



OFFICE OF MANAGEMENT & BUDGET

Office of Internal Audit

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October 3, 2024

Jonathan Womer, Director
Rhode Island Department of Administration
One Capitol Hill
Providence, RI 02908

Dear Director Womer:

In accordance with Rhode Island General Laws § 35-7.1-1, the Office of Internal Audit (OIA) has completed its audit of the Request for Proposal scoring process, administered by Rhode Island Department of Administration Division of Purchases. OIA reviewed and evaluated the effectiveness of controls surrounding the Division of Purchases.

The audit findings and recommendations included herein have been discussed with members of management, and we considered their response in the preparation of this report. OIA may follow-up regarding the recommendations included in this report.

We would like to express our sincere appreciation to the Division of Purchases staff for the cooperation and courtesy extended to the members of our team during this audit.

Respectfully yours,

Andrew Manca
Chief

Cc:

Nancy McIntyre, Purchasing Agent, Division of Purchases
Internal Audit Advisory Group
Representative Marvin Abney, Chairman, House Committee on Finance
Senator Louis DiPalma, Chairman, Senate Committee on Finance
Steven Whitney, Senate Fiscal Advisor
Sharon Reynolds Ferland, House Fiscal Advisor

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Introduction

The Office of Internal Audit (OIA) conducted an audit of the Department of Administration Division of Purchases (Purchases) Request for Proposal (RFP) scoring process. The audit included a sample review of 22 RFPs. It involved examining the criteria, assessing consistency in assessments, and evaluating the integrity of the entire process. Presented below are the background, objective, scope, methodology, audit findings, recommendations, and management's response (including responsible party and anticipated completion date).

Background

The Rhode Island Division of Purchases is governed by RI General Laws 37-2.¹ It oversees the procurement activities of state agencies. Central to its operations is the RFP scoring process, an evaluation system used to solicit, assess, and award vendor proposals based on predetermined criteria. This scoring process aims to identify the most qualified and competitive bidders for state contracts and acquisitions.

The bidding process for state agency solicitations occurs through an eProcurement online system implemented in 2022.² This system facilitates vendor registration, solicitations, and awards. This is to promote transparency for all new and existing vendors. For the RFP process, the information within this system includes:

- Solicitation documents
- Vendor questions and responses
- Final memo of the scores

A bidder can earn a total of up to 106 points, distributed as follows:

- Up to 70 points for the technical evaluation scored by an evaluation committee,
- Up to 30 points for the cost proposal submitted by the bidder, and
- Up to 6 bonus points for the ISBE form reviewed by the Office of Division of Equity, Diversity, and Inclusion.³

Agencies are allowed to request a change in the total technical and cost proposal point distribution based on the RFP criteria and Purchases' approval. ISBE points cannot be changed.

An evaluation committee is a group of individuals representing their respective agency, comprising three to seven members, including a designated chairperson who serves as the primary contact.

¹ <http://webserver.rilin.state.ri.us/Statutes/TITLE37/37-2/INDEX.HTM>

² <https://ridop.ri.gov/ocean-state-procures-osp>

³ <https://rules.sos.ri.gov/regulations/Part/220-80-10-2>

The technical proposals are evaluated based on the following criteria:

- Staff Qualifications
- Capability, Capacity, and Qualifications of the Bidder
- Work Plan and Approach Proposed

The evaluation is designed to ensure each bidder can perform the services outlined in the RFP. Upon completion of their review, the evaluation committee chairperson prepares an evaluation memorandum for the Procurement Specialist who works in Purchases. The memorandum details the results of the technical evaluation, request of the release of the cost proposals, and ISBE forms submitted by the qualified highest scoring bidders.

Once the cost proposals and ISBE evaluations are received, the evaluation committee incorporates them into a final evaluation with the scores and rankings of the qualified bidders. The chairperson submits the final evaluation memorandum to the Procurement Specialist, outlining the recommended selection. To ensure compliance, the Procurement Specialist reviews the results, and the award process commences.

Objective and Scope

OIA conducted an audit of the RFP process to evaluate the efficiency and effectiveness of the procurement procedures utilized in assessing vendor proposals. The focus was to ensure the accurate completion of each stage in the RFP process, from initial solicitation to final evaluation, and award.

During the Fiscal Year 2023 period, spanning from July 1, 2022, through June 30, 2023, there were 115 RFPs posted with a combined status of finalized, canceled, and withdrawn RFPs. OIA selected to test 22 RFPs which included eighteen (18) finalized RFPs and four (4) canceled/withdrawn RFPs. The review was to verify that the scoring criteria were clearly defined, consistently applied, and aligned with the objectives of the procurement process. Additionally, OIA evaluated the technical proposals used in calculating bidder scores, as well as the assessment of compliance with relevant policies, regulations, and best practices.

Methodology

To address the audit objectives, OIA performed the following steps:

- Conducted interviews with relevant personnel involved in the Purchases process.
- Reviewed policies, procedures, laws, and regulations relevant to the scoring process of RFP submissions.
- Identified the specific data metrics utilized in the scoring process to assess bidders.
- Reviewed current data collection methods.
- Verified the accuracy, completeness, and reliability of the data collected.
- Examined the criteria and weight assigned to each scoring metric to understand their impact on the final scoring outcome.
- Assessed the scoring calculations.

Findings, Recommendations, and Management's Response

FINDING #1: Scoring Miscalculation

In one RFP sample, the evaluation criteria outlined in the solicitation's statement of work differed from those in the evaluation memorandum. In this specific RFP sample, the technical proposal must receive a minimum of 60 out of a maximum of 70 points to advance to the cost evaluation phase.

OIA noted:

- The evaluation committee adhered to the criteria in the memorandum rather than those in the solicitation's statement of work.

This RFP attracted two bidders. Upon reviewing the scoring, OIA conducted a recalculation of the scores for both bidders. This recalculation aimed to demonstrate the potential score outcomes had the evaluation committee utilized the criteria outlined in the solicitation's statement of work. The process involved dividing the total points per criteria by the maximum points possible for each criteria. OIA then took the percentages and multiplied them by the possible points for each criteria in the solicitation's statement of work.

After summing up the newly calculated points for both bidders, OIA determined that neither bidder would have progressed to the next step due to not meeting the minimum threshold of 60 points. Notably, the awarded bidder fell short by a margin of 0.75 points.

Bidders rely on clear guidelines and criteria to understand how their proposals will be evaluated. Failing to use the publicly disclosed criteria may lead to challenges or disputes.

RECOMMENDATIONS:

- 1.A: Conduct a thorough review of evaluation criteria alignment between the solicitation's statement of work and the evaluation memorandum to ensure consistency.
- 1.B: Implement a standardized procedure for recalculating scores to verify compliance with specified evaluation criteria.
- 1.C: Enhance communication and training for evaluation committee members to ensure proper understanding and application of evaluation criteria outlined in the solicitation's statement of work.

MANAGEMENT'S RESPONSE:

The Division of Purchases has reviewed the identified discrepancy between the scoring matrix as set forth in the solicitation scope of work versus stated criteria utilized for evaluation as memorialized in the final technical evaluation memorandum and agrees with the comments and findings listed above, noting that this error was not identified during the approval or award issuance processes at the program or procurement levels as would be expected to facilitate correction prior to award issuance. The Division of Purchases remains committed to ensuring that all levels of review are accurate, complete, and in accordance with all stated standards.

RESPONSIBLE PARTY:

Nancy McIntyre, State Purchasing Agent

ANTICIPATED COMPLETION DATE:

Corrective action requires an ongoing training and reiteration process of all associated parties (both Procurement Specialists and agency technical evaluation committee members); Division of Purchases' senior leadership will be facilitating trainings for all agency users entitled "Purchases 101" to be reinstated as in-person opportunities beginning this month and on a quarterly/biannual basis thereafter based on need. This topic will be highlighted for specific awareness and reinforced as to criticality at all levels for all related parties (both internal and external). Mandatory internal training sessions were held on Thursday, June 13, 2024; Tuesday, June 25, 2024; and Thursday, June 27, 2024.

The Division of Purchases has recently revamped its website to include and emphasize a number of materials and training tools that may be viewed at <https://ridop.ri.gov/agency-procurement-club-and-campus/agency-procurement-library>. Broader agency training materials and notice of upcoming training opportunities are also available at <https://ridop.ri.gov/agency-procurement-club-and-campus/agency-procurement-training>.

FINDING #2: Missing Required Forms for Solicitation

According to RI General Laws 37-2-13.1, all proposers must certify compliance with the regulations or claim exemption under specified circumstances.⁴ To comply with this regulation, Division of Purchases compiled the "Agency Attestation Form," and the "Bidder Attestation Form." The RFP cannot be posted if the completed forms are not provided. If a bidder fails to submit a completed "Bidder Attestation Form," then the agency should submit a request in writing to the Division of Purchases to treat as a technical omission.

The Division of Purchases has clearly stipulated that forms from both parties are mandatory for every RFP without exceptions. During the opening, the agency must review both agency and vendor forms simultaneously.

OIA noted:

- 2 out of the 22 RFP samples were posted without the inclusion of 3 required Bidder Attestation Forms.

RI General Laws 37-2-19 outlines the process of competitive negotiation in public procurement.⁵ The Competitive Negotiation Form was developed in order to adhere to these guidelines. Prior to the posting of an RFP, the Division of Purchases requires the completion of the Competitive Negotiation Form, and it must be signed by the agency and the Procurement Specialist.

⁴ webserver.rilin.state.ri.us/Statutes/TITLE37/37-2/37-2-13.1.htm

⁵ webserver.rilin.state.ri.us/Statutes/TITLE37/37-2/37-2-19.htm

OIA noted:

- 1 out of the 22 RFP samples was posted without the required Competitive Negotiation Form.

Ensuring the completion of all required forms is critical for upholding transparency and compliance in finalized and awarded RFPs. Any missing forms can pose risks to the integrity of the process.

RECOMMENDATIONS:

- 2.A: Enhance the existing validation process and checklists to ensure all requirements are met before advancing to the subsequent step.
- 2.B: Enhance training and awareness programs for staff involved in the RFP process to ensure they are fully informed about the importance of completing and collecting all required forms.

MANAGEMENT'S RESPONSE:

The Division of Purchases acknowledges the inadvertent error and/or oversight pertaining to missing Bidder Attestation Forms and Competitive Negotiation Form from the files in question as noted above and commits to increasing oversight and process review steps going forward to prevent similar errors in the future.

RESPONSIBLE PARTY:

Nancy McIntyre, State Purchasing Agent

ANTICIPATED COMPLETION DATE:

The Division of Purchases holds regular internal trainings for procurement staff pertaining specifically to process steps associated with competitive solicitations; trainings are typically scheduled on a biannual basis that is subject to change based on identified needs and/or onboarding of new staff. Mandatory internal training sessions were held on Thursday, June 13, 2024; Tuesday, June 25, 2024; and Thursday, June 27, 2024.

The Division of Purchases has recently revamped its website to include and emphasize a number of materials and training tools regarding evaluation committee membership and related duties that may be viewed at <https://ridop.ri.gov/agency-procurement-club-and-campus/agency-procurement-library>. Broader agency training materials and notice of upcoming training opportunities are also available at <https://ridop.ri.gov/agency-procurement-club-and-campus/agency-procurement-training>.