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AUDITOR-CONTROLLER

## COUNTY OF LOS ANGELES DEPARTMENT OF AUDITOR-CONTROLLER

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FROM: J. Tyler McCauley *for Maria Que*  
Auditor-Controller

SUBJECT: **REVIEW OF ALLEGATIONS REGARDING CONTRACTING FOR FOOD  
SERVICES AT BARRY J. NIDORF, CENTRAL AND LOS PADRINOS  
JUVENILE HALLS**

At the request of the Third District, we reviewed allegations of improprieties in the Probation Department's evaluation of vendor proposals for food services at three Juvenile Halls; Barry J. Nidorf, Central and Los Padrinos. Specifically, one of the bidders, Integrated Support Solutions, Inc. (ISSI), alleged that there were inconsistencies, errors and bias in the scoring of the proposals. ISSI also alleged that the selected bidder, Morrison Management Specialists (Morrison), had provided free catering and other items to County employees to influence the evaluation. ISSI is the current contractor at Los Padrinos Juvenile Hall (LPJH), but was not selected to receive any of the new contracts. Morrison was the selected bidder for all three Halls.

To assess the validity of the allegations, we interviewed ISSI, Morrison, Probation and other County staff. We also reviewed the evaluation process and related documents.

### **Results of Review**

Our review of the LPJH evaluation process disclosed some issues that could create the appearance of bias. To ensure the integrity of the evaluation process, we have recommended that Probation have the LPJH proposals reevaluated by a new evaluation committee.

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Our review of the evaluation processes for Barry J. Nidorf (BJNJH) and Central (CJH) Juvenile Halls indicates that evaluations were generally proper, and consistent with County policy and procedures. We did note some minor scoring issues in the evaluations for these two Halls. However, as discussed later, those minor issues did not affect the final result of the evaluations. The following are the detailed results of our review.

### **Allegations of Bias**

ISSI alleged that there was undue influence and bias in evaluating the proposals for the three Halls. We found no indication to support the allegations of undue influence or bias for BJNJH and CJH.

For LPJH, we noted some issues that could give an appearance of bias. Specifically, after the initial evaluation committee met and scored the proposals, Probation management indicated that they noted some errors in the scoring, and that they attempted to reconvene the committee, but could not due to an employee illness. As a result, Probation created a second evaluation committee. However, Probation could not provide any documentation regarding the errors in the initial evaluation process, or whether the scores changed between the first and second evaluation committees. Probation management indicated that, under their consensus scoring procedures, documentation of preliminary scoring is discarded.

We also noted that some members of the second evaluation committee indicated that they used the scores and comments from the first committee in their evaluation. Because one of the members of the first evaluation committee had been replaced, the second evaluation committee should have done a complete rescoring of the proposals.

ISSI also noted that the LPJH Services Director, who participated in the first evaluation committee, gave ISSI a score of 75 (out of a possible 700) as one of the Company's references. The Services Director's answer on the reference sheet stated that she would not renew a contract with ISSI. However, the minutes of the weekly LPJH Agency Administrator's meetings did not appear to justify such a low score, nor did the Services Director have any other documentation of problems with ISSI's performance. However, the Services Director told us that the score she gave ISSI reflected her personal opinion as a named reference of the Company's services at the time of evaluation, and was not a result of undue influence. The Services Director's low score, with limited justification in service-related documents, could give the appearance of bias.

We also noted that two members of the first LPJH evaluation committee, the Services Director and one of her subordinates, scored the proposals together while telecommuting at one of their homes. Although the two individuals indicated that they completed evaluations individually and without discussion, the setting in which they

completed their evaluations could give the appearance that the initial evaluations were not completed independently. As noted earlier, the second evaluation committee used the scores from the first evaluation committee as the basis for their evaluation. As a result, the two original committee members' scores may have influenced the final evaluation process.

ISSI also alleged that the makeup of the evaluation committee for LPJH did not reflect the same level of expertise as the evaluation committees at the other Halls. Probation's Chief Cook was on all three evaluation committees. However, ISSI noted that the evaluation committees for BJNH and CJH included the Services Director and a Supervising Detention Services Officer (SDSO) from the respective Halls. Probation management indicated that the second LPJH evaluation committee did not include an SDSO from LPJH, and could not include LPJH's Services Director because of an illness. However, the committee did include a Deputy Probation Officer II from Probation Headquarters and a Supervising Typist Clerk from LPJH. The inclusion of different staff positions on the LPJH evaluation committee and the use of staff from outside LPJH could give the appearance that the LPJH committee may not have had the appropriate experience/familiarity with the facility. Probation management indicated that they believe the staff on the LPJH evaluation committee were appropriate, and that the staff on the committee had a high level of expertise at the facility.

Based on the issues noted with the LPJH evaluation, we recommend that Probation have the LPJH proposals reevaluated by a new evaluation committee to ensure the proposals receive a fair and objective evaluation.

### **Allegations of Bribery and Undue Influence**

ISSI alleged that Morrison had provided free food and catering to Probation staff, including catering for a post-funeral reception, and a welcome reception for the newly appointed Chief Probation Officer. ISSI claimed that the free food and catering resulted in undue influence in favor of Morrison.

Our Office of County Investigations (OCI) reviewed these allegations, and found no indication that Morrison had provided free catering to Probation. OCI specifically noted that Morrison had billed Probation for catering for the welcome reception. OCI did verify that Morrison had donated catering in July 2002 for the post-funeral reception for a deceased Probation employee. However, since the donation was made to the family of a Probation employee, we do not believe this amounts to undue influence.

### **Rating Accuracy**

ISSI alleged that there were errors in scoring the evaluations for all three halls. Specifically:

- ISSI claimed that Morrison should not have been given points for financial stability because Morrison only provided statements for its parent corporation.

The County frequently requires proposers to provide audited financial statements. However, the County may accept financial statements from a parent corporation, if the parent accepts responsibility for the subsidiary's contract performance. For these Probation RFPs, Morrison's parent corporation, Compass Group, provided an unconditional guaranty of financial support for Morrison, and the scoring for financial stability was properly based on Compass Group's financial statements. This is different from a prior solicitation for Morrison cited by ISSI, because in the prior solicitation, Morrison did not provide a letter of guaranty from its parent corporation.

It should be noted that Probation gave Morrison an "Exceeds" for financial stability. However, based on Probation's scoring criteria, it appears that Morrison could only have received a "Meets". It appears that Morrison was given an "Exceeds" because the Company's proposal indicated that Morrison had access to lines of credit. However, Probation's scoring criteria indicates that scores should be based on the financial ratios. While it appears that Probation gave Morrison a higher score in this area than they could have received, our review indicates that, even with the lower "Meets" score, Morrison would still have a higher score than ISSI for both BJNJH and CJH.

- ISSI believes they should have received a higher score on their work plan.

ISSI was given a "Weak" rating on their work plan. ISSI noted that they submitted a similar work plan in response to a prior Probation RFP, and received almost the maximum allowable points. Our review of the comments in the evaluation instruments and interviews with committee members indicate that ISSI provided significantly less detail in many areas than Morrison. ISSI's proposal appeared to repeat the requirements from the RFP, while Morrison provided more specific detail on how they would meet those requirements. Based on our review, ISSI's rating of "Weak" appears to be reasonable.

During our review, we also noted that the evaluation committee gave ISSI a rating of "Not Met" for the Cost Proposal Method and the Cost Allocation sections for BJNJH. However, the evaluation committee's comments from these sections do not appear to sufficiently support a "Not Met" rating.

As noted earlier, our review indicates that even if the evaluation committees had scored these areas consistent with our comments on financial stability, and the Cost Proposal Method and Cost Allocation sections, Morrison's proposals would still have received higher scores than ISSI for all three facilities. However, based on the other issues noted with the LPJH scoring discussed earlier, we believe that Probation should rescore the LPJH proposals to eliminate any appearance of bias or error.

### **Other Allegations**

ISSI claims that there are inappropriate similarities in the comments and scores for the three halls which were supposed to have been reviewed by three separate evaluation committees. As noted earlier, Probation's Chief Cook was on all three committees, which may account for some of the similarities. Given the nature of the services being evaluated, it is reasonable for the Chief Cook to be on all three committees.

In addition, ISD indicated that County contracting best practice is to use consensus scoring where all raters meet to discuss their comments and reach a final conclusion. This practice, along with one Contract Analyst summarizing the results of all three committees, could account for the similarities in the comments and scores.

### **County Review Panel**

At the end of Probation's evaluation process, ISSI requested a review by a County Independent Review Panel. The Review Panel evaluated many of the issues raised by ISSI in their letter to the Third District, and agreed with Probation's decision to award the contracts to Morrison.

In their letter to the Third District, ISSI also raised some objections with the Independent Review Panel, including allegations that the Review Panel members did not receive or review the documentation prior to the Panel meeting, and that the Panel reached conclusions without reviewing the materials. We reviewed ISSI allegations regarding the Review Panel. We confirmed that the Review Panel members received the materials approximately four weeks prior to the hearing. In addition, Review Panel members indicated that they read the materials prior to the meeting, and had adequate time to reach a conclusion at the hearing.

### **Review of Report**

We reviewed our report with Probation management. They generally agreed with our findings and indicated that they will rescore the LPJH proposals. We thank Probation management and staff for their cooperation and assistance in completing this review.

Please call if you have any questions, or your staff may contact Jim Schneiderman at (626) 293-1101.

JTM:MMO:JLS:TK  
H:\Probation – ISSI Report

c: David E. Janssen, Chief Administrative Officer  
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