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**Review of Department of State's
Bogotá Vehicle Procurement**

Office of Audits

Memorandum Report AUD/PR-03-13

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This report has been reviewed under the Freedom of Information Act
(5 USC 552) for public release.

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Introduction

In a letter dated August 7, 2002, Representative Dan Burton, Chairman of the House Committee on Government Reform, asked the Office of Inspector General (OIG) to review the proposed procurement of a sports utility vehicle (SUV) for Embassy Bogotá. The congressional request was made in response to several press reports criticizing the solicitation, which was posted as a public notice on the Federal Business Opportunities web site (FedBizOpps.gov¹) on July 26, 2002. The Chairman expressed concern that the solicitation contained unnecessary features, had an unusually short response time, and was canceled after press reports highlighted the luxurious features.

Specifically, the Chairman asked OIG to determine: (1) who approved the solicitation, and who presented the request to the procurement officer; (2) whether any bids were received; (3) whether there was an urgent need for the vehicle, and whether the short response time was justified; (4) whether there was a legitimate need for the luxurious features called for in the request; and (5) why the bid solicitation was canceled.

On November 7, 2002, OIG briefed Committee staff on the results of its work. In response to the briefing, Committee staff asked OIG to address additional matters in its report, including: (1) a description of the overall procurement authorities and procedures of the Bureau of International Narcotics and Law Enforcement Affairs (INL); (2) the cost of the canceled SUV procurement actions; (3) the current status of the purchased SUV; and (4) the actions INL has taken to improve its procurements.

OIG reviewed the actions taken in the vehicle procurement process. OIG interviewed officials in the Bureau of Administration, Office of the Procurement Executive (A/OPE); INL; and Embassy Bogotá. OIG also reviewed and analyzed related INL documents, including e-mails between INL and Embassy Bogotá officials in the narcotics affairs section (NAS).

¹ FedBizOpps.gov is the single government point-of-entry for federal government procurement opportunities over \$25,000. Commercial vendors seeking federal markets for their products and services use the Internet site to search, monitor, and retrieve opportunities solicited by the entire federal contracting community.

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Executive Summary

OIG found that the solicitations issued by INL for a Jeep Grand Cherokee with luxury features resulted from a combination of miscommunications and procurement errors that went undetected because of a lack of supervisory review by INL. NAS Bogotá said that it intended to request a mid-sized SUV with a six-cylinder engine, comparable to a Jeep Cherokee, without luxury features; however, the NAS purchase authorization included contradictory information, including the specifications for a Jeep Grand Cherokee Special Edition, which had luxury features as standard equipment.

An INL contract specialist failed to clarify NAS' request and mistakenly prepared a solicitation that was not only inappropriately specific, but also included the features of an even more expensive model, the Overland. The procurement specialist canceled this solicitation and issued a second one after vendors called for clarification of the puzzling list of features. The second solicitation listed the Special Edition standard features only, including a 10-disc CD changer. When a newspaper article reported this solicitation, INL management, who had not previously reviewed the solicitations, canceled the second solicitation. INL then reissued the solicitation using generic minimum requirements, the way it should have been issued in the first place. The third solicitation resulted in the purchase of a Ford Explorer with no unnecessary features.

INL officials acknowledged that mistakes were made in the vehicle procurement and have taken corrective actions, including a new policy requiring that all draft solicitations receive supervisory approval before they are posted.

INL Procurement Authorities, Policies, and Procedures

Under the Foreign Assistance Act of 1961, sections 481², 604³, and 636⁴, as amended by Executive Order 11223 of May 12, 1965, INL is responsible for providing assistance to host governments in the development and implementation of effective drug interdiction and control and eradication

² 22 U.S.C. 2291 (2002).

³ 22 U.S.C. 2354 (2002).

⁴ 22 U.S.C. 2396 (2002).

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programs. That assistance is usually in the form of commodities and technical services provided under INL-financed purchase orders and contracts.

The Foreign Assistance Act does not confer procurement authority on the bureau; rather, it authorizes the use of funds made available to support the program and serves as the statutory basis for procurements entered into by contracting personnel to whom procurement authority has been delegated by the Department's procurement executive. All Department contract actions must comply with the Federal Acquisition Regulation (FAR)⁵ and the Department of State Acquisition Regulation (DOSAR)⁶.

The *Overseas Contracting and Simplified Acquisition Guidebook*, developed by A/OPE, combines data from the FAR and DOSAR. In addition to the A/OPE Guidebook, INL has adopted the U.S. Agency for International Development (USAID) Acquisition Regulation (AIDAR) and related policies, including those covering personal services contract (PSC) procedures, regulations governing the source of goods and services, and procurements by host government agencies. INL has developed its own handbook, *INL Procurement Policies and Procedures*, to provide INL personnel, and others, with an understanding of INL-specific procurement policies and procedures.

INL can award contracts and purchase orders of up to \$5 million on commercial items and \$250,000 on non-commercial items. According to guidance issued by A/OPE, based on the FAR, part 12, commercial items include:

“(1) Supplies sold to the general public (nearly all State supply contracts, such as computers, vehicles, copiers);

“(2) Installation, maintenance, repair, and training services for commercial supplies (such as auto repair, copier maintenance); [and]

“(3) Services sold to the general public based on catalog/market prices for specific tasks, but excluding contracts priced solely on an hourly rate. An example is grass cutting or janitorial services, which are priced in the market on a per square meter basis, not solely on number of hours. Also excluded are overseas local guard contracts (priced on a time-and-materials basis).”

⁵ 48 CFR Chapters 1 and 2.

⁶ 48 CFR Chapter 6 (2002).

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Any procurement exceeding \$5 million, for example, heavy-duty armaments, is referred to the Bureau of Administration, Office of Acquisitions Management

Most INL in-house procurement matters are handled by contract specialists or logistics management specialists; three of whom hold contracting officer warrants at various levels. The management systems division chief is also a warranted contracting officer. According to INL officials, all contract specialists have a limited procurement authorization warrant level of \$500,000 for commercial goods and \$100,000 for non-commercial items per the A/OPE Guidebook. One of INL's contract specialists and one logistics management specialist have warrants with a level of \$5 million for commercial items only. A/OPE delegates contracting authority to specific staff members of INL's Office of Resource Management, Management Systems Division. No overseas NAS employee has contracting authority. Each overseas mission has a general services officer (GSO) or contracting officer to handle procurement requests under A/OPE delegation. Any office making a procurement request is known as the requiring office.

The roles of the requiring office and the contracting officer are different. A warranted U.S. government contracting officer signs the contract on behalf of the government and bears the legal responsibility for the contract. Only he or she has the authority to enter into, terminate, or change a contractual commitment on behalf of the government. The requiring office is responsible for ensuring that program requirements are clearly defined and that the contract is designed to meet the needs efficiently. Because the requiring office is better suited to address the requirements, it may suggest sources for solicitation and help prepare technical evaluation plans and criteria, as well as evaluate any technical proposals required by the solicitation. It may also help develop price estimates for comparison with contractor proposals to ensure that the prices being proposed are reasonable.

The requiring office and contracting officer must work closely together. The requiring office must ensure that the contract clearly describes what is to be done and, along with the contracting officer, how the work should be performed. Both entities must work together on the statement of work, ensuring that the procurement has defined deliverables or end products that make it results-oriented.

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Procedures for contracting officers at an INL/NAS overseas mission are slightly different. Embassy GSOs perform many NAS-financed procurements in support of counternarcotics and law enforcement projects. The FAR, DOSAR, and AIDAR are the bases for the INL/NAS-financed acquisition actions taken by contracting officers overseas. INL approval is required for all vehicle procurements, all PSCs, acquisition of real property to be used by host nation law enforcement personnel, and any other GSO procurements over \$25,000 that are not identified in a mission's INL-approved Advance Acquisition Plan.

NAS Bogotá SUV Purchase Authorization

On July 15, 2002, the Air Bridge Denial program officer in Colombia submitted a procurement request to NAS Bogotá, asking for one Jeep Cherokee or equivalent for its anti-narcotics initiative, which is a priority for the U.S. and Colombian governments. The vehicle was needed to transport passengers and cargo in the mountainous terrain in Colombia. The acting NAS Bogotá director approved the request, and on July 23, 2002, a NAS Bogotá official sent a purchase authorization by e-mail to INL at Department headquarters. This was an urgent request because NAS wanted to resume Air Bridge Denial program operations in October 2002, according to the acting NAS Bogotá director.

The NAS purchase authorization requested a Jeep Cherokee or equivalent vehicle and provided features for a specific model, the 2002 Grand Cherokee Special Edition (Laredo) 4X2. NAS Bogotá attached supporting information obtained from the 2002 Jeep News & Features Internet site. The information included descriptions of all Jeep models, along with their standard specifications and options, but NAS Bogotá had circled the 2002 Grand Cherokee Special Edition 4X2 as being able to satisfy its requirements. This model has a six-cylinder engine and automatic transmission.

After receiving the purchase authorization, INL would normally have proceeded with the acquisition process by developing and issuing a solicitation with generic, minimum specifications, unless they could demonstrate that a particular brand name was justified to meet INL's minimum

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needs.⁷ However, as detailed in Table 1, INL posted and canceled two improper solicitations before issuing a proper one, which had to be modified to specify the type of transmission.

Table 1: INL Solicitations and Cancellations for NAS Bogotá Sport Utility Vehicle

Solicitation	Solicitation Publicized	Bids Due	Solicitation Canceled
First	July 26	August 1	July 29
Second	July 30	August 6	July 31
Third	August 2	August 9	Not applicable
Modification	August 5	August 9	Not applicable

Note: Request was made on July 15, 2002, for service availability by September 15, 2002.

The First Solicitation

INL’s contracting specialist posted the first solicitation on FedBizOpps.gov on July 26, 2002, requesting bids from commercial vendors. At that time, supervisory review was not required by INL either before or after a solicitation was posted. All bids were due by close of business on August 1, 2002. The solicitation stated that the vehicle was urgently needed. According to NAS Bogotá, vehicle procurement takes about 45 days for shipment and completing the paperwork for in-country use.

The solicitation identified the vehicle as being equivalent to the 2002 Grand Cherokee Special Edition (Laredo); however, it also mistakenly included features that are standard on another Jeep model, the Overland. These features included a 10-disc CD changer; heated, power front leather seats; and leather and wood tilting steering wheel. According to INL’s contracting specialist, vendors contacted INL and said that they were confused by the solicitation. As a result, INL canceled it on July 29, 2002.

The solicitation was flawed in two respects. First, the contracting specialist did not use a generic description of the vehicle; for example, SUV, four doors, and manual transmission. Identifying a specific make and model in this instance unnecessarily limited full and open competition, according to INL officials. Second, the contracting specialist erroneously included specific features of the Overland model in the solicitation.

⁷ Under 48 CFR 11.104, while the use of performance specifications is preferred, the use of a brand name or equal purchase description may be advantageous under certain circumstances.

The Second Solicitation

After further consultation with NAS Bogotá employees, the INL contract specialist issued the second solicitation on July 30, 2002, again without supervisory review. Bids were due by close of business on August 6, 2002. The solicitation continued to identify the required vehicle as being equivalent to a 2002 Grand Cherokee Special Edition 4X2. This vehicle has a 10-disc CD changer with six Infinity speakers as standard equipment.

On July 31, 2002, the *Washington Times* published a portion of the solicitation, calling attention to the CD player. The solicitation was then reviewed by INL management, who canceled it on July 31, 2002, after concluding that it was inappropriately specific and included features that were unnecessary to satisfy NAS Bogotá program requirements.

The acting NAS Bogotá director said that he never intended to request the luxury items that appeared in the first and second solicitations. NAS Bogotá officials thought that a Jeep Cherokee without luxury features, or an equivalent vehicle, would serve their requirements.

The Third Solicitation and Modification

INL issued its third solicitation on August 2, 2002. All bids were due by close of business on August 9, 2002. The solicitation used generic vehicle descriptions: an SUV 4X2, four doors, gasoline engine, etc.; it did not identify a particular SUV manufacturer or model. The solicitation, however, was incomplete because it excluded important information, such as the type of transmission and the size of the engine.

On August 5, 2002, a NAS Bogotá official reviewed the solicitation and asked that INL add the requirement for a standard (manual) transmission. On August 5, 2002, INL issued a modification specifying the standard transmission. Vendors were still required to submit their bids by close of business on August 9, 2002. NAS Bogotá's request for a manual transmission meant that its original choice, the 2002 Grand Cherokee Special Edition, which is available with only automatic transmission, would not have met its needs.

INL and NAS Bogotá Evaluate Offers

INL received offers from seven vendors, who presented 13 different SUV makes and models. The prices ranged from \$17,900 to \$42,000. The offers included SUVs with four- and six-cylinder engines. INL officials reviewed the offers. On August 15, 2002, an INL official e-mailed NAS Bogotá, asking whether vehicles with four-cylinder engines would meet its needs. A NAS Bogotá official responded that a four-cylinder engine could not effectively transport passengers and cargo over the mountainous terrain and that a six-cylinder engine was needed.

On August 16, 2002, INL finalized a purchase order for a new 2002 Ford Explorer with a six-cylinder engine and standard transmission. The vehicle had cloth seats and a radio with cassette. It did not have any of the luxurious features contained in first two solicitations. Total cost for the vehicle and shipping charges came to \$24,700.

Cost of the Canceled Procurement Actions

The direct costs attributable to the canceled procurement actions were minimal. INL estimates that the procurement specialist spent less than an hour on all three solicitations, and there is no separate charge for using the FedBizOpps.gov web site. Indirect costs, including the time spent on this issue by senior management following the newspaper report, were probably more significant.

Current Vehicle Status

NAS Bogotá submitted an urgent request for the vehicle because it wanted to resume the Air Bridge Denial program in October 2002. However, as of November 2002, the Department had not completed an agreement with the government of Colombia to resume operations. According to NAS officials, the Ford Explorer arrived in Colombia on August 30, 2002, and is currently assigned to NAS for use in administrative and logistics support.

INL Takes Actions To Improve Procurements

INL officials acknowledged that mistakes were made in the solicitation and have taken corrective actions. First, INL reminded contracting specialists to use minimum specifications when drafting solicitations. Second, the division chief now reviews all solicitations before they are posted. In addition, INL is in the process of creating a new division of planning and analysis to improve internal controls over administrative and financial operations.

Department Comments

INL provided technical corrections to a draft copy of this report.

Conclusion

The listing of specific models and features in the solicitation, rather than using generic specifications that met NAS' needs, coupled with no supervisory review of the solicitation, was responsible for the problems encountered in this procurement. INL has taken significant actions, listed above, to prevent this problem from recurring.

The Program Reviews Division, Office of Audits, conducted fieldwork in Washington, DC, from August to November 2002 in accordance with generally accepted government auditing standards. Major contributors included Robert Wurster, division director; Forrest A. Peters, audit manager; and Maria I. Hart, management analyst. Gary Petrovich, audit manager, provided technical guidance.