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
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.
Purchasing Laws Interim Committee

DHW Purchasing and Contracts

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November 13, 2015