

Agency Purchasing Staff Survey Responses

*Compiled by the Legislative Services Office on behalf of the
Purchasing Laws Interim Committee - September 29, 2015*

Summary

The Legislative Services Office asked state agency purchasing staff six questions related to state purchasing. The e-mail was sent from the Division of Purchasing's *listserv* to approximately 200 individuals and 18 individuals responded.

Many respondents stated they believed the state's procurement law should be revised. Some respondents wrote of rather extensive internal processes that have been developed to procure goods and services, and then manage the contracts related to those purchases. A few large agencies have databases that track their procurement efforts, but many use excel spreadsheets.

Several respondents sought clearer guidelines related to delegated purchasing authority and more autonomy when making statewide contract purchases. Some agencies asked for additional help from the Division of Purchasing because they don't have procurement professionals in their own agency and wanted more assistance. Consequently, some felt that the Division may need additional staff to adequately meet all of the demands of existing statute that are placed on the Division. Some asked for enhanced training opportunities for their own staff. As with the input from the agency directors, the responses were varied and many offered suggestions for improving the state's current processes.

The e-mail request, dated September 2, 2015, read:

The following survey is being conducted by the Legislative Services Office on behalf of the Legislature's Purchasing Laws Interim Committee in order to evaluate the effectiveness of Idaho's purchasing laws and processes. If you have any questions about the survey, please contact Legislative Research Analyst Elizabeth Bowen (ebowen@lso.idaho.gov, 208.334.4851) or Budget and Policy Analyst Robyn Lockett (rlockett@lso.idaho.gov, 208.334.4745) for assistance. Thank you for taking the time to share your insights. Please email your response to Robyn Lockett by September 18, 2015.

- 1. Do you believe that Idaho's purchasing laws need to be revised? If so, what specifically would you like to see changed, and why?*
- 2. What kinds of contracts (goods, equipment, parts, supplies, services, etc.) does your agency typically enter? What is their usual range in value? What is the value of your highest current contract, and what is the contract for?*
- 3. Does your agency have a system to keep track of all its contracts? If so, please describe the system.*
- 4. What is your agency's typical contracting process? What aspects of this process work well for your agency? What aspects of this process could be improved, and how do you feel these improvements could be best accomplished?*
- 5. Do any employees in your agency have delegated purchasing authority from the Division of Purchasing? If not, have any of your employees had delegated authority in the past? What are your thoughts on delegated authority?*
- 6. Please share any additional comments on purchasing that you would like the committee to consider.*

1. Do you believe that Idaho's purchasing laws need to be revised? If so, what specifically would you like to see changed, and why?

No changes – 5 responses

“Not necessarily; IDAPA rules are clear and comprehensive. For those delegated agencies, it might be useful to provide additional procedural information in line with best management practices allowing for more agency autonomy in contracting within specific, vetted guidelines.”

“Yes, [this agency] thinks that Idaho's purchasing laws should be updated to better align with the contracting needs of the State and public entities. The statewide contracts are not always a better price or convenient to the Agency. Statewide contracts should be a benefit to the Agencies and not a burden.”

“The Idaho Purchasing Laws are not incomplete, but could possibly be cleaned up and more logically arranged. They are sufficient, but they need study and familiarity to understand. Perhaps they could be segregated into their own section and rearranged in a more logical sequence.”

“Our Agency very much appreciates the work of the purchasing department. However, some of the rules are regulations are very time consuming and process heavy which can hinder efficiency. I realize that the rules are intended to protect the state against potential litigation, but I am not sure the benefit outweighs the costs, both on the originator's side and vendor side.

While in terms of budget, [we are] considered a small agency; however, we have complex needs. In order to have a longer term relationship with a contractor, one has to use the RFP rather than quote process. So our approach is to look out over time and predict how many years, for example, we need the service. Most of our vendors are highly specialized, including grant writers, evaluators, or contract historian/exhibition services. Most local vendors for these types of services are one person or small operations. So the level of complexity of the process, detail, insurance, and other rules dissuades small vendor participation.

The one year limit on professional service agreements can be a challenge. We often are piecing together grant funding or other sources to bring on consultants to assist us. If a project gets behind schedule for good cause, the contract can go past the year and even if it is a low dollar amount it requires another process quote/bid.

If we have a successful relationship with a small vendor, who knows our programs/services/mission and is delivering top quality results, it is frustrating and a waste of time to go out to bid or RFP when we know the field is very limited. We know the good vendors as well as the ones who would not deliver value to the state. Sometimes the process, if price is heavily weighted, means that you can get a vendor who (because of price) will be the successful proposer. However, this is not in the best interest of the state if they are not the best quality and cannot perform with speed and efficiency. Then, releasing a vendor requires documentation and more work. Our staff is so small, we can not afford spending time on processes, which for multi-million dollar efforts may make good sense, just do not for a multiplicity of more specialized efforts.”

“The levels of spending authority vs delegated authority need to be clarified.”

“Yes, the language could be simplified and clearer for taxpayers, vendors and others to understand the rules. This would allow general public and vendors to understand what the rules are for state agencies to purchase equipment and services.”

"In general, the laws governing purchasing in Idaho are adequate. This office abides by the laws and constantly refers to Idaho Code and IDAPA to be sure of compliance. In some cases, the laws can be vague and open to interpretation, sometimes not applicable to situations that occur.

Staff Suggestion/Request: Would it be possible to revise the 'Professional Services Agreement' to allow for an arrangement that exceeds a single year? If the primary reason for the agreement has to do with the provision of services by a professional conducting business in a field/manner in which competitive procurement is not advantageous to the state – why is that service only viable for a single year? Why do limits exist for special 'non-competitive' agreements to a single year without evaluating the situation? My main question is how does limiting a PSA to a single year ensure a more competitive and transparent environment? Isn't it more likely an agency would seek out ways to renew the agreement without the express permission of DOP in order to make certain the project is completed? If the agreement exemption applies for one year, can DOP guarantee each market/industry will change enough in 365 days for every type of PSA that a competitive solicitation is necessary. The line drawn is black, but this seems like much more of a gray area."

"Yes. State Code 67:5717 (9), 67:5726 (4), and 67:5728 (3) identify Open (State) contracts as mandatory with verbiage such as "must utilize", "no officer or employee shall fail to use an open contract", and "no state institution of higher education...shall fail to utilize such contract." We recommend these sections of code be changed to say that all Open (State) contracts are optional. Years ago State contracts were "mandatory" or "optional". Optional contracts would give us the opportunity to use the contract, or if desired, buy goods and services from businesses in our own community. Our experience has shown that many vendors give better pricing, shorter delivery times, and improved service to Higher Education entities than what is given to State Government. We feel there are tangible benefits if we were given the flexibility to make the decision to use the State contract or a local vendor without as many pre-approval requirements from the State Division of Purchasing. For example, it is our opinion that the employee that uses the products and has the knowledge and experience to know what work best (janitorial products for example) can act as a better decision maker than a system that requires using certain products."

"Yes. Delegated Authority – as discussed in item 5 below. IPRO should not be a mandatory use for small purchases (under \$100k). Small purchases, by code follow an informal bid process by which an agency must obtaining 3 quotes from vendors with significant Idaho presence. IPRO is a useful tool, but is time consuming in the informal bid process. The purchasing laws overall provide for fair competition, transparency and good practices. I would like to see DOP play more of an advisory role and focus on statewide contracts and less on overseeing agencies delegations and contacting."

"Mandatory contracts should have a clause in them that allows an agency to purchase the same quality of product through a non-contract vendor if the price is lower. When there have been printing contracts in place we had to pay the new vendor a significant amount to build new templates for our forms and then paid more per form through the vendor, and had to wait up to 2 weeks to get our order or pay an expedited fee to get it in a week. Our normal vendor doesn't charge for new templates, is less expensive, and has a 2-4 day turnaround time. We were very happy to return to our old vendor when the mandatory contract expired. When we have a large printing job we always bid it out and secure a better price than we had to pay when the contract was in place."

"Idaho Code and Division of Purchasing rules should capture the areas of procurement that are enforceable and where no variance is allowed. The remainder of the procurement processes should remain flexible within acceptable boundaries to meet best practices, agency specific needs and allow for multiple ways to achieve the best results for the agency, the citizens and taxpayers of Idaho."

“Yes, some revision of the current purchasing laws would be beneficial. Two areas of the purchasing process should be reviewed: Contract administration of large (high dollar) contracts and the utilization and administration of Open (statewide) contracts.

Contract administration of large (high dollar) contracts

The Division of Purchasing has the statutory authority to enter into and administer contracts for the various state agencies. However, the DOP, while trying to maintain their oversight and authority over the contract, has increasingly shifted the responsibility and accountability of the contract administration to the agencies. There are several reasons for the DOP to shift this responsibility including insufficient resources or a lack of personnel qualified in the technical aspects of the contract. If agencies are going to be held responsible and accountable for the contract outcomes, then they should also be given the ultimate authority for contract decisions. There needs to be clearly defined lines of authority and responsibility regarding the contract solicitation and administration processes.

Administration of Open (statewide) contracts The Division of Purchasing has executed approximately 131 open (statewide) contracts. While [this agency] understands the premise of cooperative purchasing agreements to leverage the benefits of volume purchases and reduce administrative time, there are some concerns with the procurement process and administration of the contracts.

- The DOP has entered into these open contracts with little to no involvement of our agency. Agency representatives with technical knowledge of the agency’s needs should be involved in the development of specifications and contract terms and conditions. We recommend the establishment of a committee of purchasing professionals from all affected agencies to evaluate the merits of a state contract and to agree on contract terms.
- Approximately 45% of the open contracts are WSCA (aka NASPO ValuePoint) contracts. These agreements, which were primarily developed by other states, allow multiple states to participate in the contract.
- Again, our agency was not included in any evaluation to determine the advantage or detriment for any of these WSCA contracts regarding the services provided or contract terms and conditions. It is also unclear who is responsible to administer the contract and protect our agency’s interests when the initial contract was executed by another state.
- Additionally, we have concerns that these WSCA contracts do not meet the true intent of Idaho Code §67-2349, which requires vendors to have a “significant Idaho presence”. While the vendor probably meets the technical requirements of the code, these large multi-state contracts may limit the ability of local and regional vendors to compete.
- Idaho Code § 67-5726(4) states in part "No officer or employee shall fail to utilize an open contract without justifiable cause for such action." The DOP has not established any policies on what constitutes a justifiable cause. [This agency] has requested a number of exceptions to utilizing an open contract because other local vendors provided more favorable pricing quotes or offered better delivery schedules. The DOP approved a few of our exceptions, but at times required the agency to contact the Open contract vendor in an attempt to lower their price. This is not a good practice and adds administrative time and cost to the agency.

2. What kinds of contracts (goods, equipment, parts, supplies, services, etc.) does your agency typically enter? What is their usual range in value? What is the value of your highest current contract, and what is the contract for?

[Responses in ranges of: less than \$1,000,000; \$1-5 million; greater than \$5 million]

“We currently have a contract in place for temporary employees, we spend an average of \$30,000 - \$70,000 a year with contract staff. We also have contracts in place for buying vending machines, we spend an average of \$40,000 - \$100,000 a year for new machines.”

“We typically contract for services; here is a listing of our current types of contracts:

<i>Goods/Services Contracted</i>	<i>Price</i>
<i>Newsletter printing (3 different contracts)</i>	<i>\$1, 582 - \$3,100/yr.</i>
<i>Magazine, newspaper, journal, encyclopedia databases (4 different contracts)</i>	<i>\$4,500 - \$398,230/yr.</i>
<i>OpEd for Make It project</i>	<i>\$6,225/yr.</i>
<i>OpEds for other programs</i>	<i>\$ 5,400/yr.</i>
<i>Program evaluations</i>	<i>\$5,000/yr.</i>
<i>Presenters/speakers</i>	<i>\$200-\$600/person per event</i>
<i>3D Printers; support; training</i>	<i>\$12,344//yr.</i>
<i>Braille book services</i>	<i>\$1,920 - \$3,450/yr.</i>
<i>Group resource sharing, cataloging for libraries, hosting services</i>	<i>\$334,849/yr.</i>

\$398,230/yr - EBSCO, with our LiLI Databases”

“Most of our contracts are generated from the statewide contracts. We have a few that are not. Building Lease - 10 year – about \$65,000 annually. Xerox 36 month, 249.97/mo, GL Solutions – Licensing System 3 year expires 10/16 8199.23/mo., Southworth Associates 24,000 annually exp 2016. We will be putting the Southworth Contract & the Licensing system contract out for RFP this year, as well as securing a contract for our PMP system that was provided to us for free for three years also expiring in 2016.”

“[Our agency] procures a variety of goods and services. Most of the goods [the agency] obtains are available on Statewide Contracts. However, the specialized scientific equipment such as air monitors and water quality probes go out to bid. Purchase Orders issued for goods, with no service, generally range from \$5,000 to \$75,000. The contracts we enter into can vary from low dollar training and general services to high dollar engineering and task order contracts. [The agency] has been granted full authority per legislation to contract for all federally regulated Superfund activities. The Superfund contracts we procure and administer are the majority of [the agency]’s high dollar contracts. These contracts have far more restriction and complexity than any other we do, and we procure them on our own and are not subject to delegated authority. These contracts are generally engineering and remediation work in nature. We contract with other government entities often for various services.”

“The [agency] uses statewide contracts for the majority of our goods and services. The occasional contract for other needs would be IT related or for professional services. Our highest current contract is

a sole-source with a value of \$150,000 for the purpose of conducting security assessments of approximately 150 schools as directed by Senate Bill No. 1189.”

“Mostly services, Janitorial, Waste disposal, Shredding, copier supplies and maintenance, software support and maintenance, etc. Highest dollar value contract is for software support and is around \$50,000.”

“We purchase everything from paper, equipment hardware, software, IT Services, trailers, dump trucks, and snowplows. The range in value goes from \$100 to +\$100,000 each.”

“Professional Medical Therapists (physical, occupational, speech, social); Database Management Service; Janitorial Service; HVAC Maintenance Service; Range in value: \$100 to \$5,700 per month; Value of highest current agreement: \$68k per year”

“We use statewide contracts for most of our supplies, maintenance, paper, etc., expenses.

Sole source for \$170,000 over 3 years for HVAC services.

Security contract through the Dept of Administration Contract with AlliedBarton is \$160,500 for one year, can renew for one more year.

Janitorial Contract \$42,500/year option for 4 years

Software replacement \$100,000 plus ongoing maintenance fees

Professional Service Agreements that range from \$300 to \$75,000;

this can range across the entire spectrum of our agency's services and for example would include: educational event speakers; project archeologists that are doing site specific work, for example on the Bear River Massacre site to do metal detecting, ground penetrating radar, and magnetometry; curriculum specialists who may be writing primers for a wide range of school program materials or special self-guided tours of sites or exhibitions; consultants who specialize in government records management, such as I Merge, who were needed to assist in the merger of the State Archives/State Records Center; filmmakers, videographers, and digital specialists, who are needed to provide device-based access for the public to collections and exhibitions, such as the Digital newspaper project; or Regal 360 who created the 3d web-based tour of the Lincoln Legacy exhibition.

Security monitoring, \$50,000 over 3 years

Fundraising Counsel - \$165,000 over 3 years

Professional evaluator, to assess program (in this case how planned exhibitions will resonate state wide) up to \$75,000

Design/build services for educational exhibitions at our new state historical museum \$623,000 over 4 years; this can be adjusted up through change order”

“Our department purchases a wide range of goods, parts, supplies, and services. In particular, we have a large number of Forest Management and Fire contracts that we must be able to execute on a timely basis to meet our mission. The majority of our contracts fall below \$50,000. Our highest value contract is for Forest Management Software at \$1.7 million.”

“[The agency has] a wide range of different types of contracts. We have contracts for medical services, janitorial services, facility maintenance services, medical equipment, cemetery operational equipment and other institutional (kitchen and laundry) equipment. (What is their usual range in value?) The value ranges from \$10,000 to \$2,000,000. Contracts \$100,000 and over are handled by Division of Purchasing on our behalf. (What is the value of your highest current contract, and what is the contract for?) Our highest value contract is \$2,000,000 and is handled by Division of Purchasing on our behalf.”

"[The agency] uses and has a wide variety of contracts for all of the examples provided above. The contracts range anywhere from \$10,000 to \$2,000,000. The value of [the agency]'s highest current contract is \$2,027,856 per contract year and it is for Temporary Staffing Services for specific job positions."

"A University actually uses just about every good or service you can think of: office equipment, vehicles, fuel, utilities, food service, radioactive isotopes, cadavers, medical equipment, pharmaceuticals, software, insurance, building material, lighting, construction services, temp workers, athletic equipment and uniforms, computers, phones, etc. Our largest single contract last year was with Chartwells, our food service provider, with a value of \$3,156,256."

"The [agency] mainly contracts for services. With our mission to support schools and students to achieve, our contracts mainly focus on professional services and venues for training. The services also include IT wireless services, IT software training for students, and driver training software and support. When applicable, the [agency] utilizes the Division of Purchasing Blanket Purchase Orders for goods and supplies. All of these contracts range from \$250 to \$10,000,000. Our current highest contract is for \$10,327,217 with the American Institutes of Research for administration, reporting, and scoring of student's assessments in ELA and Mathematics."

"We have ITB contracts for many items needed to support our correctional facilities.

Examples include Offender Electronic Monitoring, Offender Footwear, Offender Clothing, Offender Underwear, Hygiene Supplies, Uniforms and boots for our correctional officers and parole agents.

We have multiple RFPs for services in place:

Out of State Housing

Private Prison - a contract for Lease/Purchase and a contract for Operations

Health Services for our Offenders

Religious and Volunteer Services

Sex Offender Treatment Services

We have multiple Concession Contracts:

Inmate Telephone and Kiosk

Commissary and Inmate banking

Our Health Services contract is our largest in cost and our FY16 appropriation is \$40,635,300.

ITB's are used for \$100,000 and over for the term of the contract.

Concession Contracts are no cost to us, rather we receive funding for allowing the concession to happen. This funding helps us defray some of the costs running our prisons."

"[Our] contracts for services such as janitorial, enhanced work services for public assistance recipients, case management, intensive family intervention services, residential treatment, tobacco use prevention, service coordination, vehicle maintenance, psychological evaluations, lab testing, managed care for Medicaid programs, dental services, etc. Contracts for products include laboratory equipment, product maintenance and service, customized IT software, software applications, printing, food services and equipment, optical product and services, etc.

The low end of the range is \$0 for a contract for CNA testing and operation of web-based CNA registry. The high end of the range is \$300 M. for three years of managed care of behavioral health services for Medicaid. There isn't really a usual range in value."

3. Does your agency have a system to keep track of all its contracts? If so, please describe the system.

[Responses: none; simple process; Excel/combination of Excel; specialized programs]

“No system – 2 responses”

“A file Cabinet.”

“Our contracts are all filed in the office of our President/CEO.”

“Signed contracts are stored in our electronic document management system.”

“We currently have paper and electronic files and a spreadsheet that shows the current contract and expiration date. This could certainly be improved.”

“We use Excel to track our contracts, purchase orders, and budgetary procedures.”

“Excel worksheet that lists active and expired agreements, and includes contractor names, amounts, effective dates, descriptions, insurance, agency contact, etc.”

“We have a detailed spreadsheet we keep with all active contracts. This includes the initial term dates and current expiration date and any renewals available. Our contracts cover RFP, ITB, RFQs, Concession Services Contracts, Professional Service Agreements, Sole Sourcing agreements, MOUs, MOAs, Leases, Public Work contracts, and Special Work Projects. The system is a bit cumbersome, but it's effectively tracking our active contracts today.”

“The [agency] does track our contracts with an Excel spreadsheet that we refer to as our Contracts Database. We link to the active contract for view by the internal Contract Administrator and indicate the payment terms, contract expiration, financial coding and status. We adhere to the Statewide Management Control System by maintaining a segregation of duties and keeping the requisition function separate from the Purchasing function separate from the accounting function.”

“We do not currently have an electronic procurement system. We currently utilize an assortment of excel spreadsheets and shared drives to document and track our contracts. We are currently implementing an upgrade to our Navision (financial) system and procurement information will be entered into that system as it ties to the payables processes.”

“We do not have an electronic system to track all of our different types of contracts. However, we manually track all of our contracts utilizing Microsoft Excel worksheets. Contracts for purchases of services and equipment of \$10,000 and higher are in IRPO.”

“Yes. We use a variety of tools to keep track of all of our contracts. Each contract has its own folder where all documents related to the contract are kept. We use excel to track PO's, including values, contract spend, renewal/rebid timeframes and other requirements. We also use IPRO for tracking.”

“Yes. Our contract information is entered into an Access Database that was built in house. It has the ability to perform various reports and ties in with funding sources. It keeps track of pertinent contract information including vendor, insurance, procurement methods, charge codes and amendments. [The agency] has an electronic document management system where all pertinent items relating to the contract are stored, as well as keeping the requisite hard file. In addition, [the agency] utilizes the requisition program hosted by the State Controller's Office for producing purchase orders for goods. It has the ability of approval routing and reporting.”

“We use DocuShare, a document management system, to share and manage our agency’s information, including contracts.”

“In July of 2009 [the agency] implemented an Enterprise Resource Planning system, with a financial package that tracks each purchase from requisition, to purchase order, to payment. Our office also electronically scans all associated purchasing documents (quotes, Request for Quote tabulations, debarment verification, communication from vendors, delivery tickets, etc.). These documents are all associated with the Purchase Order. We use the Bank of America system “Works” to review, approve, reconcile, and manage our Purchasing Card transactions. Our legal department has a software program that tracks the review and approvals of contracts. In addition, we are getting ready to implement a contract system in our department to provide timely information to buyers so they can work with our campus customers on contract renewals to ensure they are complete prior to the expiration date.”

“Yes, CGI Advantage is the system of record as well as an internal Tracking Log that captures the contracts we let.”

“Service Contracts: Yes, we use a contract management software system called *Contraxx*. *Contraxx* allows the agency to centralize, standardize and systemize the entire contract lifecycle, from creation through expiration or renewal.

Contraxx allows the agency to:

- Distribute responsible party notifications
- Access contract information quickly
- Track financial flow within each contract record
- Track revisions within each contract record
- Manage insurance requirements and documentation
- Track expiration dates and deadlines
- Control the status of each contract being processed

Centralized contracts allow easy access and visibility for everyone who has a role in contracting. By implementing standard policies and procedures for contract creation and approvals, contracts can be prepared and maintained in a timely manner. The use of pre-approved, standard contract language ensures the consistency of legal terms, conditions and clauses. Through this standardization, *Contraxx* effectively eliminates unauthorized or non-standard language that might expose the agency to unnecessary risk.

Product Contracts: Yes, archived in multiple ways: (1) Hard copy files for Purchase Orders and Contract Purchase Orders, (2) Navision financial software tracks purchase requisitions and issued purchase orders, and (3) Excel spreadsheets track contract purchase orders for monitoring of expiration dates.”

4. What is your agency's typical contracting process? What aspects of this process work well for your agency? What aspects of this process could be improved, and how do you feel these improvements could be best accomplished?

"We have an internal process that we follow, review each year, and update as needed. Program Leader identifies the need, submits forms (identified risks, cost estimates, etc.), Buyer or Grants Officer determines method/process of award, awards contract, and contract closes out."

"Each project tends to have unique requirements/circumstances so it is hard to outline a typical process. This also depends on what type of contract we are working on – it can be an RFQ, ITB, RFP, PSA, SSA or some other DOP allowed exemption which each have different processes. We often work with our legal department and the DOP to determine a course of action if it is outside of the usual RFQ/ITB/RFP process."

"Since we hired a Chief Procurement Officer to ensure the agency is properly contracting for services. The goal every time is fair, unbiased decision making. This is done by being transparent and holding staff and contractors accountable for proper performance of each agreement. As each Program within [the agency] identifies a need, the program initiates a Purchase Requisition, ensures there is proper funding available, if required, they fill out a Sole Source request, and submits the request to the Special Assistant to the [division head] for consideration. The Special Assistant determines if this contract will be awarded as a professional services contract, opened to competition, or approved as a Sole Source contract. The Chief Procurement Officer evaluates if the services are available on open contracts from the Division of Purchasing or some other open source contract. The contract is then awarded and monitored by the supervising program. Upon completion, the contract goes through a close out process to ensure that all aspects of the agreement have been fulfilled and paid appropriately."

"The process depends on the project, whom can do it and what it costs. Different processes exist in different situations. Most of the time the process always feels "typical", in the sense you have to determine the need, solicit if necessary, award and execute. In our processes, the constant aspects in the processes that work well for [us] is our ability and willingness to communicate with our programs, record retention and policy and procedure adherence."

An area in our process could be improved-Utilizing technology. The systems for contract/PO management could be improved. Having an updated system with the ability to have all requisitions or service projects entered, solicited, awarded then tracked. Essentially a web based merger of the two systems currently used. As with any obstacle for a state agency, time and money are necessary to accomplish goals.

Other process issues identified are generally easily addressed with guidance from our CFO and changes to our manuals."

"We currently have one person in charge of purchasing for the agency. When questions come up about a purchase, the staff at Dept of Purchasing are readily available."

"In general, we follow the IDAPA guidelines for contracting very similar to what DOP follows. These Rules provide a structured and well vetted approach to contracting."

"The [agency] is a small agency and does not have frequent need to utilize a formal contracting process. When we do, the DOP oversees the process which works well for our agency."

"We process contracts for services and equipment purchases over \$10,000 through IPRO, except for building repairs (in-house public work contracts) and contracts exempt by DOP policy

directives. Requests are submitted by our programs through IPRO for equipment and services. [Our] contracting staff then issues Request for Quotes (RFQ) for those requests under \$100,000. Quotes are received, reviewed and then purchase orders with contract documents are issued to the vendors through IPRO. Requests \$100,000 and over are submitted by our programs for equipment and services through IPRO. [Our] contracting staff review all documents and forward requests to Division of Purchasing for completion of the bidding process. (What aspects of this process work well for your agency?) The ability to track purchases from start to finish. DOP staff's expertise to answer general contracting questions. (What aspects of this process could be improved, and how do you feel these improvements could be best accomplished?) Delays of DOP staff working on [our] procurements.”
“First check state wide contracts. Check if it will be less than \$5,000. Check if it is building related (if yes just get quotes or do bids). If not building related work with State purchasing to do contract.”

“We work closely with DOP and appreciate their expertise and assistance. We determine the length of time needed for a contract and the estimated cost of the potential contract. The decision to go out for quote or bid is based on need; both in the bidding process and the dollar amount. Amounts under \$100,000 has an increased weigh on dollar amount, not on an evaluation of the quality of the service. In order to put more weight on evaluation criteria it is necessary to increase the dollar amount and possibly the contract period to allow for the contact level minimum requirements. As noted above, the difficulties here include process time, especially when the field of responders is small.”

“A concern is the \$100,000 one year limit. There are times that we would prefer to do a smaller, short term contract that will/may exceed one year. This contract could not be amended to extend the time or dollar amount if the RFQ was used instead of an RFP. This thwarts flexibility and acquisition of the best vendor in a timely manner.”

“We work closely with the professional staff in our Legal Department to draft contracts that meet the requirements of the University and State. When there are areas of concern between the vendor and the University our in house general counsel will work with the vendor to find common ground that is acceptable to both parties. In our opinion this approach is working well.”

“We ensure we're adhering to the state of Idaho purchasing and contracting processes. We have developed and follow a detailed contract lifecycle that breaks the process into 4 distinct parts:

Project Plan and Development - which includes Establishing the contract team, Developing the RFP, gathering information via research, Identify the end product, Defining the scope, Identify resource needs and availability, Identify the stakeholders, Identify dependencies, Conduct risk/benefit analysis, Set the schedule identifying deadlines & milestones, Determine metrics and deliverables, and Setting communication protocols.

Solicitation - which includes Publishing the RFP, Pre-proposal conference and site visit, Clarification period and Q&A, Evaluation, Demonstration or interview if applicable, Intent to award, Appeals & protest period, Award contract, Negotiation and contract execution, Clarification period with the awarded vendor, and Facilitate contract implementation.

Contract Management - which includes Planning & Developing the Contract Oversight Manual, Monitoring Contractor Performance through review of contractor reports, holding contract meeting, monitoring in accordance with oversight manual, Payment approval, Dispute Resolution, Internal Audit if applicable, File Maintenance/Document Management, Change Management (includes renewals & amendments), Remedies for non-performance or sub-stand performance, and Review Exit Strategy as necessary.

Close Out - Product and inventory return, Record management, Cross divisional/internal coordination and communication, Facilitate Communication, Facilitate Close-Out Schedule.

Currently this process is working well for us.”

“We currently have one person in charge of purchasing for the agency. When questions come up about a purchase, the staff at Dept of Purchasing are readily available.”

“This process begins with an end user requesting a good or service and provides the specifications to [the agency] Purchasing section. The Purchasing section procures the good and service according to State code. Some purchases do not require involvement from the Division of Purchasing. These would include items within delegated authority and items purchased off statewide contracts.

I think the area that could be improved is the review process. Clear performance standards and measures could reduce the time spent reviewing the work of the individual agencies as well as changes to the evaluation process of an ITB would improve the process.

A review of the Delegated Authority code including dollar limits, authority assignment and clear requirements for different levels of authority would be beneficial.”

“Request for quotes, with award to responsive, responsible bidder with lowest price.”

“Safeguards are in place. I. C. §§ 22-1208 outlines the process followed. Additionally, four of our Commissioners sit on the Office Procedures Committee and personally review each and every expenditure made by the [agency] and approve these expenditures in writing. This is followed by an annual audit of all of the [agency’s] receipts and expenditures by a CPA the results of which are presented to the Legislature each year. So there isn’t any delegated purchasing authority from the Division of Purchasing at [this agency].

“We follow the guidelines given to us by purchasing. Typically if a contract is needed we contact purchasing for assistance. We have so few contracts and all of them are very different in content they usually don’t follow the same process. They have all been difficult and I don’t have a good solution to making them easier.”

“[Our] program staff identifies a service or product need and submits a request form or Navision requisition to our Contracts and Procurement unit. The unit determines the appropriate solicitation process and takes the lead in working on that request. The resulting contract or purchase order is issued by the unit after all the appropriate steps have been taken. Once the contract or purchase order has been issued, the program staff take over the necessary administration, management, monitoring and invoice payment. The program staff are responsible for the service delivery, reporting and communications with the contractors and vendors.”

“All aspects of our internal processes work well for our agency. We employ regular quality improvement activities and work closely with our programs (end users) to change processes as necessary to provide the best possible service with available staff. Because we have the expertise and knowledge regarding Department services and product needs, we can work efficiently and effectively to obtain those services and products to keep our agency running smoothly.”

5. Do any employees in your agency have delegated purchasing authority from the Division of Purchasing? If not, have any of your employees had delegated authority in the past? What are your thoughts on delegated authority?

[Responses: none; exempt; limited; yes]

“No authority – 4 responses”

“[Our agency] does not currently have delegated purchasing authority. We have had it in the past in the amounts of \$50,000 and \$25,000. Our volume of high-dollar purchases is such that it does not warrant it at this time.”

“No staff with delegated authority. Have not had it in Past. Only thoughts on delegated authority is that we do not have staff trained to focus on purchasing.”

“Currently we do not have additional delegated authority. Our authority was removed in 2012 when our purchasing agent changed positions within our agency.”

“The threshold of delegated authority should be reviewed. Small purchases (under \$100,000) are typically low risk and therefore should not require oversight by Division of Purchasing. The small purchase solicitation process is one that an entry level buyer is familiar with and does not require the level of rules and oversight.”

The delegated authority approval process should provide more detailed and standardized requirements allowing agencies to easily determine what is needed to qualify for what dollar levels of authority. The assignment of delegated authority to a person can significantly impact an agency. In our case, our purchasing agent moved to a new position and we lost our delegated authority. Assigning delegated authority to an agency as a whole, with specific minimum requirements to maintain that authority, would allow agency operate without interruption. Without delegated authority, agencies are restricted to purchases under \$10,000.

I think that DOP could provide value to agencies focusing on high-risk and statewide contracts. For other contracts, they should be available to answer questions and provide guidance upon agency's requests.”

“The [agency] is exempt from the rules of the DOP; therefore, the DOP does not have authority to delegate to the [agency]. Although exempt, the Chief Procurement Officer works directly with the DOP on a regular basis to ensure similar standards and protocols are in place and that the [agency] processes contracts in like manner. For example, both agencies public websites have a link to the other agency's website to make the general public aware of the other's bidding opportunities. This was done in an effort to create transparency and create more competition. The [agency] and the Division of Purchasing are collaborating for future contracting opportunities for the [agency] and the Local Education Agencies (LEAs) to see if there are any areas to maximize buying power.”

“The [agency] has purchasing authority provided by 58-104(5). [The agency] carries out purchasing and procurement activities on behalf of the [X] Board. I was unable to determine if historically we had delegated authority from DOP. I cannot comment on the effectiveness of the current system of delegated authority.”

“Yes, our Buyer has delegated authority. It saves us a lot of time and effort.”

“Currently we have one employee, our Purchasing Agent with purchasing authority of \$50,000.”

“Yes, \$75k”

“Yes; [this agency] has delegated authority up to \$25 million.”

“Yes, one employee has delegated purchasing authority for [the agency]. We think delegated purchasing authority is beneficial. However, it can be problematic if the agency staff is not sufficiently trained/educated in Purchasing. There are also issues with having sufficient staffing levels dedicated to Purchasing as agencies needs increase. The requirements to have an employee qualify to be a delegated purchasing authority is expensive and requires a long length of time before one can qualify. This puts a lot of pressure on the Agency to hire a specific individual rather than a qualified individual. It also places a financial burden on the Agency to pay for the training and classes required. The delegation qualification process should be reviewed.”

“Part 1- Yes. One of three. Part 2- Yes, two the employees without delegated authority are former employees of the Division of Purchasing. One was officially denied authority, even though the employee had worked for the DOP for nine years. The other was a DOP employee for more than a year and [we do] not know the status of the authority request. Currently, through me, [the agency] has \$50,000 in delegated authority. However, per legislation for Superfund activity in the Silver Valley, [the agency] has unlimited authority. Part 3- Thoughts regarding delegated authority revolve around confusion. No clear, concise path has been delineated to obtaining delegated authority. It is understood that the Administrator determines delegated authority per code. From the agency perspective, consistency is lacking in regard who receives authority. To some extent we are led to believe that experience, obtaining professional certification and attending DOP sponsored trainings will help us obtain delegated authority. However, this agency has two certified (CPPB) individuals and another striving to obtain certification. [The agency’s] procurement staff has a combined 20 years or more of procurement experience. [Our] staff, when schedules allow, fully participate in National Institute of Government Procurement (NIGP) trainings, regardless if it is hosted by DOP or NIGP’s Idaho chapter – Idaho Public Procurement Association (IPPA). [our] staff maintains memberships with both the NIGP and the IPPA. Delegated authority is extremely useful to agencies to go about their daily work without having to rely on DOP. That shouldn’t be construed in a negative light. Delegated authority is something every procurement professional should seek, and it should be achieved with higher amounts with experience and certifications. Those of us in purchasing who want to excel need delegated authority so we can learn from doing, gain experience and progress at our jobs.

Excerpts of comments/thoughts from employees are as follows:

#1 How is delegated authority decided on? Is there a process for applying that is acceptable to DOP? Who are the people that vote/decide on delegated authority? If delegated authority levels are earned by completing particular training, completing a certain number/type of solicitations, or any other baseline requirements – what are these? There doesn’t seem to be a standard model for delegated authority.

We, as procurement officials, have no way of deciphering why particular levels of delegated authority are given to one individual or another. For example, why is it that almost (if not, every) individual procurement official at [x agency] has at least one million dollars, especially given that (if my memory serves me correctly) not one of those individuals is certified by any public purchasing board? Yet, two procurement officials working for my agency have gained certification, and our limit is cut off at \$50,000. This is not an attack on the individuals of [agency] nor an inflation of our employees’ capabilities; but a question of clarification. Delegated authority is all over the map regarding individuals – some are certified, some are not, some have no interest in certification. Some have purchasing/policy manuals, some do not, some follow guidelines handed down from predecessors. What are the standards, and how are they reviewed and applied?

I currently work for an agency which used to have two procurement officials that had 3-5 million dollars of delegated authority. One of these individuals was certified by the UPPCC, the other was not. Currently, we have two people on staff certified by the UPPCC – both Contracting Officers (one in a leadership capacity) – and only one of us has delegated authority, and the limit is \$50,000? Why? If there is a process for gaining more delegated authority, what is the process? Our group has never even heard from DOP regarding delegated authority, aside from the letter rejecting the one official's application. I used to work for DOP and I had \$250,000 of delegated authority the day I started work there. My credentials are now more official (i.e., certification), and I have two full years more experience in public purchasing...and now I am not warranted to any delegated authority? Or even the explanation as to why?

Why is there no list of the individuals with delegated authority in the state of Idaho posted to the DOP website – including the dollar thresholds of each individual's authority? Should this not be a transparent process with clear guidelines on how delegated authority can be gained?...who delegated authority has been given to?...and an evaluation of why delegated authority levels have been applied differently to different individuals even though credentials/experience in public purchasing run the gamut?

In short, the process does not make sense – and as far as I am aware, there is no line of communication from DOP on the process of applying for/and gaining delegated authority.

#2 A request was sent in December of 2014 to increase delegated authority for the Grants Contracts Supervisor and issue delegated authority to the two other employees. It was denied by the Division of Purchasing; with an explanation that they needed to see more independent work of the buyer and that the amount that was originally given was sufficient. There was no concrete explanation behind the denial. There was not plan on how this delegated authority was going to be achieved. This is frustrating because the Division of Purchasing has not worked with this agency to develop a plan on how we can gain delegated authority. There is no standard across the board on how any agency may obtain delegated authority or why some agencies have higher delegated authority over others. There needs to be a consistent plan on how agencies can obtain delegated authority whether it is through training or certification.”

“Yes, [this agency] has two employees with delegated purchasing authority of \$100,000. (If not, have any of your employees had delegated authority in the past? What are your thoughts on delegated authority?) Without our agency's current delegated authority, we would have a difficult time being able to procure the necessary goods and services within a timely manner to provide services to the Idaho[ans]. Not sure if receiving a higher delegated authority would benefit [us] as most contracts \$100,000 or higher fall above \$1,000,000 or more.”

“Our agency has \$10,000 delegated authority. Contracting with a vendor for specific projects can quickly exceed the \$10,000 over the four year period. Examples would include various outsourced copy jobs, maintenance work, and specific use supplies not on a Statewide contract. With current costs, it does not take long to exceed the \$10,000 over 4 years for a specific vendor or service.”

“We do not have funding or an FTP for a full time “buyer” position, so we rely heavily on the department of purchasing personnel as a service provider.”

“Yes, we have \$1,000,000 delegated purchasing authority. This limit allows us to take care of most of our acquisitions. In addition to “dollar purchasing authority” we believe the State should delegate “decision-making purchasing authority.” As an example, we are required to obtain authorization and approval from the State Division of Purchasing for a sole-source acquisition, equipment and software maintenance that exceeds \$10,000, extended warranties exceeding \$10,000, and when we want to use

brand name as a specification. Our office is staffed with a Buyer, Senior Buyer, Purchasing Agent, and Director of Purchasing. Together, we have 119 years of purchasing experience both public and private. Two individuals are certified by the Institute of Supply Management and have earned the designation of Certified Purchasing Manager. We believe we have the skills and analytical ability and should be allowed more flexibility and autonomy to make decisions locally.”

“With the proper oversight mechanisms in place as part of our agency’s normal business process, delegated authority allows the agency to procure goods and services in an efficient and consistent manner, which works well for us. We have documented processes in place, understand the purchasing rules, and strive for consistency and efficiency throughout the process. Our agency has a high volume of service contracts that provide a wide variety of human services to the citizens of Idaho, whereas the Division of Purchasing issues more product-based contracts. Our contracts and procurement staff have a great understanding of each program’s service delivery model as well as the state procurement requirements. With this proficiency, they take the lead in coordinating with our agency end users to obtain the best possible contracts, and to provide guidance for managing and monitoring these contracts. This internal knowledge, expertise and ability to react quickly to meet our agencies’ ongoing procurement needs is critical to the success of our organization.”

6. Please share any additional comments on purchasing that you would like the committee to consider.

“We think it would be beneficial to have more training for state employees as a whole, not just those with delegated authority. If employees were more educated on Idaho’s Purchasing rules and processes it could help the overall performance of contracting in the State.”

“The [agency] is grateful for all of the efforts of the Purchasing Laws Interim Committee.”

“Thank you for taking the time to research these issues. [This agency] very much appreciates the opportunity to provide our perspective. If at any point the Legislative Services Office requires or desires to discuss this survey or other purchasing issues further, I would be happy to accommodate all discussions.”

“[This agency] is able to effectively execute contracts in a professional, timely manner in the way we are currently organized. Timeliness in processing our various contract actions is extremely important to our ability to meet our mission. In the past year we issued approximately 450 contract actions to include contracts, purchase orders, and contract modifications. Many of these contracts are for highly specialized products and services unique to the [agency] and our mission.”

“Open contracts serve a valuable purpose; however, the ability to occasionally deviate from these contracts is too restrictive. In the event that a substantial savings is available elsewhere, agencies are still not allowed to go off-contract. There must be compelling circumstances, other than cost savings, for that to be approved and that rarely happens.

“Provide statewide training for basic contract administration and monitoring to agency staff. The contract administration and monitoring for contracts under \$5,000,000 should remain within the agency. Increase workforce at Department of Purchasing to provide timely processing of agencies’ purchase requests. DOP does not have the extensive subject matter experts to processing agencies’ requests; therefore, substantial time is spent explaining and re-explaining why RFPs have specific written requirements. Agencies delegation of authority should remain based upon agency staff having appropriate training as required by DOP and approval of agency’s director.”

“Statewide contracts are very helpful, both in saving time and money. Purchasing staff does a good job communicating the status of contracts and getting better prices due to volume.”

“Is there a way to “fast track” a new employee through the classes taught by the Division of Purchasing? These classes include Intro to Public Purchasing, Request for Quotation/Small Purchasing Guide, Writing Effective Specifications, and Creating and Awarding an Invitation to Bid. By fast track we mean have all the classes in 3 to 4 days in succession to minimize travel costs and time away from the office. Can this series be offered each quarter?”

“Raise the threshold at which bids are required from \$10,000 to \$15,000. Raise the Formal Solicitation threshold from \$100,000 to \$150,000 to match the Federal Government Formal threshold.”

“IDAPA Rule 38.05.01

During the last legislative session, DOP proposed changes to IDAPA Rule 38.05.01 that would have had significant impacts on our agency. These changes, primarily related to large service contracts exceeding five million dollars, were associated with oversight functions of the

solicitation and contract administration functions. New rules had been added to require agencies to hire third party experts to review RFP development and validate contract monitoring activities, third party oversight boards to validate the RFP planning process and contract administration functions, and project managers to develop the RFP and administer the contract. Cost estimates to comply with these additional requirements ranged between \$200 and \$400 thousand dollars for each contract. The [agency] manages several large service contracts and have developed contract oversight processes for each of the contracts. The [agency] does not believe that third party individuals hired by an agency to provide several layers of redundant oversight would be an effective quality assurance plan. We would request the committee review other cost effective alternatives to provide quality assurance of the contract administration process.

Administrative Fees

The DOP has established a 1.25% administrative fee for all Purchase Orders, Contract Purchase Orders, and Open contracts. Vendors include this fee in their quote for a particular service or product, which is then paid by the respective agency. This is a pass-through fee that is then remitted back to the DOP. Additionally, the WSCA open contracts require payment of an administrative fee, which is paid by the vendor to the NASPO organization. These fees are also included in the vendors' pricing and borne by the state agency requiring the service or product. We would request the committee to review the application of these fees to determine whether or not an alternative funding source would be more appropriate.

The Division of Purchasing has been a supportive partner and has continued to improve and enhance their purchasing processes.”

“Evaluating current contracting procedures utilizing Lean process improvement tools could provide valuable insight to develop standard, streamlined business processes that provide value to the state, its' agencies, the tax payers, and vendors.”

“The process used works well. We do take advantage of state negotiated pricing where it makes sense; for example in purchasing computers we work closely with OCIO as we're on the state e-mail system.”