

Washington Metropolitan Area Transit Authority
Board Action/Information Summary

☒ Action ☐ Information

MEAD Number:
201941

Resolution:
☐ Yes ☒ No

TITLE:

Small Business Programs Office - DBE Status Update

PRESENTATION SUMMARY:

The Office of Internal Business Operations, Office of Fair Practices (FAIR), will provide the Business Oversight Committee with an update on WMATA's DBE goal attainment for federal fiscal year 2017, an update on the DBE Improve Plan; and an update on the DBE Program Staffing.

PURPOSE:

The Business Oversight Committee will be briefed regarding WMATA's DBE goal attainment effort for FFY 2017, updated on the DBE program improvement plan and staffing efforts to support the DBE program.

DESCRIPTION:

Key Highlights:

- From April through September 2017, WMATA awarded \$199,026,331 in purchase orders with government clauses; and \$35,892,795 (18%) of that amount was awarded to DBEs. A total of \$62,442,167 was paid to all prime contractors, and \$12,449,032 (20%) of that amount was paid to DBE.
- WMATA has developed an automated prompt payment tracking tool to ensure that payments to prime and sub-contractors, including DBEs are tracked and reported in a timely and accurate manner.
- WMATA has initiated corrective actions to address all DBE program deficiencies identified by the OIG, FTA, and MARC.
- The DBE program is currently supported by two full-time WMATA employees and four full-time contractors. In accordance with the organizational improvement plan, all necessary positions will be filled by March 31, 2018.

Background and History:

The former Administration Committee (Committee), which is now the Business Oversight Committee, requested periodic updates regarding WMATA's reorganization of the former DBE Compliance Office into the Small Business Programs Office. The Small Business Programs Office, was recently realigned to the Office of Internal Business Operations to enhance the efficiency and program coordination based on a number of substantiated deficiencies identified by management: WMATA's Office of Inspector General, the FTA's Triennial Review Team and WMATA Management Audits, Risks and Compliance (MARC) Office. WMATA developed a corrective action plan, which is currently underway, to improve oversight by developing new position descriptions consistent with the requirements of the program; standard operating procedures for all aspects of the program; performance goals and metrics to ensure greater internal control and overall performance.

Over the past two Federal Fiscal Years (FFY) 2015 and 2016, WMATA did not meet its DBE participation goal of 22%. In FFY 2015, WMATA attained 17.4% of the goal and attained 11% in FFY 2016. During the first six months of FFY 2017, WMATA achieved only 8% of the established goal. Management provided an overview of the actions being taken to address the goal shortfall, including an in-depth review of past reporting and data collection to investigate the accuracy of previous data. Management actions to date and future actions are listed below in the discussion section.

Discussion:

Pursuant to federal regulations, WMATA must submit a semi-annual Uniform Report of DBE Awards or Commitments and Payments to the FTA. Based on the data collected for the Federal Fiscal years (FFY) of 2015 and 2016, there is an appearance that WMATA did not meet its DBE participation goal of 22%. The table below provides an overview of DBE attainment between FFY 2014 and FFY 2017.

DBE/SBE TRENDLINE	FFY 2014	FFY 2015	FFY 2016	FFY 2017 OCT - MARCH	FFY 2017 APRIL - SEPT
DBE/SBE GOAL	25%	25%	22%	22%	22%
GOAL ATTAINMENT	33%	17.4%	11%	8%	18*

In FFY 2015, WMATA appears to have attained 17.4% of the goal and 11% in FFY 2016. During the first six months of FFY 2017, WMATA appears to have achieved only 8% of the established goal. We believe the data provided on these reports was incomplete. These numbers didn't include all contracts awarded to DBE prime and subcontractors during the relevant period(s). WMATA is in the process of conducting an in-depth review to verify the accuracy of the data collected. With regard to the current reporting period, our preliminary review indicates an 18% DBE attainment for April through September 2017. This figure may increase with the inclusion of all of the awards made to DBE sub-contractors.

DBE Awards and Payment Tracking - Prompt Payment Tool

WMATA has developed and implemented an automated prompt payment tool in the PeopleSoft Financial Management System, Contracts Lifecycle Management (CLM) System to monitor awards and payments to all primes and subcontractors, working on Federal contracts. CLM now allows the prime and sub-contractors to enter the amount and date of all payments received through CLM's automated supplier portal. We have completed training for the WMATA's staff, and anticipate completing training for prime and sub-contractors by March 31, 2018. The CLM prompt payment tool will now allow WMATA to track and collect the data required to submit timely reports to the FTA and WMATA's Board.

With regard DBE program improvement, based on recommendations from the OIG, FTA, and MARC, WMATA developed a corrective action plan, which is currently underway, to improve program administration and oversight. We are in the process of developing new position descriptions consistent with the requirements of the program; standard operating procedures for all aspects of the program; and performance goals and metrics to ensure greater internal control and overall performance.

The table below provides an update on the corrective actions taken to date:

Corrective Action based on Audits and Assessments	Assessor	Actions Taken to Date
1. Direct the DBE Manager to put in place a formal process that (1) collects sufficient documentation and (2) validates the accuracy of the information presented in the FT A Report.	OIG	Completed: WMATA has developed and implemented an automated module within the PeopleSoft Contracts Lifecycle Management (CLM) System, which allows management to: (1) collect sufficient documentation and (2) validate the accuracy of the information presented in FTA Reports.
2. Direct the DBE Manager to develop performance indicators and measures that will (1) monitor the new DBE contract awards/commitment percentage; (2) monitor the active/ongoing DBE contract payments; (3) track actual DBE performance attainment through closed contracts; and (4) measure program effectiveness through a DBE utilization percentage rate.	OIG	Completed: The CLM System and established performance metrics will allow management to: (1) monitor the new DBE contract awards/commitment percentage; (2) monitor the active/ongoing DBE contract payments; (3) track actual DBE performance attainment through closed contracts; and (4) measure program effectiveness through a DBE utilization percentage rate.
3. Provide a detailed overview of the race neutral measures that your agency implemented over FY 2015. The status report must include a detailed description of the methods utilized, an analysis of their effectiveness, and a timeline for past implementation.	FTA	Completed
4. Based on your agency's Uniform Report submissions, FTA's records indicate you have a DBE attainment of 18.60%. Your shortfall analysis indicates an attainment of 17.00%. Please provide a detailed description of this discrepancy. This description must include a thorough analysis of your process for calculating your attainment as well as a detailed account of your process used for the collection of the information required by the Uniform Report.	FTA	Completed
5. Provide a detailed description of how each corrective action you plan to implement in FY 2016 will meet your goal and are different from those implemented in FY 2015. The description should include a breakdown of the race neutral and race conscious portions of your overall goal.	FTA	Completed

Provide a timeline for implementing each corrective action in FY 2016. The status report must include a detailed analysis of the progress made on each individual action, including all relevant dates.		
6. WMATA failed to timely update its DBE Plan based on organizational changes since September 2016. The grantee must upload the updated DBE program in TrAMS for approval and notify the FTA RCRO once completed, within thirty (30) days from the date of the final report.	FTA	Completed
7. The unified certification program is not following the required standards and procedures in accordance with the requirements of 49 CFR 26.61-26.91 and the required DBE directory of certified DBEs has not been published as required in 49 CFR 26.31. The grantee must submit to the FTA RCRO an updated DBE program to reflect the new procedures, within thirty (30) days from the date of the final report (Agreement with DDOT to develop SOPs).	FTA	In-progress: WMATA and DDOT (the Metropolitan Washington Unified Certification Program – MWUCP) are in the process of revising the Unified Certification Program Agreement, and developing SOPs to ensure full compliance with FTA's vendor certification regulations.
8. Standard Operating Procedures should be documented for key DBE activities in order to provide guidance and promote operational efficiency and consistency.	MARC	In-progress: WMATA is working with a consultant/contractor to develop internal SOPs and an employee handbook to implement all DBE regulatory and policy requirements. The entire project will be completed by July 31, 2018.
9. Detailed training for staff around key processes to establish clear expectations and standards should be conducted.	MARC	As SOPs are developed, staff will be trained. The SOPs will be included in the staff handbook. Additionally, all staff will receive training through the National Transit Institute.
10. Clear and measurable performance plans and adequate supervision and monitoring of DBE operations should be in place to ensure consistency, thoroughness and completeness.	MARC	As new staff is hired, the DBE Director, will develop and implement individual performance plans for all staff assigned to support the DBE program. The Director will also provide a bi-weekly report to ensure that all organizational goals and metrics are monitored throughout the performance year.
11. The key system used by the DBE Program should be modified, as deemed necessary, to sufficiently support program processes, including data and records management, and the ability to generate meaningful, complete and accurate reports.	MARC	Completed: WMATA has implemented and completed programming the CLM System to support paperless DBE application processing and data/records management. The CLM System will allow WMATA to produce all mandatory reporting requirements in a timely manner.
12. Effective communication to engage all stakeholders should be developed and implemented to increase awareness of DBE goals and objectives.	MARC	In-progress: WMATA is in the process of developing a communication plan. The plan will be completed by no later than April 30, 2018. In the interim, WMATA has redesigned the DBE webpage and continues to provide vendors information through targeted emails.
13. Adequate records management policies and procedures should be developed to ensure data is appropriately maintained and protected.	MARC	Completed: The CLM System currently allows WMATA to support paperless DBE application processing, certification and compliance.
14. There was no management oversight of the program or staff performance.	Chief Fair	Completed: WMATA has hired a Director with the subject matter expertise and management experience necessary to provide oversight for program and staff performance.
15. The staff was not utilizing the Contracts Lifecycle Management (CLM) tool developed by the PRMT.	Chief Fair	Completed: All staff/contractors assigned to support the DBE program have been trained on the full scope of the PeopleSoft System and how to use the CLM modules that support the DBE program.
16. The DBE database was not being managed as evidenced by the fact that over 50% of the firms appear to be out of certification.	Chief Fair	In-progress: WMATA developed and implemented a strategy to ensure that all registered DBE vendors will be in full compliance by no later than July 31, 2017.
17. The job description for the DBE position was written to focus on managing in a paper based system, with insufficient	Chief Fair	Completed: WMATA created four new positions: Director of Small Business Programs; Small Business Performance Analyst; Small Business Analyst; and Small Business

focus on business analysis and fraud prevention, identification or mitigation measures.		Auditor. As full-time staff and/or contractors are hired, they will be trained to perform all assigned duties and responsibilities within two weeks of being hired.
18. The DBE records were all paper and poorly maintained and managed.	Chief Fair	Completed: WMATA has completed programing of CLM to support paperless DBE application, certification and compliance. We have developed internal controls, performance measures and program metrics to ensure the system is implemented effectively.
19. The staff did not create the documentation required to evaluate their certification and compliance efforts.	Chief Fair	In-progress: WMATA has hired a contractor to develop SOPs to implement all DBE regulatory and policy requirements. The entire project will be completed within the year.
20. Poor communications between the DBE staff and the procurement staff resulted in inconsistent DBE goal setting	Chief Fair	Completed: The Department FAIR Practices has been merged with the Office of Internal Business Programs (IBOP) to improve coordination and overall performance. In addition, WMATA established the Procurement Review Committee (PRC) to ensure that DBE goals are established on all federally funded contracts, when appropriate. The Chief Procurement Officer and Chief of FAIR serve as co-chairs of the Committee.

Staffing Update:

To create greater integration and cooperation between WMATA's departments and offices responsible for ensuring compliance with the DBE requirements, we have merged the Office of Fair Practices into the Office of Internal Business Operations. We have also completed the reorganization of the DBE program into the Small Business Programs Office and have implemented a staffing plan to meet the needs of the program. With regard to staffing, four new position descriptions were developed to comply with all regulatory and policy requirements.

- (1) The **Director of Small Business Programs** provides leadership, policy and support. This position has been filled.
- (2) A **Small Business Performance Analyst** position was established to ensure vendor outreach and certification compliance. This position has been filled with an internal candidate.
- (3) The **Small Business Auditor** position was established to audit firms that have received contracts with WMATA to ensure full compliance with the applicable Federal laws and WMATA requirements. This position has been advertised and we are in the process of interviewing candidates.
- (4) The **Small Business Analyst** position was established to process DBE\SBE\SBLPP application. We are currently interviewing candidates.

Currently, two full-time WMATA employees and four contract employees have been assigned to support the DBE program. All of the positions necessary to support the DBE program will be filled by March 31, 2018.

FUNDING IMPACT:

Informational update - no budget impact.

Project Manager:	Franklin C. Jones
Project Department/Office:	GMGR/FAIR

TIMELINE:

Previous Actions	October 2017 - DBE Program Update to Board Administration Committee
	December 2017 - Implementation of Prompt Payment Tool for vendor payment tracking
Anticipated actions after presentation	March 2018 – Completion of vendor training on new Prompt Payment Tool

RECOMMENDATION:

Continued implementation of reorganization of DBE program, with regular updates to the Board's Business Oversight Committee.



Washington Metropolitan Area Transit Authority

Small Business Enterprises Program Update

Business Oversight Committee

January 11, 2018



Purpose

- Update on WMATA's DBE goal attainment:
Triennial Established Goal - 22% (14% race-conscious and 8% race-neutral)
- Update on the DBE Program Improvement Plan and Staffing



FFY DBE Goal Attainment

DBE TRENDLINE	FFY 2014	FFY 2015	FFY 2016	FFY 2017 (Oct – March)
DBE GOAL	25%	25%	22%	22%
GOAL ATTAINMENT	33%	17.4%	11%	8%



FFY 2017 (April - September 2017) DBE Awards and Payments

	Purchase Orders Awarded	Purchase Orders Paid
All Prime Contractors	\$199,026,331	\$62,442,167
DBE Prime Contractors	\$35,892,795	\$12,449,032
DBE Sub Contractors	TBD	TBD
DBE %	*18%	*20%



DBE Program Improvement Update

Program Improvement Action	Scheduled Completion Date
1. Prompt Payment Tool	Completed
2. Train contractors on prompt payment tool	March 31, 2018
3. Hire new full-time staff/contractors	March 31, 2018
4. Communications Plan	April 30, 2018
5. Revise MOU/develop SOPs with DDOT (MWUCP)	May 31, 2018
6. Internal SOPs/DBE Staff Handbook/User Manual	July 31, 2018

Questions or Comments