

Internal Audit Department
NeighborWorks® America

Audit Review of
NeighborWorks Sourcing Terminal (NEST)
Procurement Application

Project Number: NW.PROC.NESTFILES.2019

Audit Review of NEighborWorks Sourcing Terminal (NEST)

Table of Contents

Function Responsibility and Internal Control Assessment.....	3
Executive Summary of Observations, Recommendations and Management Responses	4
Risk Rating Legend.....	12
Background.....	13
Objectives	14
Scope.....	14
Methodology.....	15
Observations	15
Conclusion	18
Attachment 1	20
Attachment 2.....	24

January 29, 2020

To: NeighborWorks America Audit Committee

Subject: **Audit Review of NeighborWorks Sourcing Terminal (NEST) Procurement Application**

Attached is our draft audit report for the NeighborWorks Sourcing Terminal (NEST) review. Please contact me with any questions you might have.

Thank you.

Frederick Udochi
Chief Audit Executive

Attachment

cc: M. Rodriguez
S. Ifill
R. Bond
R. Simmons

**Function Responsibility and Internal Control Assessment
 Audit Review of NeighborWorks Sourcing Terminal (NEST) Procurement
 Application**

Business Function Responsibility	Report Date	Period Covered
Procurement	January 29, 2020	August 2019 thru October 2019
Assessment of Internal Control Structure		
Effectiveness and Efficiency of Operations	Inadequate¹	
Reliability of Financial Reporting	Not Applicable	
Compliance with Applicable Laws and Regulations	Not Applicable	

This report was reissued February 15, 2024 in accordance with a recommendation by the Government Accountability Office (GAO-23-105944, June 14, 2023).

¹ **Legend for Assessment of Internal Control Structure:** **1. Generally Effective:** The level and quality of the process is satisfactory. Some areas still need improvement. **2. Inadequate:** Level and quality of the process is insufficient for the processes or functions examined, and require improvement in several areas. **3. Significant Weakness:** Level and quality of internal controls for the processes and functions reviewed are very low. Significant internal control improvements need to be made.

Executive Summary of Observations, Recommendations and Management Responses

Summarized Observation Risk Rating	Management Agreement with Observation (Yes/ No)	Internal Audit Recommendation Summary	Accept IA Recommendation (Yes/ No)	Management’s Response to IA Recommendation	Estimated Date of Implementation (Month/Year)	Internal Audit Comments on Management Response
<p>Observation 1</p> <p>Observation 1: Functionality</p> <p>NeighborWorks stipulated to vendors that it required “<i>an end-to-end, comprehensive, centralized, and integrated SaaS-based Procurement Actions Management System (PAMS) to replace its existing manual procurement process. The proposed PAMS solution must include support for end to end procurement process... The system must integrate with NetSuite and provide a seamless integrated solution...</i>” (see body of report for more). Yet, there are major gaps in the functionality, reliability of information and security of the implemented system:</p> <p>a. Functionality Gap – Delivered vs. Required: Only a relatively small fraction (estimated at roughly one-third)</p>	Yes	<p>Recommendation 1a:</p> <p>We understand that Management currently has plans to replace the NEST procurement application. However, given the nature and severity of NEST’s functionality gaps, we recommend that Management fast-track this replacement . In light of the current management decision to replace the present application the issues identified here should be built into any future requirements.</p> <p>Recommendation 1b:</p> <p>We also recommend that Management ensure that user acceptance testing (UAT) records include sign-offs that explicitly</p>	Yes	<p>Management agrees that the current Procurement system (NEST) needs to be replaced. As IA has documented, the current system was implemented in October 2016, as part of the overall WeConnect implementation project and did not meet the functional requirements specified by management at the time.</p> <p>Management’s response to the timeframe for a NEST replacement system was provided as part of the “Audit Review of FMS and Interfaces” accepted by Internal Audit and presented to the Audit committee at its February 6, 2020 meeting:</p>	October 2021	IA accepts management response subject to reviewing recommendation implementation

Summarized Observation Risk Rating	Management Agreement with Observation (Yes/ No)	Internal Audit Recommendation Summary	Accept IA Recommendation (Yes/ No)	Management’s Response to IA Recommendation	Estimated Date of Implementation (Month/Year)	Internal Audit Comments on Management Response
<p>of the functional requirements that had been defined by Management and presented to vendors in the RFP have been delivered in NEST (see Attachment 1). Indeed, it also appears that ASC delivered substantially less than that which would address NeighborWorks’ needs that the vendor defined just 3.5 weeks prior to implementation (see Attachment 2). While delivery of a few of these requirements (e.g., the interface with NetSuite) was delayed based on a post-selection agreement with the vendor, it is apparent that ASC ultimately still delivered much less than was required.</p> <p>b. Defects in Functionality that was Delivered: Furthermore, there are apparently numerous defects in the functionality that was actually delivered:</p> <p>i. Contract Non-Compliance: The use of NEST promotes a lack of adherence to</p>		<p>confirm that all functional requirements defined in the corresponding “Requirements Document” are satisfied and that the expectations of the Corporation have been met.</p>		<p>“The organization is fully aware of the integration issues between NEST and NetSuite and agrees that the procurement system needs to be more robust in order to meet the organization’s needs, and needs to be integrated to the financial system (NetSuite). Procurement is currently working with its stakeholders to help develop the requirements for a new system, which we expect to include on the FY 2021 schedule of major IT projects. The current NEST contract expires September 2021. With the time remaining on the current contract, we are doing our due diligence to ensure that we find a system that encompasses all of the organizational procurement needs and can be integrated with</p>		

Summarized Observation Risk Rating	Management Agreement with Observation (Yes/ No)	Internal Audit Recommendation Summary	Accept IA Recommendation (Yes/ No)	Management’s Response to IA Recommendation	Estimated Date of Implementation (Month/Year)	Internal Audit Comments on Management Response
<p>contract norms, as illustrated by more than \$700,000 in contracts that exceeded their terms or authorities since the implementation of the system^[1]. These include either:</p> <ul style="list-style-type: none"> • Cost Overruns on contracts that were in place but for which spending had exceeded the contract amounts, or • Incurred expenditures against Contracts that had Expired or exceeded their stipulated schedule, or • Execution of Incomplete Contracts (e.g., lack of executed contract, or “call” / order of services). <p>This lack of compliance can be attributed, <i>in part</i>, to the following two functionality deficiencies:</p>				<p>NetSuite. While the goal is to have the systems integrated by October 2021, our contingency plan would be to utilize the 6-month option in the current contract to provide any additional time needed to implement the new system.</p> <p>In the meantime, we have implemented controls to mitigate the lack of integration between the two systems. The NEST system has a search functionality by name and contract number. Finance ensures that the contract number in NetSuite matches the contract number in NEST. If the contract numbers do not match, the reviewer will search by vendor name to identify the correct contract and will make the appropriate corrections so</p>		

Summarized Observation Risk Rating	Management Agreement with Observation (Yes/ No)	Internal Audit Recommendation Summary	Accept IA Recommendation (Yes/ No)	Management's Response to IA Recommendation	Estimated Date of Implementation (Month/Year)	Internal Audit Comments on Management Response
<p>a) Inadequate Tracking of Contract Spending and Balances: NEST does not capture and report (on a real-time basis) the total amount spent on any given contract or the remaining / unspent balance^[2]; and</p> <p>b) Unreliable Notifications: NEST fails to alert line divisions and the procurement department when contracts (or related modifications) are approaching their expiration dates and should call for either contract modification or contract close-out.</p>				<p>that all payments are supported by the correct contract documents.”</p> <p>Management would also like to note that more than 60% (\$462,000) of the \$700,000 in “contract non-compliance” cited by IA occurred in 2017, \$300,000 of which was related to the consultant firm (S3) used for the WeConnect implementation. The table below shows the contract non-compliance data (reported as “exceptions” to the Board) sorted by year. The data shows these exceptions decreasing significantly over time as staff have gained a better understanding of procurement processes through training and experience, and</p>		

^[2] This is partly due to a lack of integration with NetSuite.

Summarized Observation Risk Rating	Management Agreement with Observation (Yes/ No)	Internal Audit Recommendation Summary	Accept IA Recommendation (Yes/ No)	Management's Response to IA Recommendation	Estimated Date of Implementation (Month/Year)	Internal Audit Comments on Management Response
<p>ii. Lax Data Update Privileges: NEST has access control defects in that it does not prevent users with write-access privileges from creating or overwriting critical data in the following circumstances: a) Contract Amounts: Any such user can modify total contract amounts for contracts pertaining to other users / departments; and b) New Vendors: Any such user can also create new vendor records without appropriate validation or authority.</p> <p>iii. Navigational Limitations: As already described in our recent Audit Review (titled "RFP Life Cycle"), ASC's proposed solution indicated that the system would include a data relationship between Solicitations and their resulting Contracts (see Figure 1). Yet, the application does not actually include any basic functionality to facilitate users' navigation from displayed information on</p>				<p>management has implemented alternative controls to mitigate the lack of NEST-NetSuite integration (as noted above).</p> <p>Exceptions data by Year</p> <p>2016- \$19,501</p> <p>2017*-\$462,505*</p> <p>2018-\$140,467</p> <p>2019-\$55,375</p> <p><u>Total-\$677,848</u></p> <p>*\$309,106 of the 2017 total was for the WeConnect implementation consultant firm (S3).</p>		

Summarized Observation Risk Rating	Management Agreement with Observation (Yes/ No)	Internal Audit Recommendation Summary	Accept IA Recommendation (Yes/ No)	Management's Response to IA Recommendation	Estimated Date of Implementation (Month/Year)	Internal Audit Comments on Management Response
<p>Solicitations to their related Contracts. To compensate for this major functional gap, the Procurement Department has had to implement semi-manual and cumbersome procedures that make use of external reference tools on shared folders saved outside the system to identify related Contracts.</p> <p>iv. Inadequate User Interface: NEST includes an inefficient and cumbersome user interface; for example:</p> <p>a) Lost Data Input: Users report that all the plan data that they input into NEST screens will be altogether lost if they are interrupted for any reason and the session times out before they save the corresponding record; and</p> <p>b) Duplication of Effort: NEST does not seamlessly carry all data across from one stage of the procurement process to the next. When creating the Plan in NEST, line departments are given the option to either type in the requirements in the appropriate text box or to enter</p>						

Summarized Observation Risk Rating	Management Agreement with Observation (Yes/ No)	Internal Audit Recommendation Summary	Accept IA Recommendation (Yes/ No)	Management’s Response to IA Recommendation	Estimated Date of Implementation (Month/Year)	Internal Audit Comments on Management Response
<p>the information in a template that can be uploaded and attached to the Plan. However, once the Plan is submitted for processing, the Procurement Department frequently has to copy and paste any of the following content (from the Plan) into the Solicitation documents’ corresponding text boxes:</p> <ul style="list-style-type: none"> • Content, which was uploaded via a template, or • Data supplied by program staff in the “Scope of Services / Work” text boxes. <p>v. Meaningless Approval and Timestamp Data Fields: As already illustrated by our recent Audit Review (titled “RFP Life Cycle”), NEST employs a host of meaningless (“dummy”) approval and timestamp fields - with labels that are neither accurate nor meaningful and whose data is also unreliable – simply for the purpose of adhering to an arbitrary and incorrect workflow routing required by the application.</p>						

Summarized Observation Risk Rating	Management Agreement with Observation (Yes/ No)	Internal Audit Recommendation Summary	Accept IA Recommendation (Yes/ No)	Management's Response to IA Recommendation	Estimated Date of Implementation (Month/Year)	Internal Audit Comments on Management Response
Risk Rating: (b) (5)						

Risk Rating Legend

Risk Rating: High

A serious weakness which significantly impacts the Corporation from achieving its corporate objectives, financial results, statutory obligations or that may otherwise impair the Corporation's reputation.

Risk Rating: Moderate

A control weakness which could potentially undermine the effectiveness of the existing system of internal controls and/or operational efficiency, integrity of reporting and should therefore be addressed.

Risk Rating: Low

A weakness identified which does not seriously detract from the system of internal control and or operational effectiveness/efficiency, integrity of reporting but which should nonetheless be addressed by management.

Management Responses to The Audit Review of: NeighborWorks Sourcing Terminal (NEST)		
# Of Responses	Response	Recommendation #
1	Agreement with the recommendation(s)	1
	Disagreement with the recommendation(s)	

Background:

The Corporation's procurement process produces contracts that total an estimated \$25 million per year – equivalent to approximately 16% of current annual NeighborWorks funding for core programs. The procurement process is undertaken by numerous departments and comprises the following activities, among others:

- Procurement Requisition by Department;
- RFP / RFI / RFQ Creation and Posting;
- Evaluation of Proposals;
- Negotiation and Award of Contract;
- Contract Creation; and
- Contract Administration / Life Cycle Management

However, until 2016 the process was largely manual in nature and hampered by at least seven challenges, as noted by Advanced Software Concepts, Inc. (ASC)² at that time:

- *“No electronic central repository, (which) results in limited insight into the RFQ/RFP process... Time consuming and inefficient (resulting in)...no control over what needs to be reviewed and by whom...”*
- *“Compliance and auditing issues (which makes it)...difficult to keep track of versioning and opportunity to review audit logs... No reporting or alerts results in missed milestone, performance or expiry dates.”*
- *“There is limited control over the NeighborWorks America (procurement) templates. (For instance) Departmental employees often start from old versions of NeighborWorks America contract templates which introduces risk...”*
- *“Correspondence and negotiation today is through email and is difficult to track. The manual process is inefficient and requires a lot of effort to track where contracts are in the process.”*
- *“There is limited reporting capability on existing contracts to allow for proactive notifications prior to key dates”*

In response to these challenges, the IT&S team (in collaboration with the Procurement Department) sought a *“SAAS Cloud based end to end procurement system that provides a comprehensive set of features and functions and supports full life cycle phases including requisition, sourcing and contract life cycle management.”*³

The Request for Proposal stated that, *“NW is currently seeking an end-to-end, comprehensive, centralized, and integrated SaaS-based Procurement Actions Management System (PAMS) to replace its existing manual procurement process. The proposed PAMS solution must include support for end to end procurement process... The system must integrate with NetSuite and provide a seamless*

² “ASC Contracts Solution Definition Document, NeighborWorks America,” 08 September 2016 (version 3), page 1.

³ “Award Determination Memo... for Procurement Action Management System,” 04 Aug 2016.

integrated solution which includes budget acquisition, pre-RFP support, RFI/RFP/RFQ creation, proposal evaluation, contract negotiation, contract creation, contract administration and contract life cycle management. System should support email notifications, configurable workflows, reports and dashboards. The Contractor will design, configure, implement the PAMS system and integrate it with NetSuite.⁴

ASC was selected⁵ to deliver the application following a competitive process that involved seven vendors. ASC had quoted a price of approximately \$371K⁶.

The result was a procurement administration application now referred to internally as NEighborWorks Sourcing Terminal (NEST)⁷ and launched at the start of FY 2017, as part of the FMS (previously “WeConnect”) suite of applications.

Internal Audit had reported⁸ previously on the implementation and status of the FMS. However, various issues surrounding NEST called for an assessment of the system in its own right.

Objectives:

The objective of this review was to obtain assurance that NEST met the expectations of the Corporation and of the procurement process.

In turn, Management asserts that “The basic goal of procurement is to acquire the desired goods and services at fair and reasonable prices with as much competition as practicable.”⁹ The Corporation also strives to perform this sourcing in a timely manner.

Corporate policy to support these priorities is laid out in NeighborWorks Procurement Policy Manual, posted on 25 April 2019. It is also worth noting that the Corporation plans to adhere to the procurement requirements set forth in §200.317 — 200.326 of the OMB Uniform Guidance effective 26 December 2019 – which covers diverse topics ranging from competition to cost and price analyses (and which should presumably be supported by the Corporation’s procurement administration system).

Scope:

The scope of the review included the following aspects, among others:

⁴ Procurement Actions Management Systems (PAMS) Request for Proposal.

⁵ The selection process comprised both technical and cost evaluations; ASC was ranked third against the technical criteria, but offered the lowest price from among those four vendors on the shortlist.

⁶ Per Award Determination Memo, 04 Aug 2016; prices include support through 31 July 2021. This price was reduced to approximately \$243K during negotiations, but later experienced increases through contract modifications.

⁷ The system was originally referred to internally as *Procurement Actions Management System* (PAMS), but this label was changed by Management shortly after the system was implemented.

⁸ See “Internal Audit Memorandum On the Payroll and WeConnect System Issues,” December 05, 2016, and a report prepared by Protiviti titled “WeConnect Independent Verification & Validation,” February 2018.

⁹ NeighborWorks’ Procurement Policy intranet web page:
<http://inside.nw.org/proc/procPolicy/SitePages/Home.aspx>

- Implementation Aspects;
- Functional Requirements;
- Experience of NEST Users; and
- Information Security Considerations;

Methodology:

To undertake this project, Internal Audit:

- Met with the Procurement Department staff (on multiple occasions);
- Reviewed NeighborWorks procurement policies;
- Participated in NEST system walkthrough sessions delivered by Procurement Department;
- Reviewed PAMS / NEST Project Files;
- Interviewed NEST Users;
- Compiled “Exceptions” in contracting reported to the Board of Directors and selected contract overruns;
- Coordinated with additional Internal Audit effort on RFP Life-Cycle project; and
- Collected and validated information from Procurement Department;

Observations:

Observation 1: Functionality

NeighborWorks stipulated to vendors that it required “*an end-to-end, comprehensive, centralized, and integrated SaaS-based Procurement Actions Management System (PAMS) to replace its existing manual procurement process. The proposed PAMS solution must include support for end to end procurement process... The system must integrate with NetSuite and provide a seamless integrated solution which includes budget acquisition, pre-RFP support, RFI/RFP/RFQ creation, proposal evaluation, contract negotiation, contract creation, contract administration and contract life cycle management. System should support email notifications, configurable workflows, reports and dashboards. The Contractor will design, configure, implement the PAMS system and integrate it with NetSuite.*” Internal Audit identified a number of major gaps in the functionality, reliability of information and security of the implemented system¹⁰:

a. Functionality Gap – Delivered vs. Required:

Only a relatively small fraction (estimated at roughly one-third¹¹) of the functional requirements that had been defined by Management in the RFP (and which ASC offered to address¹²) have been delivered in NEST (see Attachment 1). Indeed, it also appears that ASC addressed very few of NeighborWorks’ needs that ASC identified just 3.5 weeks prior

¹⁰ One department has gone to such a length as to implement its own internal procurement management application to compensate for NEST’s shortcomings.

¹¹ Estimate measured by count.

¹² ASC’s Technical Proposal, dated 24 June 2016, detailed how ASC’s application would address each of the eleven groups of requirements defined by Management.

to implementation (see Attachment 2). While delivery of a few of the requirements (e.g., the interface with NetSuite) was apparently delayed based on a post-selection agreement with the vendor, it is apparent that ASC ultimately still delivered much less than was required. In certain cases, ASC evidently overpromised¹³ what it could or would deliver.

b. Defects in Functionality that was Delivered:

Furthermore, there are apparently numerous defects in the functionality that was actually delivered:

- i. **Contract Non-Compliance:** The use of NEST promotes a lack of adherence to contract norms, as illustrated by more than \$700,000 in contracts that exceeded their terms or authorities since the implementation of the system^[1]. These include either:
 - **Cost Overruns** on contracts that were in place but for which spending had exceeded the contract amounts, or
 - Incurred expenditures against **Contracts that had Expired** or exceeded their stipulated schedule, or
 - Execution of **Incomplete Contracts** (e.g., lack of executed contract, or “call” / order of services).

This lack of compliance can be attributed, *in part*, to the following two functionality deficiencies:

- a) **Inadequate Tracking of Contract Spending and Balances:** NEST does not capture and report (on a real-time basis) the total amount spent on any given contract or the remaining / unspent balance^[2]; and
 - b) **Unreliable Notifications:** NEST fails to alert line divisions and the procurement department when contracts (or related modifications) are approaching their expiration dates and should call for either contract modification or contract close-out.
- ii. **Navigational Limitations:** As already described in our recent Audit Review (titled “RFP Life Cycle”), ASC’s proposed solution indicated that the system would include a data relationship between Solicitations and their resulting Contracts (see figure below). Yet, the application does not actually include any basic functionality to facilitate users’ navigation from displayed information on Solicitations to their related Contracts. To compensate for this major functional gap, the Procurement Department has had to implement semi-manual and cumbersome procedures that

¹³ As just one example, ASC asserted that its software solution “supports numerous methods to integrate with NetSuite including simple URL parameter passing file exchange to a full web services API. ASC assumes a simple URL parameter passing NetSuite specific fields to various forms,” yet following implementation it became apparent that the system had no such capability. ASC Technical Proposal, page 8, 24 June 2016.

^[1] Almost all of these have previously been reported to the Board of Directors under the heading of “Exceptions.”

^[2] This is partly due to a lack of integration with NetSuite.

make use of external reference tools on shared folders saved outside the system to identify related Contracts.

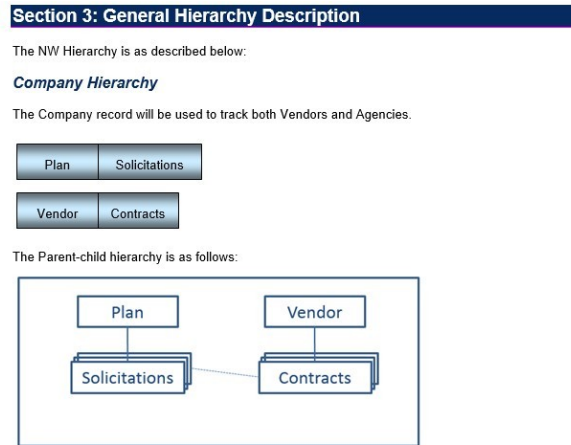


Figure 1- Section of ASC's Proposed Solution (page 5), illustrating a data relationship between Solicitations and Contracts

- iii. **Inadequate User Interface:** NEST includes an inefficient and cumbersome user interface; for example:
- a) **Lost Data Input:** Users report that all the plan data that they input into NEST screens will be altogether lost if they are interrupted for any reason and the session times out before they save the corresponding record; and
 - b) **Duplication of Effort:** NEST does not seamlessly carry all data across from one stage of the procurement process to the next. When creating the Plan in NEST, line departments are given the option to either type in the requirements in the appropriate text box or to enter the information in a template that can be uploaded and attached to the Plan. However, once the Plan is submitted for processing, the Procurement Department frequently has to copy and paste any of the following content (from the Plan) into the Solicitation documents' corresponding text boxes:
 - Content which was uploaded via a template, or
 - Data supplied by program staff in the "Scope of Services / Work" text boxes.
- iv. **Meaningless Approval and Timestamp Data Fields:** As already illustrated by our recent Audit Review (titled "RFP Life Cycle"), NEST employs a host of meaningless ("dummy") approval and timestamp fields - with labels that are neither

accurate¹⁴ nor meaningful and whose data is also unreliable – simply for the purpose of adhering to an arbitrary and incorrect workflow routing required by the application.

Recommendation 1a:

We understand that Management currently has plans to replace the NEST procurement application in two years' time. However, given the nature and severity of NEST's functionality gaps, we recommend that Management fast-track this replacement and seriously consider taking into account the functionality gaps, data privilege and navigational limitations identified in this report. In light of the current management decision to replace the present application the issues identified here should be built into any future requirements.

Recommendation 1b:

We also recommend that Management ensure that user acceptance testing (UAT) records include sign-offs that explicitly confirm that all functional requirements defined in the corresponding "Requirements Document" are satisfied and that the expectations of the Corporation have been met.

Conclusion

The Corporation is required to adhere to the procedural steps required by the Corporation's IT Governance process¹⁵. Key to the successful implementation of new applications is ensuring that relevant sign-offs are obtained that confirm the satisfaction of all of the Corporation's requirements and expectations.

In seeking to identify a root cause to some of the challenges in the implementation of this system, it is worth recalling that the most basic segregation of duties over IT resources is that between user departments and primary IT functions¹⁶. As a rule, all IT project proposals, application development, database development and maintenance, security activities and project management should be performed only by information technology functions. User departments should limit their information technology roles to only providing input on requirements and quality control in the form of user acceptance testing. This enables appropriate checks and balances prescribed within the IT Governance process to operate effectively.

However, in what has been seen in the NEST implementation and other similar past system implementations, the IT Governance process was not complied with and the IT&S function was either not at the table in the early design stages of discussions or brought on board at very late

¹⁴ Some are labeled as "COO", "CEO", or "Board," as designated by ASC's Role Definitions.

¹⁵ These are currently defined in NeighborWorks' Standard Operating Procedure 103 ("IT Project Governance") and Section 7-4 ("Information Technology Governance Policy") of NeighborWorks' Administrative Manual (version July 2019).

¹⁶ Information Systems Audit and Control Association, <https://www.isaca.org/Journal/archives/2012/Volume-6/Pages/What-Every-IT-Auditor-Should-Know-About-Proper-Segregation-of-Incompatible-IT-Activities.aspx>

stages in the systems development life cycle. In this connection, IT&S function's delegated authority and reporting level in the organizational structure may not match the broad level of responsibility that it has been assigned (this may depend, in part, on whether NeighborWorks still considers IT&S to be strictly a support function, as opposed to a strategic resource). Given the information system projects anticipated on the horizon, clarifying IT&S' current and future roles would be a matter of some import.

On a final note, we would like to take this opportunity to extend our thanks to the Procurement Department for its excellent collaboration and support throughout this review.

Attachment 1
NEST Delivered Features vs. Requirements

Business Function	Requirement	Requirement Satisfied by Deliverable / Actual Implementation
Requisition/ Pre-RFP	<input type="checkbox"/> Ability to create market research/Independent price estimation documents based on custom document templates. <input type="checkbox"/> Ability for business client to submit draft procurement action plan requirement package (PAP). <input type="checkbox"/> Ability to route PAP to business client or procurement staff for the purpose of review, editing, and finalizing the document. <input type="checkbox"/> Ability to track changes and version controls. <input type="checkbox"/> Ability for Procurement staff to finalize and approve the final PAP. <input type="checkbox"/> Ability to create/configure workflow to execute automated approvals from the respective business client's division and other required NW staff.	No - Not in System Yes Yes Debatable Yes Yes
Solicitation/ RFP Creation	<input type="checkbox"/> Ability to create RFP document from an RFP template that allows the appropriate clauses and terms and conditions included based on the RFP type (fixed price/IDIQ). <input type="checkbox"/> Ability to assign custom auto numbering to each new RFP. <input type="checkbox"/> Ability to track changes and version controls. <input type="checkbox"/> Ability to communicate/edit document back and forth between business client and procurement staff until the RFP document is finalized. <input type="checkbox"/> Ability to post the RFP and communicate with the vendor.	Yes. This is a 'yes'. We have not utilized the functionality as of yet but it exists. Yes Debatable No No
Proposal Evaluation	<input type="checkbox"/> Ability to manage vendor correspondence during Question & Answer sessions vendor conferences and demos. <input type="checkbox"/> Ability for vendors to submit proposals to RFP. <input type="checkbox"/> Ability for Procurement staff will be notified when the proposal is submitted by the vendor. <input type="checkbox"/> Ability for procurement staff to send notification to the evaluation team to evaluate the proposals. <input type="checkbox"/> Ability to support customizable scoring matrix and rating scale. <input type="checkbox"/> Ability to authorize the disclosure of vendor price proposals after the technical evaluation is done. <input type="checkbox"/> Ability to document the evaluation and its findings via available templates. Ability for the evaluation team to share the scores.	No No No No No No No

Business Function	Requirement	Requirement Satisfied by Deliverable / Actual Implementation
Contract Creation	<input type="checkbox"/> Ability to provide templates for Successful, Unsuccessful Awardee Letters, and Contractor Option Notifications’ <input type="checkbox"/> Ability to communicate with vendor on Awardee Negotiations. <input type="checkbox"/> Ability to custom auto number each new contract document (will come from NetSuite). <input type="checkbox"/> Ability to document version control and to compare versions and originators. <input type="checkbox"/> Ability to map procurement metadata to new contract document fields. <input type="checkbox"/> Ability to create Contract document in Word using clause libraries/templates. <input type="checkbox"/> Ability to route a contract to vendors or legal counsel for the purpose of review, editing, negotiation, and finalizing the document. <input type="checkbox"/> Ability for procurement staff to prepare Award determination Memo from a custom template. <input type="checkbox"/> Ability for procurement staff to conduct any baseline contract review, required negotiations/legal review with final vendor. <input type="checkbox"/> Ability for procurement staff to finalize and route for E-Signatures. <input type="checkbox"/> Ability to apply electronic signatures either in parallel or sequence.	<p>No</p> <p>No</p> <p>Yes. The system does number documents, but they are not generated by NetSuite. They are put into NetSuite for reference.</p> <p>Partial: Limited - When someone saves, the system makes a note of it.</p> <p>No</p> <p>Yes. Legal has a field for documents to be routed to them but it is not utilized to my knowledge.</p> <p>Yes. (However...)</p> <p>This all happens outside of the system. The documents are generated, downloaded, manipulated, and put back in for final approval.</p> <p>No</p> <p>No</p> <p>No</p> <p>No</p>
Contract Administration	<input type="checkbox"/> Auto numbering for Task Orders (TO) and TO Modifications (Originate from NetSuite). <input type="checkbox"/> Automated alerts linked to expirations, renewals, and key events, post-execution workflows, and sophisticated analytics and reporting.	<p>No. TOs are generated outside of the system and final document is uploaded once it has gone through the process.</p> <p>Partial, but do have a function: contract</p>

Business Function	Requirement	Requirement Satisfied by Deliverable / Actual Implementation
	<input type="checkbox"/> Manage correspondence with vendors. <input type="checkbox"/> Ability to do vendor performance evaluation against a contract. <input type="checkbox"/> Ability for business client to draft requested Task Order. <input type="checkbox"/> Ability to complete performance evaluation on contract by business clients.	expiration and date expiration. No No No No
Vendor Portal	<input type="checkbox"/> Ability to post RFP and send email notifications to specific vendors. <input type="checkbox"/> Ability to generate email notifications and reminders regarding Proposals received and RFP posted. <input type="checkbox"/> Ability to add, modify and save requests. <input type="checkbox"/> Availability of templates (auto-fill) within the system for unsuccessful awardee Notifications. <input type="checkbox"/> Ability for Procurement to officially close RFP. <input type="checkbox"/> Ability for procurement staff to post formal answers online. <input type="checkbox"/> Ability for procurement staff and business clients to facilitate Pre-Proposal conf. <input type="checkbox"/> Ability for procurement to forward the technical documents to the business client on proposals received.	No No No No Maybe No No No
Custom Workflows/ Email notifications	<input type="checkbox"/> Ability to use built-in, streamlined best practice workflows supporting power user configuration capability. <input type="checkbox"/> Ability to configure email notifications to notify users at each stage of procurement process management.	Partial No
Dashboards	<input type="checkbox"/> Ability for business client/procurement staff/senior management to see # of Actions in the pipeline/Completed and \$ Value for Contracts, purchase orders and task orders. <input type="checkbox"/> Ability for user to see Contract Awards: <ul style="list-style-type: none"> o By Specialist, o Contract \$ Value by Fiscal Year, o Contracts \$ Value by Department, o Options Due, o Contract Close Outs. 	No - POs & Task Orders are outside system No Partial Partial Partial No
Audit and Reporting	<input type="checkbox"/> Ability to set up contract compliance alerts, audit tracking at the field level, on-demand report generation. <input type="checkbox"/> Ability to custom-create detailed and executive-level reportings for contract expiration, contract value, and contract type.	Yes Partial: 2/3rds - but omitted by Contract Type
Role based security	<input type="checkbox"/> Ability to set up role-based security and task assignments.	Partial

Business Function	Requirement	Requirement Satisfied by Deliverable / Actual Implementation
	<input type="checkbox"/> Ability to support both internal and external users (If vendor portal is implemented) and user groups, such as: <ol style="list-style-type: none"> 1. NW Business Client– Initial request NW users 2. Procurement staff – Admin users 3. Approvers – Users involved in approval workflows. 4. Visitors – Dashboards /Reports users 5. NW Finance Department (AP/GL users) 	 Yes Yes Yes No Yes
Integration	<input type="checkbox"/> Ability to integrate with Core Financials system (NetSuite): <ul style="list-style-type: none"> o Ability to get required metadata for a new procurement action/new contract (i.e. Purchase request/Requisition, Estimated purchase value, Approved budget, Req Procurement Action type, Purchase request number) from NetSuite. o Ability to get contract number assignment from NetSuite while creating a new contract. o Ability to receive all required metadata for modification of a contract (Purchase request/Requisition, Estimated purchase value, Approved budget, Existing Contract Number, Approved budget amount for the requested modification) from NetSuite. o Ability to receive all required metadata for issuing a new Task order (Existing Contract Number, Approved budget amount for the requested Task order, Task order number, Contract ceiling amount) from NetSuite. o Ability for bidirectional data synchronization with an acknowledgement. o Ability for required NetSuite metadata fields to be automatically populated in document creation or modification in PAMS. <input type="checkbox"/> Ability to integrate with identity management solutions/Single sign on (SOO). <input type="checkbox"/> Ability to integrate with E-Signature.	 No No No No No Yes No

Attachment 2

ASC's Understanding of Challenges in NW's Procurement Process (2016)¹⁷:

"Current Challenges

There are numerous challenges and issues relating to the current manual process. These include:

- No electronic central repository, results in limited insight into the RFQ/RFP process (e.g. what was requested, who needs to review and approve, why is it being held up, what clauses need to be included, etc.)
- Time consuming and inefficient. There is no control over what needs to be reviewed and by whom, bottlenecks in the workflow, storage of requirements documents, responses and their respective supporting documents, etc.
- Compliance and auditing issues. It is difficult to keep track of versioning and ensuring all parties have an opportunity to review and audit logs to what was performed by whom, what correspondence has occurred, etc.
- No reporting or alerts results in missed milestone, performance or expiry dates.
- There is limited control over the NeighborWorks America templates. Departmental employees often start from old versions of NeighborWorks America contract templates which introduces risk. NeighborWorks America would like to ensure departmental Contract Managers start from legally approved and current contract templates.
- Correspondence and negotiation today is through email and is difficult to track. The manual process is inefficient and requires a lot of effort to track where contracts are in the process.
- There is limited reporting capability on existing contracts to allow for proactive notifications prior to key dates"

¹⁷ ASC Contracts Solution Definition Document – NeighborWorks America, 08 September 2016 (Version 3)