administration should update the policies and procedures to ensure they are compliant with SAP to govern the use of the Direct Pay mechanism and stipulate who is authorized to approve and for what dollar thresholds. Administrative procedure #336 (Payment Request, dated May 1981) is outdated and should be updated to reflect the current SAP Finance Module protocols.

Recommendation #7b. The Purchasing Agent should develop procedures to govern the implementation of instances where special circumstance procurements may be necessary.

Finding #8a: Failure of the County to adequately track sub-contractors including payments.

Finding #8b: Inconsistencies in SAP in the reporting of contract values.

We inquired of OCS and reviewed data in the County's ERP system (SAP) to determine the number of County contracts for which CMT was the prime or the sub-contractor, and the value of the contracts. CMT has provided primarily consulting and staffing services to the County since 2011. The firm has received six (6) contracts for services (listed below and on the following page) as a Prime Contractor, of which five (5) are active/released, and one (1) agreement has expired. The cumulative contract value of these agreements is approximately \$6.4 million for the period 2014 – February 2019. The firm has invoiced and has been paid over \$7.25 million since 2014. The reason for the variance between the contract values listed in SAP and the amounts paid is as a result of inconsistent practices by Procurement Officers in OCS who sometimes enter the current annual contract values to be consistent with the Purchase Orders, while others will include the total contract values including all potential extension periods.

CMT's contract with the County to develop the Business Development Reserve Program (BDRP) was executed on July 8, 2014. The initial term of the contract was for two (2) years with the option to extend based on obtaining a mutual agreement between the County and CMT. The CMT contract was extended via an amendment on November 8, 2016 for an additional two (2) years, with an effective expiration in June 2018.

We did not conduct an exhaustive review of all CMT invoices (over 2,000 invoices) since 2014 for services provided to several County Agencies. In addition to the BDRP Program contract, other CMT contracts are summarized. (See **Appendix J**).

Prime Contract Awards		
1) Temporary Staffing Services	Provide administrative support services	\$3,000,000
2) BDRP	Training and consulting	\$1,417,220

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Prime Contract Awards		
3) Temporary Medical Staffing	Provide medical professionals	\$1,124,200
4) Temporary Staffing	Provide DOE laborers and CDL Drivers	\$672,000
5) Prevailing Wage Monitoring	Perform wage determination audits	\$150,000
6) Tutoring and Mentoring	Group counseling District Court	\$30,000
	<i>TOTAL</i>	<i>\$6,393,420</i>
*Known Sub-Contract Awards		
MES * Since the contract was awarded to MES as of January 4, 2019. Data supplied by CMT.	Material Recycle Facility - Manpower	*\$596,272

Figure 1: Known CMT Contracts with the County

The software system procured by OCS for the purpose of tracking sub-contractors (B2G Now), is not currently uploaded with the contract information; therefore, we are unable to determine the full amount paid to CMT Services for work performed under a sub-contracting agreement. Also, OCS indicated that only new contracts will be included in the database. CMT also works as a subcontractor under several County prime contracts. We were unable to identify the source (Agency) of each subcontracting agreement and payment, because the Office of Central Services (OCS) Compliance Division's monitoring software system has not yet been uploaded. As an example, because of a current ongoing audit, we are aware that CMT provides temporary staffing to the Department of the Environment (DOE) at the Materials Recycling Facility (MRF) under an agreement with Maryland Environmental Services (MES), however, there is no system of record which tracks this information or how much the sub-contractor is paid.

At the time of our review, the Office of Central Services (OCS) Compliance Division did not currently track or maintain a record of sub-contracting vendors. The software system procured for this purpose is not uploaded with current contract information. As such, we are unable to definitively ascertain each contract where CMT performs as a sub-contractor or the amounts paid. The system procured by OCS will be utilized for new contracts going forward.

Additionally, there were inconsistent practices by Procurement Officers in OCS in entering contract values in SAP.

Recommendation 8a: Although OCS has procured a software system to track sub-contracts going forward, we noted that existing contracts are not being tracked. OCS should develop a mechanism to also track existing sub-contracts in order to improve auditability, promote transparency, allow the County to improve its internal controls to ensure that subcontractors are paid in accordance with the prime contract terms, and ensure compliance with County laws and regulations related to both set asides and mandatory reporting.

Recommendation 8b: OCS should establish and enforce policies and procedures to ensure consistent input of contract value data in SAP.

Finding #9: Inappropriate Marketing of CMT Services to BDRP Participants

During the course of our review, we obtained and reviewed a confidential CMT memo to BDRP participants, dated August 12, 2015, which established the process and rates to engage CMT Services as a consultant for the participants firms. (See **Appendix H**). The CMT hourly consulting rates ranged from \$60 - \$125 per hour based on the BDRP participants firm's revenues. We conducted a survey of a sample of BDRP trainees and noted that this engagement request was viewed by some participants as inappropriate and a conflict of interest. It appears that since CMT was in turn selling their services to the same group who were to benefit from the BDRP training, some of the participants to whom this engagement was targeted, felt pressured to participate in order to remain in the BDRP program, and hopefully seek the benefits of the set aside or sheltered market contracting opportunities. During our review we could not determine how many firms executed this engagement with CMT. BDRP trainees were inappropriately solicited by CMT during the course of the training to engage CMT Services as a consultant.

Recommendation #9: The County should ensure that any future agreements should specify that the training contractor shall not attempt to engage the BDRP participants in any outside consulting agreements.

Finding #10: Failure of the County to maintain BDRP Training Materials

Prior to our request in April 2019 for all mandatory and supplemental, in-person and on-line course training materials that was made available to the County's BDRP participants, the County had no record of the materials provided to its BDRP participants. The County paid over \$800,000 for the training, however, the materials are marked proprietary and confidential by CMT, and does not appear to be the property of the County. We determined that the County did not ensure that it retained the rights to the training materials, which would enable the County to reuse the material and could have reduced the cost for future courses. OCS has since obtained a record of all mandatory and supplemental, in-person (not inclusive of on-line material) course material that was made available to BDRP participants. All PowerPoint and supplemental material (worksheet and articles) were listed as propriety material of a third party; however, no ESI third-party reference logos were included on any of the training materials.

The County has expended over \$800K on BDRP training, however, there was no record of the materials provided to the BDRP participants being maintained by the County. The contractor retained all documentation.

Recommendation #10a: OCS should obtain a record of all mandatory and supplemental, in-person and on-line course material that was made available to the County's BDRP participants.

Recommendation #10b: The County should ensure that future contracts to provide BDRP training should include provisions that would provide the County with the rights to obtain and use materials provided during the training. The cost to reuse the material for future courses should be minimal.

We reviewed the CMT agreement with the County and determined that one (1) insurance provision was not adhered to by CMT. We inspected the Administrative Review Committee (ARC) package and noted that while \$1 million was listed on the ARC cover sheet for the Miscellaneous Professional Liability (MPL) provisions, we noted that CMT failed to provide the MPL certificate of insurance for errors and omissions. We inquired of Risk Management who acknowledged not reviewing or approving the original contract agreement or subsequent extensions and did not sign off on the ARC package as evidenced below:

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A	ANY AUTO			76 SBW 2M7503	12/17/2013	12/17/2014	COMBINED SINGLE LIMIT (Ea accident)	\$2,000,000
	ALL OWNED AUTOS		SCHEDULED AUTOS				BODILY INJURY (Per person)	\$
	X HIRED AUTOS	X	NON-OWNED AUTOS				BODILY INJURY (Per accident)	\$
							PROPERTY DAMAGE (Per accident)	\$
	X UMBRELLA LIAB	X	OCUR					\$
A	EXCESS LIAB		CLAIMS-MADE	76 SBW 2M7503	12/17/2013	12/17/2014	EACH OCCURRENCE	\$1,000,000
	DED X	RETENTION \$ 10,000					AGGREGATE	\$1,000,000
	EMPLOYERS COMPENSATION AND EMPLOYERS' LIABILITY							\$
	ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH)			Y/N			WC STATUTORY LIMITS	OTHERS
	If yes, describe under DESCRIPTION OF OPERATIONS below						E.I. EACH ACCIDENT	\$
							E.I. DISEASE- EA EMPLOYEE	\$
							E.I. DISEASE - POLICY LIMIT	\$
DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (MAX Line Length is 79; Attach ACORD 101. Additional Remarks Schedule, if more space is required)								
Those usual to the Insured's Operations								

Figure 2: ARC BDRP Contract Award Package Excerpt – ARC Cover Sheet & Required Insurance Coverage

We inquired of OCS and CMT as to whether the insurance information may have been mistakenly omitted from the files, however, at the time of the writing of this report, neither OCS nor CMT were able to provide any evidence that the insurance existed.

CMT did not have adequate Miscellaneous Professional Liability insurance, which would be necessary to cover potential lawsuits. We noted that there was no evidence of review of the ARC package by the County's Risk Management.

Recommendation #11: OCS and/or Risk Management should thoroughly review the agreements to ensure adequate insurance coverage is obtained, and the documentation should be maintained in the ARC files.

Finding #12: Training is Not Required by the BDRP regulations and alternative implementation plans should be considered.

A review of Section 10A-158.01 of the County Code indicates that while the Purchasing Agent was tasked to develop a program designed to encourage and assist County Based Small Businesses (CBSB) to contract with the County for goods and services, it did not stipulate that this Program should include a training component. (See **Appendix B**). See excerpt below:

- 9 (b) Rules and regulations for the Business Development Reserve Program shall be
 10 promulgated by the County Purchasing Agent and shall govern the implementation and
 11 administration of the Business Development Reserve Program.]
- 12 (a) The Purchasing Agent shall develop and implement a program designed to encourage and
 13 assist County-based small businesses to contract with the County for goods and services. Such
 14 program shall be called the Business Development Reserve Program, and shall include the
 15 establishment of a sheltered market program, expedited procurement process, and other
 16 preferences for eligible businesses.

The decision to provide training was the outcome of a series of meetings in 2011 which included various County executive branch officers and vendor CMT. As a result, CMT provided a memo (see **Appendix K Series**) that states that it had designed the BDRP with a scope to instruct and guide small business participants in the full competitive development and process and procedures used by the County, which led to the unsolicited proposal, which then led to the sole sourced contract award, where no other vendors were considered for providing the training.

We conducted a survey of a sample of approximately 50% of the BDRP training participants who completed the program (See **Appendix I Series**), which revealed that only 43% were very satisfied, and most provided comments to suggest that the program is in need of improvement, some of which is listed below:

- All of the training was a one size fits all and was geared more toward startup companies. There was no tailoring to each company's specific needs around working with the County. As an established business, the topics were not germane with respect to the age of the business. Recommend segregating any new [training] program by age (new start up versus established).
- Most of the training was elementary in nature and geared to Federal contracting; with this being a County based program, expectations were for a program designed around identified business shortfall after the initial BDRP participant interview was completed.
- Not satisfied with the extended length of time to complete the program, the "term" dragged on much longer than it was supposed to, class times were too long (6 hours) and participants never received set aside for PGC procurements.
- Disappointed that the program did not lead to any procurement opportunities.

While the County provided BDRP training in Phase I, it was not a requirement of the regulations, and resulted in a cost to the County of over \$800K, and to date, no direct benefit to the training participants.

Recommendation 12a: The County should consider alternate means to comply with the regulations which may be more cost effective since, after four (4) years and over \$800K spent, the County does not own the training materials.

Recommendation 12b: The County should consider competitively bidding this contract out in the future if training is determined to be the best means to implement the regulations.

Finding #13: Lack of the award of BDRP set aside opportunities available to BDRP participants as of the effective date of CB-74-2016.

As previously stated in the Background section of this report, the legislation establishing the BDRP (CB-33-2012) became effective in September 2012, and included an abrogation (repeal) clause, providing that its provisions shall be of no further force and effect after June 30, 2015. Subsequently, CB-74-2016 re-established the BDRP effective April 1, 2017, which required that by April 15 of each year, the Director of Central Services shall identify and reserve at least Five Million Dollars (\$5,000,000) in procurement contracting and subcontracting opportunities in the next fiscal year, solely for award to CBSB enrolled in the BDRP.

The \$5 million reserve requirement remained in place until the enactment of CB-115-2017, which became effective December 29, 2017, and revised the requirements of the BDRP by eliminating the need for the Director of OCS to identify and reserve \$5 million in procurement contracting and subcontracting opportunities by April 15 for the next fiscal year. Instead the revised regulations Council Bill 74-2016 Sec. 10A-158-01(b) stipulated that *“by April 15 of each year, the Director of Central Services shall identify and reserve at least Five Million Dollars (\$5,000,000) in procurement in the next fiscal year solely for award to County-based small businesses enrolled in the BDRP, including submitting written notice of these opportunities to the County Executive, County Council, and eligible enrollees in the BDRP.”* The Purchasing Agent may adjust the goal during the fiscal year in order to select the most appropriate opportunities for the program and to maximize opportunities for enrollees.

We conducted a survey of a sample of BDRP training participants, some of whom expressed disappointment that completion of the program did not lead to any procurement opportunities. During the effective dates of CB-17-2016, the amounts on the following page had been awarded to BDRP participants:

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BDRP Participants	Amount
ADP Construction	\$ 111,832
Integrated Logistic Services	\$ 2,673
Integrated Logistic Services	\$ 16,155
Integrated Logistic Services	\$ 7,289
Integrated Logistic Services	\$ 15,555
Integrated Logistic Services	\$ 16,155
Integrated Logistic Services	\$ 15,555
LK Enterprises	\$ 8,800
TOTAL Awarded to BDRP Participants	\$ 194,014
for the period July 1 - December 29, 2017	

A total of only \$4.9 million has been awarded to BDRP participants since 2014 as sub-contractors under the BDRP requirements. We noted that sixteen (16) of the BDRP participants had been awarded \$2.5 million as prime contractors, by competing for open solicitations over the past five (5) years, outside of the BDRP contract reserve requirements.

We noted that the Director of OCS in a memo dated June 7, 2017, had identified at least \$5 million in procurement contracting and subcontracting opportunities for fiscal year 2018 (FY) solely for award to County-based small businesses enrolled in the BDRP. None of the opportunities identified by the Purchasing Agent for FY 2018 has resulted in an award to any of the BDRP participants as of June 2019, a full one (1) year later. The first solicitation intended to be solicited to BDRP participants as a prime contract, was issued in June 2019, for Facilities Appearance Audit of County Buildings. See **Appendix L** Series.

The Office of Central Services had not awarded BDRP participants set asides totaling \$5 million or more during the effective period of the legislation in place at the time (CB-74-2016). We noted that the requirements of the legislation were changed, which allowed the Purchasing Agent to instead make a good faith effort to reach an annual goal of awarding at least \$5 million in procurement contracting and subcontracting to CBSB enrolled in the BDRP, subject to availability of funds in the annual County budget, with the Purchasing Agent being allowed to adjust the goal during the fiscal year in order to select the most appropriate opportunities.

Recommendation 13: OCS should continue to make a good faith effort to reach an annual goal of awarding at least \$5 million in procurement contracting and subcontracting opportunities to County-based small businesses enrolled in the Business Development Reserve Program in accordance with Sec. 10A-158.01(b) of the County Code, subject to the availability of funds in the annual County budget.

List of Acronyms

Acronym	Definition
A&I	Office of Audits & Investigations
ARC	Administrative Review Committee
BDRP	Business Development Reserve Program
CB	County Bill
DBE	Disadvantaged Business Enterprise
EWWSOB	Economically Disadvantaged Woman Owned Small Business
FAC-COR	Federal Acquisition Certification – Contracting Officer Representative
HubZone	Historically Under-Utilized Business Zone
IACET	International Association for Continuing Education and Training
LLC	Limited Liability Company
MBE	Minority Business Enterprise
MPL	Miscellaneous Professional Liability
OCS	Office of Central Services
RFP	Request for Proposal
SBA	Small Business Administration
SDDD	Supplier Development and Diversity Division
SWaM	Small, Women-owned, and Minority-owned Business

Editor's note— Section 4 of CB-33-2012 provides that these provisions shall be abrogated and be of no further force and effect after June 30, 2015.

CB-74-2016 reestablished the Business Development Reserve Program effective April 1, 2017.

CB-74-2016 (DR-2)

1 electronic payment system with the County.

2 **SUBDIVISION 14. - BUSINESS DEVELOPMENT RESERVE PROGRAM.**

3 **Sec. 10A-158.01. - Business Development Reserve Program.**

4 [(a)The County Purchasing Agent may develop and implement a program designed to
5 encourage and assist County-based businesses to contract with the County for goods and
6 services. Such program shall be called the Business Development Reserve Program, and may
7 include the establishment of a sheltered market program, expedited procurement process, and
8 other preferences for eligible businesses.

9 (b) Rules and regulations for the Business Development Reserve Program shall be
10 promulgated by the County Purchasing Agent and shall govern the implementation and
11 administration of the Business Development Reserve Program.]

12 (a) The Purchasing Agent shall develop and implement a program designed to encourage and
13 assist County-based small businesses to contract with the County for goods and services. Such
14 program shall be called the Business Development Reserve Program, and shall include the
15 establishment of a sheltered market program, expedited procurement process, and other
16 preferences for eligible businesses.

17 (b) Business Development Reserve Program Sheltered Market. By April 15 of each year, the
18 Director of Central Services shall identify and reserve at least Five Million Dollars (\$5,000,000)
19 in procurement contracting and subcontracting opportunities in the next fiscal year solely for
20 award to County-based small businesses enrolled in the Business Development Reserve
21 Program, including submitting written notice of these opportunities to the County Executive,
22 County Council, and eligible enrollees in the Business Development Reserve Program.

23 (c) Rules and regulations for the Business Development Reserve Program shall be
24 promulgated by the Purchasing Agent in accordance with this Section and shall govern the
25 implementation and administration of the Business Development Reserve Program.

26 **DIVISION 7. ECONOMIC DEVELOPMENT**

27 **Sec. 10A-157. - Legislative findings and policy.**

28 * * * * *

29 (i) The County government finds that County-based minority business enterprises undergo
30 extensive certification review through their existing minority business enterprise certification
31 procedures, which establish their principal places of operation and typically contain size of



Sec. 10A-158.01. - Business Development Reserve Program.

:

- (a) The Purchasing Agent shall develop and implement a program designed to encourage and assist County-based small businesses to contract with the County for goods and services. Such program shall be called the Business Development Reserve Program, and shall include the establishment of a sheltered market program, expedited procurement process, and other preferences for eligible businesses.
- (b) Business Development Reserve Program Sheltered Market. The Director of Central Services shall make good faith efforts to reach an annual goal of awarding at least Five Million Dollars (\$5,000,000) in procurement contracting and subcontracting to County-based small businesses enrolled in the Business Development Reserve Program. Written notice of these opportunities shall be submitted to eligible enrollees in the Business Development Reserve Program. The goal stated herein is subject to availability of funds in the annual County budget. The Purchasing Agent may adjust the goal during the fiscal year in order to select the most appropriate opportunities for the program and to maximize opportunities for enrollees.
- (c) Rules and regulations for the Business Development Reserve Program shall be promulgated by the Purchasing Agent in accordance with this Section and shall govern the implementation and administration of the Business Development Reserve Program.

(CB-33-2012; CB-74-2016; CB-115-2017)

Editor's note— Section 4 of CB-33-2012 provides that these provisions shall be abrogated and be of no further force and effect after June 30, 2015.

CB-74-2016 reestablished the Business Development Reserve Program effective April 1, 2017.

Editor's note— Section 4 of CB-33-2012 provides that these provisions shall be abrogated and be of no further force and effect after June 30, 2015.

CB-74-2016 reestablished the Business Development Reserve Program effective April 1, 2017.



**Term Sheet For
Basic Ordering Channel Agreement**

Parties: ESI International, Inc. ("Licensor")
901 N. Glebe Road, Suite 200
Arlington, VA 22203
Attn: Managing Director, Government Business Unit
With a copy to: Attn: General Counsel

CMT Services, Inc. ("Licensee")
1891 Brightseat Road
Hyattsville, MD 20785
Attn: Annette Johnson, President

Term: This Term Sheet will extend for an initial term of one year from the date of Licensee's signature below. Thereafter, this Term Sheet may renew on the anniversary date for successive one-year terms upon mutual agreement in the form of an extension amendment. Either party may, upon prior written notice of 60 days', terminate this Term Sheet. In such event, any obligations incurred and accrued through the date of termination will remain in force and effect and each party agrees to fulfill and perform such obligations in compliance with this Term Sheet.

License: Upon execution, this binding Term Sheet will grant Licensee access to Licensor's standard course material referred to as "Federal Acquisition Certification - Contracting Officer Representative" ("FAC-COR Content") on a non-exclusive, non-transferable, limited basis for Licensee's use in the delivery of FAC-COR content training within the continental United States to Licensee's third party student customers; provided, however, such FAC-COR Content training is delivered by Licensee as the instructor facilitator. For the avoidance of doubt, the foregoing limited license granted to Licensee prohibits the re-sale or sublicensing by Licensee to other independent third party trainers or consultant facilitators without the express written permission of ESI, except that the class materials are provided to the students with a limited right of their personal use as a reference.

Intellectual Property: Licensee acknowledges the FAC-COR Content constitutes trademarked and copyrighted material owned exclusively by Licensor. Under this Term Sheet, Licensee agrees to retain all such Licensor branded attribution on the FAC-COR Content at all times, including the ESI International® trademark and copyright depicting Licensor's intellectual property rights in and to the FAC-COR Content.

Derivative Works: In no event may Licensee reproduce, customize, redesign, or re-engineer any FAC-COR Content or make derivative works from it for any purpose, including training purposes, without ESI's prior written consent. In the event Licensee supplements the FAC-COR Content on a de minimis basis (but does not remove Licensor content), such supplemental materials will not constitute a breach of these terms. In such event, any Licensee added supplemental content will remain solely and exclusively the intellectual property of Licensee.

Appendix C-2
CMT Limited License Agreement with ESI

**PATENT AND COPYRIGHT
INDEMNIFICATION:**

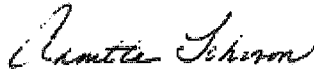
Licensor warrants that it is the sole owner of the materials, and has full authority to grant the rights herein granted without the consent of any other person. Licensor agrees to indemnify Licensee and hold it harmless from any and all claims of copyright or trademark infringement asserted against Licensee by virtue of Licensee's use of the materials as delivered, provided prompt notice is given Licensor of any such claim, and the right to control and direct the handling of such claim, and further provided that Licensee shall fully cooperate with Licensor in connection with the foregoing. At Licensor's sole discretion, should such a claim arise, or be likely to arise, Licensor may elect to procure for Licensee the right to continue to use the materials, or take any action necessary to make Licensee's use of the materials non-infringing, or may terminate this agreement.

Fees: The attached **Exhibit A – Fees and Ordering Logistics** is incorporated by reference and made a part of this Term Sheet.

General: This Term Sheet will be governed by the laws of the Commonwealth of Virginia and may not be assigned or modified without a written amendment executed by both parties. This Term Sheet may be signed in one or more counterparts and the exchange of such signatures by fax or e-signature will constitute one and the same agreement.

Confirmation of the foregoing Term Sheet is acknowledged and accepted this 15th day of May, 2013.

Licensee:
CMT Services, Inc.



By: Annette Johnson
Its: President
Date: May 15, 2013

Licensor:
ESI International, Inc.



By: Sherry Wheeler
Its: General Counsel
Date: May 17, 2013

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CMT Unsolicited Proposal Excerpt - Team with ESI & Use of ESI Instructors

The Business Development Reserve Program requires a proactive and responsive service provider that has an experienced and knowledgeable staff that is steadfastly committed to achieving the County's goal to assist local business to be competitive, effective and sustainable in securing contracts within Prince George's County Government and other jurisdictions, including State and Federal agencies.

We offer quality professional service focused on delivering training solutions to support the County's pilot program. CMT Services, Inc. (CMT) is committed to delivering the priorities and objectives of the Business Development Reserve Program from concept to final execution with a training solution designed to accomplish the goals and objectives of the program. To accomplish this, CMT has teamed with ESI International, a global, project-focused training company recognized as an industry leader for improving the way individuals and companies manage projects, contracts, and requirements through innovative training solutions. ESI has been reviewed and approved as an Authorized Provider of continuing education and training programs by the International Association for Continuing Education and Training (IACET). We have combined our learning solutions and capabilities to provide a team of qualified instructors with the expertise to conduct the courses required to successfully support this program. Our blended resources provide the experience and agility of a small woman-owned minority multi-discipline business, and a large company, to meet and exceed this program's objectives.

We will deliver the BDRP learning solution through a range of modalities, from instructor-led and online courses, to workshops, to new micro learning techniques. We will provide benchmarking, assessments and learning adoption services. Together, our courses meet the highest standards of academic excellence and "real world" experiences. In addition to the aforementioned solutions, we offer Program Management and Project Management services that will assist in the successful orchestration of the program. Our expertise and flexibility will provide the value-added solution for the implementation and management of the County's Business Development Reserve Program.

Our employees' and consultants' backgrounds are diverse, offering a unique and specialized training solution to the BDRP. We offer a training solution that's different from the typical training company – we share a common bond – "a passion and dedication to the success of this

CMT has teamed with ESI International....

We have combined our learning solutions....

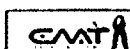
Our blended resources....

Together our courses meet....

Our employees' and consultants' backgrounds....

"Use or disclosure of proprietary information contained on this page is subject the restriction on the title page of this proposal."

Page | 2



Business Development Reserve Program
Technical Proposal - Unsolicited
January 14, 2014

BDRP COURSE INSTRUCTORS

Courses

Instructors

Risk Identification/Mitigation

ESI

Construction Estimating

Shawn Hicks
James Rosser

Project Planning

ESI

Strategic Project Management

ESI

Use of ESI as
BDRP Course
Instructors

CMT Unsolicited Technical Proposal – BDRP Application Process and Contract Date with CMT



Business Development Reserve Program
Technical Proposal – "Unsolicited"
January 14, 2014

CONCEPTUAL DESIGN AND PROCESS

CMT's conceptual design and process for the Business Development Reserve Program (BDRP) comprises the following:

- A. BDRP Application Process,
 - BDRP Orientation
- B. BDRP Customized Curricula, and
- C. BDRP Qualified Instructors.

A. BDRP APPLICATION PROCESS

The BDRP will provide training for (50) qualifying local Prince Georges County businesses. Because the Pilot Project is limited to (only) 50 participants, CMT developed the most equitable application and selection process possible, utilizing the most current web-based technology to facilitate all the stages of the applications/selection process. Our application process uses a web-based application format through which each applicant will enter their own data for review by the County's Business Analyst. This ensures that all proprietary applicant data remains confidential; it will only be accessible to the County's reviewer. ✕

Each applicant will have the support of a BDRP Business Analyst to provide any guidance necessary to ensure that complete and accurate data is entered into the application website, and to advise the applicant of all requirements which must be met to qualify for selection and participation in the BDRP Pilot Program.

Once the County's reviewer has screened the applicants, all qualifying applicants are placed into the Application Repository, which randomly selects 50 participants from the five (5) industries using the application sequence number assigned when the applicant enters its data into the repository.

Use of a lottery ensures that all qualifying applicants are randomly selected. Use of the web-based system ensures that the selection process is reliable and auditable, that each applicant has sole control of the entry of their information into the application, and minimizes data entry errors by having applicant data entered once for each applicant.

The selected participants will be notified in writing and required to execute a Commitment contract before proceeding to the initial stages of the BDRP training program.

Use or disclosure of proprietary information contained on this page is subject the restriction on the title page of this proposal.

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AGREEMENT CMT Services, Inc.

THIS AGREEMENT (the "Agreement"), is made this 24th day of July, 2014 (the "Effective Date") by and between CMT Services, Inc. (the "Contractor"), and Prince George's County, Maryland, a body corporate and politic (the "County"), on behalf of the Office of Central Services Supplier Development and Diversity Division ("SDDD").

Appendix E-2
CMT Unsolicited Technical Proposal – Orientation Schedule
Selected BDRP Participants



BDRP Orientation

Upon execution of the BDRP Commitment Letters, the County will conduct a BDRP Orientation. Immediately following the orientation, participants will be given a paper-based assessment followed by an in-person interview. The in-person interviews will be conducted onsite at CMT Services, Inc. 1891 Brightseat Road, Hyattsville, Maryland 20785.

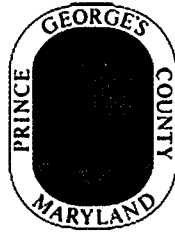
BDRP Participant In-Person Interview Schedule is listed below:

GROUP NUMBER	SCHEDULED DATES		TIME
Group 1	Friday	January 10	9:00 – 5:00
Group 2	Saturday	January 11	9:00 – 5:00
Group 3	Tuesday	January 14	9:00 – 5:00
Group 4	Friday	January 17	9:00 – 5:00
Group 5	Saturday	January 18	9:00 – 5:00
Make-up Schedule Dates – Prior Approval Required			
Group 1 - 5	Tuesday	January 21	10:00 – 2:00
Group 1 - 5	Saturday	January 25	10:00 – 2:00



BDRP Participant Schedule by Company:

GROUP 1	GROUP 2	GROUP 3	GROUP 4	GROUP 5
ADP Construction (C)	C&N Associates (C)	Corenfo Construction (C)	EEC Inc. (C)	G-11 Enterprises (C)
Earth Angels (H)	MOA Enterprise (H)	PACE Consulting (H)	Global Builders (C)	J.D. Clark (C)
JG Garcale (C)	Angeral Int'l (IT)	Lanier Electronics (C)	Lendana Const (C)	Kambience (IT)
LK Enterprise (C)	KMS Enterprises (IT)	Sakone LLC (C)	Warren Brothers (C)	MyeCab (IT)
A&H Trucking (NP)	Now Technologies (IT)	Denangs Trucking (NP)	District H/C & Janitorial (NP)	Stralvia Software (IT)
HBH Solutions (NP)	Peoples Mechanical (C)	The HR Source (P)	TJ Hold Electric (P)	Willtech Sys Group (P)
Braxton Edu & Training (P)	AU & Associates (P)	BlueLine Security (P)	Council Computer (P)	Crosby Corporate (P)
Destiny, Power & Purpose (P)	Dickey & Associates (P)	Integrated Logistics (P)	JMAT Sys (P)	Leutario Thomas (P)
Northern Light Stars (P)	Redleaf Group (P)	Strategic Telecomms (P)	T Brewing (P)	JMAT Systems (IT)
Glyde McHenry (C)	InStyle Caterers (NP)	Printing Express (NP)	JRA & Associates (C)	A&L Cleaning (P)



Inaugural Graduation Ceremony Graduates

Class of 2018 | Marriott Conference Center
UMD - College Park



ADP Construction, Inc.

Prince George's County

Angarai International

Prince George's County

Ascellon Corporation

Prince George's County

C&N Associates, LLC

Prince George's County

Carter Enterprise Solutions, LLC

Prince George's County

Clyde McHenry, Inc.

Prince George's County

Corenie Construction Group

Prince George's County

Crosby Corporation

Prince George's County

Denang's Trucking, LLC

Prince George's County

Destiny, Power & Purpose, Inc.

Prince George's County

Diekey & Associates, LLC

Prince George's County

Dominion Academy, Inc.

Prince George's County

HBH Solutions, LLC

Prince George's County

InStyle Caterers

Prince George's County

Integrated Logistics Services, LLC

Prince George's County

**J.D. Clark Professional
Services, Inc.**

Prince George's County

JRA & Associates Contracting

Prince George's County

Kambianee, LLC

Prince George's County

Lendana Construction Co. LLC

Prince George's County

**LK Enterprises General
Construction, Inc.**

Prince George's County

MOA Enterprise, Inc.

Prince George's County

Pace Consulting

Prince George's County

Redlef Group Architects, LLC

Prince George's County

**Strategic Telecommunications
Solutions**

Prince George's County

Telesis Systems, Inc.

Prince George's County

The HR Source

Prince George's County

The JG Garcete Company, Inc.

Prince George's County

TJ Holt Electric, LLC

Prince George's County

Volkman Express Inc.

Prince George's County

**Warren Brothers
Construction**

Prince George's County

Wiltech Systems Group, Inc.

Prince George's County





June 17, 2019

Leslie Jackson Jenkins, Esq., C.P.M.
Associate Director, Prince Georges County Government
Office of Central Services – Director's Office
1400 McCormick Drive, Suite 336
Largo, MD 20774

RE: ESI License Agreement

Dear Ms. Jenkins:

We understand that the Office of Audits and Investigation has asked that CMT Services, Inc. provide a copy of its agreement with ESI International "to receive a license" for use of ESI's training product entitled "Federal Acquisition Certification – Contracting Officer's Representative (FAC-COR)." As we explained in our response to K&L Gates (representing ESI) on April 24, 2019, this agreement has no relevance or connection whatsoever to the BDRP program awarded to CMT. The County OAI has clearly misunderstood the actual significance of CMT's prior agreement with ESI, and we are reluctant to add to that misunderstanding further.

- The ESI agreement had a one-year term, which was not renewed after its expiration on May 14, 2014. The BDRP contract was awarded to CMT on July 8, 2014, after the agreement had expired.
- The ESI agreement permitted CMT to instruct qualified students in only the single training program, "Federal Acquisition Certification – Contracting Officer's Representative (FAC-COR)."
- The ESI FAC-COR product was only usable to train Federal employees in the requirements they needed to become CORs on Federal contracts. It had no relevance or use whatsoever in any other context.

...only the single
training program
FAC-COR..

...only usable to train
Federal employees

CONFIDENTIAL AND PROPRIETARY
NOT TO BE DISCLOSED TO THE PUBLIC

CMT Services, Inc. 06/17/2019



- Since the ESI agreement could potentially have been used during the time that CMT's BDRP proposal was being evaluated by the County, CMT's success in obtaining a relationship with ESI for Federal training was cited in the proposal as a relevant qualification for CMT to conduct the BDRP. CMT cited this relationship as evidence that ESI had found CMT sufficiently qualified to provide training, and therefore the County could also find CMT qualified to do so.

However, we must strongly emphasize again that the ESI-CMT agreement never had any degree of participation in or affiliation with the BDRP program CMT provided for the County; we therefore, do not see the relevance in providing a copy of this agreement to the County OAI, any more than we would see relevance in providing copies of CMT's other agreements with clients to provide non-relevant services, such as trash collection and recycling, or medical document processing.

ESI-CMT agreement
NEVER had any
degree of
participation or
affiliation with the
BDRP program CMT
provided for the
County

Unless there is a legal requirement to provide this document to OAI, we are reluctant to contribute further to the mistaken assumptions presently held by OAI that the ESI-CMT agreement had any involvement with BDRP.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Annette Johnson".

Annette Johnson, CEO
CMT Services, Inc.



Consulting, Management, and Technology

To: Johnathan R. Butler, Director of The Office of Central Services, Prince George's County

From: Annette Johnson, President and CEO

Date: April 29, 2019

RE: Notice of Proprietary Data and Intellectual Property-Disclosure

This Notice will serve to inform the duly authorized representative of the Office of Central Services, Prince George's County, that the information contained in this report is proprietary to CMT Services, Inc., or to third parties who have granted CMT a limited license and authorization to use their proprietary information and materials solely for the purpose of carrying out the requirements of the BDRP. Such information and materials shall not be duplicated, disclosed, or released to any third party under any circumstance without CMT's prior written authorization to do so. CMT certifies that this information has been delivered to Mr. Johnathan R. Butler, Director of the Office of Central Services, Prince Georges County, as the County's authorized representative for its receipt.

Information and Materials Proprietary to CMT include the following:

Tabs: 1-7

Information and Materials Proprietary to Third Parties and Licensed to CMT include:

Ⓢ Tab: Portion of Tab 7

Johnathan R. Butler

1827 Brightseat Road ♦ Hyattsville, Maryland 20785

Office: (301) 322-7860 ♦ Fax: (301) 322-7862

www.cmtserviceinc.com

CMT... integrity and commitment

Appendix H
CMT Solicitation of BDRP Participants



To: BDRP Participating Companies

Subject: BDRP Participant Engagement Program

CONFIDENTIAL

Date: August 12, 2015

The process for BDRP Participant Companies to engage CMT Services, Inc. Instructors as Consultants has been finalized and outlined below to include In-Take process and confirmed hourly rates*

BDRP Participant Engagement In-Take/ Consulting Process

1. BDRP Participating Companies will initiate consulting inquiry by contacting CMT Services, Inc.
 2. BDRP Administrative Coordinator will gather basic information regarding the nature of the Consulting Service necessary or desired.
 3. After In-Take interview has been completed and a decision is made by the BDRP Participant to proceed, the BDRP Administrative Coordinator will connect the BDRP Participant with the appropriate CMT Instructor Consultant.
-

BDRP Participant Hourly Rate Scale

BDRP Participating Companies Revenue Groups

<u>Annual Revenues</u>	<u>Hourly Rate*</u>
\$1M or Less	\$60.00
\$1M- \$3M	\$85.00
\$3M or More	\$125.00

Tony Baldwin, Program Manager

Business Development Reserve Program

1827 Brightseat Road ♦ Hyattsville, Maryland 20785
Office: (301) 322-7860 ♦ Fax: (301) 322-7862
www.cmtservicesinc.com
CMT...integrity and commitment

Appendix I-1
Survey Results

Rating	<i>Very Satisfied</i>	<i>Somewhat Satisfied</i>	<i>Neither</i>	<i>Somewhat Dissatisfied</i>	<i>Very Dissatisfied</i>	<i>Total</i>
Overall Satisfaction	7	4			3	
Program Instructors/Speakers	8	3		2	1	
Training Materials	7	5		1	1	
On line training Material and Program	2	6	4		2	
Total	24	18	4	3	7	56
Percent	43%	32%	7%	5%	13%	
<u>Comments</u>						
Feedback Received Note: Not all respondents provided feedback Expectations	<ul style="list-style-type: none"> > Overall, it did turn out to be valuable asset to me and my business. > The BDRP training component was great and well thought out. > The trainers were amazing and the content was very good. > The program exceeded expectations, well structured and provided an abundance of relevant business development materials. > It did not meet 100% of expectations. The training was geared more toward start up companies. > As an established business, the topics were not germane with respect to the age of the business. Recommend segregating any new program by age (new start up vs. established). > Learned some new business training, but most of what was addressed was not new. > The BDRP training did not meet expectations. > Most of the training was elementary in nature and geared to Federal contracting; with this being a County based program, expectations were for a program designed around identified business shortfall after the initial BDRP participant interview was completed. > All of the training was a one size fits all and there was no tailoring to each company's specific needs around working with the County. > Not satisfied with the extended length of time to complete the program. > BDRP program is very good; however, "term" dragged on much longer than it was supposed to. > Not aware of all the classroom hours the program consisted of, nor realized that the duration would be 3 years. > CMT did a wonderful job hosting us in the program;; however, the program went longer than promised and the class times were too long (6 hours) and participants never received set aside for PGC procurements. > This was a huge disappointment for our cohorts who put in many years and a considerable amount of time participating in the program. > Program met expectations, yet was disappointed with results due to lack of opportunities > The program did not lead to any procurement opportunities. 					
Benefits	<ul style="list-style-type: none"> > Anticipated to have Prince Georges County to open more business opportunities for small local business such as mine. > Opportunity to bid as a subcontractor on two opportunities that had a BDRP subcontracting requirement. > The opportunity to bid on the County's first BDRP set aside solicitation and anticipate other opportunities being set aside , per the law. > Able to achieve contracts outside to PGC government with fellow participants. > No specific benefits noted to date. > Valuable contacts were made in the construction industry for future business opportunities with my classmates. > To date, no contractual benefits from the program. > The benefits were building meaningful relationships with people and obtaining a lot of great business knowledge through the BDRP classes; however, as previously stated no benefits of set asides as promised. > Program helped to improve presentation skills and marketing capabilities. > The BDRP training was beneficial in that it exposed firms to a new network of potential business partners as well as allowed firms to re-examine their current business infrastructure for possible process improvements. 					

Appendix I-2
Survey Results Continued

Value	<ul style="list-style-type: none"> > At the current time, the BDRP was more a time commitment that lacked in substance to support endeavors of having additional opportunities and obtaining access to County solicitations and being equipped to successfully respond and growing a PGC business. > The most valuable aspect is information on how to do business with PGC government. > Program was a waste of tax payer dollars and contractors' time. > Program original vision and goals were never delivered or married to the results. > Given the amount of time to complete the program, the value is minimal; however, appreciates the networking opportunities to do business with other BDRP members. > Hopefully, value can be created from the program. > In essence, this is a great program for owners of small business that are in the early stages of development. > Somewhat good, so far I have not seen any impact due to my participation. > Areas of improvement can be more one-on-one training and peer to peer support. > Some participants benefited from the relationship with CMT outside of the classroom. > The only benefit was a partnership with CMT to provide healthcare professionals, but no other benefits resulted from this contract. > It provided vital information needed by small business owners, no follow up assistance to connect individuals with decision makers. > Program is highly recommended for new and established small businesses.
Set Aside Support	<ul style="list-style-type: none"> > Yes, aware of set aside provisions and it has been the shortfall of the program. > Hopes that the opportunities start to become available as that will add a lot of value for participating firms. > Yes, aware - but where are the opportunities?? > No contracts for subcontractor and the bids are for prime contractors. > Originally told, upon completion of the program, that there would be projects only available to BDRP graduates. > This is the biggest disappointment with respect to the program. > Yes, very much aware and currently sit on the PGC PAG as a business member. > No, not aware of laws or regulations to restrict some solicitations or procurement opportunities for BDRP only. > Yes, aware of set aside provisions. > Heard of the set aside, but not really familiar with it. > Some of classmates complained that the procurement opportunities were not available. > Yes aware, but have not seen any contract put in the market for small General Contractors. > Yes aware, of the County's regulations to support BDRP participants with designated opportunities, but unfortunately they have never benefited from it. > Yes, this was used as a "carrot" to bait the participants to continue with this as a designated "sheltered market project". > Firms was aware of the regulations for set aside procurements, however to date have not been notified of any BDRP designated procurement opportunities.

Appendix J-1
Summary of CMT's BDRP Invoices

Invoice Date	Training Topic	Training Date	PO Ref. No.	CMT Inv. No.	Invoice Amt.	PO Amount	Remaining Balance	Notes
8-Aug-14			4100000062	1	\$ 75,000	\$ 499,975	\$ 424,975	PO was deleted August 5, 2014
26-Jan-15			4300000088	2	\$ 3,100	\$ 457,975	\$ 421,875	
26-Jan-15			4300000088	3	\$ 3,975		\$ 454,000	PO was reissued at a reduced amount. Capstone course removed.
26-Jan-15			4300000088	4	\$ 19,925		\$ 434,075	
26-Jan-15			4300000088	5	\$ 21,075		\$ 413,000	
17-Mar-15	Doing Govt. Business		4300000088	6	\$ 22,000		\$ 391,000	
15-Apr-15	IT Infrastructure		4300000088	7	\$ 21,400		\$ 369,600	
22-May-15	Business Financial Mgmt		4300000088	8	\$ 33,991		\$ 335,609	
15-Jan-16	Contract Mgmt Process	10/21/15, 10/28/15	4300000829	9	\$ 19,250	\$ 226,750	\$ 207,500	PO increased by \$103,000 at request of SDDD (M. Battle email)
15-Jan-16	Program Mgmt	11/12/15, 11/18/15	4300000829	10	\$ 19,250		\$ 188,250	
15-Jan-16	Business Insurance	12/9/15, 12/16/15	4300000829	11	\$ 19,250		\$ 169,000	
15-Jan-16	IT Infrastructure	1/13/16, 1/20/16	4300000829	12	\$ 19,250		\$ 149,750	
25-Apr-16			4300000829	13	\$ 19,250		\$ 130,500	
27-Jun-16	Cost & Price	4/27/16, 5/6/16	4300000829	14	\$ -		\$ 130,500	Invoice mislabeled by CMT as Invoice #14. Reissued as Invoice #15.
27-Jun-16		4/27/16, 5/4/16	4300000829	14	\$ 19,250		\$ 111,250	
27-Jun-16	Capstone Phase II	6/8/16, 6/22/16	4300000829	15	\$ 84,500		\$ 26,750	Capstone course materials were removed from original PO.
7-Dec-16	IT Infrastructure	10/26/16, 11/2/16	4300003054	16	\$ 37,090	\$ 200,000	\$ 162,910	
23-Mar-17	Customer Service	1/18/17, 1/25/17	4300003054	17	\$ 37,090		\$ 125,820	
9-Apr-17	Construction Mgmt	2/15/2017	4300003054	18	\$ 37,090		\$ 88,730	
13-Jul-17	Capstone Phase III	6/14/17, 6/21/17	4300003054	21	\$ 37,090		\$ 51,640	
18-Jan-18	Bus. Financial Mgmt	11/1/2017	4300004903	22	\$ 37,887	\$ 200,000	\$ 162,113	
21-Jun-17	Cost & Price II	3/29/2017	4300004903	19	\$ 37,090		\$ 125,023	
21-Jun-17	Codes & Contracts	5/25/2017	4300004903	20	\$ 37,090		\$ 87,933	
7-Feb-18	Accounting Principles	1/24/2018	4300004903	23	\$ 35,085		\$ 52,848	
26-Apr-18	Bus. Social Media	2/18/2018	4300004903	24	\$ 35,085		\$ 17,763	
27-May-18	Public Speaking	4/18/18, 4/23/18, 4/25/18	4300004903	25	\$ 42,585		\$ (24,822)	SAP system should be reviewed to determine how and why invoices were paid in excess of the approved PO amount.
31-May-18	Accounting Principles II	5/16/2018	4300004903	26	\$ 49,358		\$ (74,180)	
	Total Invoice Amount				\$ 823,006			
	Total Approved PO					\$ 1,084,725		
	Total Amount Paid				\$ (822,408)			
	Overpaid/Underpaid CMT				\$ 598			No exception between invoice and payments

Appendix J-2

[illegible]

**CMT Memo to A&I – Discrepancies Noted between the Technical and Cost Proposals,
Purchase Orders and Invoices**



Consulting, Management, and Technology

March 18, 2019

Jonathan Butler
Director, Office of Central Services
Prince George's County Government
1400 McCormick Drive, Suite 336
Largo, MD 20774
email: JRButler1@co.pg.md.us

RE: Response to Questions - Business Development Reserve Pilot Program (BDRP)

Dear Mr. Butler,

CMT Services, Inc. (CMT) has received your list of questions, asking that we account for specific program expenditures billed and paid on the series of Purchase Orders (POs) issued by the County to fund the Business Development Reserve Program (BDRP). It is our firm position that these questions cannot be answered as they are currently drafted, and that the background and administration of these PO's must be clearly understood by all parties.

Background

In 2011-2014, CMT developed a concept by which a selected number of Prince George's County based small businesses could be provided with instruction, technical assistance, and guidance by experienced, successful professionals to improve their ability to work with the County's procurement system to obtain (and provide) business services to the County. With this intent, CMT drafted a detailed proposal, and submitted it to the County as an unsolicited proposal to use its own experience and expertise to develop, conduct, and oversee such a program for the County and the selected small businesses.

CMT's *unsolicited* proposal to the County included a summary of the prices that would be required in various categories of performance of the BDRP, during a two-year timeframe. The total amount for CMT to provide the BDRP to a selected group of small business leaders was proposed as \$1,217,220.75 over two years, and CMT's pricing was divided into logical categories of work to be done by CMT and its team, from the Concept Design (which

1827 Brightseat Road • Hyansville, Maryland 20785

Office: (301) 322-7860 • Fax: (301) 322-7862

www.cmtservicesinc.com

CMT... integrity and commitment

CMT Memo to A&I – Discrepancies Noted between the Technical and Cost Proposals, Purchase Orders and Invoices



Consulting, Management, and Technology

the CMT proposal and the County POs. Instead, each PO was presented to CMT already unilaterally determined by the County.

To further complicate matters, the County's PO's were issued with a set of line items derived in an unknown manner, in which major components of the BDRP, such as the actual Program Management and Implementation of the Courses (which carried most of the cost of the BDRP), were eliminated without any explanation or obvious basis, others increased to arbitrary and sometimes unreasonable levels, while the amount of funds provided for "Mandatory Reporting," a line item created by the County, which did not exist at all in CMT's proposal, carried the majority of the annual PO funds.

The net result of what the County issued as funding PO's, as opposed to what CMT had proposed, was as follows:

PG County PO's - Year 1		CMT Proposal - Year 1 of BDRP	
Line Item	% of Price	Line Item	% of Price
Concept Design	15%	Concept Design	15%
Curriculum Specialists	0.75%	BDRP Participant Assessment	10%
Subject Matter Experts	3.85%	PM & Implementation	75%
Mandatory Reporting	70%	Monthly Reporting	0.6%
Monthly Reporting	0.6%		
Capstone Courses	8.5%		
Printing Supplies	0.77%		
Online Monthly Maintenance	0.5%		
Year 2, 3, 4 POs		Year 2 of BDRP	
Curriculum Specialists	3.75%	BDRP Participant Assessment	13%
Subject Matter Experts	7.5%	PM & Supplemental Courses/Workshops	87%
Mandatory Reporting	80.5%	Monthly Reporting	0.5%
Monthly Reporting	1.7%		
Printing Supplies	3.8%		
Online Monthly Maintenance	2.75%		

Upon receipt of the first of the County's PO's (capped at \$200,000 for the year), CMT inquired as to making the necessary corrections to both the line items of the PO, and the proportionality of the prices. CMT was instructed that the PO could not be corrected, nor increased during the year (which automatically would stretch the BDRP over several years more than the two years

CMT Memo to A&I – Discrepancies Noted between the Technical and Cost Proposals, Purchase Orders and Invoices



designed for the program), and that CMT should “do the best it could” in fitting its costs into the unexplained line items of the PO. Faced with an already-awarded PO for the BDRP, and desirous of being a responsive contractor to the County, CMT chose to avoid the complications of walking away and defaulting on the County’s PO and made an effort to “match and/or fit” its costs into the PO line items as they appeared in the POs.

It is significant to note that the County accepted CMT’s “match and fit” invoices and paid them as submitted against the County’s PO line items. CMT did what it could to scale back some of the original BDRP concept and implementation and absorbed some of the administrative costs as its own investment in the success of the BDRP.

Prince George’s County’s Request for Billing Justifications

CMT received the County’s list of questions, asking for justification for its billings and the payments made by the County, on the four BDRP POs. A review of the questions received discloses that they are largely based on a seriously erroneous premise – that the line items themselves, and the funding amounts assigned to them, bear a logical relationship to the costs/prices proposed by CMT for the conduct of the BDRP for the County. In fact, as is shown by the analysis above, it becomes quite clear that the line items and the associated prices bear little to no relationship to the design and structure of CMT’s BDRP Pilot program.

CMT fundamentally agrees that – the way the County’s questions are presented – the responses given by CMT can only emphasize the unexplained and unrelated manner in which the County chose to fund the BDRP. Having no control over or insight into the County’s actions in this matter, CMT made a good faith effort to map its original proposed costs to the County’s line items within the Purchase Order, as close to CMT’s logical structure as possible.

The most obvious example of the situation is the line item for “Mandatory Reporting,” a billing category which appears nowhere in CMT’s proposal, nor bears any relationship to anything described in CMT’s Technical or Price proposals. It was solely and completely created by the County – however, it carries the bulk of the funding for the BDRP, while the line item CMT proposed for the actual implementation of the courses for the participants has been fully eliminated by the County. The end result of the County’s PO is that CMT can design the courses, using the skilled experts proposed to do that, and to evaluate the participants, can print materials, and submit monthly reports – but CMT does not have any line item that authorizes it to actually *conduct* the courses.

In conclusion, we believe that the best approach to resolving these questions meaningfully and effectively is to meet and discuss the manner in which both parties have been constrained to restructure and reshape the conduct of the BDRP.

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CMT is available to meet anytime this week at the County’s convenience. We respectfully await your response.

Respectfully submitted,

Annette Johnson
Annette Johnson



Rushern L. Baker, III
County Executive

PRINCE GEORGE'S COUNTY GOVERNMENT
Office of Central Services

Roland L. Jones
Director

Floyd E. Holt
Deputy Director

MEMORANDUM

TO: The Honorable Rushern L. Baker, III
County Executive

THRU: Thomas Himler
Deputy Chief Administrative Officer for Budget, Finance and Administration

FROM: Roland L. Jones, Director
Office of Central Services

DATE: June 7, 2017

RE: Business Development Reserve Program (BDRP) Sheltered Market

In accordance with Section 10A-158.01(b) of the County Code, the Office of Central Services has identified and reserved at least Five Million Dollars (\$5,000,000) in procurement contracting and subcontracting opportunities for fiscal year 2018 solely for award to County-based small businesses enrolled in the Business Development Reserve Program.

I am available to address any questions, comments or concerns at (301) 883-6450 regarding the BDRP program and/or the attached list.

Attachment(s)

Attachment
Business Development Reserve Program (BDRP)
Sheltered Market

Capital Improvement Projects

CIP Project Name	Participation	Estimate Total Project Amount
Work Release Program	At least 40%	\$2M
Hyattsville Library	At least 40%	\$30.1M
New Carrollton Library	At least 40%	\$8.98M
Presidential Parkway	At least 40%	25.3M
1301 McCormick Drive	At least 40%	\$22.5M
Shady Glenn Fire Station	At least 40%	5.8M
West Lanham Hills Fire Station	At least 40%	2.65M
Fire Training Academy	At least 40%	\$12.6M
Brandywine PW Garage	At least 40%	\$5.0M
D'Arcy Truck Wash	At least 40%	\$5.0M
Bladensburg Library	At least 40%	\$14.5M
DOC Medical Unit	At least 40%	\$10.1M
Forensic Lab	At least 40%	\$20.0M
Hyattsville Fire Station	At least 40%	\$11.4M
Oxon Hill Fire Station	At least 40%	\$5.9M
Men's Homeless Shelter	At least 40%	\$7.5M

Appendix L-2 BDRP Set-Asides 2019

Vendor	SAP Vendor No	PO Number	Description	AGENCY	Purpose	Document Date	Total Value
ADP Construction	1000028495	4300005665	FY18 ADP Construction	DPW&T	Demo Construction for Purple Line P	10/03/2017	111,832.56
		Sub contract	Housing Unit Phase II	Corrections/FOM	OCS17-004	FY 2019	875,595.00
Angarai International	1000001066	4100001798	TROUX 2061 Maintenance Renewal	OIT	Annual Maintenance Fee	06/16/2016	10,930.00
		4100000194	Enterprise Architecture	OIT	CATS 2 Software	09/11/2014	306,400.00
Ascellon Corp.	1000035892						
C&N Associates	100001031	4300008874	Interior/Exterior Construction Project for work at Brown Station Rd	DOE	Quotes requested from 4 BDRP participants	02/01/2019	223,154.00
Carter Enterprise Sol.	Not Registered						
Clyde McHenry	100000593						
Corenic Construction	1000024294	4300006485	Window Replacement at Station 807 Fire		Quotes requested from BDRP participants per Mr Simmons	02/01/2018	18,254.00
Crosby Corporation	Not Registered						
Denang's Trucking LLC	Not Registered						
Destiny, Power & Purpose	1000000124	4300008466	Addiction and Crisis Treatment Svc: DoH		FY 19 Federal Treatment Grant	11/14/2018	289,200.00
			Change Order to provide additional				
		4300006400	Care coordination	DoH	FY 18	01/23/2018	236,200.00
		4300003450	Care coordination Services	DoH	FY 17 Care Coordination Services	12/02/2016	205,200.00
		4300001308	Care coordination Services	DoH	Fy 16 Care Coordination Service	11/13/2015	205,200.00
	1000015195						
Dickey & Associates	1000002326						
Dominion Academy Inc	1000034834						
HBH Solutions, LLC	Not Registered						
InStyle Caterers	Not Registered						
Integrated Logistic Services	1000002339	4300009168	Management Consulting	DPW&T	Bridge Replacement at Sunnside Ave	03/26/2019	26,036.82
		4300009167	Management Consulting	DPW&T	Ager Road Project	03/26/2019	31,366.08
		4300008784	Compliance Prevailing Wage Monitor	DPW&T	Presidential Parkway Monitor	01/03/2019	1,834.92
		4300008525	Management Consulting	DPW&T	Forestville Road Wage Monitor	11/01/2018	7,289.82
		4300008524	Management Consulting	DPW&T	Tree Removal Program	09/14/2018	3,993.97
		4300008523	FY 19 Prevailing Wage Compliance	DPW&T		11/26/2018	19,557.60
		4300008154	Wage Compliance	DPW&T	Maryland Farms Commercial Ctr.	09/05/2018	10,066.43
		4300006882	Wage Compliance	Police	Presidential Parkway Monitor	04/12/2018	4,078.21
		4300006536	Management Consulting	DPW&T	Maryland Farms Commercial Ctr.	02/01/2018	11,211.24
		4300006528	Wage Compliance	Police	Crime Scene Inve. Unit Renovate	02/06/2018	4,716.20
		4300006364	Consulting Services	Police	Presidential Parkway II Monitor	01/16/2018	4,284.00
		4300005861	Management Consulting	DPW&T	Purple Line Project	10/24/2017	2,683.75
		4300005860	Management Consulting	DPW&T	Right Tree Right Place Program	10/24/2017	16,155.36
		4300005688	Management Consulting	DPW&T	Forestville Road Wage Monitor	10/03/2017	7,289.82
		4300005452	Management Consulting	DPW&T	Tree Removal Program	09/18/2017	15,555.35
		4300004366	Management Consulting	DPW&T	Right Tree Right Place Program	03/20/2017	16,155.36
		4300004235	Wage Compliance	DPW&T	Tree Removal Program	04/11/2017	15,555.36
		4100003922	Wage Compliance	DoE	SWM - Maatha Street Project	02/11/2019	7,334.10
J D Clark Pro Services, Inc	1000000275	4300003470	Snow and Ice Removal	DPW&T	Snow and Ice Removal	12/06/2016	6,222.00
		4300002449	Landscaping	OCS/FOM	Landscaping Services	07/14/2016	13,672.50
		4300001241	Snow and Ice Removal	DPW&T	Snow and Ice Removal	11/05/2015	21,042.00
		4300000506	Landscaping	County wide	Landscaping Services	03/01/2015	11,145.00
		4300000382	Snow and Ice Removal	DPW&T	Snow and Ice Removal	1/7/2015	19,161.00
		Sub Contract	Interior Renovations of BSRLF	DoE	10A-158.01	FY 2019	221,200.00
JRA & Associates	Not Registered						
Kamblance, LLC	1000016646						
Lendana Construction	Not Registered						
LK Enterprises General Con	1000000394	4300005868	Snow and Ice Removal	DPW&T	Snow and Ice Removal	10/24/2017	8,800.00
		4300003477	Snow and Ice Removal	DPW&T	Snow and Ice Removal	12/06/2016	6,270.00
		4300000394	Snow and Ice Removal	DPW&T	Snow and Ice Removal	11/6/2015	24,498.00
		4300000387	Snow and Ice Removal	DPW&T	Snow and Ice Removal	01/07/2015	24,958.00
MOA Enterprise, Inc	1000002344	4300008864	Snow and Ice Removal	DPW&T	Snow and Ice Removal	01/17/2019	12,540.00
		Sub Contract	Litter and Debris Removal Services	DPW&T	S17-039	FY 2018	340,489.00
Pace Consulting	1000033809						
Redief Group Architects	1000016912						
Strategic Telecomm Solution	Not Registered						
Telesis Systems, Inc	1000028137						
The HR Source	Not Registered						
The JG Garcete Company	1000030237						
TJ Holt Electric, LLC	1000002474						
Volkman Express, Inc	1000015469						
Warren Brothers Constructi	1000000623	4300030000	Smart Energy Grant Retrofit	OCS	DoH renovations	09/28/2016	310,235.50
		4300001918	Building Renovations	HHSC	DOH Renovation		320,235.50
		Sub Contract	Police Plaza Phase II	Police/FOM	OCS17-003	FY 2018	3,454,513.00
Witech Systems Group	Not Registered						

Sec. 10A-108. - Exemptions.



(a) Unless otherwise ordered by the Purchasing Agent, the acquisition of the following supplies and services shall not be subject to Divisions 2, 6, and 7:

- (1) Regulated public utilities;
- (2) Supplies for resale to the public;
- (3) Works of art for museum and public display;
- (4) Published books, maps, periodicals, newspapers, and technical pamphlets;
- (5) Recreational lands and rights-of-way;
- (6) Conference, seminar, and training fees;
- (7) Visiting speakers, professors, and performing artists;
- (8) Acquisition of interests in real property;
- (9) Memberships, dues, and fees for conference and seminars and associated or similar expenses;
- (10) Training courses and materials provided by accredited institutes of learning;
- (11) Construction projects meeting the requirements of Division 6, Subdivision 2, of this Subtitle;
- (12) Employee relocation;
- (13) Experts or specialists employed under Section 902 of the Charter;
- (14) Grants; and
- (15) Employment Contracts.
- (16) Purchases that do not exceed two thousand five hundred dollars (\$2500).

(b) This Section does not excuse compliance with the basic policy of obtaining maximum competition consistent with the needs of the occasion, to the end that all purchases will be made in the best interest of the County, Minority Business Opportunities Program price and other factors considered.

(c) This Subtitle does not apply to any procurement or contract to the extent of any conflict with:

- (1) A Federal or State law, regulation, assistance instrument, or other requirement governing the procurement or contract; or
- (2) The terms of any grant to the County.

(CB-1-1992; CB-115-2017)

Appendix N County Code Special Circumstance Procurements Sec 10A-105 (3)

Sec. 10A-105. - Regulations and procedures.

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- (a) The Purchasing Agent is hereby empowered to issue such procurement regulations and procedures as the Purchasing Agent may deem necessary or appropriate to implement any provision of this Subtitle. Except as otherwise expressly provided in this Subtitle or otherwise required by law, any procurement regulation or procedure issued by the Purchasing Agent shall take effect at such time as designated by the Purchasing Agent and shall be binding upon all persons.
- (b) Except as otherwise provided under Division 6, Subdivision 1 of this Subtitle, regulations shall be recommended by the Purchasing Agent for approval by County Council resolution governing the following to carry out the purposes of this Subtitle:
- (1) Sole source procurements;
 - (2) Emergency procurements;
 - (3) Special circumstance procurements; and
 - (4) Minority Business Opportunities program.
- (c) Amendments to any approved rule or regulation on any matter governed by Subsection (b) may only be recommended by the Purchasing Agent to the County Council for its approval by resolution.
- (d) Notwithstanding this Section, not less than once every five (5) years, the Purchasing Agent shall evaluate the need for amendments to any approved rule or regulation. Such determinations shall be reviewed and approved by the County Executive or designee and submitted to the County Council.
- (e) Any modification to the procurement process involving any type of procurement through means such as a memorandum or interim regulation shall require written notice to the County Council.

(CB-1-1992; CB-15-2013)



Office of Central Services

Response to Special Review of Business Development Reserve Program (BDRP)

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Finding #1a: Lack of Support to Justify the Only, Practical Source BDRP Training Contract Award to CMT

Finding#1b: CMT's Proposed Partnership with ESI was not relevant to the County's BDRP Training.

#1a Recommendation: If it is determined that training will continue to be a significant component of the BDRP implementation plan; then, the County should ensure that future award(s) of the BDRP training contract should be solicited as a request for proposal (RFP) to ensure that the County is getting the best value for its money.

#1b Recommendation: The County should ensure that it maintains adequate documentation and records to support the award of any contract. It is especially important to maintain records to support those contracts that are deemed "an only practical source" for audit/review purposes and to promote transparency.

Office of Central Services Response: *OCS concurs with the finding and agrees with the recommendation to issue a solicitation for training, should training be included as a component of the BDRP implementation plan. OCS will ensure documentation is retained in support of the award of any contract, including negotiated contracts (i.e. only practical source).*

Finding #2: Inconsistencies in the BDRP Application and Selection Process.

#2 Recommendation: The Office of Central Services need to ensure that the selection process for the BDRP participants for future phases is fair, transparent and open to audit.

Office of Central Services Response: *OCS concurs with the finding and agrees with the recommendation.*

Finding #3: Failure to set up the Purchase Order to coincide with BDRP Technical and Cost Proposal.

#3a Recommendation: Best practice would have been to set up the purchase order to align with the proposal, and Office of Central Services should ensure that this practice is mandatory going forward. In the event that there are subsequent negotiated changes from the original proposal, it should be documented and approved by the Purchasing Agent.



#3b Recommendation: Future agreements for BDRP training services should include provisions for a discount when the participant levels are reduced.

***Office of Central Services Response:** OCS concurs with the finding and agrees that the establishment of a purchase order should align with the proposal/deliverables. Any changes (increase or decrease) to the initial proposal/purchase order should be justified, documented and receive approval by the Purchasing Agent.*

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Finding #4: Lack of Adequate Management Oversight

#4 Recommendation: Office of Central Services should ensure that better contract oversight procedures are in place as it relates to achieving the contract deliverables and the acceptability of the performance of work in accordance with OCS Procurement Directive/Advisory #13-001.

***Office of Central Services Response:** OCS concurs with the finding and agrees with the recommendation.*

Finding #5: Lack of Supporting Documentation to Justify Increase in Purchase Order Amount

#5 Recommendation: Office of Central Services should develop procedures and protocols to ensure that Procurement Officers are not allowed to increase purchase orders without written justification and proper approvals.

***Office of Central Services Response:** OCS concurs with the finding and will reinforce the importance in obtaining justification for change orders and review the existing protocol and procedures with Procurement Officers.*

Finding #6: Failure to Follow Policy and Procedures Related to a Change Order and Increase in Purchase Order (PO) without Prior Authorization



Finding #7: Accounts Payable Amounts Exceed the Value of the Purchase Order.

#7 Recommendation: The Office of Finance should investigate the source of this discrepancy and determine whether the SAP system is allowing for negative balances against Purchase Orders.

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Office of Central Services Response: *The findings and recommendations related to the Office of Finance should be directed to the Finance Director.*

Finding #8a: Failure of the County to adequately track sub-contractors including payments.

Finding#8b: Inconsistencies in SAP in reporting of contract values.

#8a Recommendation: Although Office of Central Services has procured a software system to track sub-contracts going forward, we noted that existing contracts are not being tracked. Office of Central Services should develop a mechanism to also track existing sub-contracts in order to improve auditability, promote transparency, allow the County to improve its internal controls to ensure that subcontractors are paid in accordance with the prime contract terms, and ensure compliance with County laws and regulations related to both set asides and mandatory reporting.

#8b Recommendation: Office of Central Services should establish and enforce policies and procedures to ensure consistent input of contract value data in SAP.

Office of Central Services Response: *OCS concurs with the finding and agrees with the recommendation. OCS deployed the County's new Certification and Compliance System (CCS) on September 1, 2019 aimed at tracking subcontractor payments and utilization*

Finding #9: Inappropriate Marketing of CMT Services to BDRP Participants.

#9 Recommendation: The County should ensure that any future agreements should specify that the training contractor shall not attempt to engage the BDRP participants in any outside consulting agreements.

Office of Central Services Response: *OCS concurs with the finding and agrees with the recommendation.*

Finding #10: Failure of the County to maintain BDRP Training Materials

#10a Recommendation: Office of Central Services should obtain a record of all mandatory and supplemental, in-person and on-line course material that was made available to the County's BDRP Participants.



#10b Recommendation: The County should ensure that future contracts to provide BDRP Training should include provisions that would provide the County with the rights to obtain and use materials provided during the training. The cost to reuse the material for future courses should be minimal.

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Office of Central Services Response: *OCS concurs with the finding and agrees with the recommendation.*

Finding #11: Lack of Adequate Insurance Coverage and Review by Risk Management

#11 Recommendation: Office of Central Services and/or Risk Management should thoroughly review the agreements to ensure adequate insurance coverage is obtained, and the documentation should be maintained in the ARC files.

Office of Central Services Response: *OCS concurs with the finding and agrees with the recommendation.*

Finding #12: Training is not required by the BDRP regulations and alternative implementation plans should be considered.

#12a Recommendation: The County should consider alternative means to comply with the regulations which may be more cost-effective since, after 4 years and over \$800K spent, the County does not own the training materials.

#12b Recommendation: The County should consider competitively bidding the contract out in the future if training is determined to be the best means to implement the regulations.

Office of Central Services Response: *OCS concurs that training may not be required; however, OCS intends to provide educational enrichment and professional development to BDRP participants. The training would depend on an assessment/request from each participating business.*

Finding #13a: Lack of BDRP set aside opportunities available since the conclusion of training.

Finding #13b: To date the Office of Central Services has not complied with County regulations regarding award of BDRP set asides totaling \$5million or more.

#13 Recommendation: Office of Central Services should continue to pursue those procurement opportunities to be restricted to BDRP participants as specified in Section 10A-158.01 of the County Code.

Appendix O

Office of Central Services (OCS) – Response to Findings



*Office of Central Services Response: OCS agrees with finding 13a and A&I's recommendation. However, OCS does not agree with the finding 13b. The County Code does not mandate the annual award of at least five million dollars but rather states "The Director of Central Services shall make **good faith efforts to reach an annual goal** of awarding at least Five Million Dollars in procurement contracting and subcontracting to County-based small businesses enrolled in the BDRP program. The Purchasing Agent may adjust the goal during the fiscal year to select the most appropriate opportunities for the program...."*

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Over the past three fiscal years several BDRP firms have competed successfully and were awarded County Contracts, as noted in A&I Appendix L-2. In FY18 The Litter and Debris Removal Services contract required 20% BDRP participation which was provided by MOA Enterprises, Inc. and Warren Brothers was awarded the contract for Prince George's County Police Plaza, Phase II that required 40% subcontracting to BDRP. Pursuant to 10A-158.01, JD Clark Professional Services (Renovation at Brown Station Road Maintenance Building), Corenic Construction (furnished and installed ground floor windows at the Riverdale Fire Station) and C&N Associates, LLC (Replacement of doors, roofing, electrical heating systems at Brown Station Building 3500 H).

Appendix P

**Office of Central Services (OCS) and Office of Finance – Response to Revised Findings #7
and #13**

Recommendation #7a. County Administration should update the policies and procedures to ensure they are compliant with SAP to govern the use of the Direct Pay mechanism and stipulate who is authorized to approve and for what dollar thresholds. Administrative procedure #336 (Payment Request, dated May 1981) is outdated and should be updated to reflect the current SAP Finance Module protocols.

We support this recommendation.

Recommendation #7b. The Purchasing Agent should develop procedures to govern the implementation of instances where special circumstance procurements may be necessary.

We support this recommendation.

Note: Office of Finance personnel verbally concurred with the findings/recommendations related to this finding.

Recommendation 13: OCS should continue to make a good faith effort to reach an annual goal of awarding at least \$5 million in procurement contracting and subcontracting opportunities to County-based small businesses enrolled in the Business Development Reserve Program in accordance with Sec. 10A-158.01(b) of the County Code, subject to the availability of funds in the annual County budget.

We concur with this recommendation. It is likely that we may see a number of BDRP participants receive construction services opportunities in the next 6 months that may achieve the annual goal. Our office will continue to make good faith efforts to reach an annual goal of awarding at least \$5,000,000 in procurement contracting and subcontracting to County-based small business enrolled in the Business Development Reserve Program, with the caveat that the Purchasing Agent may adjust the goal during the fiscal year in order to select the most appropriate opportunities for the program pursuant to Section 10A-158.01 of the County Code.

