



**RESOLUTION AND REMEDIATION OF  
DOT OIG AUDIT REPORT DATED NOVEMBER 1, 2012**

Prepared by: The Office of Finance  
Internal Controls & Compliance Division  
Status Through: December 10, 2012



# Remediation Dashboard

OIG Report Recommendation	Target Completion	Status
1. Provide Quarterly Acquisition Reports to the Board of Directors and DOT	1Q 2013	On Track ●
2. Implement a Plan with Milestones to Revise Contracting Policies & Procedures to Reflect Federal and Other Best Practices	1Q 2013	On Track ●
3. Clarify and Enforce Current Contracting Policies and Procedures	1Q 2013	On Track ●
4. Define and Assess the Size and Skills of the Acquisition Workforce and Implement an Appropriate Acquisition Certification Program, Including Acquisition and Ethics Training	2Q 2013	On Track ●
5. Establish Policies and Procedures for Procurement Integrity	1Q 2013	On Track ●
6. Fully Implement Formal Ethics Policies and Procedures for Board Members and MWAA Employees	1Q 2013	On Track ●
7. Ensure the Review Process for Financial Interest Forms Emphasizes Verification and Documentation	1Q 2013	On Track ●
8. Fully Implement a Formal, Robust Ethics Training Program	1Q 2013	On Track ●
9. Establish Priorities for Implementing the New Board and MWAA Employee Ethics Code	1Q 2013	On Track ●
10. Implement and Enforce Human Resources Policies and Practices	2Q 2013	On Track ●
11. Revise Travel Policy to Further Define what Constitutes "Reasonable Lodging Expense" for Authority-related Travel	4Q 2012	On Track ●
12. Further Enhance Accountability and Transparency of the Board of Directors	1Q 2013	On Track ●



## Detailed Status

### 1. Provide Quarterly Acquisition Reports to the Board of Directors (BOD) and Department of Transportation (DOT)

Key Milestones	Target	Update	Status
1. Develop process to provide quarterly acquisition reporting package to BOD and DOT	2/20/13	<ul style="list-style-type: none"> <li>– Staff drafted revisions to Contracting Manual Sect 1.7* to require annual acquisition forecasts and quarterly reports</li> <li>– Full reporting package will be implemented for February 2013 Board Meeting</li> </ul>	On Track
2. Ensure package includes a report showing: (a) contracts awarded, dollar value, and the extent of competition; (b) name of contracting officer or delegated official who entered into the contract, and (c) contract modifications and task orders issued, including dollar value	2/20/13	<ul style="list-style-type: none"> <li>– Recommended reports are currently being developed</li> </ul>	On Track
3. Ensure package includes a report showing: (d) contract actions approved by the Board during the quarter	2/20/13	<ul style="list-style-type: none"> <li>– Recommended reports are currently being developed</li> </ul>	On Track
4. Ensure package includes a report showing: (e) planned procurements for the next quarter	12/31/12	<ul style="list-style-type: none"> <li>– December Board materials included a Quarterly Acquisition Forecast for January, February, and March 2013</li> </ul>	Completed
5. Ensure package includes a report showing: (f) employees with contracting warrants and delegations and any limits to their authorities	2/20/13	<ul style="list-style-type: none"> <li>– Recommended reports are currently being developed</li> </ul>	On Track

\* A revised and amended Contracting Manual will be presented to the Board for discussion in December 2012 and for formal action and public comment in the first quarter 2013



## Detailed Status

### 2. Implement a Plan with Milestones to Revise Contracting Policies & Procedures to Reflect Federal and Other Best Practices

Key Milestones	Target	Update	Status
1. Revise Contracting Manual to include requirement to (a) publicly announce intent to award sole source contracts	3/31/13	- <b>Staff drafted revisions to Contracting Manual Sect. 2.9.3*</b>	On Track ●
2. Revise Contracting Manual to (b) minimize categorical exceptions to full and open competition and explicitly state conditions under which an exception can be used	3/31/13	- <b>Staff drafted revisions to Sect. 1.4*</b>	On Track ●
3. Revise Contracting Manual to (c) limit involvement of the Board of Directors and individual Board members in contracting and prohibit their ability to bypass contracting officers	3/31/13	- <b>Staff drafted revisions to Sects. 1.6 and 2.3.1*</b>	On Track ●
4. Implement review procedures to (d) ensure fair opportunity in the awarding of task orders under multiple-award contracts and ensure contracting officers adequately justify their selections	3/31/13	- <b>Staff drafted revisions to Sect. 3.8.2 (2)*</b> - Procurement Department is drafting procedures to enhance documentation requirements	On Track ●
5. Revise Contracting Manual and implement review procedures to (e) limit and monitor delegations of procurement authority	3/31/13	- <b>Staff drafted revisions to Sect. 1.5.2*</b> - Delegations of procurement authority will be included in February Board Report	On Track ●
6. Implement a process to (f) require program offices to prepare annual forecasts of their acquisition needs	3/31/13	- <b>Staff drafted revisions to Sect. 1.7*</b> - Annual procurement acquisition forecast will be completed in January 2013	On Track ●

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## Detailed Status

### 3. Clarify and Enforce Current Contracting Policies and Procedures

Key Milestones	Target	Update	Status
1. Enhance process to (a) ensure Board approval for all sole source awards $\geq$ \$200,000 and all contracts other than fully competed construction contracts $\geq$ \$ 3 mil	3/31/13	<ul style="list-style-type: none"> <li>– <b>Staff drafted revisions to Manual Sect. 1.4*</b></li> <li>– Procurement Department is implementing additional review and reporting processes</li> </ul>	On Track
2. Ensure (b) justifications for the use of categorical exceptions are adequate per the Contracting Manual	3/31/13	<ul style="list-style-type: none"> <li>– <b>Staff drafted revisions to Sect 1.4.2*</b></li> <li>– <b>On 8/10/12, MWAAs suspended use of certain categorical exceptions</b></li> <li>– <b>Legal, financial, or audit professional services can be procured under limited justification only with CEO approval</b></li> </ul>	Completed
3. Ensure (c) justifications for the use of task orders over \$200,000 are adequate per the Contracting Manual	3/31/13	<ul style="list-style-type: none"> <li>– Procurement Department is implementing additional review processes</li> </ul>	On Track
4. Enhance processes and controls to (d) prohibit adding out-of-scope work to contracts and authorizing work prior to contract award	3/31/13	<ul style="list-style-type: none"> <li>– <b>Staff drafted revisions to Sects. 5.4, 6.7.1.1, 5.2, and 6.4*</b></li> <li>– Procurement Department is implementing additional review processes</li> </ul>	On Track
5. Enhance processes and controls to (e) ensure technical evaluation committees do not include both supervisors and a subordinate as voting members when possible	3/31/13	<ul style="list-style-type: none"> <li>– <b>Staff drafted revisions to Sects. 2.3.1 and 6.3.1*</b></li> <li>– Procurement Department is implementing additional review processes</li> </ul>	On Track

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## Detailed Status

### 4. Define and Assess the Size and Skills of the Acquisition Workforce and Implement an Appropriate Acquisition Certification Program, Including Acquisition and Ethics Training

Key Milestones	Target	Update	Status
1. Conduct workforce review of Procurement Department staff and implement recommendations, as deemed necessary	6/30/13	<ul style="list-style-type: none"><li>- <b>Two additional contracting officer positions have been approved in the 2013 Budget and will be competitively recruited for in January 2013</b></li><li>- MWAA is retaining an external consultant to conduct a workforce assessment by June 2013</li></ul>	On Track ●
2. Implement Certification Program that includes Acquisition and Ethics Training	6/30/13	<ul style="list-style-type: none"><li>- Recommended procurement certification program is being developed</li></ul>	On Track ●
3. Conduct mandatory annual refresher training for all Procurement staff, contracting officers, and COTRs	3/31/13	<ul style="list-style-type: none"><li>- Recommended training for Procurement professionals is being developed</li></ul>	On Track ●



## Detailed Status

### 5. Establish Policies and Procedures for Procurement Integrity

Key Milestones	Target	Update	Status
1. Establish policies and procedures to (a) safeguard non-public and sensitive procurement information	3/31/13	– <b>Staff drafted revisions to Contracting Manual Sect. 1.11*</b>	On Track ●
2. Establish policies and procedures to (b) restrict prior Board members' and employees' eligibility for MWAA contracts and prohibit them from receiving compensation from contractors who were awarded contracts, modifications, or task orders of significant value after serving as a contracting officer, program manager, or other related position	3/31/13	– MWAA currently assessing whether amendments to the Codes of Ethics for Board members and employees are required  – If amendments are required, they will be presented to the Board during the first quarter of 2013	On Track ●

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## Detailed Status

### 6. Fully Implement Formal Ethics Policies and Procedures for Board Members and MWAAs Employees

Key Milestones	Target	Update	Status
1. Enhance processes and controls to ensure (a) nepotism is detected and prevented	3/31/13	<ul style="list-style-type: none"> <li>– Revised Section 5 of both Codes of Ethics* to specifically address use of one’s position to benefit relatives or friends</li> <li>– Initiated disclosure process whereby all current employees identify relatives and Board member relationships</li> <li>– Revised employment application form to require applicants to disclose friends, relatives, and Board member relationships</li> </ul>	On Track ●
2. Enhance processes and controls to ensure (b) board members and employees disclose debts, obligations, and holdings – regardless of whether the interests are currently conduct or are seeking to do business with MWAAs – and gifts on their financial interest forms	1/31/13	<ul style="list-style-type: none"> <li>– Appointed an Ethics Officer with responsibility for oversight of the financial disclosure process</li> <li>– Under the new Codes of Ethics, disclosures will extend to <i>any business</i> in which a financial interest is held (Sect. 3)</li> <li>– Enhanced disclosure form to include employment positions occupied and outside positions held during the prior year</li> </ul>	On Track ●
3. Enhance processes and controls to ensure (c) all contracting officers and COTRs certify that they do not have financial interests in the contracts they award or administer	1/31/13	<ul style="list-style-type: none"> <li>– Ethics Officer is developing internal forms and protocols to be used in implementing and overseeing compliance with the new Ethics Codes, including annual conflict of interest certifications by contracting officers and their representatives</li> </ul>	On Track ●

\* On September 19, 2012, the Authority adopted two new Codes of Ethics – one applicable to the Board of Directors, and the other to Authority employees





## Detailed Status

### 7. Ensure the Review Process for Financial Interest Forms Emphasizes Verification and Documentation

Key Milestones	Target	Update	Status
1. Ensure all Board members and employees have completed and submitted required financial interest forms	3/31/13	<ul style="list-style-type: none"><li>- Revised Code of Ethics* Section 8 to enhance Board and employee disclosure requirements</li><li>- Annual Disclosure Statements must be filed with Ethics Officer annually by Jan. 31</li><li>- Newly created Internal Controls and Compliance function will independently verify completion of Annual Disclosure Statements</li></ul>	On Track ●
2. Implement a process to ensure any Board member and employees who have a conflict of interest or potential conflict of interest are counseled	3/31/13	<ul style="list-style-type: none"><li>- Appointed Ethics Officer has responsibility for reviewing Annual Disclosure Statements and discussing potential conflicts of interest with Directors and employees</li></ul>	On Track ●

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## Detailed Status

### 8. Fully Implement a Formal, Robust Ethics Training Program

Key Milestones	Target	Update	Status
1. Ensure all employees receive initial training	12/31/12	<ul style="list-style-type: none"> <li>- Revised Codes of Ethics* to require training for new Board members and employees within 30 days of their arrival at the Authority</li> <li>- To date, two training sessions have been conducted for Board members and 96% of the workforce has been trained</li> <li>- All Airports Authority employees will be trained by December 31, 2012</li> </ul>	On Track ●
2. Develop recurrent training, based on employees' level of responsibility	3/31/13	<ul style="list-style-type: none"> <li>- Recommended recurrent training program is being developed</li> </ul>	On Track ●
3. Ensure all employees involved in contracting receive training in procurement integrity procedures	3/31/13	<ul style="list-style-type: none"> <li>- Recommended procurement integrity training is being developed</li> </ul>	On Track ●

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## Detailed Status

### 9. Establish Priorities for Implementing the New Board and MWAA Employee Ethics Code

Key Milestones	Target	Update	Status
1. Develop procedures to oversee and enforce the new codes	1/31/13	<ul style="list-style-type: none"> <li>- <b>Codes* established role of Ethics Officer, whose duties include strengthening and enhancing ethical standards for Board members and Authority employees (Sect. 9)</b></li> <li>- <b>Internal Controls and Compliance function will provide additional independent validation over new procedures implemented</b></li> </ul>	On Track <span style="color: green;">●</span>
2. Develop and implement a process to measure the effectiveness of the codes and the oversight and enforcement procedures, and revise or update as necessary	1/31/13	<ul style="list-style-type: none"> <li>- Ethics Officer's duties include reviewing Annual Disclosure Statements and discussing potential conflicts of interest with Directors (Sect. 9)</li> <li>- Internal Controls and Compliance function will provide additional independent validation and an assessment of the effectiveness of new procedures implemented</li> </ul>	On Track <span style="color: green;">●</span>

\* On September 19, 2012, the Authority adopted two new Codes of Ethics – one applicable to the Board of Directors, and the other to Authority employees



## Detailed Status

### 10. Implement and Enforce Human Resources Policies and Practices

Key Milestones	Target	Update	Status
1. Develop and implement a competitive hiring and compensation policy and process that competes positions, whether newly created, vacancies, or promotions, ensuring that all positions are based on a specific job description with set salary range	6/30/13	– Recommended policy changes are being developed	On Track ●
2. Verify that candidates and current employees meet and maintain program eligibility requirements for the student employment program	12/31/12	<ul style="list-style-type: none"> <li>– <b>Developed and distributed Management guidance for Student Program in July 2012</b></li> <li>– <b>Validating eligibility of all students currently employed in the program</b></li> </ul>	On Track ●
3. Implement a formal communication and coordination process between HR and Public Safety (PS) to ensure completion of background checks on all new employees prior to their start date	12/31/12	<ul style="list-style-type: none"> <li>– <b>Certain Public Safety staff can now access personnel files</b></li> <li>– <b>BOD authorized new regulation that enables MWAA Police to attain criminal history records from the FBI through VA Police</b></li> </ul>	On Track ●
4. Establish policy to administer and oversee hiring bonuses and cash awards, including more stringent requirements for justifying and approving awards that can be earned within a set period of time	3/31/13	– Recommended policy changes are being developed	On Track ●
5. Verify eligibility prior to authorizing and continuing pay and/or benefits	3/31/13	– Recommended policy and procedure changes are being developed	On Track ●



## Detailed Status

### 11. Revise Travel Policy to Further Define what Constitutes “Reasonable Lodging Expense” for Authority-related Travel

Key Milestones	Target	Update	Status
1. Revise policy to (a) enhance definition of reasonable lodging expenses	12/31/12	<ul style="list-style-type: none"><li>– Staff drafted revisions to Travel Policy, which were reviewed by the Federal Accountability Officer</li><li>– As proposed, acceptable lodging will be limited to designated conference hotel room (offered at discounted rates) or lodging of a standard room at an economy of business class hotel</li><li>– Board will consider policy revisions on 12/12/12</li></ul>	On Track ●
2. Enhance documentation within policy to (b) require that travelers not exceed amounts defined as “reasonable”	12/31/12	<ul style="list-style-type: none"><li>– Staff drafted revisions to Travel Policy, which were reviewed by the Federal Accountability Officer</li><li>– As proposed, luxury hotels (e.g. Ritz Carlton, Four Seasons, etc.), private luxury rentals, and similar accommodations will not be approved or reimbursed beyond the standard room rate for an economy or business class hotel in the same vicinity (and specifies documentation required)</li><li>– Board will consider policy revisions on 12/12/12</li></ul>	On Track ●



## Detailed Status

### 12. Further Enhance Accountability and Transparency of the Board of Directors

Key Milestones	Internal Target	Update	Status
1. Further revise Board's bylaws to incorporate what actions the audit committee may take in closed session	1/31/13	<ul style="list-style-type: none"><li>- <b>On 11/14/12, the Board revised its policy to ensure all meetings of the Audit Committee will be held in open session except in four specific circumstances</b></li><li>- The policy revision will be added to the Authority's bylaws in early 2013</li></ul>	On Track ●
2. Develop a Board specific policy that establishes guidelines for entertaining business contacts, including spending thresholds and reimbursement prohibitions for items such as meals, alcohol, and entertainment	3/31/13	<ul style="list-style-type: none"><li>- Recommended policy changes are being developed and will be reviewed with Federal Accountability Officer</li></ul>	On Track ●
3. Include a mechanism for external review in the Freedom of Information Policy when a requestor is denied information	3/31/13	<ul style="list-style-type: none"><li>- Recommendation is under consideration, and MWAA will work with the Federal Accountability Officer to develop a response</li></ul>	On Track ●