



June 8, 2011

To: Finance and Administration Committee
From: Will Kempton, Chief Executive Officer
Subject: Review of the Procurement Proposal Evaluation and Selection Process

Overview

The Internal Audit Department has completed a review of the Orange County Transportation Authority's procurement proposal evaluation and selection process. Based on the review, the establishment and implementation of procurement selection criteria, criteria weights, and evaluation committees are in accordance with procurement policies, procedures, and best practices.

Recommendation

Receive and file the Review of the Procurement Proposal Evaluation and Selection Process, Internal Audit Report No. 10-507.

Background

The request for proposal (RFP) process is a competitive proposal method used when proposals can be solicited from an adequate number of qualified vendors. Proposals are evaluated on a number of factors such as qualification of the firm, staffing and project organization, work plan, and price. These criteria are identified in the solicitation along with their relative weights. Award is made to the responsible firm whose proposal is most advantageous to the Orange County Transportation Authority (OCTA) based on the criteria considered. Board of Directors' approval of selection of the top-ranked firms is required for budgeted procurements greater than \$250,000 and non-budgeted procurements greater than \$25,000. An RFP generally includes the purpose of the procurement, scope of work, project schedule, and the selection criteria and its relative weighting. Prior to the date proposals are to be submitted, the contract administrator, with input from the project manager, selects the proposal evaluation committee. The proposal evaluation committee reads and scores each proposal as well as provides narrative statements to explain the rationale for the scoring.

Discussion

The objective was to assess OCTA's policies, procedures, and protocols over the procurement proposal evaluation and selection process. The focus was on procurement selection criteria, criteria weights and composition, and independence of evaluation committees.

The Internal Audit Department (Internal Audit) reviewed a judgmental sample of 10 recent procurements. Based on this review, Internal Audit found that the establishment and implementation of procurement selection criteria, criteria weights, and evaluation committees are in accordance with OCTA Procurement Policies and Procedures Manual and best practices.

Summary

Based on the review, the establishment and implementation of procurement selection criteria, criteria weights, and evaluation committees for recent procurements are in accordance with OCTA procurement policies, procedures, and best practices.

Attachment

- A. Review of the Procurement Proposal Evaluation and Selection Process, Internal Audit Report No. 10-507

Approved by:



Janet Sutter
Acting Executive Director, Internal Audit
714-560-5591

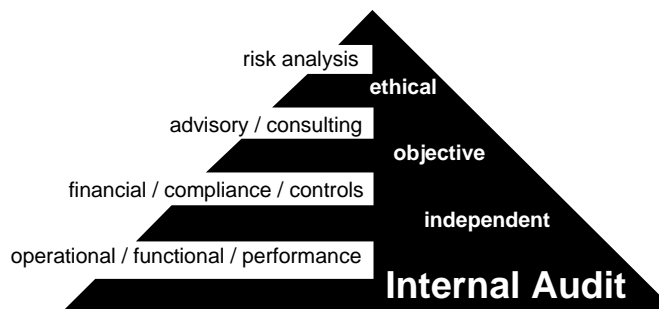
ORANGE COUNTY TRANSPORTATION AUTHORITY INTERNAL AUDIT DEPARTMENT



Review of the Procurement Proposal Evaluation and Selection Process

INTERNAL AUDIT REPORT NO. 10-507

May 23, 2011



Internal Audit Team:

Janet Sutter, CIA, Acting Executive Director
Serena Ng, CPA, Senior Internal Auditor

**ORANGE COUNTY TRANSPORTATION AUTHORITY
INTERNAL AUDIT DEPARTMENT**

**Review of the Procurement Proposal Evaluation and Selection Process
May 23, 2011**

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Conclusion

The Internal Audit Department (Internal Audit) has completed a review of Orange County Transportation Authority's (OCTA) procurement proposal evaluation and selection process. The overall objective was to review OCTA's policies, procedures, and protocols over the evaluation and selection process. The focus was on procurement selection criteria and weights and composition and independence of evaluation committees.

Based on a review of a judgmental sample of recent procurements, Internal Audit found that the establishment and implementation of procurement selection criteria, criteria weights, and evaluation committees are in accordance with OCTA Procurement Policies and Procedures Manual and best practices.

Background

OCTA Procurement Policies and Procedures

The OCTA Procurement Policies and Procedures Manual sets forth the general procurement policy and standards that govern the conduct of OCTA procurement activities and of personnel engaged in these activities. The objective is to provide a common understanding of the methods for initiating, developing, executing and administering third party contracts within the parameters of federal, state, local, and OCTA requirements.

The Request for Proposal (RFP) process is a competitive proposal method used when proposals can be solicited from an adequate number of qualified vendors. Proposals are evaluated on a number of factors such as qualification of the firm, staffing and project organization, work plan, and price. These criteria are identified in the solicitation along with their weights. Award is made to the responsible firm whose proposal is most advantageous to OCTA based on the criteria considered. Board of Directors' approval for selection of the top ranked firms is required for budgeted procurements greater than \$250,000 and non-budgeted projects greater than \$25,000. An RFP generally includes the purpose of the procurement, scope of work, project schedule, and the selection criteria and its relative weighting. Prior to the date proposals are to be submitted, the contract administrator, with input from the project manager, selects the proposal evaluation committee. The proposal evaluation committee reads and scores each proposal as well as provides narrative statements to explain the rationale for the scoring.

Federal Transit Administration Procurement System Review

OCTA underwent a Federal Transit Administration (FTA) Procurement System Review in early 2010. The objectives of this FTA review were to encourage and facilitate improved grantee procurement operations, promote the use of best

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practices, and assess the grantee's compliance with all Federal requirements, specifically the requirements of FTA Circular 4220.1F and the Pre-Award, Post-Delivery Rule applicable to Buy America requirements. The FTA review identified three deficiencies in system-wide policies and procedures and ten deficiencies in contract file requirements. The Contracts Administration and Materials Management Department modified policies and procedures and implemented other process enhancements to ensure compliance with all federal requirements. In July 2010, OCTA management received confirmation that the FTA is satisfied with the actions taken and has closed out all deficiencies.

Objectives, Scope and Methodology

The objective of this review was to assess OCTA's policies, procedures, and protocols over procurement proposal evaluation and selection process. The focus was on procurement selection criteria and weights and composition and independence of evaluation committees.

In meeting this audit objective, Internal Audit employed the following methodologies:

- Reviewed OCTA Procurement Policies and Procedures Manual;
- Reviewed the FTA Procurement System Review Final Report issued in June 2010 and FTA's letter received on July 7, 2010, indicating that all remaining deficiencies have been satisfactorily answered and are considered closed; and
- Reviewed a judgmental sample of ten recent procurements to determine if the establishment and implementation of selection criteria, criteria weights, and evaluation committees are in accordance with OCTA Procurement Policies and Procedures Manual and best practices.

The scope of the review was limited to RFP procurements executed during the period January 2010 through March 2011.

This review was conducted in accordance with Generally Accepted Government Auditing Standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.