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MOTION BY SUPERVISOR YVONNE B. BURKE

Since the merger that created the MTA, there still remains, within the agency, two separate and autonomous procurement organizations without unifying leadership, either in policy or in operations. In early 1995, the MTA Inspector General obtained the services of the National Government Institute of Procurement (NGIP) to conduct a review of the Authority's Policies and procedures governing procurement. The NGIP's report raised concern about the Authority's procurement practices. On October 15, 1996, (now former) CEO Franklin White authorized retaining an independent expert to review the existing policies and procedures to ensure that adequate standards are set for the processing of contracts and purchase orders. "The review team came away with the sense that the MTA's internal controls were not adequate to protect it against the possibility of fraud, waste and abuse."¹ One of the serious problem areas seems to revolve around the fact that one procurement area lies within the Construction Division under the direction of Project Management, while the other remains housed within the Administration Division and services the rest of the needs of the agency. This continued separation of units serves to exacerbate the other serious problem that there has been no consistent or uniform set of procurement policies or practices that ensure an effective and disciplined procurement system. I think most people will agree, this has resulted in many perceived and/or actual violations of the integrity of the procurement process.

Meanwhile, there already exists a well documented foundation, as noted above, for a centralized procurement authority in the various audits that have been conducted on the procurement process within the last few years and in the recommendation of the Federal

¹ Final Report: Review of Procurement Policies and Procedures by W. Wayne Wilson, INC.: Executive Summary, page ii.

Transit Administration (FTA) in its Best Practices Procurement Manual. The manual states that "Autonomy of the procurement function, or its independence from internal customers, is important to carrying out your procurement responsibilities without undue influence by the customers and users of the goods and services procured." However, fear of loss of control, responsiveness and other parochial issues have created impediments to any real substantive change and consolidation of these functions. Certainly, there exists means to mitigate these concerns and to mitigate against such difficulties in order to move forward in creating a more sound and principled contract process.

Given that the MTA conducts so many procurement activities, I believe in the need to consolidate the two existing procurement organizations and create a single, unified Procurement Policy and Compliance Office (PPCO) with its overall mission "... to establish uniform policies and procedures for a disciplined and effective procurement system and (to) verify implementation of system requirements." We can no longer afford two autonomous procurement organizations writing their own procurement policies, procedures, and guidelines. Furthermore, I strongly agree with the Review Team when it says that such a "... divergence, combined with stand alone policies, procedures, and baseline documents works against the development of a strong, competent, efficient, and effective procurement operation for the MTA."

I believe the unifying of all procurement activities under a single authority in a Procurement Policy and Compliance Office (PPCO) reporting directly to the CEO, will help ensure accountability and the performance of all necessary actions for effective contracting.

Furthermore, it will help ensure objectivity and compliance with the terms of the contracts that the MTA awards, and will more reliably safeguard the interests of the agency and its contractual relationships.

In addition to consolidating the two currently autonomous contract organizations into a single unit, a consolidated and uniform set of procurement policies and procedures needs to be implemented. I understand that just such a "manual" exists and that it has been reviewed and approved by both the FTA and the Wayne Wilson Review Team study. Such a "manual" will assist the MTA greatly in governing all aspects required for "good" contracting activities. Having a single set of procurement policies and procedures would help ensure that contractors will receive impartial, fair and equitable treatment; while at the same time allow the department to consider the advice of various specialists in the law, equal opportunity, internal audit and other fields, as necessary.

I, THEREFORE, MOVE THAT THE MTA BOARD INSTRUCT THE CEO TO bring back in January, 1997 to the Executive Management Committee for review and to the full Board for Approval:

(1) A plan, pursuant to the recommendations of the FTA and the Review Team, to establish a central, unified Procurement Policy and Compliance Office reporting directly to the CEO. "The office should be charged with MTA-wide responsibility for system policies, procedures, performance and training standards, compliance reviews and contractor protests."

(2) Provide a consolidated and uniform set of procurement procedures and

policies, including a "...procurement specific Ethics Policy Manual ... that covers a broader range of topics that could lead MTA employees into difficult ethical problems." Report back to the Executive Management Committee in February, 1997 what progress has been made toward the implementation and when the Procedures and Policies manual will be ready for MTA Board review and approval.

(3) Inventory as to what extent recommendations have already been implemented from the W. Wayne Wilson Review Team Study, i.e. identify and list what steps, in terms of formal policy adoption, have been taken to address the Review Team's list of recommendations. For recommendations that have been implemented, list the dates these policy changes were implemented.