Research and Innovations Contracting Review

Introduction and Audit Scope
The Research and Innovations Division (Research) drafts and administers contracts to study and understand transportation related challenges. We reviewed the contract development process for compliance with federal and state procurement requirements, risk exposures, control vulnerabilities, and opportunities for process improvement. We found two areas of satisfactory performance, five recommendations, and two observations during the course of our review.

Satisfactory Performance Areas
1. **UTRAC Complies with 23 CFR 420.111 for Planning and Approving Research Projects**
   Research’s UTRAC process uses various subject matter experts at UDOT to prioritize project proposals for funding. The process complies with Federal Highway Administration (FHWA) requirements for project development and funding.

2. **Peer Exchanges complies with 23 CFR 420.203**
   Research complies with the federal requirement to conduct peer exchanges. Research held its most recent peer exchange in October 2016 and hosts peer exchanges approximately every three to five years. They also participate in peer exchanges for other state DOTs.

Recommendations and Observations
1. **Inappropriate Use of 48 CFR 2.101 Definition of Simplified Acquisition Threshold**
   Research’s collaboration with Consultant Services is not appropriate unless Consultant Services incorporates state procurement requirements to their contracting process for research contracts. Research selects contractors from the Consultant Services’ pooled list of pre-qualified vendors without determining other qualified candidates through a competitive bidding process.

2. **Sole Source Contracts Non-Compliant with Utah Administrative Rule R33-8-101(a)**
   Research does not verify for competition when sole-sourcing with non-public entities in accordance with Utah Administrative Rule R33-8-101(a). Research’s sole-source process may cause non-public investigators to assume UDOT will automatically award them a contract if their project proposal is approved at UTRAC.

3. **Progress Reports Should Comply with 23 CFR 420.117**
   Research does not provide an annual progress report to FHWA as required by 23 CFR 420.117. Lack of formal reporting reduces Research’s ability to adequately measure the outcomes of the SPR program and to verify with FHWA the effectiveness SPR funded projects.

4. **Inconsistent Document Retention Practices**
   We found inconsistent documentation retention for all 27 sample projects we reviewed. Research has not established formalized documentation procedures. Project managers have discretion to upload documents they consider relevant in the completed file folder.
5. **Conflict of Interest Disclosures Reduce Risk Vulnerabilities**

Research does not require the completion of a conflict of interest disclosure for sole-source contracts. Requiring contractors to complete conflict of interest disclosures increases Research’s ability to reduce the potential risk of favoritism and strengthens the integrity of the contracting process.