



IDAHO

Department of
Health and Welfare

Purchasing Laws Interim Committee

DHW Purchasing and Contracts

Richard Armstrong, Director

November 13, 2015



IDAHO DEPARTMENT OF
HEALTH & WELFARE



Today's Presentation

- 1. Overview of DHW Purchasing/Contracts**
- 2. Optimizing contract value and performance**
- 3. Recommendations**



Overview: DHW Contracts and Purchase Orders

- **1,100 active contracts**
 - **13 issued by state Dept. of Purchasing (DOP)**
 - **1,087 issued by DHW**
 - **Active contracts' value = \$1.4 B.**
- **900 annual purchase orders issued**
 - **More than 90% issued using DOP statewide contracts**
 - **Most POs are for product purchasing: IT hardware & software, institutional furniture, office equipment, vehicles, lab equipment, etc.**
 - **Purchase order value = \$12 M. annually**

CONTRACT LIST

CONTRACT DESCRIPTION	DOP CONTACT	CONTRACT INSTRUCTIONS	EXPIRES	PA	CONTRACT	VENDOR
Ammunition (Practice)	Jason Urquhart	Contract Instructions	7/5/2016	Y	SBPO1390	Salt Lake City Wholesale Sports Price Schedule
Automobile Parts	Danny Downen	Contract Instructions	12/31/2015	Y	PADD1072	NAPA Auto Parts Idaho Account Setup and Ordering Information Enrollment Form
Automobile Rental	Danny Downen	Contract Instructions Online Ordering Instructions	10/18/2017	Y	PADD1073	Enterprise/National Program Summary and Pricing Enterprise Oregon ERAC Master Agreement Information and Website Link

DHW Contract Staffing Commitment

- 1. Full-time procurement staff: 11**
- 2. Contract managers: 90**
- 3. Contract monitors: 130**



- Contract managers and monitors are subject matter experts who rely on contractors to deliver services and are integrally involved with them**
- Contract management/monitoring is included in program responsibilities to assure success**

DHW Commitment to Quality Procurement

- **11 Purchasing staff average 13 years of experience and participate in prescribed training offered by DOP and National Institute of Governmental Purchasing (NIGP)**



- **DHW continually seeks other educational opportunities specifically tailored to unique health and human service contracts**
- **Performance: During last 6 years, just 1 appeal upheld**

Contract Management and Monitoring Training

For 20+ years, DHW has provided training on contracting and procurement rules, ethics, regulations and requirements

DHW's internal training covers:

- **Performance oversight and documentation**
- **Contractor relationships**
- **Performance monitoring and remedies**
- **Contract manager and monitor roles**
- **State contracting rules and statutes**
- **Writing clear and concise contract language**
- **Performance metrics**
- **Ethics in contracting and procurement**



"We found the Division of Purchasing and the Department of Health and Welfare offer training opportunities that could be expanded or modified for statewide use." OPE Report, January 2013, 13-02

Recommendation: Delegated Authority

- **DHW's \$25 M. delegated authority is much higher than other agencies.**
- **OPE Report Jan. 2013: DHW has *"the expertise to properly manage their contracts; additional involvement by the division (of purchasing) would not add value to the process."***
- **Delegation should be to an agency, not a person. Agency Directors are ultimately responsible; it should be their commitment to devote knowledgeable staff and resources to a procurement unit to obtain delegated authority.**



Recommendation: Procurement Training

- **DHW continues to meet all core training requirements as defined by DOP for procurement staff.**
- **DHW does not support national procurement certifications which do not train to Idaho specific procurement laws.**



- **DHW seeks out advanced contract training opportunities for staff focused on the health and human services we provide.**

Recommendation: Audits and Oversight

- **Multiple layers of oversight/audits evaluate DHW contractor performance, service delivery and expenditures:**
 - **Internal audits and reviews**
 - **Legislative Services audits**
 - **Federal program audits**
 - **State plan reviews**
 - **Federal reporting requirements**
 - **State legislative reporting.**
- **DHW has a systematic, internal process to elevate contractor performance issues to leadership when necessary.**
- **The time commitment to any additional audits and oversight beyond what exists today threatens to cripple program performance.**



Recommendation: Maintain Agency Accountability

- **DHW wants a partnership with DOP when they can add value to high-risk and complex contracts.**
- **Fully fund DOP so agencies/services do not bear costs. Administrative fees to DOP are now funded by agencies and result in reductions of citizen services to pay these fees.**
- **Management and monitoring should reside with the subject matter experts and users of the contracts. Outside entities do not have ultimate responsibility for the outcomes and services delivered through contracts.**
- **The ultimate goal of any draft legislation should have value – a balance of oversight, efficiency and accountability.**





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