



OAG

Office of the Auditor General

201 N. Washington Square, Sixth Floor • Lansing, Michigan 48913 • Phone: (517) 334-8050 • audgen.michigan.gov

Doug A. Ringler, CPA, CIA
Auditor General

July 31, 2020

The Honorable Ann Bollin
State Representative
N-891 House Office Building
Lansing, Michigan

Dear Representative Bollin:

Enclosed are answers to the questions you posed in your April 2020 letter to our office regarding the Michigan Department of Health and Human Services' (MDHHS's) actions involving the awarding and subsequent withdrawal of a no-bid contract with Great Lakes Community Engagement for the purposes of contact tracing.

To develop our answers, we reviewed email correspondence and Microsoft Teams conversations of eight MDHHS employees, one Michigan Department of Labor and Economic Opportunity (LEO) employee, and one Michigan Department of State Police (MSP) employee. We also conducted interviews with the following individuals:

- Director, MDHHS
- Economic Stability Administration Policy Director, MDHHS
- Director of the Division of HIV/STD Programs, MDHHS
- Director of the Bureau of Grants & Purchasing, MDHHS
- Manager of the HAI (Healthcare Associated Infections)/Hepatitis/TB Section, MDHHS
- Public Information Officer, MDHHS
- Director of the Bureau of Epidemiology and Population Health, MDHHS
- Senior Advisor, LEO

The MDHHS Senior Advisor on Opioid Strategy, a Michigan Public Health Institute (MPHI) contractor who was the individual tasked with overseeing the implementation of contact tracing, declined to meet with us for an interview. MDHHS routinely uses MPHI for sub-contracting and for providing contracted workers to perform functions for MDHHS.

Great Lakes Community Engagement (GLCE) and Kolehouse Strategies are registered, assumed names of K2K Consulting, LLC, a limited liability company formed by Donald M. Kolehouse II, for the purpose of "Political Consulting". Both GLCE and Kolehouse Strategies utilize the EveryAction platform, a nonprofit Customer Relationship Management (CRM) software created by NGP VAN. NGP VAN is based out of Washington D.C. and, according to its Web site, is a leading technology provider to "Democratic and progressive campaigns and organizations, as well as nonprofits, municipalities, and other groups".

The Honorable Ann Bollin
Page 2
July 31, 2020

We appreciate the opportunity to assist you in answering questions regarding this topic. If you have further questions or a request for other services, please do not hesitate to contact our office.

Sincerely,

A handwritten signature in black ink that reads "Doug Ringler". The signature is written in a cursive, flowing style.

Doug Ringler
Auditor General

Attachment

Letter to Representative Bollin – Attachment

July 31, 2020

Questions and Answers

Many of the interviewees referred us to the MDHHS Senior Advisor on Opioid Strategy (Andrea Taverna), who was the individual primarily in charge of contact tracing, for answers to our questions. However, this individual referred us to her attorney, who informed us that “At this time, Ms. Taverna continues to decline the opportunity to discuss these issues.” The answers to some of the questions below could potentially have been different if we had been able to interview this person.

Q1: Who authorized the solicitation of the service?

A: The MDHHS Director (Robert Gordon) tasked the MDHHS Senior Advisor on Opioid Strategy with implementing contact tracing volunteer management and the respective tracing technology platform(s). The MDHHS Senior Advisor contacted the LEO Senior Advisor (Ed Duggan) via email on March 24, 2020 to set up a meeting to discuss the COVID response. These two individuals knew each other from previously working together in the Executive office. The LEO Senior Advisor had worked with Kolehouse in the past and suggested Kolehouse would be able to start building a technology platform and assisting with staffing needs. The MDHHS Senior Advisor then asked the MDHHS Division Director (Kathryn Macomber) of HIV/STD Programs to have a meeting to find out if Kolehouse’s company, K2K Consulting, LLC dba Kolehouse Strategies, was capable of managing a large number of volunteers.

Q2: Why wasn’t the Michigan Disease Surveillance System utilized?

A: The Michigan Disease Surveillance System (MDSS) contains an Outbreak Management System (OMS) that local health departments (LHDs) use for contact tracing. However, the Director of the Bureau of Epidemiology and Population Health (Sarah Lyon-Callo) explained that OMS, developed in 2011, did not have the functionality to hold 14 days of contact tracing activity for each identified COVID case and a more robust system would be needed.

Q3: Who developed the scope of services? How was the scope of services determined?

A: The MDHHS Division Director of HIV/STD Programs stated that Kolehouse sent MDHHS what he could offer to them in a Statement of Work (SOW), unsolicited. MDHHS then vetted the services from there. We do not consider it typical for a vendor to develop the scope of work. MDHHS then took his SOW and turned it into a work plan.

Q4: What evaluation was conducted in order to determine the no-bid contract price was appropriate?

A: The MDHHS Division Director of the HIV/STD Programs worked with Kolehouse to determine an initial budget for the contract. When the initial budget request was submitted, the MDHHS Division Director of the HIV/STD Programs worked with MPHI and MDHHS to develop a final budget amount for the contract. All budget requests went through MDHHS Bureau of Grants and Purchasing (Christine Sanchez) for approval. The MDHHS Division Director of the HIV/STD Programs stated in our interview that the Kolehouse contract price was extremely low and there was a concern that it was "not a high enough price". The MDHHS Division Director of HIV/STD Programs also stated that the MDHHS Senior Advisor mentioned that Kolehouse was going to possibly be paid by a philanthropy group, but as the scope of the project expanded, it became known that the price of the contract was going to need to increase beyond the price limit of the contract.

Following the termination of the contract with GLCE, MDHHS issued an RFQ for COVID-19 contact tracing services and entered into a new contract with Rock Connections, LLC for approximately \$1 million.

Q5: Which firms were considered for the no-bid contract?

A: K2K Consulting, LLC was the only firm considered. The MDHHS Division Director of the HIV/STD Programs stated that there are various components of contact tracing and some vendors were reviewed that could provide some components of contact tracing, but none of the vendors could provide all the needed components for contact tracing. For instance, MDHHS received inquiries from vendors for putting a text service in place for those that have been exposed to COVID. However, MDHHS believed none of the vendors could do the entire contact tracing process like Kolehouse was able to. Initially, MDHHS was working specifically with Kolehouse and it started out as pro-bono work, but soon both parties realized the overwhelming amount of work to be done so they moved to developing a contract. The MDHHS Manager of the HAI/Hepatitis/TB Section (Joe Coyle) stated that since he had already had so much work done through Kolehouse they continued on this path.

Q6: What firms were solicited for the no-bid contract?

A: No formal solicitation of firms was conducted. MDHHS received offers of help from multiple vendors offering specific services, but MDHHS did not formally solicit firms for assistance.

Q7: What was the total amount of the contract award?

A: According to the subcontract with MPHI, total payments from MPHI to the Subcontractor (Great Lakes Community Engagement - GLCE) under this Agreement, shall not exceed \$203,768.00.

Q8: Was there a provision for additional contract award add-ons?

A: The MDHHS Director and the MDHHS Division Director of the HIV/STD Programs stated that while no provision existed for additional contract award add-ons, amendments can be made with any contract.

Q9: Was there an extension provision?

A: The MDHHS Director stated, and we confirmed, that there was no extension provision in the contract, but as noted in Q8, amendments can be made with all contracts. The SOW did include an extension provision; however, the SOW was not dated.

Q10: What was the process for soliciting bids?

A: There was no formal process for soliciting bids. The MDHHS Director of the Bureau of Grants & Purchasing stated that normally employees would need to follow the procurement process and solicit bids; however, since Michigan was under a State of Emergency, there was an exemption from soliciting bids. The Management and Budget Act (Section 18.1261 of the *Michigan Compiled Laws*) allows for the procurement of goods or services without a competitive solicitation, if in response to a declared state of emergency.

Q11: Was there a limit on the contract award?

A: According to the subcontract, total payments from MPHI to the Subcontractor (GLCE) were not to exceed \$203,768. The MDHHS Division Director of the HIV/STD Programs stated that the job was getting increasingly bigger and it was known the price needed to increase, which it would address utilizing contract amendments.

Q12: Was all of the data requested to be collected directly related and necessary to determine contact tracing?

A: Yes: According to the script developed, volunteers would collect information such as phone number, first and last names, county of residence, emails, and members of the household.

However, information about the volunteers was also collected during the volunteer registration process. An Action ID was required for the volunteers to be registered. This registration required the volunteers to provide their name, phone number, and email address. This information was then available to GLCE. The MDHHS Audit Liaison informed us on July 16, 2020, that anyone that signed up to be a volunteer and was given access to the database no longer has access since the contact tracing volunteer committee is now inactive; however, the Action ID's were not deleted. MDHHS has sent a data destruction request to Kolehouse; however, it has not been returned. We were also informed that MDHHS's current position is that because the volunteer information was entered directly by the volunteers as a part of receiving their Action ID and not provided by MDHHS, the information would not be required to be deleted under the contract.

Q13: Who owns the data?

A: As stated in the sub-contract between MPHI and GLCE, MDHHS owns the data. We are not aware of any data related to COVID cases transferred to any Kolehhouse organization.

Q14: What are the privacy and security protocols for contact tracing data?

A: The subcontract with MPHI states that the "subcontractor shall not disclose, publish or use at any time, either before or after termination of the agreement, any confidential information concerning MPHI. Subcontractor must have appropriate safeguards in place to protect the confidentiality of MPHI and MDHHS data. Failure to implement appropriate safeguards and/or to abide by the terms of Exhibit D is grounds for termination of this contract. The inadvertent disclosure through negligence of confidential information or data concerning MPHI is grounds for termination of this contract."

Q15: Will any of the data be used by the MDHHS for any other purpose?

A: Yes, according to the MDHHS Director of the Bureau of Epidemiology and Population Health, the data would also have been used for public health investigations that are housed in the Michigan Disease Surveillance System.

Q16: Is any of the information available under FOIA?

A: The MDHHS Manager of the HAI/Hepatitis/TB Section stated that the information is most likely available in aggregate by city or county, for example, but that personal identifiable information would not be available.

Q17: Why didn't the contract undergo the State Emergency Operations Center (SEOC) approval process?

A: MDHHS stated that it was not aware that this was required. We determined that SEOC distributed guidance on the COVID SEOC Procurement Process to various MDHHS personnel on April 30, 2020, 10 days after the announcement of this contract.

Q18: Why did the SEOC issue a press release announcing the contract being awarded to Great Lakes Community Engagement without officially approving the contract?

A: The MDHHS Public Information Officer (Lynn Sutfin) stated that all COVID-related press releases must go through the SEOC and the Joint Information Committee (JIC). The MDHHS Public Information Officer wrote that press release. The SEOC and JIC did not review contracts, they simply looked for consistent language in the press release.

Q19: Who made the request for contact tracing be completed by an outside consultant?

A: We were unable to obtain a complete answer to this question because the individual with primary responsibility for the project, the MDHHS Senior Advisor, declined an interview. Many of the interviewees referred us to the MDHHS Senior Advisor regarding this question.

MDHHS interviewees stated that they did not think that MDHHS had the capacity to develop an efficient contact tracing system internally, so it became apparent that an outside contractor would be needed.

Q20: Did the MDHHS consider leveraging state employees receiving full time pay and benefits who were not able to do their work from home (i.e. SOS branch employees, library and archive staff, etc.) to conduct the contact tracing?

A: We found no indication that MDHHS considered using employees outside of MDHHS. The MDHHS Manager of the HAI/Hepatitis/TB Section stated that originally State employees (around 100 to 120 of them) were helping out with case investigations when certain LHDs were overloaded. These State employees volunteered to conduct this new task in lieu of their normal duties. The option to help was not given to other State departments, aside from contractors.