HUD PROCUREMENT REFORM: Substantial Progress Underway

SUMMARY REPORT

April 1999

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The views expressed in this document are those of the panel alone. They do not necessarily reflect the views of the Academy as an institution.

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The federal government is in the midst of revolutionary change in the way it carries out acquisition activities. Guided by the Federal Acquisition Streamlining Act of 1994 and the Clinger/Cohen Act of 1995, agencies are transforming outmoded procurement systems that emphasized compliance with detailed rules and procedures over approaches that use modern business practices and make customer service a priority.

As the Academy began its review of the Department of Housing and Urban Development's (HUD) acquisition activities in September 1997, the department was being criticized both internally and externally. External criticism related to vulnerability to fraud, waste, and abuse. Internally, the acquisition process was seen as too slow and not responsive to program needs. The result was that neither HUD's program or contracting staff were satisfied with the acquisition process and each raised concerns about the failure of their counterparts to perform as desired or expected.

As the Academy's review progressed, two significant events occurred. The department hired a Chief Procurement Officer to take charge of its procurement reform efforts, and the Academy began sharing its recommendations for system improvements which provided the foundation for change. Those events set in motion a series of actions by HUD that have resulted in substantial progress toward the goal of developing and implementing a model procurement system. These actions include:

- identifying procurement as a mission critical activity and establishing a Contract Management Review Board comprised of senior leadership to provide guidelines, review plans, set standards, and facilitate procurements
• establishing and training integrated project teams to perform high-priority procurements in greatly reduced time frames

• reorganizing procurement office responsibilities to ease workload problems and provide more specialization in the procurement process

• focusing on performance-based contracting to ensure that the agency is pursuing the right outcomes in its procurements and achieving desired results

• establishing full-time contracting officer technical representatives to ensure that contractors are providing desired results

Secretary Andrew M. Cuomo, the department leadership team, and staff working on procurement reform deserve commendation for this substantial progress. Yet, much more work lies ahead, and sustained commitment of the department's top management team will be essential to ensure that the promising actions to date are carried into the future.

We want to extend our thanks to Secretary Cuomo, his management team, and the HUD staff who provided the information and cooperation needed to conduct our review. We hope that the department will reap long-term benefits from the actions proposed in this report, and that the Congress will find them useful for oversight purposes.

R. Scott Fosler
President
In the past few years, the Department of Housing and Urban Development (HUD) has encountered a number of problems related to its acquisition operations. Internally, there was a perception that HUD’s acquisition process was too slow and unresponsive to program needs. Externally, HUD’s acquisition operations have been criticized for their vulnerability to fraud, waste, and abuse. Following a preliminary review of Federal Housing Administration (FHA)/Housing acquisition operations by the National Academy of Public Administration (the Academy) in May 1997, HUD Secretary Andrew Cuomo requested a departmentwide systemic review of acquisition. Congress also wanted a similar review, and in the Conference Report on the fiscal year 1997 Disaster Relief Supplemental Appropriations Bill directed HUD to contract with the Academy to review and recommend improvements to HUD’s acquisition practices. The Academy panel that produced this report is also addressing two other issues: assessing HUD’s implementation of the Government Performance and Results Act and developing an approach for estimating human resource needs.  

The Academy's contract with HUD included three procurement tasks:

- Task 1—review the FHA/Housing acquisition process in detail to provide a basis for business process redesign
- Task 2—perform a detailed examination of how procurement needs are identified and translated into procurement requests for the balance of the department

EXECUTIVE SUMMARY

1 The term “Academy staff” used throughout this report refers to staff from both the Academy and from Jefferson Solutions, with whom the Academy subcontracted for work on this phase of the project.
• Task 3—propose a model for an ideal procurement system that could operate within the restructured, integrated environment for managing HUD programs and financial activities as envisioned by the secretary

Between September 1997 and June 1998, the Academy conducted a thorough review of HUD’s acquisition process, from the identification of a procurement need through contract award, contract administration, and close out. To accomplish its review, the Academy staff interviewed a broad range of HUD employees in headquarters and field offices and reviewed policies, procedures, and contract files.

During the course of the Academy’s review, the Department of Justice and HUD’s inspector general were investigating a number of HUD’s contracts. The Academy’s study was not an investigation of alleged fraud and favoritism within HUD’s acquisition practices. Instead, it was a systemic review of the acquisition process geared toward recommending a model procurement system for the department. In selecting contracts for review, Academy staff worked with the Office of the Inspector General to exclude from consideration those that were the subject of any ongoing investigations.

Early in the review, the Academy staff began sharing with the department its observations and suggestions for improving HUD’s acquisition activities. This was accomplished first with the December 1997 delivery of an interim report on the findings from Task 1 on the FHA/Housing procurement operations, and continued into Tasks 2 and 3 from February through June 1998. HUD officials moved quickly to adopt many of the Academy’s suggestions and, as a result, the department has taken a number of major steps to improve its procurement operations. These steps include:

• hiring a chief procurement officer (CPO) in March 1998. The CPO is responsible for procurement policy and operations throughout the department.

• officially establishing the Contract Management Review Board (CMRB) in September 1998. The board is chaired by the assis-
tant secretary for administration and members include the CPO, chief financial officer, chief information officer, and the deputy general counsel. The responsibilities of the board include reviewing program offices’ strategic procurement plans to ensure that procurement needs are well defined, critical needs of the department are met, and sufficient resources are devoted to achieving desired cost and schedule outcomes.

- establishing a government technical representative (GTR) certification program. Announced in March 1998, three educational institutions sponsored five certification classes between July and September 1998.

- creating full-time GTR positions in major offices, including FHA/Housing, Public and Indian Housing, Community Planning and Development, Administration, the Government National Mortgage Association (GNMA), Enforcement Center (EC), and the Real Estate Assessment Center (REAC).

- introducing the integrated project team (IPT) concept that brings together a team comprised of the technical evaluation panel (TEP) members, GTR, contract specialist, contracting officer, and a legal advisor for major procurements. Team members work together to develop the statement of work, prepare and issue the request for proposal, evaluate proposals, and negotiate and award the contract.

- introducing a comprehensive procurement planning process in July 1998 that established criteria and a systematic process for developing procurement plans for fiscal year (FY) 1999.

The department deserves commendation for this substantial progress. The Academy panel also observes that no system or set of organizational changes alone will immediately solve all the problems that they are designed to correct. The sustained commitment of the department's top management is essential to ensure that the promising actions taken
to date are sustained, and that HUD reaps the long-term benefits from the actions proposed in this report.

**HUD officials moved quickly to adopt many of the Academy’s suggestions and, as a result, the department has taken a number of major steps to improve its procurement operations.**

HUD announced the organizational and process changes highlighted above beginning in March 1998, with subsequent implementation and results.

**ORGANIZATIONAL CLIMATE FOR PROCUREMENT REFORM**

HUD has always been confronted with a challenging operating environment, including a national mission that can only be fulfilled in local communities, and hundreds of programs that are complex, controversial, and costly. To meet its mission, HUD annually awards hundreds of millions of dollars of contracts. The nature of HUD’s procurements vary widely. They include financial advisory services, technical services related to property inspections and property dispositions, technical assistance to funding recipients, program management support services, information technology (IT) equipment and services, special studies and analysis, and program evaluations. HUD’s annual obligations for headquarter’s contracts have steadily increased in recent years, growing from $213 million in fiscal year (FY) 1991 to $376 million in FY 1995 (in constant 1996 dollars), according to HUD’s data systems. In FY 1997, the total grew to $464.6 million.

The Office of Housing, the largest office within HUD, is the single largest user of acquisition services. Its procurements comprise approximately 29 percent of headquarter’s contracting actions and obligations. Field contracting actions account for 64 percent of all departmental contracting transactions and 27 percent of contract obligations. About 95 per-

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2 HUD Management Contracting Issues Need Continued Attention (GAO/T–RCED–98–222)
cent of field contracting is for the housing program, primarily in the areas of property disposition and management services. In the IT area, HUD relies almost entirely on contractors and uses them to purchase over 90 percent of its goods and services. IT procurements represent the highest dollar amount of contracting at HUD (49 percent of all headquarters contract obligations), and account for approximately 17 percent of HUD’s headquarters contracting actions.

HUD has gone through many reorganizations, the latest of which is the HUD 2020 Management Reform Plan (MRP). During the Academy’s review, HUD’s program and contracting staff were under considerable pressure to fulfill their regular work responsibilities and meet aggressive implementation timelines for reorganization and downsizing related to the MRP. At the same time, over 1,000 employees accepted buyouts offered as part of the departmentwide reorganization, and another 1,000-plus positions were filled by HUD employees moving to new jobs within the reorganized agency.

PROCUREMENT PROCESS WAS NOT MEETING HUD’s NEEDS

Although HUD’s mission and strategic objectives have been increasingly dependent on the services of contractors, in the early part of our review the department did not view the decision to issue contracts as an investment decision and most HUD staff did not view the acquisition process as “mission critical.” In FHA/Housing, for example, a number of senior program managers viewed contracting as a largely clerical or administrative process for which “someone else” was responsible.

HUD was also performing advanced procurement planning on an annual basis and did not include the advanced procurement plan in the department’s longer-term business plans. Across the agency, HUD was not using certain procurement reform techniques, such as performance-

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3 This section describes procurement operations within headquarters and field offices as they were described to the Academy staff by HUD officials from September 1997 through June 1998.
based contracting, and not relying on integrated project teams to accomplish procurement tasks. In addition, neither program nor contracting staff had received training in performance-based contracting which could support improved procurement results, lower procurement costs, provide better tools to manage contractor performance, and help ensure the department gets what it pays for. As a practical matter, contracting expertise had not been supported or rewarded. In FHA/Housing, many staff serving as GTRs, government technical managers (GTM)s, and as members of TEPs were receiving minimal or no training.

... in the early part of our review the department did not view the decision to issue contracts as an investment decision and most HUD staff did not view the acquisition process as “mission critical.”

From an operational standpoint, the contract initiation process was cumbersome and frustrating. This was most problematic in FHA/Housing, which had no internal policy to guide staff on contracting procedures. During the early part of our review, Academy staff also found little evidence that the Office of Procurement and Contracts (OPC) was working collaboratively with FHA/Housing or the other program offices during the contract initiation process. Various officials interviewed noted that because of OPC’s workload, it was difficult for the procurement staff to spend much time working with the program offices in the very early phases of a procurement when procurement needs were yet to be fully defined.

The Academy staff’s analysis of contract files showed that HUD’s procurement process took much longer when compared both to other agencies’ best practices and to HUD’s own internal performance targets. The average time for the sponsoring program office and OPC to complete the necessary work to award a full and open competitive contract after OPC received a procurement request was 358 days. The field contracting divisions averaged 296 days. HUD’s internally set target for these
types of contracts was 145 days. The Federal Aviation Administration’s average was 184 days and the Department of Education’s was 156 days. In addition, HUD’s contracting workload appeared to be unevenly distributed among its contracting offices. OPC’s ratio of contract obligations per full-time equivalent position (FTE) was about nine times higher than the figure for HUD’s field contracting divisions.

Finally, in headquarters, neither FHA/Housing nor OPC were adequately carrying out their contract administration responsibilities as required by HUD regulations. Most GTRs performed these duties on a part-time basis. As a result, staff focused mainly on awarding contracts. Contract administration was done when time permitted.

**RECOMMENDATIONS FOR A MODEL PROCUREMENT SYSTEM**

Many of the acquisition problems discussed above surfaced most dramatically in FHA/Housing. Therefore, the Academy panel believes that if HUD can resolve the underlying causes of FHA/Housing’s acquisition problems, the department’s overall acquisition problems will be largely resolved.

The Academy panel has developed a set of recommendations for a model procurement system that can operate successfully within HUD’s restructured environment. The key elements of that system include:

- procurement leadership
- systematic planning
- integrated project teams
- procurement process enhancements
- adequate professional staff

When fully implemented, the model procurement system recommendations can significantly improve the timeliness, responsiveness, and quality of contractors’ products and services, improve the customer service provided by HUD’s contracting offices, and improve HUD’s risk management practices as they relate to the acquisition process.
The following recommendations, organized according to the model procurement system elements shown above, were formalized at the conclusion of the Academy’s field work in June 1998. However, as indicated earlier, the Academy staff shared many of these recommendations with HUD procurement officials beginning with the December 1997 delivery of an interim report and the end of Task 1, and continuing into Tasks 2 and 3 from February through June 1998. The panel believes HUD has made substantial progress in implementing many of these recommendations. Therefore, where appropriate, the report includes a discussion of the actions HUD has taken as of December 1998 to implement the panel’s recommendations.

The sustained commitment of the department’s top management is essential to ensure that the promising actions taken to date are sustained.

PROCUREMENT LEADERSHIP

The secretary should articulate the strategic importance of HUD procurements and mandate that program and contracting offices adhere to a shared mission, shared responsibility, and shared performance standards for those procurements. The leadership team should be the focal point for a departmentwide change in attitudes and behaviors related to contracting.

Action taken: Secretary Cuomo has identified procurement reform as an important part of the HUD 2020 Management Reform Plan. As part of the HUD procurement reform effort, the chief procurement officer, on October 7, 1998, briefed the program assistant secretaries and other senior officials on the key changes that were being made in the HUD acquisition process. In addition to describing the process changes being implemented, the briefing addressed additional actions the CPO believed were necessary to make the system work, including the commitment of the secretary and senior management, oversight by himself and the CMRB, and the active involvement and support of the assistant secretaries.
HUD leadership should establish and communicate clear accountability for procurement outcomes.

Throughout the department, staff at all levels must have a clear appreciation of their acquisition responsibilities and how their performance will be measured. Senior managers should be held accountable for the procurement activities in their offices. They will need to communicate HUD's new performance expectations and discuss how performance will be evaluated and rewarded. They also should identify the specific skills and training their staffs need to effectively execute their responsibilities.

Action taken: In addition to the October 1998 briefing, on August 10, 1998, the CPO sent a memorandum to key program officials detailing the performance standards to be used for full-time GTRs. The performance standards contained four critical elements to be used, and specific standards describing unacceptable, fully successful, and outstanding performance.

HUD should establish performance standards for the model procurement system.

With much focus in Congress and the executive branch on reducing the size of the federal government, procurement is a critical factor in agencies' abilities to meet their missions. HUD's acquisition operations need to be fully integrated with its other business processes, aligned with the secretary's vision for MRP 2020, and capable of meeting the needs of HUD's program and administrative activities. To achieve these ends and improve its acquisition system, HUD must have performance standards and operating principles for the new model procurement system that are based on sound business principles and replicate best practices in government agencies and private sector firms. These standards must go far beyond merely speeding up the acquisition process. The procurement system must focus on results. The Academy panel believes the model system should, at a minimum:

- provide critical support for the department's mission and strategic plan
- promote competition and value
HUD Procurement Reform

• match the size and capabilities of the workforce with the workload
• be responsive to customers’ needs
• identify and effectively manage risks
• be accountable for cost, schedule, and quality
• take advantage of new technologies and new procurement methods
• measure and reward performance
• protect the department against fraud, waste, and abuse

**Action Taken:** As part of its Business and Operating Plan, HUD took steps to implement these recommendations. The department established four procurement-related goals as well as specific measures and milestones for achieving the goal. The goals were:

• strengthen the department’s contract monitoring capacity
• maintain an effective procurement needs assessment process
• ensure timely execution of procurements
• increase use of performance-based contracting

The FHA/Housing leadership team should identify any barriers to Housing’s fulfillment of all HUD procurement responsibilities, including resolution of problems related to the procurement request initiation process.

The Academy panel believes the FHA/Housing leadership team needs to develop a procurement reform implementation plan that identifies specific decisions and actions necessary to ensure that all offices within FHA/Housing can fulfill their procurement responsibilities at or above the new standards of performance. The Academy panel encourages the FHA/Housing’s leadership team to seek counsel and support from the CPO as it develops its implementation plan.

**Action Taken:** FHA/Housing has appointed full-time GTRs, and has begun to provide training to staff with procurement-related responsibilities.

HUD should obtain an independent assessment of the department’s efforts to reform its procurement operations.
HUD officials observed that a number of parties have always been eager to assess HUD's procurement practices, and Congress has conducted hearings in the past and is likely to continue that scrutiny. They also believe procurement reform is an integral part of the secretary's 2020 Management Reform Plan and that the department is committed to improving its acquisition processes.

Given the significant steps the department is taking to reform its procurement operations, the Academy panel believes that the secretary would benefit from an independent review that could demonstrate that procurement reforms have been implemented and sustained, and are achieving the desired impact. An assessment after two years would allow sufficient time for the changes to take hold and provide additional momentum for their institutionalization. The review should focus on the extent to which procurement reforms have been institutionalized, how the process and staffing changes have improved HUD's procurement operations, and how procurement is contributing to achieving HUD's mission.

**SYSTEMATIC PLANNING**

The Contract Management Review Board should be charged with oversight of procurement planning and the evaluation of procurement outcomes.

The Academy panel believes strongly that the CMRB should use the planning process to design quality into the contracting process on the front end—before a program office submits a procurement initiation request. In addition, it should promote regular interaction between program and contracting officials during the procurement planning development and review processes.

**Action taken:** At its first official meeting in September 1998, the CMRB adopted rules and procedures for its operations, which included criteria for identifying procurements that are subject to CMRB review, the board's procedures for reviewing and voting on plans, the process for handling appeals, and implementation steps to be taken once a procurement is approved.
According to the board’s rules, HUD offices with procurement obligations estimated to exceed $1 million during the planning fiscal year are required to submit their strategic procurement plans for CMRB review. In addition, the CMRB will review individual contract actions of specified dollar values and those meeting other criteria.

**The deputy secretary should direct HUD divisions and offices to develop annual three-year advanced procurement plans.**

The advanced procurement plan, along with the budget and the annual performance plan, should be primary building blocks that help the department meet its mission and strategic objectives. In addition, the panel believes that it is important to tie acquisition planning to HUD’s business planning in the out-years.

**Action taken:** On July 24, 1998, the acting deputy secretary issued to principal staff information requirements for completing FY 1999 procurement plans. HUD officials informed the Academy staff that, for the first time, program offices must submit detailed justifications for all planned contracting actions over $100,000. For actions over $1 million, program offices also must submit a detailed zero-based assessment that compares the results of not doing the project with the anticipated outcomes derived by completing it. For multi-year contracts, planning beyond the budget year is also required.

GNMA submitted one of the first procurement plans reviewed by CMRB. Its original plan for FY 1999 was submitted in August 1998. The CMRB staff offices gave the plan an intensive review and met with GNMA to discuss revisions to the plan. As a result, GNMA made substantial modifications to the plan. The Academy staff’s review of the justification for one of the planned contracting actions found that it was comprehensive. The panel believes that continued use of this practice will benefit the department.

Because of their comprehensive nature, program offices must perform a considerable amount of staff work and analysis to develop a quality procurement plan. HUD officials did not believe that the value to be gained by requesting detailed information for two additional years was appropriate or an efficient use of resources.
For procurements in HUD's approved advanced procurement plan, OPC should develop the individual procurement plan while the request for contract services is being developed.

Parallel preparation of the individual procurement plan (IPP) and the request for contracting services (RCS) should reduce the number of days between initiation of the procurement request and release of the solicitation. This change also should promote communication, collaboration, and coordination between GTRs and contracting officers.

Action taken: Under the new procedures established by the CMRB, once a procurement action is approved, the program office is responsible for immediately entering it into the HUD Procurement System and the program office and OPC are to jointly establish an individual procurement plan.

INTEGRATED PROJECT TEAMS

HUD should use integrated project teams to manage high-priority procurements.

An IPT is an interdisciplinary team that is formed when a contract requirement is identified. The IPT manages the full range of activities for that procurement, from preparing the statement of work to administering the final contract. The benefits of an IPT approach for high-priority procurements are many. Accountability is clear and significantly shortened timeframes can be achieved. Layers of coordination and review are eliminated without any loss of accountability or control. Moreover, by focusing on a shared outcome, this joint program/contracting office effort promotes mutual respect between those offices and builds a framework of trust for future working relationships.

Action taken: HUD officials agreed that the department should use IPTs to manage high-priority procurements. During the summer of 1998, HUD used IPTs to award full and open competition contracts for the Real Estate Assessment Center (REAC) and the Enforcement Center (EC).
The Academy staff’s review of information in HUD’s critical project tracking system showed that these procurements were awarded in 74 and 96 days respectively. This was substantially less time than the 358-day average the Academy staff found in the sample of contracts it reviewed. The REAC team received a secretarial group award for their efforts. In December 1998, HUD officials were using an IPT to process a major management and marketing services award, and planned to use IPTs in all appropriate situations.

The Academy panel believes HUD’s experience with the REAC and EC contracts confirms that significant processing time reductions can be achieved using IPTs and encourages their continued use.

**PROCUREMENT PROCESS ENHANCEMENTS**

**HUD should implement a balanced scorecard approach, such as the Procurement Performance Measurement Model, to measure contracting performance.**

In order to hold its contracting offices accountable for their performance, HUD must be able to measure their performance in some systematic way. The measurement system for HUD’s acquisition operations should examine the contracting offices’ performance not just from one perspective, such as costs, but from a variety of viewpoints, including financial benefits, customer perceptions of how well the process is working, and contracting employees’ perception of their organization’s professionalism and the quality of their operations. With this information, the CPO should provide HUD’s leadership team, senior program managers, and senior contracting managers with timely, relevant, and reliable information on HUD’s procurement performance.

**Program and administrative offices should include contracting officers in developing statements of work.**

The Academy panel believes headquarters could save time and improve communications by adopting field contracting practices whereby program offices and the contracting divisions collaborate early in the process to develop the statement of work. By partnering earlier in the process, the contracting staff can contribute its expertise on appropriate contract vehicles and approaches in a timely fashion.
Action taken: HUD has adopted integrated project teams which implement this practice.

**HUD should include a contracting officer on technical evaluation panels.**
The panel believes that a contracting officer should participate in TEP discussions, contributing special expertise to the evaluation of contractors. Such a partnership between contracts and program offices will help lay the groundwork for achieving quality outcomes in a timely fashion.

Action taken: HUD officials advised us that a contract specialist always has been assigned as an advisor to each technical evaluation panel. In addition, a contracting officer now attends the TEP meeting when the competitive range is determined and other meetings when requested.

**HUD should use a broader mix of contracting vehicles to manage the procurement workload.**
For routine or follow-on contracting efforts, the Academy panel recommends that HUD take maximum advantage of the General Services Administration (GSA) schedules or governmentwide multiple award vehicles to increase responsiveness and give the contracting staff more time to concentrate on complex procurements.

Action taken: OPC officials commented that it has been a long-standing practice to use a broad mix of contracting vehicles, such as GSA schedules. OPC officials stated that after GSA made certain new schedules available, HUD increased its use of them from 3.8 percent of overall obligations in FY 1997 to 14.4 percent in FY 1998.

**HUD should use a performance-based approach wherever possible to improve procurement results.**
For complex procurements, the panel believes HUD should use more performance-based contracts, which require the agency to focus on results.

Action taken: HUD has initiated training programs in the area of performance-based contracting and has informed the Academy staff that they have used performance-based contracts for two recent major procurement actions.

**HUD should continue to review its internal acquisition operating processes to identify further streamlining opportunities.**
The Academy panel believes HUD should continue to review its acquisition operating processes and eliminate steps that do not add sufficient value to justify the time they require. The director of OPC also should review senior contracting staff capabilities and raise the warrant authority of those with appropriate capability, as needed, to further streamline the review and oversight process.

**HUD should further strengthen its risk management practices.**

The Academy panel believes HUD could further enhance its risk management practices by:

- identifying key indicators of high-risk issues related to procurements
- developing procedures that enhance accountability to manage those risks
- assigning responsibility and accountability for procurement planning and oversight to specific individuals or offices
- further improving training for GTRs and contracting staff, including practical training in the development of performance-based statements of work and methods of managing contractor performance
- performing thorough evaluations of each HUD procurement and ensuring that lessons learned are broadly distributed and linked to improved training

**Action taken:** Five of the key actions taken by HUD—the requirement for comprehensive procurement plans, the systematic review and analysis by the CMRB, the introduction of full-time GTRs, the increased emphasis on training and certification of GTRs, and the use of integrated project teams—should have a positive impact on procurement risk management. In addition, in December 1998, HUD instituted legal reviews of the statements of work for contract valued at or over $5 million.
ADEQUATE PROFESSIONAL STAFF

HUD should enhance the professional skills of all contracting staff, GTRs, and GTMs through training in best procurement practices and procedures, such as performance-based contracting.

HUD’s GTRs, GTMs, and contracting officers need training in performance-based contracting and procedures that support best-value procurements and oral presentations. OPC should take steps to obtain specialized training and technical assistance in these areas so HUD can begin using these procedures as quickly as possible.

Action taken: As highlighted earlier, HUD officials established full-time GTR positions for the major program offices. A key reason for this action was to emphasize contract administration. In March 1998, HUD also announced a GTR certification program designed to establish standard training requirements for HUD staff who serve as GTRs either on a full- or part-time basis. HUD awarded training contracts to Management Concepts, Inc.; the Educational Services Institute at George Washington University; and the USDA Graduate School. Training classes were scheduled between July and September 1998. During that period, 165 of 178 individuals identified as GTRs from various HUD program areas and offices received training and were certified. Approximately 60 of these individuals were full-time GTRs. In addition, HUD has developed a contracting web site that contains information on changes under way in procurement-related activities as well as an on-line contracting orientation course. As mentioned earlier, HUD is also providing its staff with training on performance-based contracting.

OPC should provide procurement-related training to the IPTs as teams, immediately before initiating the procurement.

For the IPT approach to be successful, the team managing the procurement needs appropriate training. In addition to technical training in new contracting methods, such as performance-based contracting, the
IPT members need to understand each others’ contributions to the process and learn how to work in a cross-functional team. Such training is most effective when provided to the IPT immediately prior to developing the statement of work.

**Action taken:** HUD officials informed the Academy that the REAC and EC IPTs that achieved the substantial processing time reductions had received team training, and that such training will be done in the future for performance-based contracts.

**The CPO, in consultation with the director of OPC, should assess the adequacy of the contracting offices' staffing levels in light of the recent reorganization.**

The recent reorganizations within OPC and the new reporting relationship between the headquarters and field contracting operations should help improve the quality of contract administration in OPC and provide HUD with greater flexibility to use contracting staff to meet the needs of the department.

**Action taken:** On June 4, 1998, the deputy secretary, in response to a May 27, 1998 memorandum from the CPO, agreed to a staffing reorganization plan which placed operational contracting activities under the CPO, and approved an additional 11 staff positions to assist in streamlining procurements and carrying out the reform initiatives. As of January 1999, OPC had obtained hiring authority to fill some of these positions and hiring was under way.
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Substantial Progress Underway

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