Appendix A

MONTGOMERY COUNTY, MARYLAND
DISPARITY STUDY
DATA ASSESSMENT REPORT

Griffin & Strong, P.C. ("GSPC") will conduct a comprehensive disparity study that will review and analyze five years of Montgomery County's contracting history from July 1, 2007-June 30, 2012, as it relates to Minority, Female, and Disabled-owned businesses in the areas of construction, professional services, other services, or goods (according to NIGP codes). In addition, GSPC will conduct a benchmarking to compare the utilization of Minority/Female/Disabled person-owned businesses prior to the enactment of the Local Small Business Reserve Program to the impact it has had on minority-owned business procurements since it went into effect on January 1, 2006.

This document summarizes the outcome of the data assessment meetings regarding the Montgomery County, Maryland Disparity Study and sets forth action items and preliminary questions to be answered. A data assessment report is necessary to issue prior to completing the data collection plan in order to confirm that GSPC has the correct understanding of how and where data is kept by Montgomery County.

Data Assessment Meetings

The data assessment meetings were held with Michele Clark Jenkins, Project Manager from Griffin & Strong, P.C., on May 30, 2013, at the Department of General Services located at 255 Rockville Pike, #180, Rockville, MD 20850. Three meetings were scheduled--the first with procurement representatives, Pam Jones (Division Chief, Department of General Services Office of Procurement) and John Lee (Manager, Department of General Services Office of Procurement) to have preliminary discussions about purchasing practices, policies and procedures, which Sheronda Baltimore (IT Specialist, Department of General Services, Office of Procurement) also sat in on; the second meeting with IT representatives, Sheronda Baltimore and Grace Denno (Manager, Office of Business Relations and Compliance) to discuss how and in what format data is maintained; and the last meeting with Compliance representatives, Grace Denno and Al Boss (Program Specialist, Office of Business Relations and Compliance) to obtain their input regarding MFD efforts. On July 17, 2013, Michele Clark Jenkins also met with Lenny Moore (Department of Finance, Controller) and Laleh Shabani, Accounts Payable Manager to

request payment data.

At the beginning of each meeting, Michele Clark Jenkins explained what a disparity study was and its objectives. She further detailed the kind of data that would be necessary to conduct the study.

The purpose of each of these meetings was to determine what data Montgomery County has, in what format, and how GSPC can obtain the data. Further, the objective was for Ms. Clark Jenkins to get a better understanding of how procurement operates in order to execute the methodology that has been approved by Montgomery County. It was also important for Ms. Clark Jenkins to get to know procurement personnel and understand how to operate the study in a manner least intrusive to the County's personnel.

Below is a summary of the data that needs to be collected from the County according to the approved methodology, where the data is located and the format in which it is maintained. In addition, GSPC has set forth any challenges for gathering the data.

There are four (4) general kinds of procurements:

1. Purchases under $10,000[1]. These purchases are made by the user department and there is no coding on the purchases which would tell us the work categories. Further, although competition is encouraged, as well as MFD participation, this type of procurement is not really competitive in nature
2. Purchases $10,000 - $99,999[2]. These purchases are made by informal solicitations that encourage competition using less formal methods of mini-contracts and small purchases.
3. Purchases $100,000+.[3] These purchases are made by formal IFBs and RFPs
4. Non-competitive bids - §4.1.12 of the Procurement Regulations sets out the non-competitive contracts.

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[1] Before Apr. 2010, Direct Purchase threshold was < $5,000

[2] Before Apr. 2010, Informal threshold was >$5,000 and <$25,000

[3] Before April 2010, Formal threshold was >$25,000

According to the approved methodology, the following will need to be collected from the County:

1. **<u>Purchase Orders/Awards</u>**:
   To assist in determining utilization & conducting the benchmarking.

➢ In 2010 the Montgomery County procurement system transitioned to an Oracle system. In that process, only P.O.'s that had remaining balances to be paid on them were transferred to the new system (called "converted P.O's), plus new P.O.'s. (The converted P.O.'s have the letters P.O. in front of them in the coding system). In order to get the P.O.'s prior to 2010, we will have to pull them from the Advanced Purchasing and Inventory Control System (ADPICS). Since 98% of contracts have P.O.'s issued against them, it may be redundant to analyze both P.O.'s and contracts/awards, but we will obtain the contract/award data anyway in case we need it. We will need to include P.O.'s back to 2004 (need that far back in order to do the benchmark) for tracking prime utilization. Since all P.O.'s include contract numbers, this will make tracking contracts/awards easier.

➢ There are some zero dollar P.O's that are created just to show action on a contract.

➢ Purchase orders all are coded so I can match them to contracts/awards. P.O's also carry the contract number, NIGP code, and work category descriptions.

➢ Purchase Orders represent committed & encumbered funds, not necessarily issued payments. Funds committed under a P.O. may be carried over from one year to the next for a variety of reasons, including by decision of the Office of Management and Budget in conjunction with the county departments, Capital Improvement Projects (CIP), County Council Resolution, or grant; otherwise the P.O. may be liquidated.

➢ It is important to note that there are a few design/build contracts, but not many, where there may be multiple awards (e.g., 3 architects are selected to design a project).

➤ Direct Purchases $10,000 or less that are not tied to formal and informal contracts are not required to be competitive, but competition and the use of MFDs for these Direct Purchases is encouraged. Direct Purchases may be paid by either a DPO or P-card and if paid by P-card they may not have a DPO. We will have to get those DPO and P-card purchases directly from the user departments.

Challenge: It is unclear whether direct procurements and the resultant payments $10,000 or less that are not tied to formal and informal contracts will be able to be identified with regard to work category and whether those payments will be accessible from the user departments. This will be determined once we understand how each user department has maintained its records and whether finance can assist from its payment records with information about these types of purchases. Will look to DPO and p-card purchasing descriptions to pick up work categories.

➤ There are also larger blanket contracts or annual contracts (e.g. supplies) that have P-card payments against them, and we will have to go to the user departments to get this information as well. However, there are only 6 or 7 contracts like that, so finance can pull those manually for us to review.

Actions:

The P.O. data and award data can be obtained electronically from the Oracle system or the Advanced Purchasing and Inventory Control System (ADPICS). Contact Sheronda Baltimore in IT to get this data.

Get P-card and blanket contract information from the user departments. The DGS director, David Dise will send an introduction letter to the department heads before we begin to contact them.

Get P-card and blanket payment or P.O. data from finance.

Can an email be sent to each appropriate department representative, alerting them that we will be contacting them to explore where and how this information is kept for their department?

Priority is to obtain immediately the list of all prime contractors that have awards in all areas (except goods, because unlikely to have subcontractors there) so that we can send out the Prime Contractor Questionnaire.

2. **Bid Data:**

To assist in determining relevant geographical market & firms for availability estimates.

➢ Since Aug. 2011, all **Formal Solicitations** ($100,000+) bid tab data, successful or unsuccessful, is online in electronic format. Prior to Aug. 2011, there are five (5) years of bid tabs in PDF format to be manually entered into spreadsheets.

➢ Al Boss has maintained all **MFD** information in hard copy form as an MFD Transmittal Memo. These include name, address, but not the price bid or the work being subcontracted or bid. We can obtain this information to enter manually from Al Boss. The MFD Transmittal Memos can be faxed, mailed or emailed to us in Atlanta for data entry here or we can include them in the manual data entry planned for mid-July.

➢ Only successful **IFB bid tabulations** are in PDF format and are online for the entire study period (July 1, 2007-June 30, 2012). Other unsuccessful bid tab information is destroyed after six (6) months.

➢ Only successful bidders have to provide **subcontractor** information, so that information would not be contained in bid proposals. It would be maintained in a different folder but non-MFD subcontractors would not necessarily be tracked. This confirms the necessity for doing a Prime Contractor Questionnaire to gather all subcontractor utilization information.

➢ **Unsuccessful informal bid** information will have to be gotten from the user departments. Five randomly selected firms are requested to bid and the bid is put on the County's

website. At least one of those five firms should be an MFD. Only the user department keeps track of who responded and gave quotes. The **successful bid/award** is tracked through P.O.'s, but the other bidder data will have to be manually entered. There are 30 different departments with about 10 of them being big creators of informal solicitations. We cannot be sure what data have been actually retained until we see it. Each department keeps their historical bidding data differently. We will have to re-evaluate the quality of the informal bidder data we can collect once we have seen what the departments have.

➢ User departments do "mini contracts" and other informal solicitations ($10,000-$99,000). That data will have to be collected from the user departments and procurement.

Actions:

➢ Collect PDF files of bid tabulations to enter in GSPC's offices
➢ Obtain contact information from Sheronda Baltimore for the departments (contract administrators with a copy to the directors) and draft a memo regarding GSPC's need to contact the departments and the type of information that will be needed.
➢ Obtain MFD transmittal sheets from Al Boss
➢ Obtain electronic bid tab data from Sheronda Baltimore

3. Central Vendor Registration System
Used to assist in determining availability estimates and to pull samples for surveys.

➢ There are two sets of vendor data in the system. Any vendors before 2010 are in the old Advanced Purchasing and Inventory Control System (ADPICS) and since 2010, they are in the Enterprise Resource Planning (ERP) system (inward facing portal).
➢ ERP includes any vendor that has been paid since 2003 as well as new vendors since 2010.
➢ Each vendor has a unique vendor number, but each of the two vendor systems has its own identifier. The ERP identifier will match the P.O. to that vendor and will be

included as the identifier for payments made by finance during the last 3 years.

➢ Employees can be pulled out of the data files before they are provided to us.

  ➢ Vendor data contains 5-digit NIGP codes

  ➢ MFDs are self-identified when they register, but they have to provide their certification number and there is a field that says their certification is approved. Six other certifying agencies are accepted by Montgomery County.

  ➢ The CVRS contains all new registered vendors starting Jan. 2008

Action: Obtain all vendor data electronically from Sheronda Baltimore. This is a priority so that GSPC can use to take random stratified samples.

4. Payment Data
Used to assist in determining utilization and availability (some firms in older payment files may not be in the CVRS.

➢ P.O. data seems to be the most reliable, so we may not need to use payment data if all or substantially all P.O.'s result in payments. However, we will collect it from finance anyway to use to verify that, statistically, if a P.O. is issued, a payment is made.

➢ Important to note that not all payments can be matched to P.O.'s. It is not a required field.

➢ Finance records will be relied on to reconcile any liquidated P.O. information.

Action: Collect all payment data from July 1, 2004 through June 30, 2012 from finance through Lenny Moore and Laleh Shabani.

5. Outside Data
To assist in determining availability

➢ It was suggested in conducting availability estimates that if GSPC uses only Montgomery County's vendor, bidder, P.O./contract, payment, and MFD lists that some firms may be excluded from availability that should be included. Specifically, there may be some MFD firms that do not register or bid with Montgomery County because they do not believe they can win contracts there. One way to counteract that argument is to include a registered vendors list (including certified MFDs) from a close by governmental

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entity that is considered "friendly" to MFDs. That could be Prince George's County or even the State of Maryland.

Action: Inquire whether GSPC can obtain the State of Maryland or Prince George's County lists. Montgomery County is providing a letter of introduction for GSPC to obtain the information.

GSPC has already received an electronic data file of all informal solicitations since 2007 which was provided by Sheronda Baltimore.

Revised Report Submitted July 13, 2013

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