



Procurement Process
Consulting Services

Arkansas Bureau of
Legislative Research

COPY

August 18, 2017



Submitted by Public Works LLC
Eric Schnurer, President



August 18, 2017

Jillian Thayer
Legal Counsel to the Director
Bureau of Legislative Research
500 Woodlane Street
State Capitol Building Room 315
Little Rock, AR 72201

Dear Ms. Thayer:

Public Works LLC is pleased to submit the attached Technical Proposal in response to the Arkansas Bureau of Legislative Research Request for Proposal: **Procurement Process Consulting Services**.

Public Works is one of the leading firms in the country carrying out efficiency and management reviews such as the procurement consulting services requested here – in fact, over the past dozen years, we have conducted such reviews of seven entire state governments, and two dozen state and local government entities encompassing multiple agencies, departments or state/federal programs, all of which involved a comprehensive review of procurement processes. In just the past five years, we have conducted such reviews of 13 entities (and several other local or bi-state government entities). Our reviews are conducted by consultants and analysts who have had long careers in government, know how government works, and have worked together to complete dozens of such reviews. Our enterprise-wide reviews consistently result in annually-recurring savings in the range of 5 percent of the organization's annual operating budget.

For this engagement, **Public Works** will be subcontracting with **inVeritas**, a Little Rock, Arkansas-based firm with offices in Northwest Arkansas and in Washington, DC, specializing in strategic consulting. Together, our team brings to this engagement the expertise needed to:

- Provide a comprehensive analysis of the state's procurement laws, regulations, and procedures, and their impact on selected industries;
- Develop and present recommendations for improving current procurement laws, regulations, and procedures to meet the priorities and objectives of the state; and

- Draft legislation, in close coordination with the client and key stakeholders, to successfully implement the final, approved recommendations.

We hope the detailed information on our approach and experience will provide background for key decision makers as you move forward. We have used, and perfected, our Performance Review model over the past 15 years to help state and local governments realize significant and measurable cost savings, while maintaining or improving mission effectiveness and quality of service.

Founded in 1995, **Public Works** brings to this engagement deep analytical capabilities and highly interactive processes. We have extensive experience working with state and local agencies to identify business process efficiencies, develop practical solutions that align policies and processes with desired outcomes to reduce costs, and increase effectiveness. In all our projects we incorporate stakeholder involvement at every level to ensure that our recommendations are met with broad-based support, and can be practically implemented. Our statewide performance reviews in Colorado, Iowa, and New Mexico included comprehensive reviews of procurement laws, policies, and procedures in those states, as have our state agency-specific reviews conducted for the state of West Virginia, and for the Alaska Division of Legislative Audit.

We would welcome the opportunity to work with the State of Arkansas to accomplish its goals for this project. We look forward to hearing from you. Please do not hesitate to contact me at 610.296.9443 or eschnurer@public-works.org if there are questions or any follow-up that is needed.

Sincerely,



Eric B. Schnurer,
President



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Appendix A *Preliminary Performance Review of Two Bureaus in the Illinois Department of Central Management Services (excerpt)*

Appendix B *Organizational Performance Review of Travis County, TX (excerpt)*

Procurement Process Consulting Services Technical Proposal

Per the Requirements List provided as an addendum to the RFP, “a response to **each numbered paragraph** of the RFP, including statements that the paragraph has been read and is agreed to if no other response is required,” the following **Section 1** through **Section 4** consist of these required acknowledgments.

1. INTRODUCTION

This paragraph has been read and agreed to.

1.0 Issuing Agency

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1.1 Schedule of Events

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1.2 Caution to Vendors

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1.30 Licenses and Permits

This paragraph has been read and agreed to.

1.31 Ownership of Data & Materials

This paragraph has been read and agreed to.

2. OVERVIEW

2.0 Procurement Study Overview

This paragraph has been read and agreed to.



2.1 Objectives

Public Works understands that the Arkansas Bureau of Legislative Research is seeking a firm to assist with its study of current state procurement processes and requirements; an assessment of their impact on professions and industries within the state; and the development of recommendations to improve the efficiency and effectiveness of these processes, presented in a comprehensive report to the full Legislative Council at its December 2018 meeting.

It is our understanding that the state of Arkansas seeks an objective examination of the laws, regulations, policies, and procedures that govern procurement – including the processes and requirements for soliciting requests for qualifications and proposals, and for evaluating responses. The purpose of this report will be to provide the Review Subcommittee, and the Legislative Council, with detailed, accurate information and analysis required to adopt and implement changes that will best serve the needs and priorities of the state.

3. PROCUREMENT PROCESS CONSULTING SERVICES

3.0 Scope of Work/Specifications

Over the course of the engagement, deliverables will be submitted per the agreed upon schedule; a summary of our work plan is presented in **Section 5.4 Executive Summary of Project**, and a proposed timeline is included in **Section 5.5.I Project Timeline**. The deliverables specified below are incorporated into our work plan, as are many other tasks and milestones essential to successful completion of this review. Deliverables will include:

- Project Kick-off: Team organization chart and finalized project timeline
- Project Management: Monthly status reports, including attendance at Subcommittee meetings to respond to questions
- Research: Responses to research requests or data inquiries from the Subcommittee
- Report: List of Issues, Preliminary Draft, Revised Draft, and Final Report for the Subcommittee to submit to the Legislative Council no later than December 1, 2018
- Implementation: Assistance with draft legislation based on final recommendations adopted by the Subcommittee

Activities in support of the above deliverables will include:

- Data collection, to include interviews with stakeholders to be identified in close coordination with the Subcommittee
- Document requests for pertinent information, to be developed in coordination with and as approved by the Subcommittee
- Attending meetings of the Subcommittee and other legislative committees with the approval of the Subcommittee Co-Chair
- Review of previous relevant studies conducted by state agencies or other consultants, if available, and as appropriate
- Review of recognized best practices in state procurement

It is understood that if the Subcommittee requires services in addition to those described above, that the Co-Chairs of the Legislative Council may approve such additional services for an additional fee not to exceed ten percent of the maximum quoted bid.

3.1 Procurement Process Consulting

This paragraph has been read and agreed to.

3.2 Procurement of Goods and Services

This paragraph has been read and agreed to.

4. COST PROPOSAL

All proposal pricing information is included in the Office Proposal Price Sheet, sealed separately per the RFP instructions.

4.0 Compensation

This paragraph has been read and agreed to.

5. ADDITIONAL VENDOR REQUIREMENTS

5.0 Comprehensive Vendor Information

This paragraph has been read and agreed to.

5.1 Vendor Profile

Vendor Profile	
Business Name	Public Works LLC



Business Address	1690 East Strasburg Road, West Chester, PA 19380
Primary Contact	Eric Schnurer, President 610-296-9443 eschnurer@public-works.org
Years in This Type of Business	21
Proof of qualification to do business in the state of AR	Application for Certificate of Authority and Corporate Franchise Tax have been filed with the Arkansas Secretary of State
Disclosure: Ownership	Public Works is a wholly owned subsidiary of Sequoia Consulting Group, Inc. , 100% owned by David Lynn, President, 7754 Cobble Springs Drive, Avon, IN 46123
A disclosure of all the states and jurisdictions in which the Vendor does business and the nature of the business for each state or jurisdiction.	Public Works provides public sector policy and organizational consulting and performance review services, including procurement process consulting nationwide; we have provided these services to states and local governments in over half of the U.S. states.
A disclosure of all the states and jurisdictions in which the Vendor has contracts to supply procurement process consulting services and the nature of the goods or services involved for each state or jurisdiction.	Public Works is currently providing organizational performance review consulting services in the states of Arizona and Texas, which include the review of procurement processes, and we have been awarded a contract in the State of Rhode Island for which work has not yet commenced. We are under contract in Florida to conduct a staffing study unrelated to procurement. We are also under (master list) contract to provide public sector

	consulting services, including procurement consulting to the states of New York, Oregon, Washington, and Arizona, and the County of Los Angeles, however we are not actively providing services under those contracts at this time.
A disclosure of the details of any finding or plea, conviction, or adjudication of guilt in a state or federal court of the Vendor for any felony or any other criminal offense other than a traffic violation committed by the persons identified as management, supervisory, or key personnel.	None.
A disclosure of the details of any bankruptcy, insolvency, reorganization, or corporate or individual purchase or takeover of another corporation, including without limitation bonded indebtedness, and any pending litigation of the Vendor.	None.
A disclosure of any conflicts of interest on the part of the Vendor or its personnel that will be working on this project, especially regarding financial interests that would be impacted depending on the recommendations ultimately made by the Subcommittee	None.

5.2 General Information

Public Works is one of the leading firms in the country carrying out efficiency and management reviews such as the procurement consulting services requested here. **We believe that no firm can match Public Works' experience in statewide, or state-level enterprise-wide, government reviews. Public Works** has conducted enterprise-



wide reviews, each of which involved reviews of state procurement processes, of seven entire state governments as well as 18 other, separate state agencies and roughly a dozen other government entities including a bi-state transportation authority, several of the largest city and county governments in the country, and numerous school districts. **Our enterprise-wide reviews consistently attain annually-recurring savings in the range of 5 percent of the organization’s annual operating budget.**

Founded in 1995, **Public Works** brings to this engagement deep analytical capabilities and highly interactive processes. As a national leader in the planning and implementation of efficiency reviews and advising governors on a wide range of policy issues, **Public Works** has developed a performance review model that is comprehensive and scalable to review every aspect of state government operations, or just one department or program. We have extensive experience working with state and local agencies to identify business process efficiencies, and develop practical solutions that align policies and processes with desired outcomes to reduce costs, and increase effectiveness. In all our projects we incorporate stakeholder involvement at every level to ensure that our recommendations are met with broad-based support, and can be practically implemented. Our statewide performance reviews in Colorado, Iowa, and New Mexico included comprehensive reviews of procurement laws, policies, and procedures in those states, as have our state agency-specific reviews conducted for the state of West Virginia, and for the Alaska Division of Legislative Audit.

5.3 Disclosure of Litigation

There is no civil or criminal litigation or indictment involving **Public Works**. Nor is there any civil or criminal litigation or indictment involving any of **Public Works’** partners, team members, or subcontractors, including subcontractor for this engagement, **inVeritas**.

5.4 Executive Summary of Project

A. Methodology Overview

Public Works has conducted numerous government efficiency and organizational studies involving procurement at both the state and local levels using our Performance Review model. Our methodology focuses on six major areas:

1. **Developing a Communications Plan** for both internal messaging during the project, for communications with staff and the public, as needed, and upon release of the findings and recommendations in the final report.

2. **Analyzing Relevant Data**, including not only agency documentation, reports, and legislative history, but also researching benchmarking, best practices, on-site assessments, and operational and diagnostic assessments.
3. **Ensuring Adequate Stakeholder Involvement**, including both employee input - without disrupting services or overburdening staff or department management – and public and stakeholder input.
4. **Conducting Financial Analysis** in close collaboration with budget staff to ensure accurate, conservative financial projections of savings and efficiency gains on which the state can rely in the future.
5. **Developing Recommendations for Internal Review** by administration officials, departmental leadership, and/or agency staff (depending on client preference) to “trouble-shoot” and ensure actual implementation of what we ultimately recommend.
6. **Producing Interim and Final Reports** that are usable tools and records for departmental management, and serve as a mechanism to communicate with legislators, stakeholders, and the public in language that is understandable to a layperson.

We will incorporate these areas of focus throughout the work plan described below.

B. Work Plan Phase 1: Produce Recommendations for Subcommittee Project Launch

We begin every engagement with an on-site “project launch” meeting to ensure that the goals, objectives and details of project implementation are adequately defined and understood. We identify a point-of-contact for each functional area being reviewed so that data collection, interview schedules and analysis can be completed as expeditiously as possible. We believe that relationships and communications are vital components of successful reviews and constitute a foundation that must be laid starting from Day One. We take a two-track approach to communication planning:

1. Establishing internal lines of communication and mechanisms that ensure that projects and activities are understood and progressing according to plan; and



2. Establishing an external communications plan in conjunction with the Project Manager to ensure that employees, key stakeholders, legislative representatives, the business community, advocates, and the public can understand the purpose, process and results of each recommendation.

The importance of frequent and effective communication cannot be overstated. For both the project team and the client, it is important to ensure that both structured and as-needed lines of communication are in place. This requires the **Public Works** Project Manager to schedule team and client conferences (both on-site and by telephone), as well as ensuring clients understand they can contact the Project Manager and other staff as needed to obtain immediate responses to questions or concerns. Frequent communication with both individual team members and group discussions ensures that everyone understands the priorities, deliverables are on track, issues are being addressed, and the best product is developed as a result of input from all participants.

Public Works will meet with the Review Subcommittee during the first week of October so that Subcommittee members, its key contacts, and **Public Works** staff can establish expectations, communications protocols, key contacts, and discuss project assumptions, goals, priorities, and finalize the proposed work plan and timeline. We will discuss in very concrete terms, Subcommittee expectations, available documents and information, meeting schedules, and communication channels and styles, among other items. Agreement will result in a final work plan that **Public Works** will deliver to the Subcommittee the following week.

Two additional deliverables listed in the RFP Work Plan span the entire project: the submission of monthly, written updates and monthly meetings with the Subcommittee. We have scheduled monthly, written updates to the Subcommittee on the third Friday of every month (except in November and December which we have scheduled for the last week of those months due to national holidays). Subcommittee meetings are shown the week after each monthly, written update, except for September 2018 (when the monthly update is proposed for the second week of the month) due to the submission of final draft legislation that week. These dates will of course be updated based on the established schedules and needs of the Subcommittee.

Data Collection

Public Works team members first develop a thorough understanding of the state's procurement processes being reviewed. During this component of data collection, the team reviews the data and findings of previous reviews, studies, and/or audits (if

available) and builds upon the recommendations advised and/or implemented in those efforts. Our team also focuses on trends in the larger environment, including standard and best business practices, that are affected by factors ranging from technological advances to changes in state and federal funding.

Complete and thorough data gathering is crucial to successful procurement process and system changes. Much of this work will take place during the first eleven weeks of the project, although as indicated, information gathering and analysis will not stop until the final draft legislation is complete. This is important because ongoing discussions and meetings with stakeholders and the client always produce new ideas, requiring additional data and analysis as we consider them for incorporation into the final draft legislation.

In addition to the information discussed below, **Public Works** will specifically examine the following information sources for this project. (This list is not intended to be exhaustive; as we meet with stakeholders and the client, additional sources of relevant qualitative and quantitative data may be identified.) We will:

- Prepare and distribute requests for documentation and data for the project team to understand the laws, regulations policies and procedures that control the state's procurement structures, responsibilities, operations, personnel, and management and coordination systems. Materials requested may include:
 - Legal documents, including relevant statutes and regulations;
 - Relevant policy directives, strategic plans, budget requests and reports, prior performance reviews, reports, and or audits, as available;
 - Past and current solicitations (requests for proposals and qualifications), contracts, files and monitoring practices;
 - Vendor lists, contract/vendor performance metrics and tracking, and cooperative purchasing;
 - Human resources data from the centralized procurement office and other affected entities (such as fiscal offices, and purchasing agencies) including organizational charts, job descriptions and responsibilities, pay



and promotion opportunities, individual and office performance metrics, and training and certification.

- Review and analyze materials submitted to identify areas that will constitute the foundation of best practices and benchmarking research, and potential issues to be addressed as recommendations are developed;
- Document work processes of the centralized procurement office and other entities including contract files, performance metrics, and process mapping;
- Research best practices from other states and localities including: cooperative purchasing, reverse-auctions, those espoused by national organizations and model legislation;
- Assess the state's use of information technology including the state website and any enterprise procurement systems, and the relationship between procurement and State accounting procedures including invoicing and bill payment.

On-Site Research & Stakeholder Involvement

During the first two weeks of the project, **Public Works** will coordinate with the Subcommittee and its staff to determine executive agency personnel who have specific knowledge and responsibility for Arkansas' procurement system. Such persons include those directly involved with state procurement such as the Department of Finance and Administration Director, the State Procurement Director, agency procurement officials, procurement agents, and those who depend on procurement to accomplish their agency missions, in particular those who purchase common items with other agencies, those who make large purchases, and those who may have specific complaints or negative experiences with the current system. In our past procurement studies, these latter agencies include health and social service, transportation, correctional, IT, large administrative agencies, including those involved in facilities and those entities which use state contracts, as applicable under Arkansas state law.

Public Works also understands the importance of involving current and potential state vendors in any comprehensive study of the state's procurement system. The business community as much as state employees, have an obvious critical role to play in the process: we will therefore, in coordination with the Subcommittee and its staff and other

key government contacts, create a list of these key contacts so that their input and insights can be appropriately incorporated.

When we have identified key government players, we will ask them to attend a meeting during the week of October 23 to explain the project's objectives and work plan. Ideally, some members of the Subcommittee would also attend this function. **Public Works** believes this is a crucial step to ensure full cooperation with all agency stakeholders because agency heads need to understand their employees' buy-in and cooperation is critical to the success of the final legislative product.

During this same week, and three weeks thereafter, we will meet with these individuals as well as others as needed, to continue our data gathering and analysis. These meetings will be either one-on-one or in groups. We have found that individual groups of agency procurement officers, large agency users, and small agency users, are more likely to provide better data when they meet with their cohorts in other agencies rather than in individual meetings.

While tapping into the insights of employees is a fundamental aspect of program review, we are sensitive to the demands that this may impose upon employees who have a job to do. We work with management to ensure that our interview schedule causes minimal disruption of the workplace, and work to ensure that commitments of time are honored so that those participating in the process know that we respect their commitment. If a meeting is to last for one hour, we make sure it lasts for only one hour. We arrange for follow-up if needed.

In addition to collecting information through interviews, during this stage of the review, we synthesize qualitative and quantitative data from the sources described above to:

- Determine where inadequate performance or inefficiency exists in the state's procurement processes, identify the causes for inadequate performance and identify service gaps and/or duplication, such as:
 - Inappropriate or inefficient organizational structure or alignment;
 - Lack of meaningful performance or accountability measures;
 - Lack of automation or use of technology; or
 - Inefficient or ineffective processes, including faulty internal controls, inconsistent or poorly documented procedures, inadequate internal



communications, problems with employee morale or motivation, or lack of flexibility to meet agencies' procurement needs.

- Assess adequacy and use of business standard information technology, and opportunities for leveraging technologies to reduce time and cost of procurement processes, and to make the state's vendor market for goods and services more competitive.
- Determine areas of redundancy, or inefficient organizational structures, processes, and procedures:
 - Identification of processing backlogs;
 - Progress at meeting goals and objectives in statute, regulations and strategic plans;
 - Identification of operational duplications, gaps, or other inefficiencies;
 - Adequacy and use of information technology;
 - Timeliness and quality of work products and services;
 - Improved decision making by agencies to avoid errors, cost over-runs and protests; and
 - Use of independent experts to evaluate proposals.
- Identify activities and cost drivers that add value and those that do not add value, including areas of redundancy or inefficient processes or organizational structures.

We often use process mapping techniques to understand the role and responsibility of each person in complex processes such as state procurement, to assess job descriptions versus actual job activities, and to question the sequence of events to accomplish an objective. We gather process mapping information through many sources, including interviews, documentation, and observation. By mapping process activities in sequence with time estimates designated for each step in the process, we identify duplication, delays, tasks that can contribute to mistakes and overall cumbersome processes that lend themselves to streamlining or technology support.

If additional meetings with stakeholders are required beyond those projected in the work plan, we will schedule them. Throughout the course of the project, **Public Works** will contact agencies and other key players via phone calls and email, in accordance with the communications protocols established with the client during Project Kickoff.

Benchmarking is conducted to identify best practices and provide insight into alternative procurement models or practices that may result in efficiencies, cost savings, or increases in value to the state. **Public Works** team members are experienced in comparing policies, processes, and outcomes/performance metrics across peer organizations. We have developed an efficient process for identifying the information that needs to be gathered, from whom we need to gather it, and how to make useful qualitative and quantitative comparisons once the information has been received.

Our extensive knowledge of national best-practices from conducting similar reviews around the country, our experience implementing these best-practices, our understanding of professional standards, as well as our ability to research specific areas as needed, all will inform our thinking and will become part of the preliminary formation of issues and possible solutions.

Conduct Tollgate and Submit Draft Final Reports

We consolidate the initial findings and recommendations for each division or program into an “issues docket.” The issues docket lists initial findings and recommendations to reorganize departments, services or functions, to improve efficiency and effectiveness, and to streamline core processes, service delivery, and other critical operations. Each issue in the issues docket is supported by an issue brief (one to five pages) that contains the following information:

- **Background** information on the issue
- Our **findings**, based on data collection and best practices research
- Our **recommendation**
- The **fiscal impact analysis** (costs or savings) associated with the recommendation

Once an issues docket is compiled, we present our initial findings and recommendations at a “tollgate meeting” to members of the Review Subcommittee and any other key decision makers identified by the client, to determine which recommendations will continue to be pursued (hence the term “tollgate”: all recommendations must stop before proceeding). Based on our experience, we have found that tollgate meetings with key decision-makers greatly enhance the quality of the final work product. Preliminary findings and recommendations are vetted by this high-level group during a highly-interactive meeting, so that the group can provide feedback not only on the recommendations but also on the adequacy of the documentation and analyses



supporting them. Most importantly, these tollgate meetings help the review team to achieve a consensus on which issues and recommendations to pursue, and which to drop.

Public Works envisions that the draft and final reports will include, but not necessarily be limited to, analysis and recommendations that address the following issues:

- Role of State Central Procurement:
 - Central vs. non-central procurement
 - Standardization of best practices, law, rules, and regulations among and for all stakeholders
 - Improved contract formation and monitoring
 - Improved vendor selection
 - Data-driven performance measures and monitoring
 - Agency relations and communications
 - Internal and external work processes
 - Customer focus

- Human Resources:
 - Training and guidance for state agencies
 - Recruitment, training, and retention of procurement staff
 - Supervisor ratios
 - Succession planning
 - Performance standards for central and non-central procurement staff

- Vendors:
 - Vendor performance tracking
 - Vendor training programs
 - Vendor evaluation system
 - Disadvantaged and minority enterprises

- Other Stakeholders:
 - Stakeholder input for interagency contracts
 - Process and results transparency for internal customers, vendors, and the

- public
 - Agency work processes, including fiscal offices
- Cost Efficiencies:
 - Best value vendor selection
 - Reducing transaction costs
 - Reducing purchases for goods and services
 - Reducing transition costs for all stakeholders
 - Best practices including category management, cooperative purchasing and reverse auctions
 - Sole source and non-competitive policy clarification
 - Bid thresholds
 - Leveraging state-wide spend
- E-Procurement Systems:
 - Integration with other state systems
 - Tracking and reporting
 - Cyber security
 - Contracting modules

As noted in the proposed work plan, **Public Works** proposes to conduct the Tollgate Meeting with the Subcommittee in mid-January 2018, and to then integrate Subcommittee recommendations into the draft report, to be delivered the first week of February. Between the draft and final reports, the Subcommittee will have approximately six weeks to review, provide input and comments, and request additional fact-finding, analysis, and communication between **Public Works** and the client. This work will culminate in the final report, which **Public Works** will deliver to the Subcommittee in late March. (All proposed dates in the work plan are subject to approval and adjustment by the client.)

At this stage, background information, findings, recommendations, fiscal analysis, and methodology and implementation sections – complete with both text and tables – are put into draft form for eventual publication. The report is written to be persuasive, objective and clear, using meaningful terminology that is free of jargon so that the public can understand the issues and recommendations. Reports also include sufficient



implementation information for managers and staff to use it as a blueprint for making the changes suggested.

Draft written reports will be developed and submitted with sufficient time for input from as wide an audience as requested by the client project director. Since the report becomes the permanent record of the review, it is written not only for immediate use but also as a guide for the organization and a tool for follow-up to determine if recommendations are being fully implemented.

Reports go through a rigorous review and editing process before public distribution with at least two opportunities for the client to review and comment before finalizing. We also will work with the client to develop briefings and presentations as requested.

When developing recommendations, we always keep implementation in mind – that is, what it will take to realize the specified organizational redesign, estimated savings, improved customer service or greater efficiency. As part of our diagnostic assessment, the team asks questions not only about how a process currently works but also what would happen if the process were to change and, further, if a change were to occur who should be responsible for the revised process. These include:

- What underlying authority is needed? Can the recommendation be implemented by a change of procedures, or does it require regulations, an Executive Order or legislation?
- Who is responsible for carrying out the plan?
- What are the major steps required?
- What is the timeframe for major milestones and complete implementation?

C. Work Plan Phase 2: Produce Draft Legislation for the Subcommittee

Draft Recommendations, Submit First, Second, and Final Draft Legislation

Public Works and the client will use the approved final report as the basis for drafting legislation, the implementation mechanism for this review. This draft legislation will generate savings statewide, improve efficiencies, ensure a transparent process, and provide a level playing field for vendors to compete to provide the highest quality goods and services to the state at the best value to the taxpayers.

Phase 2 will begin with the selection of several small working groups, each of which will focus on one of the following proposed topics (upon consultation and approval with the client): RFPs, Goods Procurement, Professional Services Procurement, Non-transportation Construction, Transportation Construction, State Procurement, and Energy Procurement. As the **Public Works** team progresses in Phase 1, we may find it appropriate to either reduce or increase these topic areas; the final list will correspond with the recommendations in the final report. **Public Works** will select the stakeholders to populate these working groups, in close consultation and coordination with the client, during the first week of Phase 2: April 2018.

Public Works has found that working groups of 8-10 key stakeholders each allow a range of all crucial opinions, interests, concerns, and priorities to be aired during this phase to be considered and addressed before draft legislation is presented. Points of potential controversy or conflicts, if any, will be well understood prior to the introduction of legislation.

As noted, these working groups will use the Subcommittee-approved recommendations as the basis for the draft legislation. However, if it is determined during the course of the working groups that any revisions of the recommendations are warranted, **Public Works** will take these issues to the Subcommittee so that members can decide on the final wording of the legislation.

Public Works proposes to complete the first draft of the draft legislation during the week of June 25, 2018. This will allow the Subcommittee at least two weeks to review and comment on the document prior to the second draft of the document to be produced by the **Public Works** team in the following three-to-four weeks.

Public Works will submit the second draft to the client during the first week of August 2018. This draft will address all Subcommittee comments. Six weeks later, after final meeting(s) with the working groups and appropriate communication with the client, **Public Works** will submit the final draft legislation to the Subcommittee in mid-September 2018.

A timeline illustrating the work plan described in this section can be found at **Section 5.5.I Project Timeline**.



5.5 Vendor's Qualifications

A. Professional History

Public Works, founded in 1995 and operating for over 21 years, is one of the leading firms specializing in improving state and local government management, policy, and efficiency. Our senior level personnel have all served extensive tours of duty in state and local government in management and policy-making positions including former state cabinet officials, gubernatorial chiefs-of-staff, state agency directors, deputy city managers, and policy directors.

Headquartered in West Chester, PA, with additional offices in Maryland and California, our team consists primarily of former state and city officials ranging from gubernatorial chiefs-of-staff to agency heads to policy directors. Since 2002, **Public Works** has provided a range of budgetary, policy/programmatic, and organizational consulting services, including procurement process consulting, to state and local governments.

Our performance/efficiency reviews have helped governments in a dozen states – including our comprehensive reviews of seven entire state governments – to realize hundreds of millions of dollars in ongoing savings. Since the recent recession and given the budget challenges facing most states and localities, we have broadened our services to assist state and local governments with a full range of efficiency consulting services, including assisting with development of statewide and agency-specific business process improvements, comprehensive balanced budget plans, and long-term restructuring of costly government functions.

As an adjunct to these substantive focuses, **Public Works** has long provided management consulting assistance to a range of governments, and has worked with city or state agencies in the majority of states. We have coordinated cross-agency efforts to develop and implement policies, developed outcome measures and connected these to policy goals and budgeting, helped to redesign agency structures and consolidate services, and been involved in the actual implementation of our efficiency recommendations as an essential part of many our performance reviews.

In 2016, **Public Works** merged with **Sequoia Consulting Group** based in Avon, Indiana, to form **Sequoia/Public Works**. **Sequoia** specializes in revenue maximization and cost allocation plans that recover and protect millions of dollars of federal revenue. **Sequoia** has provided professional fiscal management services to government programs in multiple states and in over 100 county or local government operations. The firm has

also conducted performance reviews of numerous local governments. The **Sequoia/Public Works** combination now brings over five times the resources to our performance review activities, including additional depth in revenue maximization, cost allocation, fiscal analysis, Information Technology capabilities, and data analytics. **Public Works** now functions as a wholly-owned subsidiary of **Sequoia**; the combined resources of the entire firm are being provided through this unitary proposal, and we guarantee performance by both the parent organization, **Sequoia**, and its state performance review subsidiary **Public Works**.

For this engagement, **Public Works** will be subcontracting with our local partner, **inVeritas**, headquartered in Little Rock, with offices in Northwest Arkansas and Washington, DC. **inVeritas** is a leading global public affairs firm specializing in corporate and governmental consulting, public relations, government relations, public opinion research, and intelligence. **inVeritas** was founded on the principles of honesty, integrity, and exceptional service. These values are central to their client relationships. Their team is composed of individuals from diverse backgrounds and disciplines that include law, government, marketing, and public relations. **inVeritas** represents global companies, prominent Fortune 500 corporations, professional services firms, city and state government agencies, industry associations, and nonprofit organizations. Their relevant services include:

- **Strategic Consulting:** **inVeritas'** highly experienced consulting team designs actionable strategies to help clients achieve tangible results. With extensive legal, business and regulatory experience, they evaluate performance, assess business practices, develop critical capabilities and deliver value by achieving compliance, uncovering opportunities and solving unique problems. They provide meaningful insights and a broad range of capabilities, including identifying opportunities through a deep industry knowledge of procurement, public finance, and information technology.
- **Research:** **inVeritas** has extensive experience in complex research projects, from advanced legal analysis to nationally recognized polling and focus groups. Their clients include corporations, academic institutions, and law firms, as well as nonprofit organizations. A specialized research plan is crafted based on each client's goals ensuring the final product provides a clear direction for decision makers.



- Public Policy:** The **inVeritas** legal team has over 30 years of experience analyzing legislation and its potential impact on numerous specific industries including energy, healthcare, transportation, agriculture, information technology and many others. Their customized, state-of-the-art, legislative tracking and detailed bill analysis service is tailored to fit clients’ needs. **inVeritas** provides daily overviews of bills filed and reports from each committee meeting of interest, guaranteeing their clients are well informed of issues of importance to them.

inVeritas’ methodological and technical skills are the most advanced of any research firm in the country. Their questionnaires and analytical techniques ensure the highest possible degree of accuracy and reliability. They employ the most sophisticated statistical techniques available, searching constantly for better and more informative approaches.

B. List of Current Accounts

Client	Project Name	Duration
Miami-Dade County (FL)	Staffing Analysis	May 2017 – Nov. 2017
Texas Legislative Budget Bureau	Performance Review of Dalhart Independent School District	Sept. 2016 – Aug. 2017
Hopi Tribe (AZ)	Tribal Education Department Performance Review & Feasibility Study	May 2017 – Nov. 2018
State of Arizona	Organizational Assessment, Consulting and Deployment Services	Jun. 2017 – ongoing
State of Oregon	Reinventing Government Services	2010 – ongoing
New York State Division of the Budget	Local Government Management, Financial and Restructuring Services (Master List)	Feb. 2014 – Jan. 2019
State of Washington Department of Enterprise Service	Organizational Development Consulting Services (Master List)	Jan. 2015 – Jan. 2017 Feb. 2017 – Jan. 2021
Los Angeles County (CA)	Strategic Planning and Related Consulting Services	Aug. 2017 – Dec. 2021

C. Team Organization

The **Public Works** Team, including our prime and local subcontractor personnel, bring to the State of Arkansas an unprecedented concentration of experience in an array of government operations. We represent the best of analytical skills, policy and budget analysis, and innovative thinking on how organizations can work increase efficiencies

and add value. We conduct organizational and process reviews that engage the people directly involved, so that recommendations have the best chance for successful implementation. Our proposed project team for this engagement is shown on the roster below; brief professional bios are included after the roster.

Personnel Roster

Name	Company Affiliation	Role on Team
Eric Schnurer, President	Public Works	Corporate Officer-in-Charge
Gloria Homer	Public Works	Project Director
Ruth Whitney, CEO	inVeritas	On-Site Lead
Bob Furman	Public Works	Senior Consultant
Kelly Sullivan, VP Research	inVeritas	Senior Consultant
Tim Leathers, VP Consulting	inVeritas	Senior Consultant
Daniela Glick	Public Works	Senior Analyst
Jennifer Wall	Public Works	Senior Analyst
Stephanie Walsh	Public Works	Senior Analyst

Gloria Homer, who has led numerous similar projects for **Public Works** over the last eight years, will be the project director for this review, and the primary point of contact for the Bureau of Legislative Research and the Review Subcommittee. Ms. Homer will be responsible for project management, quality control, ongoing communication, maintaining project momentum and organization, and overseeing all project tasks. Ms. Homer has experience managing large, complex projects, is respectful of client



deadlines and project schedules, and consistently manages consulting projects in a professional and timely manner. While **Public Works** management and team members will be on-site for key milestones on the project timeline, including the kickoff meeting, key interviews and stakeholder engagement meetings, tollgate meeting, and other key milestones (see **Section 5.5.I Project Timeline**), our **inVeritas** partners will provide a continuous local presence to provide on-site service and facilitation throughout the duration of the project.

D. Professional Staff Bios

Eric B. Schnurer, Corporate Officer-in-Charge

J.D. Columbia
University

M.P.P., Public Policy,
Kennedy School,
Harvard University

B.A. Political Science,
Brown University

Eric B. Schnurer, President of **Public Works** will act as Corporate Officer in Charge. Eric will maintain full accountability for all deliverables, oversee all staff, and conduct direct dialogues with the client pertaining to contracting and troubleshooting, both in person and over the phone. As president of **Public Works**, Eric has been helping governors and other high-level government decision-makers realize budgetary savings since 1993, when he served as chief-of-staff to the Acting Governor of Pennsylvania, and has since then helped make **Public Works** one of the leading firms in the country offering structured performance reviews of government agencies. Eric founded **Public Works** in 1995 and since 1997 has overseen **Public Works**' provision of performance review-related services to government agencies across the country. He has provided a wide range of consulting services to Governors, agency heads and legislators in over half of the states in the United States.

Eric has written and lectured extensively on government efficiency and reorganization, including for *Demos*, *Governing Magazine*, the Council of State Governments, and the Aspen Institute, and is now a regular contributor to *US News & World Report* and *The Atlantic*, for which he is writing an on-going series on government efficiency and effectiveness. He has taught "The Future of Government" at the University of Chicago's Harris School of Public Policy.

Gloria Homer – Project Director

B.A., Sociology,
University of North
Carolina

Gloria Homer has over 30 years of experience in government finance and administration. She served as the Cabinet Secretary for the Delaware Division of Administration during which time she was responsible for all aspects of state procurement, contracting, fleet management, capital programs, state printing, strategic planning, and other state administrative responsibilities. Overseeing a budget of over \$100 million, she has received numerous awards for leadership and management. While responsible for the Division of Administration, Ms. Homer conducted several performance reviews of agency operations and services, resulting in several improvements. Most notably, she consolidated fleet management, saving the state \$7 million in the first two years of operation, and restructured the Printing and Publishing Unit resulting in a positive cash flow. She also identified growing demands for services and positioned the division to meet those demands. Ms. Homer was a key member of the **Public Works** statewide Colorado and Iowa Performance Reviews, as well as the Continuous Improvement evaluation for the Port Authority, as well as efficiency reviews of the City of Chicago, and the Commonwealth of Puerto Rico responsible for procurement and purchasing review and administrative functions for each engagement. She is also the founder of a K-12 charter school in Delaware.

Ruth H. Whitney

J.D., University of
Arkansas at Little Rock

B.A., University of
Arkansas at Fayetteville

Ruth H. Whitney is the founder and CEO of **inVeritas**. Ruth serves as a strategic advisor to clients based on over 25 years of expertise in law, government, and public opinion. She has been privileged to advise Global 500 companies, prominent professional services firms, state and federal governments, law firms, nonprofit corporations and industry associations. Ruth earned her Juris Doctor from the University of Arkansas at Little Rock and graduated Phi Beta Kappa from the University of Arkansas at Fayetteville. She is a member of the Arkansas Bar Association and is admitted to practice in Arkansas and the U.S. District Courts in Arkansas.

Before founding **inVeritas**, Ruth built and managed the Arkansas office of Global Strategy Group where she specialized in executing winning campaigns in the public and private sectors. Prior to joining GSG, Ruth served as counsel and chief of staff to Attorney General Mike Beebe and developed professional relationships with attorneys



general across the country. Ruth has extensive legal and management experience, including over 10 years as a healthcare and administrative lawyer with the Arkansas Department of Human Services and as Counsel to Mitchell, Williams, Selig, Gates & Woodyard. Ruth serves as a guest writer to *Talk Business* and currently serves on several boards of directors, including the Little Rock Chamber of Commerce; Arkansas Cinema Society; Arkansas Hunger Relief Alliance; New Design School; and the Little Red River Foundation. Ruth also serves her state and community as a member of Leadership Arkansas, Accelerate Arkansas and the Arkansas State Chamber of Commerce.

Tim Leathers

J.D., University of
Arkansas at Little Rock

B.A., University of
Arkansas at Little Rock

Tim Leathers joined **inVeritas** with 39 years of legal and management experience in the public sector, having most recently served as Deputy Director and Commissioner of Revenue in the Arkansas Department of Finance and Administration. He began at DFA as a law clerk while attending law school and was also a tax attorney and chief counsel. Tim served as a loyal and trusted advisor to seven governors and leaders of both parties. He has managed complex legislative and legal issues and the operations of a 2,900-employee agency that is responsible for the management of the State's human resources, procurement, accounting and revenue to balance the state \$20 billion budget. He has written laws and managed a legislative process for the financial and administrative concerns of the executive branch. He represented the State in complicated and high value cases in administrative proceedings and in trial and appellate courts. Tim taught State and Local Taxation at the University of Arkansas at Little Rock Bowen School of Law and Commercial Law. He is licensed to practice law in Arkansas State Courts, Federal District Court and Court of Appeals and the United States Supreme Court. Tim was a JAG Officer in the United States Army Reserves. He served two terms as Chair of the Multistate Tax Commission and Chair of the Attorney Section of the National Association of Tax Administrators.

Kelly Sullivan

J.D., University of
Arkansas at Little Rock

B.A., University of
Central Arkansas

Kelly Sullivan manages the research division for **inVeritas** including corporate research; jury selection and litigation support matters; legislative analysis and

bill tracking; and opposition and self-research. A licensed attorney, Kelly helps clients navigate legal, regulatory, and corporate issues in a variety of sectors, including energy, healthcare, and technology. In her role as vice president of research, Kelly provides due diligence research on potential investors, board members, employees and business acquisitions for corporate clients. She has managed jury research for high profile federal cases, including a case in which six defendants were acquitted on all 27 charges. She started her career as an associate with Global Strategy Group, where she assisted in legislative analysis, grassroots and issue-advocacy campaigns, crisis management and communications operations. A native of Camden, Kelly graduated magna cum laude from the University of Central Arkansas, where she was a member of the Honors College. Kelly earned her Juris Doctor from the University of Arkansas at Little Rock and is admitted to the Arkansas State Bar.

Bob Furman

M.B.A., Wilmington College

B.S., Industrial Psychology,
City College of New York

Bob Furman has broad experience in the management of state procurement, including centralized energy procurement, facilities, leased property management, energy conservation and fuel efficiency techniques, operating and capital budgeting and purchasing. His experience includes eight years as Director of the Division of Facilities Management for the State of Delaware, managing the maintenance, improvement, construction and utilization of state-owned and leased facilities. Bob worked with state agencies and related stakeholders to optimize the utilization of state-owned and leased facilities resulting in reduced leased space and reduced facility operating costs. He also consolidated the statewide procurement of electricity and natural gas, implemented reverse auctions for energy, and implemented a statewide energy conservation program using energy performance contracts. Bob was a key consultant and review team member in **Public Works** efficiency studies for the State of Louisiana and for the Commonwealth of Puerto Rico, and was a senior consultant on **Public Works**' Continuous Improvement evaluation for a multi-state Port Authority of global significance.



Stephanie Walsh

M.P.P., Public Policy,
Duke University

M.A., Secondary
Education, University
of New Hampshire

B.S., Environmental
Conservation,
University of New
Hampshire

Stephanie Walsh has fifteen years of professional experience in the field of public policy research and budget analysis, previously serving as Principal Legislative Analyst for the Colorado State Legislature. Specific duties included evaluating program proposals, developing budget options, and presenting funding recommendations to the State Legislature’s Joint Budget Committee. She was responsible for the analysis of state agency budget requests and the compilation of funding recommendations totaling over \$400 million dollars annually. Ms. Walsh also worked as an Environmental Analyst and was involved with several projects for the U.S. Environmental Protection Agency.

Since joining **Public Works**, Stephanie’s work has spanned a diverse range of fields, including economic development, environmental conservation, clean energy, education, workforce development, and criminal justice. She has been responsible for the budgetary components of most of our engagements. She routinely works with teams of consultants to conduct performance reviews to advise state government on best practices, recommendations for savings, improved performance, reduction in duplication of services, and consolidation of programs. She is a graduate of the University of New Hampshire and Duke University.

Daniela Glick

Harvard University, Executive
Education, Making
Government Work

B.A., Georgetown University

Daniela Glick has fifteen years of experience in government and communications. Daniela served as director of Cabinet Affairs and deputy director of Political, Policy and Legislative Affairs for Governor Bill Richardson. Daniela managed 33 executive agencies, 21 cabinet secretaries and 12 executive directors to ensure that priority policy initiatives were realized throughout state government. During this time, she designed and helped to pass legislation to reconfigure the Department of Workforce Solutions in order to provide a seamless system for service delivery and job training. Daniela was also a key member of the New Mexico Performance Review and responsible for implementing Performance and Accountability Contracts to ensure

efficient execution and financial accountability across state government. She completed Harvard's Government Performance and Leadership Program.

She also served as the deputy cabinet secretary for the New Mexico Department of Economic Development, during which time she was responsible for growing New Mexico's economy by recruiting and retaining business through community development and capacity building. Daniela initiated and chaired New Mexico's Green Jobs Cabinet and led the development of New Mexico's Clean Economy Strategy, focusing on developing strategies to create a highly trained and ready-to-work workforce in collaboration with the Public Education Department, Department of Higher Education, and Department of Workforce Solutions. In addition, she chaired the New Mexico Spaceport Authority for Spaceport America, including the planning, design, and construction of the \$225 million Spaceport America.

Jennifer Wall

M.B.A., Thunderbird
School of Global
Management

B.A., Brown University

Jennifer Wall brings to **Public Works** fifteen years of experience in public policy analysis and government affairs, as well as a background in business management. In her seven years with **Public Works** Jennifer has been a key member on numerous local government performance, efficiency, and operational reviews – including for the Travis County Commissioner's Court – as well as for state and commonwealth entities including Louisiana, Alaska, and Puerto Rico. Jennifer was previously Director of Communications at OneRoof, Inc., a San Francisco-based international public-access computing enterprise linking rural communities with access a range of IT-related goods and services including mobile financial services, appropriate technologies, and job training. Previously, she served as a Congressional liaison at the New York Mercantile Exchange, where she conducted legislative and regulatory analysis related to commodity futures trading. Jennifer served in a yearlong program at the State Department's Bureau of Oceans and International Environmental and Scientific Affairs, and subsequently worked as an environmental policy analyst and project manager at Computer Sciences Corporation (CSC) where she supported federal clients including the Department of Labor (DOL) and EPA in program implementation and assessment. She also supported the development of new performance measures for Veterans' Employment and Training Services (VETS) under the Workforce Investment Act.



E. Vendor Experience in Procurement Process Assessment

Public Works has conducted enterprise-wide reviews of seven entire state governments – New Mexico, West Virginia, Colorado, Iowa, North Carolina, Puerto Rico, and (jointly with another firm) Louisiana – each of which included comprehensive reviews of procurement and purchasing departments, procurement process assessment, research, and reporting nearly identical to services sought in this RFP.

We also have provided separate enterprise-wide reviews of 16 additional individual state entities and/or state government-wide functions; 3 statewide education agencies for which we conducted enterprise-wide reviews of 6 full school districts plus a regional education services agency; 1 bi-state authority; 2 large counties; and 3 cities (including the City of Chicago).

We believe that no firm can match **Public Works'** record for statewide government reviews or state-level enterprise-wide reviews and savings achieved, all of which include procurement process consulting services. In the last three years, we have conducted reviews of three Alaska state agencies (in health & human services, PK-12 education, and higher education financing), an entire county government with population larger than eight U.S. states (Travis County [Austin], Texas), a school district for the Texas Legislative Budget Board, and three school districts for the South Carolina Department of Education.

We have always asserted that it is important to conduct efficiency reviews of government agencies *across* agency lines, because many of the most substantial savings and efficiencies to be achieved arise in functions – such as procurement processes – that themselves cross such lines. That is why we have been hired to look comprehensively at the budgets and operations of seven entire state governments (more by far, we believe, than any other firm in the country), in addition to separate reviews of literally dozens of individual state agencies and a dozen additional city and county governments, school districts, and multi-state agencies.

Without suggesting or pre-judging any possible procurement process recommendations in these areas, the following are subjects for possible exploration and consideration, which we have examined in other states:

- **Following the budget development principles and best practices outlined by the Government Finance Officers Association (GFOA):**
 - Requiring that each program and department establish broad goals to guide their decision making, using public and employee input;

- Developing strategies and approaches to achieve goals – programmatic, operational, and budgetary;
 - Developing budgets that are based on working toward goals and include measurable outcomes the programs will work toward; and
 - Evaluating each agency’s performance toward meeting its goals and adjusting programs and funding, as needed.
- **Incorporating data analytics into government processes.** When businesses use data analytics, they take quantifiable data and use it to draw reliable conclusions about current conditions and likely future events. Such conclusions can then be used to drive decision making. Government can use data analytics to empower agencies to make predictions about program needs and then proactively act on that insight to drive better outcomes, achieve measurable objectives, and meet strategic goals. Data analytics can enable agencies to adopt a “predict and act” approach to critical decision-making.
 - **Cost-benefit analysis** of in-house versus contracted or outside procurement for selected project components.
 - **Benchmarking for improvement.** Benchmarking is the process of setting goals based on widely accepted standards or best practices. A performance review can benchmark state operations against those in other states for both efficiency (cost of getting the work done) and effectiveness (how well the job gets done) and establish an on-going process for then regularly measuring progress against these benchmarks.
 - **Making information on government programs, spending, regulations, and services publically available** – on-line and in print by request – in an easy-to-understand format. Producing and publishing such data not only gives the public access to data it has a right to, but it can be used internally and externally to monitor and evaluate government programs – shedding light that can illustrate what we are doing right and where we need to make adjustments.
 - **Requiring performance contracts with specific benchmarks tailored to their department or agency.** West Virginia Governor Joe Manchin instituted such a



system as part of the comprehensive efficiency review¹ we conducted in that state's government.

- **Collaborating with other states to get better deals.** For example, Colorado took the lead to help create the Western States Contracting Alliance so that states could pool their buying power to obtain better prices on a wide range of commodities. Along those same lines, most states have banded together to increase their buying power and drive down costs, especially in prescription drug purchasing. Virginia offered West Virginia the opportunity to piggy-back onto its new e-procurement system, as part of our West Virginia performance review.²
- **Improving state contracting.** There is a wide range of practices that states have adopted to improve their contracting process. Texas estimated it would save 0.05 percent, or \$70 million annually in procurement costs for all types of goods and services through professionalizing contract management.³ Such practices include:
 - Requiring all contract managers to attend accountability in state contracting training.
 - Requiring that contracts include clear statements of work and deliverables to ensure the state is getting what's being paid for.
 - Establishing procedures for state agencies to ensure contract services are rendered in accordance with contract provisions prior to invoicing for payment.
 - Requiring an analysis to ensure that non-competitive procurements are reflective of fair market value.
 - Adopting Preferred Pricing Clauses in state contracts, which require vendors to provide the state with the lowest price for the goods and services throughout the life of the contract, regardless of initial contract price. Florida estimated that if it enforced PPCs more strictly and reduced short term contract prices by just one percent, it would save \$8 million annually.⁴

¹ <http://public-works.org/wp-content/uploads/2014/09/WV-Performance-Review-Phase-1-Report.pdf>.

² *Ibid.*

³ See California Performance Review, SO73, *Create a Statewide Contract Management Policy*, p. 4; <http://cpr.ca.gov/report/cprprt/issrec/stops/proc/so73.htm>.

⁴ Florida TaxWatch, *Report and Recommendations of the Florida TaxWatch Government Cost Savings Task Force to Save More Than \$3 Billion*, March 2010, p. 5.

- Opening competition for government work, which produces typical cost savings of 10 to 25 percent.
- Requiring that agreements with grantees of state and federally funded grants include clear statements of work and deliverables.
- Putting details of state contracts online in a searchable database, including specifically whether the contract was awarded through a no-bid, sole source, or competitive process.

F. Staffing, Functions, and Methodology

We envision the successful completion of this study to include thorough gathering and analysis of all relevant Arkansas procurement information, data, and documents – including any available prior analyses and reports – in addition to nationally recognized and evidence-based best practices and standards. However, **Public Works** understands that comprehensive data analysis is necessary, but insufficient, to the development of recommendations and the implementation of successful legislation that meets the specific needs and context of the state. Highly interactive processes, including regular and consistent communication with and among stakeholders – including state agencies, procurement officers, the business community and state professional industries (in particular, vendors and potential vendors to the state), the Legislative Council and Review Subcommittee, and the Arkansas General Assembly is essential to meeting the objectives of this engagement. To this end, we have developed a proposed work plan that commits significant resources to individual and small-group meetings throughout the nearly yearlong project.

Our staffing plan for this project includes one corporate officer in-charge who is ultimately responsible for the success of the project and responsible for ensuring that adequate resources are devoted to the project; one project director who manages the day to day work of the project, directs all project staff, and is the client’s primary point of contact; three senior consultants who are subject matter experts with high-level government experience; and three senior analysts who are experienced in the process of gathering and synthesizing qualitative and quantitative data in support of studies to assess government operations and processes including procurement.

Our highly interactive processes for incorporating stakeholder input and insights, and understanding the competing and complementary needs and priorities for the state’s systems of procurement, ensure that final recommendations and subsequent draft legislation will enjoy broad-based support among those who use and administer the



Arkansas procurement system, and will increase the state's access to the highest quality of goods and services at the best possible value to the state and its taxpayers.

G. Plan for Meeting Goals and Assurances

A key element of our project approach is our attention to project (account) management and quality control. In this section, we provide an overview of how we assure that this account will be managed and controlled so that Subcommittee's goals and objectives for this project are achieved, milestones are continuously met, and the client's expectations are met or exceeded. We will closely work with the Subcommittee's leadership and project manager to ensure effective planning, implementation and management of the proposed project. **Public Works** considers a project to be successful that:

- Meets and exceeds the needs and expectations of the client;
- Results in the discovery or greater understanding of issues, the identification of appropriate solutions and improvements (recommendations), that can be effectively implemented within a reasonable time;
- Assures regular feedback from the client on project performance and the drafts of all deliverables;
- Is carried out with minimum disruption to client operations and staff in the performance of their regular duties; and,
- Is completed on time and within budget.

Our fundamental project management approach includes:

- **Identification of a Corporate Officer-in-Charge** to ensure that all needed corporate resources are available to manage the project and for successful completion of the project to the client's expectations.
- **Assignment of a Project Manager** who is responsible for all phases of the planning and implementation of the work to be performed. Identifying a single point of contact ensures that the state has clear lines of communication on project planning, status and quick resolution of issues that arise. The Project Manager is responsible for ensuring project completion to the satisfaction of the state.
- **Timely project initiation and communication** to ensure a clear understanding of project requirements. **Public Works** devotes considerable time and effort to initial project start up, including review and adjustment to the proposed work

plan. We have found these efforts provide the best opportunity for success in the entire project.

- **Flexibility in approach to ensure that state requirements are met throughout the project.** Through regular communication and reports (such as monthly written status reports), **Public Works** and the client are always aware of the status of work and can make adjustments as needed to address the realities of implementation. Remaining flexible in our approach gives us the ability to adjust activities and tasks as needed.
- **Maintenance of a quality assurance system** for internal review processes to ensure our final product is accurate, cogent, and meets all the contract requirements.

Throughout the project, we apply our experience in project management, our extensive knowledge of national best practices from conducting similar reviews around the country, our experience implementing such best-practices, and our understanding of professional standards to develop recommendations for project management improvements.

As a national leader in the planning and implementation of efficiency reviews and advising governors on a wide range of policy issues, **Public Works** has developed proven mechanisms to organize and manage projects not only to meet, but to exceed, client expectations. In all our engagements we are committed to:

- Delivering high quality products and services that can withstand press and public scrutiny;
- Maintaining an approach that is responsive to client concerns throughout the life of the project;
- Delivering products and services on time, especially understanding that budgets and legislation often hinge on the timely completion of work;
- Approaching every project with enough flexibility to make changes in project activities as needed to meet client requirements;
- Guaranteeing that clients have ready access to the **Public Works** Project Manager and corporate management throughout the project; and
- Effectively managing the team to ensure a high-quality result within budget and on time through clearly communicated, concrete expectations and accountability systems.



Throughout the duration of the contract, **Public Works** coordinates regular meetings between our staff and state staff to ensure that everyone is on the same page, timely progress is being made toward goals, and any challenges or obstacles encountered can be addressed. During the kickoff meeting – and subsequent meetings – we will discuss with the client leadership the principal known and perceived procurement issues faced by the state, the Subcommittee’s priorities, and the particular background and context of the project and the interests of its stakeholders.

The client is provided multiple opportunities for as wide of an audience as they prefer to review all draft documents before their finalization to ensure that their input is incorporated and that final documents reflect a product they can stand behind – so that recommendations can be effectively implemented and the desired results achieved.

Additionally, we will provide written monthly status reports that describe the major activities for the reporting period, as well as:

- A listing of any significant departures from project planning and objectives with explanations of causes and strategies to achieve realignment;
- A listing of tasks completed since the last report;
- Tasks that were delayed and reasons for delay;
- Planned activities for the next scheduled period;
- Summary of major concerns or issues encountered, proposed recommendations; and
- Any other topics that require attention from the State’s project director.

We believe that relationships and communications are vital components of successful engagements and constitute a foundation that must be laid starting from Day One. The importance of frequent and effective communication cannot be overstated. For both the project team and the client, it is important to ensure that both structured and as-needed lines of communication are in place. This requires the **Public Works** Project Manager to schedule team and client conferences (both on-site and by telephone), as well as ensuring clients understand they can contact the Project Manager as needed to obtain immediate responses to questions or concerns.

H. Availability

Public Works has reviewed the timeline presented in the RFP and we expect the key personnel included in this proposal to be available to commence work immediately upon award and signing of the contract.

I. Project Timeline

See next page.

J. Three Recent Comparable Contracts

The following narratives summarize three recent-most comparable contracts completed by **Public Works**.

Travis County, Texas: Organizational Performance Review



Travis County, where Austin is located, is the fifth most populous county in Texas, home to 1.2 million citizens. It employs over 5,000 people and has a budget of nearly \$1 billion. **Public Works** was retained by the Travis County, Texas, Commissioners Court to conduct an organizational performance review of the 11 departments under the Commissioners' authority. The review included countywide policy and operations; county organizational and administrative structure; the Purchasing Office, the Planning and Budget Office (which includes economic development programs); the Human Resources Management Department; the Facilities Management Department; Information Technology Services; Records Management and Communication Resources; the Intergovernmental Relations Office; Emergency Services; Justice and Public Safety (including indigent legal services and probation programs); Health and Human Services and Veterans Services (which includes affordable housing programs); and Transportation and Natural Resources (including flood plain and parks management).

The **Public Works** team conducted over 259 interviews with 196 unique interviewees (predominantly Travis County staff members, but also peer county staff for best practices and benchmarking purposes), as well as 12 focus groups (including staff from the departments being reviewed, as well as other Travis County departments, elected officials, and their staff). Where applicable, we conducted benchmarking with five comparison counties in Texas. Our process also included the development of 11 process maps which were used to help outline the roles and responsibilities of each person in an organization, to assess job descriptions versus actual job activities, and to question the sequence of events to accomplish an objective.

Our final report included findings, process maps, and over 160 recommendations. Recommendations addressed a myriad of areas ranging from budget development and the assessment of fees, to hiring practices and staffing levels, to the use of technology and employee benefits. An excerpt of the final report,



Organizational Performance Review of Travis County is included as a work sample (Appendix B).

Key Public Works Personnel: Shari Holland, Gloria Homer, Marion Reitz, Bob Lauder, Daniela Glick, Stephanie Walsh, Jennifer Wall

Client Contact: The Honorable Sarah Eckhardt, Travis County Judge, sarah.eckhardt@traviscountytx.gov (512) 854-9555

Alaska Division of Legislative Audit Organizational & Administrative Performance Reviews – Multiple Agencies



Public Works recently conducted three distinct organizational and administrative performance reviews of three state agencies for Alaska: a review of organizational and administrative structures of the Department of Health and Social Services (DHSS); a review of state-level management and operations of the Department of Education and Early Development (DEED); and of the Alaska Commission on Postsecondary Education and the Alaska Student Loan Commission (ACPE/ASLC).

- DHSS serves thousands of Alaska’s most vulnerable citizens through multiple, sometimes complex, programs that draw on state and federal funds. Alaska sought an objective examination of not only spending, but the organizational structure and operations – including the structure of its budget, how funds are spent, and goods and services are procured. The objective was to streamline essential operations while maintaining – or improving – the quality of services delivered. **Public Works** provided the state with recommendations that addressed administrative and programmatic organization and oversight, budget structure, and funding for administrative costs – as well as evaluate the efficacy of DHSS’s use of information technology, the appropriateness of proposed budget cuts, and the effectiveness of its advisory groups.

This project drew upon **Public Works’** expertise in providing comprehensive, in-depth analysis of organizational issues and administrative structure; agency functions such as procurement, and how to achieve greater efficiencies; and

our work with government agencies in both densely populated and rural states; and our knowledge of best practices from across the country.

- **Public Works** conducted a review of state-level management and operations for the Alaska Department of Education and Early Development (DEED). We reviewed every aspect of state department operations and surveyed and visited local districts and regional service areas. Our team reviewed all major work processes, including procurement to find:
 - Unnecessary work tasks or procedures being performed or required
 - Underutilization of technology to achieve business standard efficiencies
 - Inefficient work processes (bottlenecks, duplication)
 - Opportunities for cost-saving collaboration with other entities
 - Needed work processes that were not being performed
 - Productivity management practices and staff evaluation processes
 - Inefficient organization or staffing

DEED serves the educational needs of children across the largest geographical region in the country, impacting families in every community throughout the state, while laying the groundwork for the state's economic future and creating opportunity for the next generation. The significance and sensitivity of DEED's state and local roles warrants a high degree of oversight to ensure that its core services are being delivered as effectively and efficiently as possible, and in accordance with the state's priorities. Core services reviewed included public school funding; procurement, fiscal accountability, compliance, and oversight; school effectiveness programs; active partnerships with other public and private entities concerned with education; oversight of Alaska's academic resources; and other special programs.

- **Public Works** conducted a comprehensive performance review of the Alaska Commission on Postsecondary Education (ACPE) and the Alaska Student Loan Corporation (ASLC) to fulfill its statutory mandate for periodic reviews of the efficiency and effectiveness of state agencies.

For this review, the **Public Works** team fulfilled five primary objectives: 1) Evaluate the organization's success in effectively and efficiently achieving its objectives; 2) Determine whether current results-based performance measures



demonstrate effectiveness and efficiency of core services; 3) Recommend improvements to practices and procedures, including means to reduce operational costs and regulatory burdens; 4) Evaluate processes for implementing technology and recommend ways for technologies to improve effectiveness and efficiency; and 5) Identify statutory, regulatory, budgetary or other changes needed to improve public service.

Key Public Works Personnel: Dr. JoAnn Cox, Shari Holland, Dawn Wilson, Daniela Glick, Stephanie Walsh, Jennifer Wall

Client Contact: Kris Curtis, Auditor, Alaska Division of Legislative Audit, kris.curtis@akleg.gov, (907) 465-3830

City of Chicago Efficiency Review



The Chicago Federation of Labor (CFL), made up of 320 affiliated local unions working in Chicago and Cook County, Illinois, represents over 500,000 members working in those jurisdictions. The CFL engaged **Public Works** for two distinct but related projects. First, we completed a detailed analysis of the City of Chicago budget to identify sources of funds, current spending, and spending trends and presented the details of every Executive Branch department to CFL membership. We conducted training sessions to help the CFL members understand the City budget cycle, as well as sources of revenue and spending.

Secondly, **Public Works** conducted a thorough review of City spending to identify savings and make recommendations to the City of Chicago on ways the budget might be reduced without massive layoffs. This required a series of meetings with local members to gather suggestions and ideas that the members believed could be fruitful areas to recommend savings. We also conducted an independent analysis of spending to identify areas to pursue. We then worked with the City Budget Office to gather data, analyze spending and make recommendations for more efficient operations.

Our report identified three areas for potential savings – 1) smarter contracting, 2) right-sizing departments and, 3) eliminating waste and duplication of services. Specific recommendations for which we had sufficient data amounted to an estimated savings of over \$75 million. Additional areas recommended to the City for further research and

development would save the City another \$165 million. Though not commissioned by the city itself, the Mayor embraced our recommendations in his State of the City address and included them in his next budget. Both of Chicago major papers editorialized in support of our recommendations. One recommendation on managed competition subsequently landed Chicago in *Governing Magazine* as a money-saving success story lauded by both city management and the unions.

Key Public Works Personnel: Eric Schnurer, Gloria Homer, Marion Reitz, Stephanie Walsh

Client Contact: Jorge Ramirez, Co-Chair, Labor-Management Cooperation Council
jramirez@chicagolabor.org, (312) 222-1000

K. Work Samples

Due to the length of our typical final enterprise-wide organizational and performance review reports, **Public Works** is providing relevant excerpts as work samples of our procurement assessment services and recommendations. These excerpted work samples are included as **Appendix A** and **Appendix B** to this proposal.

Appendix A – Preliminary Performance Review of Two Bureaus in the Illinois Department of Central Management Services (excerpt)

Appendix B – Organizational Performance Review of Travis County, TX (excerpt)

L. References

Selected references for related projects completed within the last three years are presented below with contact information.

Entity	Contact	Title	Phone	Email
Alaska Department of Education & Early Development (DEED)	Dr. Michael Johnson	Commissioner (DEED)	(907) 465-2802	michael.johnson2@alaska.gov
	Sue Hull	First Vice-Chair of State Board of Education, Public/ Fourth Judicial District	(907) 378-7139	hull@gci.net
	Senator Anna MacKinnon	Vice Chair of the Alaska Budget and Audit Committee	(907) 269-0244	Juli.Lucky@akleg.gov (assistant)
Alaska Department of	Ross	Performance Review	(907)	Ross.Alexander@akleg.gov



Health & Human Services	Alexander	Manager (former), Division of Legislative Audit. Current: State Investment Officer, State of Alaska	419-0394	
Travis County Commissioners Court (TX)	The Honorable Sarah Eckhardt	County Judge	(512) 854-9555	Sarah.aEckhardt@traviscountytexas.gov
Chicago Federation of Labor (IL)	Jorge Ramirez	Co-Chair, Labor-Management Cooperation Council	(312) 222-1000	jramirez@chicagolabor.org
Senate of Puerto Rico	Eduardo Bhatia	President of the Senate	(787) 362-6100	eduardobhatia@aol.com
	Arnoldo Cruz	Staff Director, Senate Commission on Government Performance & Economic Development (former)	(787) 920-9633	aacruzpr@gmail.com

M. Three-Year Client List of Related Projects

Client/Entity Reviewed	Key Public Works Personnel Involved
Alaska Division of Legislative Audit (Reviews of Alaska DHSS, DEED, ACPE/ASLC)	Dr. JoAnn Cox, Marion Reitz, Shari Holland, Jennifer Wall, Stephanie Walsh, Daniela Glick
State of Arizona	(Master List/ NA)
Chicago Federation of Labor (IL)	Eric Schnurer, Gloria Homer, Marion Reitz, Stephanie Walsh, Jennifer Wall
Eagle County (ID)	Stephanie Walsh, Daniela Glick
Hopi Tribe (AZ)	Pam Konde, Dr. JoAnn Cox, Stephanie Walsh, Daniela Glick, Jennifer Wall
Los Angeles County	(Master List/ NA)
State of Louisiana Department of Children & Family Services	Daniela Glick, Jennifer Wall
Miami-Dade County (FL)	Marion Reitz, Bob Lauder, Jennifer Wall
State of Oregon	(Master List/ NA)
Puerto Rico State Government (Legislature)	Eric Schnurer, Gloria Homer, Bob Furman, Dawn Wilson, Jennifer Wall
Rhode Island Governor's Workforce Board	Daniela Glick
State of South Carolina,	Dr. JoAnn Cox, Daniela Glick

Education Oversight Committee	
Travis County (TX) Commissioners Court	Gloria Homer, Marion Reitz, Shari Holland, Bob Lauder, Stephanie Walsh, Daniela Glick, Jennifer Wall
Texas Legislative Budget Board	Dr. JoAnn Cox, Daniela Glick, Jennifer Wall,
Washington Department of Enterprise Services	(Master List/ NA)
Multi-State, Intermodal Transportation Authority*	Gloria Homer, Bob Furman, Jennifer Wall

N. Failed Projects, Suspensions, Debarments, Significant Litigation

There have been no failed projects, suspensions, debarments, or significant litigation involving **Public Works** or its subcontractor, **inVeritas**.

There are no conflicts of interest with the objectives or goals of the Subcommittee and any other projects in which **Public Works** or its subcontractor, **inVeritas**, is involved.

No clients have terminated their contracts prior to successful completion between January 2014 and the present, and there have been no contract disputes involving an amount of \$35,000 or greater.

5.5.1 Background Investigation

This paragraph has been read and agreed to.

5.6 Subcontractor Identification

Public Works intends to subcontract with its local partner, **inVeritas**, for 50 percent of the work to be performed in the contract.

inVeritas Research and Consulting, Inc.

650 South Shackleford Road, Ste. 305
 Little Rock, AR 72211

Contact: Ruth H. Whitney, CEO
 (501) 954-7878

Taxpayer identification will be provided upon request.



6. EVALUATION CRITERIA FOR SELECTION

This paragraph has been read and agreed to.

6.0 Generally

This paragraph has been read and agreed to.

6.1 Evaluation Criteria

This paragraph has been read and agreed to.

7. EQUAL EMPLOYMENT OPPORTUNITY POLICY

Public Works certifies that we do not discriminate in our employment practices with regard to race, color, religion, age, sex, national origin, or handicap.

8. REQUIRED FORMS

See next page.



**State of Arkansas
Bureau of
Legislative Research**

Marty Garrity, Director
Kevin Anderson, Assistant Director
for Fiscal Services
Matthew Miller, Assistant Director
for Legal Services
Richard Wilson, Assistant Director
for Research Services

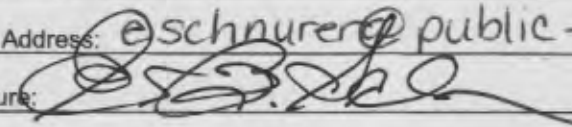
REQUEST FOR PROPOSAL

RFP Number: BLR-170003	
Commodity: Procurement Process Consulting Services	Proposal Opening Date: August 18, 2017
Date: July 21, 2017	Proposal Opening Time: 4:30 P.M. CDT

PROPOSALS SHALL BE SUBMITTED IN HARD COPY AND ELECTRONIC FORMAT AND WILL BE ACCEPTED UNTIL THE TIME AND DATE SPECIFIED ABOVE. THE PROPOSAL ENVELOPE MUST BE SEALED AND SHOULD BE PROPERLY MARKED WITH THE PROPOSAL NUMBER, DATE AND HOUR OF PROPOSAL OPENING, AND VENDOR'S RETURN ADDRESS. THE ELECTRONIC SUBMISSIONS SHOULD BE CLEARLY MARKED AS A PROPOSAL IN RESPONSE TO RFP NO. BLR-170003. IT IS NOT NECESSARY TO RETURN "NO BIDS" TO THE BUREAU OF LEGISLATIVE RESEARCH.

Vendors are responsible for delivery of their proposal documents to the Bureau of Legislative Research prior to the scheduled time for opening of the particular proposal. When appropriate, Vendors should consult with delivery providers to determine whether the proposal documents will be delivered to the Bureau of Legislative Research office street address prior to the scheduled time for proposal opening. Delivery providers, USPS, UPS, FedEx, and DHL, deliver mail to our street address, 500 Woodlane Street, State Capitol Building, Room 315, Little Rock, Arkansas 72201, on a schedule determined by each individual provider. These providers will deliver to our offices based solely on our street address.

MAILING ADDRESS: 500 Woodlane Street State Capitol Building, Room 315 Little Rock, Arkansas 72201	PROPOSAL OPENING LOCATION: Bureau of Legislative Research Director's Office State Capitol Building, Room 315
E-MAIL: thayerj@blr.arkansas.gov	
TELEPHONE: (501) 682-1937	

Company Name: Public Works LLC
 Name (type or print): Eric B. Schnurer
 Title: President
 Address: 1690 E Strasburg Rd. West Chester, PA 19380
 Telephone Number: 610-296-9443
 Fax Number: _____
 E-Mail Address: eschnurer@public-works.org
 Signature: 

USE INK ONLY; UNSIGNED PROPOSALS WILL NOT BE CONSIDERED

Identification: 03-0447140

Federal Employer ID Number

Social Security Number

FAILURE TO PROVIDE TAXPAYER IDENTIFICATION NUMBER MAY
RESULT IN PROPOSAL REJECTION

Business Designation (check one):	Individual <input type="checkbox"/>	Sole Proprietorship <input type="checkbox"/>	Public Service Corp <input type="checkbox"/>
	Partnership <input type="checkbox"/>	Corporation <input checked="" type="checkbox"/>	Government/ Nonprofit <input type="checkbox"/>

GENERAL DESCRIPTION:	Procurement Process Consulting Services
TYPE OF CONTRACT:	Term

MINORITY BUSINESS POLICY

Participation by minority businesses is encouraged in procurements by state agencies, and although it is not required, the Bureau of Legislative Research ("BLR") supports that policy. "Minority" is defined at Arkansas Code Annotated § 15-4-303 as "a lawful permanent resident of this state who is: (A) African American; (B) Hispanic American; (C) American Indian; (D) Asian American; (E) Pacific Islander American; or (F) A service-disabled veteran as designated by the United States Department of Veteran Affairs". "Minority business enterprise" is defined at Arkansas Code Annotated § 15-4-303 as "a business that is at least fifty-one percent (51%) owned by one (1) or more minority persons". The Arkansas Economic Development Commission conducts a certification process for minority businesses. Vendors unable to include minority-owned businesses as subcontractors may explain the circumstances preventing minority inclusion.

EQUAL EMPLOYMENT OPPORTUNITY POLICY

The Vendor shall submit a copy of the Vendor's Equal Opportunity Policy. EO Policies shall be submitted in hard copy and electronic format to the Director of the Bureau of Legislative Research accompanying the solicitation response. The Bureau of Legislative Research will maintain a file of all Vendor EO policies submitted in response to solicitations issued by the Bureau of Legislative Research. The submission is a one-time requirement, but Vendors are responsible for providing updates or changes to their respective policies.

EMPLOYMENT OF ILLEGAL IMMIGRANTS

The Vendor must certify prior to award of the contract that it does not employ or contract with any illegal immigrants in its contract with the Bureau of Legislative Research. Vendors shall certify online at <https://www.ark.org/dfa/immigrant/index.php/disclosure/submit/new>. Any subcontractors used by the Vendor at the time of the Vendor's certification shall also certify that they do not employ or contract with any illegal immigrant. Certification by the subcontractors shall be submitted within thirty (30) days after contract execution.

DISCLOSURE FORMS

Completion of the EO-98-04 Governor's Executive Order contract disclosure forms located at <http://www.dfa.arkansas.gov/offices/procurement/Documents/contractform.pdf> is required as a condition of obtaining a contract with the Bureau of Legislative Research and must be submitted with the Vendor's response.

CONTRACT AND GRANT DISCLOSURE AND CERTIFICATION FORM

Failure to complete all of the following information may result in a delay in obtaining a contract, lease, purchase agreement, or grant award with any Arkansas State Agency.

SUBCONTRACTOR: Yes No

SUBCONTRACTOR NAME:

TAXPAYER ID NAME: Public Works LLC

IS THIS FOR: Goods? Services? Both?

YOUR LAST NAME: Schnurer

FIRST NAME: Eric

M.I.: B

ADDRESS: 1690 E Strasburg Road

STATE: PA

ZIP CODE: 19380

COUNTRY: USA

CITY: West Chester

AS A CONDITION OF OBTAINING, EXTENDING, AMENDING, OR RENEWING A CONTRACT, LEASE, PURCHASE AGREEMENT, OR GRANT AWARD WITH ANY ARKANSAS STATE AGENCY, THE FOLLOWING INFORMATION MUST BE DISCLOSED:

FOR INDIVIDUALS *

Indicate below if: you, your spouse or the brother, sister, parent, or child of you or your spouse is a current or former: member of the General Assembly, Constitutional Officer, State Board or Commission Member, or State Employee:

Position Held	Mark (✓)		Name of Position of Job Held [senator, representative, name of board/ commission, data entry, etc.]	For How Long?		What is the person(s) name and how are they related to you? [e.g., Jane Q. Public, spouse, John Q. Public, Jr., child, etc.]	Person's Name(s)	Relation
	Current	Former		From MM/YY	To MM/YY			
General Assembly								
Constitutional Officer								
State Board or Commission Member								
State Employee								

None of the above applies

FOR AN ENTITY (BUSINESS) *

Indicate below if any of the following persons, current or former, hold any position of control or hold any ownership interest of 10% or greater in the entity: member of the General Assembly, Constitutional Officer, State Board or Commission Member, State Employee, or the spouse, brother, sister, parent, or child of a member of the General Assembly, Constitutional Officer, State Board or Commission Member, or State Employee. Position of control means the power to direct the purchasing policies or influence the management of the entity.

Position Held	Mark (✓)		Name of Position of Job Held [senator, representative, name of board/ commission, data entry, etc.]	For How Long?		What is the person(s) name and what is his/her % of ownership interest and/or what is his/her position of control?	Person's Name(s)	Ownership Interest (%)	Position of Control
	Current	Former		From MM/YY	To MM/YY				
General Assembly									
Constitutional Officer									
State Board or Commission Member									
State Employee									

None of the above applies

Contract and Grant Disclosure and Certification Form

Failure to make any disclosure required by Governor's Executive Order 98-04, or any violation of any rule, regulation, or policy adopted pursuant to that Order, shall be a material breach of the terms of this contract. Any contractor, whether an individual or entity, who fails to make the required disclosure or who violates any rule, regulation, or policy shall be subject to all legal remedies available to the agency.

As an additional condition of obtaining, extending, amending, or renewing a contract with a state agency I agree as follows:

1. Prior to entering into any agreement with any subcontractor, prior or subsequent to the contract date, I will require the subcontractor to complete a **CONTRACT AND GRANT DISCLOSURE AND CERTIFICATION FORM**. Subcontractor shall mean any person or entity with whom I enter an agreement whereby I assign or otherwise delegate to the person or entity, for consideration, all, or any part, of the performance required of me under the terms of my contract with the state agency.
2. I will include the following language as a part of any agreement with a subcontractor:
Failure to make any disclosure required by Governor's Executive Order 98-04, or any violation of any rule, regulation, or policy adopted pursuant to that Order, shall be a material breach of the terms of this subcontract. The party who fails to make the required disclosure or who violates any rule, regulation, or policy shall be subject to all legal remedies available to the contractor.
3. No later than ten (10) days after entering into any agreement with a subcontractor, whether prior or subsequent to the contract date, I will mail a copy of the **CONTRACT AND GRANT DISCLOSURE AND CERTIFICATION FORM** completed by the subcontractor and a statement containing the dollar amount of the subcontract to the state agency.

I certify under penalty of perjury, to the best of my knowledge and belief, all of the above information is true and correct and that I agree to the subcontractor disclosure conditions stated herein.

Signature  Title President Date 08/15/2017

Vendor Contact Person Eric Schnurer Title President Phone No. 610-296-9443

Agency use only

Agency Number _____ Agency Name _____ Agency Contact Person _____ Contact Phone No. _____ Contract or Grant No. _____

CONTRACT AND GRANT DISCLOSURE AND CERTIFICATION FORM

Failure to complete all of the following information may result in a delay in obtaining a contract, lease, purchase agreement, or grant award with any Arkansas State Agency.

SUBCONTRACTOR NAME: inVeritas Research and Consulting, Inc.
 Yes No

TAXPAYER ID NAME: inVeritas Research and Consulting Inc IS THIS FOR: Goods? Services? Both?

YOUR LAST NAME: Whitney FIRST NAME: Ruth M.I.: H.

ADDRESS: 650 S. Shackelford Road, Suite 305

CITY: Little Rock STATE: AR ZIP CODE: 72211 COUNTRY: USA

AS A CONDITION OF OBTAINING, EXTENDING, AMENDING, OR RENEWING A CONTRACT, LEASE, PURCHASE AGREEMENT, OR GRANT AWARD WITH ANY ARKANSAS STATE AGENCY, THE FOLLOWING INFORMATION MUST BE DISCLOSED:

FOR INDIVIDUALS *

Indicate below if: you, your spouse or the brother, sister, parent, or child of you or your spouse is a current or former: member of the General Assembly, Constitutional Officer, State Board or Commission Member, or State Employee:

Position Held	Mark (✓)		Name of Position of Job Held [senator, representative, name of board/commission, data entry, etc.]	For How Long?		What is the person(s) name and how are they related to you? [i.e., Jane Q. Public, spouse, John Q. Public, Jr., child, etc.]	Person's Name(s)	Relation
	Current	Former		From MM/YY	To MM/YY			
General Assembly								
Constitutional Officer								
State Board or Commission Member								
State Employee								

None of the above applies

FOR AN ENTITY (BUSINESS) *

Indicate below if any of the following persons, current or former, hold any position of control or hold any ownership interest of 10% or greater in the entity: member of the General Assembly, Constitutional Officer, State Board or Commission Member, State Employee, or the spouse, brother, sister, parent, or child of a member of the General Assembly, Constitutional Officer, State Board or Commission Member, or State Employee. Position of control means the power to direct the purchasing policies or influence the management of the entity.

Position Held	Mark (✓)		Name of Position of Job Held [senator, representative, name of board/commission, data entry, etc.]	For How Long?		What is the person(s) name and what is his/her % of ownership interest and/or what is his/her position of control?	Person's Name(s)	Ownership Interest (%)	Position of Control
	Current	Former		From MM/YY	To MM/YY				
General Assembly									
Constitutional Officer									
State Board or Commission Member									
State Employee		✓	ARDHS Attorney & Div. Dir.	11/90	11/01	Ruth H. Whitney (See Attached)		100%	CEO

None of the above applies

Contract and Grant Disclosure and Certification Form

Failure to make any disclosure required by Governor's Executive Order 98-04, or any violation of any rule, regulation, or policy adopted pursuant to that Order, shall be a material breach of the terms of this contract. Any contractor, whether an individual or entity, who fails to make the required disclosure or who violates any rule, regulation, or policy shall be subject to all legal remedies available to the agency.

As an additional condition of obtaining, extending, amending, or renewing a contract with a state agency I agree as follows:

1. Prior to entering into any agreement with any subcontractor, prior or subsequent to the contract date, I will require the subcontractor to complete a **CONTRACT AND GRANT DISCLOSURE AND CERTIFICATION FORM**. Subcontractor shall mean any person or entity with whom I enter an agreement whereby I assign or otherwise delegate to the person or entity, for consideration, all, or any part, of the performance required of me under the terms of my contract with the state agency.

2. I will include the following language as a part of any agreement with a subcontractor:

Failure to make any disclosure required by Governor's Executive Order 98-04, or any violation of any rule, regulation, or policy adopted pursuant to that Order, shall be a material breach of the terms of this subcontract. The party who fails to make the required disclosure or who violates any rule, regulation, or policy shall be subject to all legal remedies available to the contractor.

3. No later than ten (10) days after entering into any agreement with a subcontractor, whether prior or subsequent to the contract date, I will mail a copy of the **CONTRACT AND GRANT DISCLOSURE AND CERTIFICATION FORM** completed by the subcontractor and a statement containing the dollar amount of the subcontract to the state agency.

I certify under penalty of perjury, to the best of my knowledge and belief, all of the above information is true and correct and that I agree to the subcontractor disclosure conditions stated herein.

Signature  Title CEO Date 08.10.2017

Vendor Contact Person Tim Leathers Title VP of Consulting Phone No. 501.954.7878

<i>Agency use only</i>			
Agency Number _____	Agency Name _____	Agency Contact Person _____	Contact Phone No. _____
			Contract No. _____ or Grant No. _____

Adendum to the Contract Grant Disclosure and Certification Form

Position Held	Current	Former	Name of Last Position Held	From	To	Person's Name	Relationship	Ownership Interest (%)
State Employee		X	AR DFA Deputy Director	08/77	12/16	Tim Leathers	None	0%
Judicial	X		Director of the Administrative Office of the Courts	07/03	N/A	Marty Sullivan	Husband of inVeritas Employee Kelly Sullivan	0%

DFA Illegal Immigrant Contractor Disclosure Certification

DFA Illegal Immigrant Contractor Disclosure Certification View Submission Details

Disclosure forms are valid for one year.

Vendor:	Public Works LLC
Tax ID:	7140
Disclosure Statement:	I certify that I DO NOT employ or contract with an illegal immigrant.
Contact E-mail:	eschnurer@public-works.org
Submitted on:	08-16-17
Valid through:	08-15-18

Appendix A Work Sample 1:

*Preliminary Performance Review of Two Bureaus in the Illinois
Department of Central Management Services*

(excerpt)



PRELIMINARY PERFORMANCE REVIEW OF TWO BUREAUS IN THE ILLINOIS DEPARTMENT OF CENTRAL MANAGEMENT SERVICES

1. INTRODUCTION

The Illinois Department of Central Management Services (CMS) engaged **Public Works** to conduct a one-month, preliminary review of two bureaus – the Bureau of Strategic Sourcing (BOSS) and the Bureau of Communication and Computer Systems (BCCS) – using **Public Works**' Performance Review model.

This model is a highly interactive one that relies on extensive interviews of staff throughout an organization, asking the people who do the work day-to-day about their ideas and opinions on how to work smarter and improve efficiency. This information is coupled with rigorous data collection and analysis, review of best practices from around the country, and financial analyses to produce findings and recommendations on how an agency may gain efficiencies in operations. The model is scalable and has been used for entire statewide reviews of virtually every Executive Branch agency, a single agency and even a single program.

In this instance, CMS requested we review two bureaus, BOSS and BCCS, with a quick turnaround so that both short- and long-term recommendations may be considered in the current budget cycle.

We thank the managers and staff in CMS, BOSS and BCCS for taking the time from already busy schedules to talk with us about agency operations and to help collect whatever data is available. The following report outlines several major areas that could yield significant savings for the state if implemented. Using conservative estimates based on data available in CMS, as well as best practice examples applied to Illinois, we identify 31 recommendations that total one-year savings of \$16.2 million and five-year savings of as much as \$364.5 million.

2. BUREAU OF STRATEGIC SOURCING

With the passage of Senate Bill 51 and the establishment of the Executive Ethics Commission (EEC), Illinois policymakers have clearly expressed their desire for a State procurement system with the highest standards and above all reproach. This is an admirable goal. However, the State should avoid creating a system that focuses more on statutory compliance requirements than achieving maximum value from its procurements. Illinois must develop procurement practices that provide adequate flexibility for users while upholding the integrity and intent of the Code.



The new leadership in CMS and BOSS inherited an agency in transition. With the introduction of the EEC and the inability to hire in a tight budget cycle, BOSS must continue to conduct procurement activities for State agencies while roles and responsibilities are changing. BOSS, however, is presented with an opportunity to reinvent itself and develop state-of-the-art techniques being used around the country to manage its procurement responsibilities. Some of these techniques, in fact, like reverse auctions and purchasing through consortia as discussed below, were included in the new legislation. The challenges faced by CMS and BOSS, however, to implement this legislation in partnership with EEC has hampered its ability to devote resources to the design and implementation of these new techniques. Thinking strategically at this time can provide the opportunity for BOSS to focus resources on priority tasks that will move the entire procurement operation in the right direction. The themes for such a reinvention should revolve around:

- Establishing guiding principles for procurement and metrics across all aspects of the procurement process to monitor performance and drive consistent and effective management of performance.
- Establishing a leadership role in identifying procurement opportunities that will save the State money and support agency operations with new technologies, products or services.
- Ensuring goods and services are being procured at the lowest and best value for the State, including expanding use of purchasing techniques allowed by law but not currently used.
- Emphasizing a customer focus that involves stakeholders in the process and supports their business needs.
- Delivering excellence in services that are based on standardized procedures, timeliness targets for processing, goals for successful outcomes, and alignment of resources to priorities.
- Maintaining a knowledgeable and skilled professional workforce that understands and uses best practices in procurement strategies.

2.1. Revise BOSS Staffing and Review Procedures

In this economy, all states are looking for ways to save money and work more efficiently. This has increased the pool of states implementing procurement best practices and pinpointing savings for both the short- and long-term. Just a few examples include:

- Virginia set targets for reducing procurement costs and increasing the dollar volume of statewide contracts.¹



- Minnesota and Virginia developed strategic training opportunities to strengthen the skills of procurement staff. They also revised hiring procedures to attract well-qualified procurement professionals. Virginia actually developed the Virginia Institute of Procurement to offer courses to all procurement professionals in the Commonwealth and to offer Contracting Officer Certifications. Administrative improvements are estimated to save \$11 million per year. Minnesota also offers training on effective negotiation strategies.²
- Tennessee improved its procurement system by developing a stronger partnership with agencies, developing new processes for review of procurements that require approvers in the review process to work together more closely, and setting goals for improved processing to make the system easier for agencies and vendors.³

The following observations and analysis are presented based on interviews and a review of information provided by BOSS. New leadership in CMS and BOSS recognize many of the issues discussed below and want to take steps to move the agency forward. It is hoped these observations will support their goals to improve operations and help focus resources on priority areas for improvement and savings.

The creation of the Executive Ethics Commission (EEC) introduces an uncertainty with BOSS staff as to new roles and responsibilities and the authority they now have. There is some uncertainty as to what is actually in law and regulation as opposed to simply past practices within CMS's authority to change. While larger policy issues are being addressed, there are actions BOSS can take to establish a strategic plan for going forward within BOSS and within current resources.

First and foremost, CMS leadership understands the importance and need to conduct a complete spend analysis, something that will require gathering data from 268 independent financial systems now supporting State agency operations. Until that can be done, there are some indicators of work levels and processes in BOSS that can inform decision-making in the short run. A snapshot of BOSS activity for FY2011 shows the bureau processed:

- 1,411 Solicitations
- 3,284 Notices (some combination of new bids/RFP awards, purchases and contract renewals)

As shown in *Table 1: Snapshot of BOSS Activity*, the value of Notices issued in FY2011 was estimated to be about \$26.6 billion. The staff assigned to the various units within BOSS are also depicted.



Table 1: Snapshot of BOSS Activity

<i>Category</i>	<i>Number of Notices</i>	<i>Number of Solicitations</i>	<i>Estimated Value of Notices</i>	<i>Number of Staff</i>
General Services	982	309	\$652.2 million	4
Commodities and Equipment	896	540	\$571.2 million	19
Facilities	537	294	\$227.7 million	7
IT and Telecom	570	169	\$3.1 billion	7
Highway Construction	157	24	\$256.6 million	No CMS review
Health & Medical Services	96	26	\$6.1 billion	No CMS review at this time, changes being considered
Employee Benefits	31	5	\$15.2 billion	Reviewed by Employee Services
Pharmaceuticals	4	6	\$750,000	Commodities
Unspecified	59	50	\$25.2 million	
Canceled	84			
TOTAL	3,368		\$26.2 billion	

BOSS has a “process map” that outlines each step in the procurement process. The new Chief Information Officer also developed such a map for IT purchases (not dissimilar to all purchases)⁴. Both maps show the complex, intensive, and resource-consuming steps in the current solicitation review process, and clearly indicates that the majority of resources within BOSS are used for the procurement process, not contract monitoring or compliance once contracts are executed.

Some highlights from the RFP Process Map and other observations from interviews and review of available data indicate:

- Purchases below \$250,000 (not requiring Office of Management and Budget approval) require six approvals/signatures within CMS. These are approvals *after* the requesting agency has already determined the need for the purchase.
- There could be as many as 23 steps in the RFP process (including the six signatures if under \$250,000). Adding in BEP or OMB approvals adds two additional steps to the process.
- If an approver has questions, requires more information, or rejects the request, the process goes back to the beginning once the agency has addressed the concerns, requiring all approvers to review the request again.



- If required approvals are not completed within 45 days, the Procurement Business Case is automatically canceled and the requesting agency must start the process all over again.
- There are no performance targets, establishing goals for timeliness of reviews, successful completion of the bid/RFP process leading to signed contracts, or customer satisfaction goals.
- Managers and staff can clearly describe the problems in the review process, however, they feel helpless to do anything to correct the problems. They do not feel as though they have the authority or mechanisms in place to strategically identify issues and recommend solutions.
- In clarifying roles and responsibilities within BOSS, managers should ensure staff understand the goals of the organization, especially who the customer is. For many procurements the customer is an agency, however, because of the unique role of the Bureau of Communications and Computers Services in purchasing large amounts of IT goods and services, BCCS is a customer of BOSS also.

Interviews with managers and staff in BOSS, and a review of the data available on the volume of work handled by the bureau, quickly show a dedicated staff “hunkering down” to get the job done with limited resources compared to previous years. BOSS now consists of 44 total staff, with 23 vacant positions and five “frozen” positions – 66 percent of the staff the bureau had in recent years. The current staffing includes 20 managers and 24 non-supervisory positions. It is understood that some manager titles, such as the Statewide Travel Coordinator or Personnel Liaison, appropriately have no direct reports. Some titles, however, most notably Portfolio Managers and Strategic Sourcing Managers, are titles that have direct reports in some cases but not all.

Staff should be commended for continuing to handle the volume of work required. CMS, however, should carefully consider which vacant positions are going to be filled, as well as take this opportunity to shift staff to priority tasks within BOSS as new roles and responsibilities are redefined in light of the new EEC.

One such shift should be to contract compliance activities. Currently, BOSS has two staff dedicated to this function. Clearly, the majority of BOSS resources are devoted to the bidding and contracting process and considerably less to oversight of contracts once they are in place. Yet procurement professionals all recognize the importance of contract compliance – consistent monitoring of terms and conditions can help the State avoid liabilities, ensure savings by compliance with pricing agreements, and improve rebidding and renewal processes because there is sufficient documented history to determine the best interest of the State.

Recommendations

- 1. Consider reorganizing staffing to meet new BOSS priorities.** There are numerous ways in which BOSS staff could be redeployed to do business with the EEC, as well as addressing span of control and assigning staff to a priority area such as contract compliance, strategic planning, or developing and monitoring performance measures.
- 2. Streamline the internal BOSS review process.** New procedures should be developed (and committed to writing) that will clearly define each person's role in the review process, eliminate duplicative steps, and complete tasks simultaneously where possible. This type of initiative works well when involving staff (including agency staff who are reliant on BOSS) in work groups to revise workflows, making the job easier and more clearly defined.
- 3. Establish meaningful performance measures and track progress and/or identify issues.** BOSS staff can be energized by clear goals in the review bid/RFP process. Goals should be set for targets on time to complete each step in the process, customer satisfaction, and ensuring clear communications with customers and vendors.
- 4. Increase contract monitoring and compliance.** The vast majority of resources in BOSS are currently involved in the upfront process to eventually get to a contract. Once a contract is executed, little is known about the quality of the goods or services delivered, contract compliance or agency satisfaction unless a problem is raised. Contract compliance should include such activities as post award vendor orientation. It should also include working with BEP to monitor the degree to which contractors are meeting BEP goals.

With the introduction of the EEC, this actually provides BOSS with an opportunity to redefine itself, eliminating some bidding processes and switching emphasis to contract compliance.

- 5. Devote resources to identifying new products or other opportunities to save through purchasing.** The investment in understanding what client agencies are purchasing and finding new products to help agencies deliver services to the public more efficiently can produce significant savings. BCCS does this for IT procurements, however, it should be done on a wider basis for other goods and services purchased through BOSS.
- 6. Standardize bid review processes where possible.** Many of the steps in the bid review process, like scoring, are similar whether purchasing food for corrections, medical supplies for health or tires for fleet services. Standardizing steps in the process and internal CMS forms will reduce staff time and help agencies and vendors understand the process more clearly.

7. **Prioritize the launch of the planned Customer Satisfaction initiative.** CMS is outlining plans to launch such an initiative. All of BOSS purchasing managers and staff should have a focus on their customers and how to best provide services to them. This includes viewing BCCS as a customer, similar to other agencies because of the volume of purchasing they must accomplish. Where possible, Portfolio Managers should spend time at customer agencies so that agencies know purchasing representatives understand their requirements.
8. **Develop an improved system to issue regular communications to customer agencies describing key decisions and potential impacts.**
9. **Renegotiate with EEC to bring them back to using the Remedy system.** More paperwork is now required by EEC since they stopped using the Remedy system, resulting in time spent by BOSS staff completing forms, tracking status manually and spending time ensuring forms are sent correctly.

Long-term Recommendation – E-Procurement

Beyond the more immediate steps that can be taken to streamline the procurement process and introduce new opportunities for purchasing, states have moved aggressively to establish e-procurement systems.⁵

- Virginia developed an e-procurement system in 2001. While they experienced some issues with implementation and higher costs than expected, the system is now considered one of the best in the country. The system now has 38,000 vendors registered and over five million products available. Virginia reports savings since 2001 of over \$280 million, not including administrative savings.
- Pennsylvania's annualized savings on its e-procurement system is estimated at \$80 million per year.
- In 2011, Minnesota state agencies saved about \$210 million over costs of goods and services compared to 2009.
- Texas estimates it is saved \$114.8 million over FY2006 spending on goods and services.

As CMS and BOSS develop a strategic plan, implementing an e-procurement system should be one of the highest priorities.

Estimated Savings

Significant savings can be achieved through streamlining administrative processing and redeploying staff to critical new responsibilities in BOSS. Implementing changes will also help BOSS deal with the limited hiring they may be able to do for FY2013 and



beyond. Since CMS is in the processing of working with the Governor's Office of Management and Budget, it is not know if and what hiring BOSS may be able to do, and therefore, what savings might be achieved at this time.

The following sections outline four purchasing techniques with proven records of savings in other states, that are currently allowable in Illinois code, however, are not currently being used.

2.1. Develop Strategies to Expand the State's Bidder Pool

In August 2011, state and local purchasing officials across the nation were surveyed to determine procurement agency priorities for FY2012. More than 27 percent of respondents cited "attracting more vendors to increase competition" as a major focus for their agency in the upcoming year.⁶

In tight budget times, purchasers are searching even more for ways to bring more vendors into the procurement process with an end goal of creating more competition and, in turn, more competitive prices for needed goods and services.

Streamlining State Procurement and Contracting

Massachusetts is currently proposing procurement reforms to make its systems more user-friendly, cut costs to bidders, and ultimately create savings for the Commonwealth.

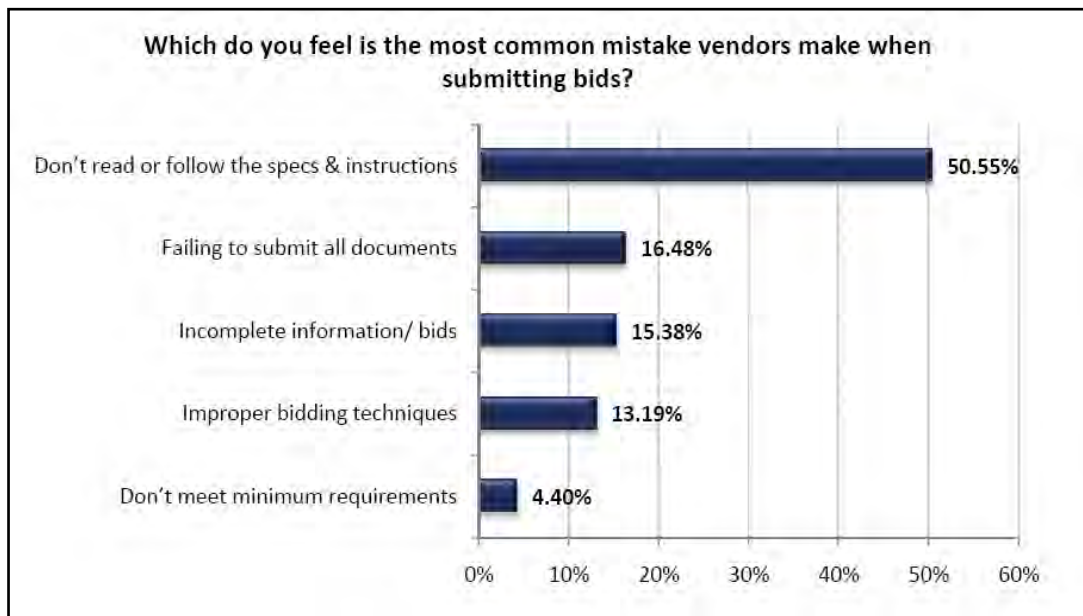
In announcing his FY2012 budget, Governor Deval Patrick outlined steps being taken by the Operational Services Division (OSD) to improve bidder interest in State contracts. These changes include a variety of measures to improve contract terms, conditions, and amendments. OSD is also planning to utilize reverse auction technology to drive down the cost of doing business with the Commonwealth.

Currently, OSD uses a standard Request for Response (RFR) template when issuing solicitations for statewide contracts. Governor Patrick directed OSD to build on the success of this template and the standardization of terms that it provides for bidders to create a standard RFR template for State agency contracts as well. This is intended to help streamline the procurement process and standardize the terms for agencies and potential bidders. Additionally, a task force was appointed to examine the State's standard terms and conditions and other procurement terms and bid requirements in an effort to increase bidder interest, simplify the procurement process, and reduce costs.

Procurement agencies are also considering ways to improve the bidding process by reducing the burden on vendors who are asked to file multiple registrations, certifications, and disclosures with each bid submission. Purchasing officials frequently site onerous filing requirements as the greatest barrier to increasing their pool of potential vendors. Frequently, vendors complain that State bid forms are too complex and that the number of certifications and disclosures is excessively burdensome.

Vendors' struggles with bid filings are well-known by procurement professionals. This is reflected in the August 2011 BidNet survey in which purchasing officials were asked the most common mistake made by vendors in bid submissions. Over half of the respondents noted that vendors do not (or cannot) follow the bid specs and instructions. Another 16 percent pointed to vendors' failure to submit all bid documentation. See Figure 1 for more on this survey question.

Figure 1



Source: Bid//net Survey, August 2011.

Evaluating Multiple Bidder Certifications and Disclosures

The growing trend in government purchasing is to allow vendors to pre-certify basic information about themselves, along with representations of compliance with conditions for procurement eligibility. While vendors are required to update this information regularly (once a year, under the federal system), they do not have to re-file it with every proposal or bid, and procurement officials do not have to review redundant filings of the same information.

Requiring multiple vendor certifications and disclosures, the current practice in Illinois, imposes an unnecessary burden on potential vendors—particularly when such information must be filed in hard copy with each submitted bid or proposal. This is particularly true for the state's smaller businesses. At a minimum, the State should evaluate the public value and utility of each certification and disclosure, and determine areas in which filings can be eliminated or consolidated without risking full compliance with state procurement laws, regulations, and ethics standards.



Developing a State Vendor Database

After policymakers have conducted such a review and determined the most appropriate and useful vendor certifications and disclosures, further steps can be taken to achieve additional efficiencies in the procurement process and maximize the State's bidder pool. One such step is to create a single vendor database with basic information on vendors and their qualifications.

While there are different designs for such databases at the state and federal level, this tool typically allows vendors to create an online profile that includes basic business contact information as well as all of their required representations, certifications, and disclosures. Below is a description of the federal database as well as one used in the State of New York.

Federal System - CCR and ORCA

The Central Contractor Registration (CCR) is the primary vendor database used by the federal government. The CCR collects, validates, stores and disseminates data to support agency acquisitions.

All current and prospective government vendors are required to register in CCR in order to be awarded contracts. Vendors are required to complete a one-time registration to provide basic information relevant to procurement and financial transactions. They must update or renew their registration annually to maintain an active status.

The CCR system validates the vendor's information and then electronically shares the data with federal agency finance offices to facilitate paperless payments through electronic funds transfer (EFT). CCR also shares the data with government procurement and electronic business systems.⁷

In 2005, the Federal Government supplemented the CCR system by launching the Online Representations and Certifications Application (ORCA). ORCA replaced most of the paper-based representations and certifications (Reps and Certs) required in federal solicitations with an internet application.

CCR and ORCA are complementary systems. ORCA reuses data pulled from CCR and pre-populates many of the required certification forms. Then, vendors provide additional information required in the forms. When vendors enter information into the ORCA system, they certify that they will keep this information current, accurate and complete for use with all solicitations.⁸

State of New York - VendRep

In 2006, the New York State Comptroller launched VendRep, an online system designed to provide more effective and efficient access to vendor information. VendRep was specifically designed to support both vendors and State contracting entities to provide and assess information related to vendor responsibility determinations. The system provides vendors with the convenience of filing required disclosures online, and similarly



provides State contracting entities the convenience of accessing that information electronically as part of the bid/proposal review process.

Participation in the VendRep system is voluntary for both State contracting entities and vendors. Paper filings can still be required by agencies and filed by vendors with each submitted bid or proposal. A vendor's VendRep file is considered "current" if it has been certified within six months of a solicitation. When enrolling in the system, the vendor agrees to keep the file current and correct.⁹

The Comptroller's Office has described the benefits of VendRep as:

Benefits to vendors -

- Ease of completing, filing, accessing, submitting, and updating vendor responsibility information (efficiencies are multiplied for vendors who frequently bid and contract with the State);
- Eliminates the need to fill out basic information on each filing submission (the system saves this data automatically on each form);
- Reduces the costs associated with paper documents, including copying, delivery, and filing;
- Secure vendor information, available only to the vendor and State contracting entities (upon certification by the vendor); and
- Enhanced communication with State agencies.

Benefits to State agencies:

- Direct, immediate, easy access to current, standardized vendor disclosures, eliminating the need for each State contracting entity to separately administer and maintain paper files with each solicitation;
- Online information shared with other authorized State users;
- Reduces the costs associated with paper documents, including receipt, distribution and filing; and
- Improved consistency, accuracy and timeliness of the information used in the vendor responsibility review.¹⁰

Some procurement experts recommend that a vendor database also include data from both internal company performance information (collected by request) and from external sources of supplier information. With or without such enhancements, a vendor database can make vendor information much easier to file, maintain and evaluate, creating a more business-friendly environment (and a more robust bidder pool for the State). Further, such systems reduce the amount of time and money departments spend collecting and storing this information with each bid and proposal submission.

Reducing the Number of Automatic Bid Disqualifications

In addition to requiring a full and duplicative hard-copy submission of vendor certifications and disclosures with each bid/proposal, the current system also makes any failure to submit such information grounds for immediate and irrevocable disqualification of the vendor from the bid in question. This unnecessarily reduces the number of



bidders, without any differentiation of substantive versus non-substantive (technical) “errors” in terms of their seriousness, or the ease with which they might be corrected given an opportunity.

Since Illinois has no formalized process for notifying vendors of the specific error or errors that justify disqualification for a particular bid, vendors are given little information by which they can improve their compliance in the future.

CMS staff members who open bids regularly estimate that as many as 50 percent of bids are automatically disqualified for technical error such as failing to include a required disclosure form.

While allowing bidders the opportunity to alter substantive elements of a bid would certainly create an unfair advantage, affording them an opportunity to “cure” non-substantive filing omissions could increase the State’s potential bidder pool significantly. When the Board of Elections disclosure form was first required, Illinois allowed a grace period for bidders to submit a missing form. The State should determine whether a similar grace period might again be considered for inadvertent filing omissions.

A vendor database as described above could address this issue in the current system. If a database maintains a current record of basic bidder information and certifications, then there is no need for bidders to resubmit these documents with each solicitation response.

Recommendations

- 1. Evaluate need for multiple vendor certifications and disclosures.** Consider opportunities to consolidate or streamline required filings.
- 2. Create a state vendor database with basic vendor information and verification of required representations, certifications, and disclosures.**
- 3. Consider instituting a grace period for bidders to cure non-substantive omissions in solicitation responses.**
- 4. Institute a formal process to notify bidders of the reason for any bid disqualifications so that they can address these issues in future submissions.**

Estimated Savings

As noted earlier, Massachusetts is currently proposing procurement reforms to make its system more user-friendly, cut costs to bidders, and ultimately create savings for the Commonwealth. The estimated savings for these reforms is \$30 million annually.



The Massachusetts savings estimate includes strategies addressed elsewhere in this report such as reverse auctions and expansion of master contracts. The remaining Massachusetts strategies designed to improve vendor relationships, streamline the bid process, and reduce ultimate product costs can be estimated conservatively at \$3 million annually.

Presuming a three-year phase-in for these savings with none in year one while reforms are instituted, 50 percent in year two (the first year of implementation) and 100 percent in year three, total savings over five years is \$10.5 million.

These savings do not reflect the cost for developing a State vendor database. Such costs are unique to each jurisdiction based on the application design and the extent and complexity of the filings to be maintained on the system. BOSS should work with BCCS to estimate system costs and consider applying the savings outlined in this report to create this tool that will further streamline the procurement process.

Year 1	\$0
Year 2	\$1,500,000
Year 3	\$3,000,000
Year 4	\$3,000,000
Year 5	\$3,000,000
5-YEAR TOTAL	\$10,500,000

It should also be noted that many of the benefits of creating a more business-friendly environment for bidders and growing the State's bidder pool may be less tangible, more long-term, and not immediately obvious or easily measurable. Such benefits include:

- Higher quality goods and services
- Beneficial contract terms
- Time savings for staff
- Improved relationships with vendors

2.2. Develop Innovative Uses of Traditional Procurement Tools

There is a wide spectrum of procurement tools that officials can use in solicitations to maximize the value in procurements. These tools vary according to the nature of the solicitation and the product or service sought.

The State of Illinois employs a variety of traditional solicitation instruments such as Invitations for Bids (IFBs), Requests for Proposals (RFPs), and Requests for Information (RFIs). However, there is an opportunity for the State to expand the use of these tools



and utilize them in innovative ways to generate savings and improve the quality of State procurement.

Maximizing Use and Benefit of RFIs

As a variation on the Request for Proposal (RFP) that aims principally at collecting non-price data, a Request for Information (RFI) can be used to leverage vendor expertise about different strategies for achieving a particular procurement goal. The RFI has become particularly useful in procurement areas like technology, where maintaining up-to-date in-house expertise is difficult, and the range of “solutions” available to address the State’s procurement goals can vary significantly.

RFIs can be utilized to collect information about vendor capacities and the overall marketplace of suppliers and trends for particular goods and services. The primary purpose of RFIs is to help gather market knowledge from suppliers or experts. RFIs are best used in conjunction with RFPs and other market research to learn more about the marketplace. They are also used to inform public contracting entities when procurement staffing resources or sector expertise is limited. Many public entities have found that it may be necessary to send out an RFI in advance of an RFP to fully understand the relevant cost drivers for a product or service.¹¹

Vendors and market experts may also be able to assist the State in understanding:

- What is needed to achieve the State’s desired business outcome;
- Who the experts or industry leaders in the particular sector are; and
- General commercial and government best practices.¹²

In FY2011, the State of Illinois issued over 1,400 total solicitations. Of these, only 24 (less than two percent) were Requests for Information, primarily from IT and public safety agencies.¹³ Given the value of RFIs as a tool to collect valuable market information and tap into sector expertise (free of charge!), the State should explore opportunities to use this tool more frequently and across more agencies.

Of course, the main concern with using RFIs to educate public entities on potential solutions is that, if improperly used, they could create an unfair advantage if an agency selects one vendor to the exclusion of others based upon the RFI. When states use this tool, they must be careful to tailor the RFI so that it solicits the needed information without requesting extensive information that might taint the subsequent procurement process. Generally, the more vendors that participate in an RFI process, the better the chances of not creating a conflict of interest.

Publishing Draft RFPs

Another flexible tool for improving the value of procurements is simply to publish draft RFPs and give all potential vendors an opportunity to comment and make suggestions for improved RFP language. Like an RFI, a draft RFP procedure solicits non-price information that may help clarify procurement strategies while also maintaining the largest feasible vendor pool. In either event, cost savings can be achieved by more precisely aligning procurement solicitations to ultimate State procurement goals, without



compromising savings achieved through the more traditional route of securing low-price bids once the goods or services desired have been more definitively identified.

Illinois should strive to use the flexibility of the solicitation process to a greater degree to increase the value procurements may provide and ultimately improve the way the State conducts business.

Utilizing Procurement “Wiki” Pages

In 2007, then Mayor Adrian Fenty challenged Washington, DC’s Chief Procurement Officer to transform the Office of Contracting and Procurement (OCP) into a more accountable and transparent agency with robust procurement practices and processes.¹⁴ Soon thereafter, OCP had a chance to respond to the Mayor’s challenge when it was asked to help procure the needed resources to design, build, and equip a new state-of-the-art evidence storage warehouse for the Washington Police Department.

OCP established its own internal goals to create a process that would:

- Cut in half construction times for a building of this magnitude;
- Decrease construction costs and save revenue;
- Allow vendors to be innovative in their thinking and not limit the scope of the project;
- Establish a benchmark for future procurements; and
- Provide transparency from the beginning of the project to the end.¹⁵

OCP launched a web-based procurement process focused on obtaining innovative ideas from industry experts and challenged designers and builders to think creatively. OCP’s goal was simple - to simply state the problem the District was seeking to solve and allow experts in the commercial sector to invent a solution.

The agency created a special website for the procurement to ensure that ideas were shared publicly. The website used “wiki” technology that gave contractors easy access to procurement updates, documents, ideas, suggestions, images and videos.

The open web format allowed all interested parties access to the same information, ensuring a level playing field. Through the “Questions and Answers” section, the wiki allowed real-time collaboration between contractors and government officials. This process allowed the District to cut its traditional six month competitive proposal process in half.

OCP cites the major achievements from this process as a significant reduction in the cost of staff time, engaging the vendor community in the procurement process, decreasing the procurement cycle time, and providing transparency and detailed reporting throughout the entire process. OCP was also able to redeploy 120 hours per week in staff time that would have been required to answer questions, respond to emails and meet face to face with vendors (all now done via the wiki).

In just this one procurement, the District recognized the following cost savings:

- \$25,000 in OCP staff savings;



- An estimated 20 percent unit cost reduction (on average) for paper, supplies, equipment; and
- Overall facility cost reduction of nearly 50 percent.

Officials estimate that the District will see approximately \$4 million in ongoing savings through the use of wikis compared to similar commercial off-the-shelf procurement products.¹⁶

Recommendations

- 1. Use the flexibility of the solicitation process and procurement tools such as RFIs and draft RFPs to a greater degree to tap into vendor and market expertise.** This will also increase the value procurements may provide and ultimately improve the way the State conducts business.
- 2. Consider using technology and innovative tools such as procurement wiki pages.** Such strategies have proven successful in reducing the cost of procurement supports and staff time, streamlining the procurement cycle, and engaging the vendor community.

Estimated Savings

More expansive use of Illinois' procurement tools will generate savings in a variety of ways.

First, by tapping into vendor and market expertise, the State will be able to formulate more precise and better researched solicitations. This will ultimately lead to more focused and better informed purchasing. Sector and market knowledge provided by outside experts through RFI and draft RFP processes costs the State nothing. This practice also saves hours of staff time spent on research and project design.

As seen in Washington, DC, innovative use of procurement tools can also influence the quality and costs of the goods and services purchased. Beyond the savings and efficiencies recognized by CMS, purchasing agencies will benefit from a more expeditious procurement cycle and better ultimate prices.

2.3. Purchase through Consortia to Realize Significant Savings

Illinois code already allows the Department of Central Management Services to enter into joint purchasing agreements for

“personal property, supplies, and services jointly with a governmental entity of another state or with a consortium of governmental entities of one or more other states. Subject to provisions of the joint purchasing



solicitation, the Department of Central Management Services may designate the resulting contract as available to governmental units in Illinois.”¹⁷

At the present time, no consortium agreements are in place. As noted above, this legislative authority was created at the same time that the EEC was established. As such, resources have been devoted to working out new roles and responsibilities and not yet to designing new procurement tools.

There are now several well established consortia and the savings achieved by states that participate in consortia is well documented.¹⁸ Through the Western States Contracting Alliance (WSCA) started in 1993, 15 states report savings to member states of between 15 and 30 percent on goods and services purchased through the consortium.¹⁹ In addition, purchasing through consortia saves administrative costs for participating states since each state does not need to establish contracts; ordering and inventory costs are also reduced.

There are five major multi-state buying pools for pharmaceuticals alone. The most well established is The Minnesota Multistate Contracting Alliance for Pharmacy (MMCAP), founded in the 1990's, which combines the purchasing power of 45 states and other jurisdictions, including many of Illinois' neighboring states and the City of Chicago, though not Illinois itself. MMCAP reports savings of about 23.7 percent below Average Wholesale Price for brand name pharmaceuticals and 65 percent savings on generic drugs.²⁰

Examples of states' success in using and increasing consortium purchasing include:

- The University of Texas estimates it saved about \$14 million on \$255 million in purchases.
- In FY 2010, New Jersey reported a savings of \$25 million from reforms in state purchasing, including use of consortia.
- The Western States Contracting Alliance, a 46 member group of states and other government jurisdictions, purchased \$2.57 billion of IT equipment at a discount of 10-75 percent for members.
- Delaware aggregated the electricity load for state and local facilities, including schools, and increased its purchasing power. Combined with a reverse auction, the State saved \$9 million the first year.

Recommendations

- 1. Investigate neighboring states' and other consortium membership to determine if Illinois should join.**



2. Investigate specific product consortia, such as those purchasing Medicaid and/or other pharmaceuticals, to determine if Illinois should join.

Estimated Savings

According to the report produced by BOSS, state Notices of Awards for FY 2011 totaled approximately \$26.6 billion in goods and services. If two percent of this purchasing (\$532 million) were done through consortium purchasing, with a possible savings of 10 percent over current contracting prices, the State of Illinois would be saving over \$50 million. Calculating a gradual ramp up, savings in the first year are estimated to be approximately \$2 million to \$10 million, with five-year savings as much as \$100 million.

Year 1	\$2 million – \$10 million
Year 2	\$10 million – \$15 million
Year 3	\$20 million – \$30 million
Year 4	\$30 million – \$35 million
Year 5	\$40million – \$50 million
5-YEAR TOTAL	\$102.0 million – \$140.0 million

2.1. Establish a Reverse Auction Capability

Illinois procurement code currently permits the Department of Central Management to establish reverse auctions as a means to purchase goods and services for the State.

“Competitive Sealed Bidding; Reverse Auction... may procure supplies or services through a competitive electronic auction bidding process after the purchasing officer explains in writing to the chief procurement officer his or her determination that the use of such a process will be in the best interest of the State.”²¹

States and local jurisdictions have been able to save between 10 and 30 percent on purchases through the use of reverse auctions. Some examples:

- In 2004, Pennsylvania conducted its first reverse auction for office supplies and saved the Commonwealth 40 percent over the previous year -- \$9.5 million in savings. The Commonwealth now purchases more than 20 commodities through this method and estimates it is savings about \$100 million per year compared to purchases of the same items prior to the reverse auction.²²



- Chicago conducted a reverse auction in 2009 to obtain the best pricing for snow removal equipment at O'Hare Airport. The city saved \$1 million on the purchase.²³
- Indiana has been hosting reverse auctions since 2007 and reports savings of \$5 million (10 percent) on \$50 million in state purchasing.

Recommendations

1. Prioritize development of a reverse auction capability.

Estimated Savings

Reverse auction savings for Illinois could grow into the millions.

If Illinois targeted one percent of its purchases (based on the \$26.6 billion in volume for FY2011) to be purchased through reverse auctions, and saved 10 percent on those purchases, it could realize savings of as much as \$26 million when fully implemented. A gradual implementation could yield almost \$100 million over five years.

Year 1	\$5 million – \$10 million
Year 2	\$10 million – \$15 million
Year 3	\$15 million – \$20 million
Year 4	\$20 million – \$24 million
Year 5	\$24 million – \$26 million
5-YEAR TOTAL	\$74 million – \$95 million

2.2. Increase the Use of Master Contracts

In current operations there is no well-defined and consistent mechanism used to identify opportunities or need for master contracts. The process relies on someone within BOSS in the review process “noticing” similar requests from agencies and alerting management to the possible need for a master contract. By this time, contracts may already be in place that will need to expire before all agencies using a similar product or service would be able to take advantage of a new master contract. Likewise, BOSS reviewers can “catch” an agency request for goods or services and alert the agency to the fact that a master contract exists.

While agencies are required to check SharePoint to identify whether a master contract is in place or not, BOSS has no real way of knowing if this is the case. BOSS interviewees cited numerous examples of times they “caught” a request and were able to alert the agency of a master contract already in place. There is no way to know if agencies’ purchases under \$5,000 are being made through master contracts.

Improving the master contract process, ensuring agencies know contracts are executed and expanding the use of master contracts can mean significant savings to a state.

- California contracted with a private vendor in 2004 to help identify and create strategic sourcing opportunities, primarily establishing mandatory master contracts for statewide use. An Auditor’s report last year identified \$160 million in net savings to California between 2004 and 2007.²⁴
- Georgia established a commission in 2003 to upgrade its purchasing systems that are responsible for \$5.7 billion in purchasing per year. A 2008 report from the commission noted strategic sourcing through the increased use of master contracts is now saving the state \$100 million per year.²⁵
- Michigan worked with a private contractor to develop an improved and expanded master contract system in 2005. Savings on products under the master contract system range from 3 percent to ten percent lower than contracts prior to establishing the master; desktop systems are 25 percent lower.²⁶

Recommendations

- 1. Initiate a special project to develop short-term “work-arounds” to identify spending in key areas and implement a plan for increasing master contracts.**
- 2. Complete a one-time study to identify what agencies are purchasing in the under \$5,000 category.** Armed with this information, BOSS could develop specific plans for increased master contracts, reverse auctions, purchasing cards, and consortium purchasing.
- 3. Revise the notification and posting system for master contracts.** The process should be managed more closely at the front-end to ensure master contracts are being used and to more systematically identify new opportunities for master contracts.
- 4. Set targets to increase the number of master contracts and potential savings.** What gets measured gets done. This type of strategic planning can move the Illinois purchasing system in the direction needed to increase savings opportunities.



5. **Launch a formal and ongoing initiative with Higher Education to increase joint contracting opportunities.** BOSS reports discussions at various times to review joint purchasing opportunities with Higher Education. A more systematic and formal review should be undertaken to tap into the enormous buying power that Higher Ed brings to the table.

Estimated Savings

Since no data is available to determine the current master contract spend and potential for new contracts, estimates must rely on experience from other states. The three states noted above (California, Georgia and Michigan) report savings from about \$50 million per year to as much as \$100 million. If Illinois could save just half of the lowest estimate, it is saving \$25 million per year.

Year 1	\$5 million – \$10 million
Year 2	\$10 million – \$15 million
Year 3	\$15 million – \$20 million
Year 4	\$20 million – \$25 million
Year 5	\$25million – \$25 million
5-YEAR TOTAL	\$75 million – \$95 million

2.3. Establish a Purchasing Card (P- Card) System

BOSS has taken some initial steps to investigate the use of P-Cards through issuance of a survey to agencies to determine opinions on the use and estimated volume of spending that might lend itself to such a system.

Since P-Cards have been used for many years now, there is a large body of evidence supporting their use, and considerable documentation on how to design policies and procedures that ensure the integrity of the system.

- A Virginia study showed:²⁷
 - 60 percent of agency payments are less than \$1,000.
 - 50 percent of suppliers are used only once per year.
 - 80 percent of suppliers are used only twice per year.
- The National Association of Purchasing Card Professionals estimates the cost to process a traditional invoice is between \$50 and \$200, with an average of \$89. The typical P-Card process costs about \$22.²⁸

- Wisconsin recently reviewed spending and found the average spend on a purchasing card was \$233 with a total spend of \$161.7 million – that is almost 700,000 purchases.²⁹
- South Carolina has been using a P-Card since 1996 and uses the card for over \$163 million in purchases annually.³⁰
- Beyond administrative savings, states using P-Cards are benefiting from rebates of between 1 percent and 2 percent on purchases. Vendors are able to lower P-Card purchase prices because of the ease of invoicing and payment that saves them money for processing. Wisconsin’s analysis of rebates for some states in 2008 report:³¹
 - Ohio received \$1.1 million in rebates based on \$66.7 million in purchases (1.59 percent).
 - Wisconsin received \$534,600 in rebates based on \$42.5 million in purchases (1.26 percent).
 - Michigan received \$489,700 in rebates based on \$40.1 million in purchases (1.22 percent).
 - Minnesota received \$174,100 in rebates based on \$14.6 million in purchases (1.19 percent).

Recommendations

1. Fast track a pilot project to initiate a P-Card system.

There are many obstacles that CMS must overcome to implement a P-Card system for the State, not the least of which is 268 different financial management systems. CMS should, however, move as quickly as possible, working with the Comptroller, to at least establish a pilot project to test the use in Illinois. CMS should also ask for an Attorney General’s opinion on the use of rebates in a P-card system.

Estimated Savings

The question of rebates should be revisited, and if necessary, legislation proposed that would allow vendors to discount purchases based on savings they achieve because of ease of use. Other states are benefiting in the millions of dollars from such arrangements. Administrative savings would occur for the Comptroller. CMS may be able to achieve some administrative efficiencies also.

2.4. Another Innovative Idea

Florida legislators enacted a law last year that saved the state \$420 million on existing contracts. The law created a three-month window to open all contracts with vendors to

renegotiate terms of the contracts. In many instances, vendors were willing to reduce pricing in exchange for extensions on the length of the contract period. One example: Accenture, the State's online marketing vendor, agreed to cap prices, upgrade hardware and software, and add 4,000 person-hours to the existing contract in exchange for an additional two years on the contract. Florida saved about \$2.5 million on the contract and received \$3.2 million for the new hardware and software.³²

3. BUREAU OF COMMUNICATION AND COMPUTER SERVICES

The Bureau of Communication and Computer Services (BCCS) has a comprehensive and well thought-out strategic plan for moving the state's IT solutions well into the 21st Century. In conjunction with the Chief Information Officer in the Governor's Office, BCCS has successfully completed several major consolidation efforts from email to entire agency systems and server consolidations. The plan is in place to continue this work, as well as to plan and develop new technologies and infrastructure to support government operations. BCCS management and staff understand the rapidly changing IT environment and are focusing resources as much as possible on advancing technologies while maintaining existing systems. The Bureau reports it will soon be submitting a strategic plan to the Director for approval that will encompass these objectives.

The stakes are high. According to a survey completed by the CIO, in FY2011:

- State agencies' IT spend totaled \$408.1 million, including all staff, contracted services, hardware, software, training and maintenance.
- 31 percent of this spend (\$126.1 million) was in BCCS.
- Throughout the state, 1,967 FTEs are identified as IT – 29 percent (567) are in BCCS.
- BCCS' current FTE count of 569 (with 744 funded positions) is down over recent years – 2009 shows 679 FTEs (771 funded), 2007 had 742 FTEs (860 funded).

The challenge for BCCS, as in all states that have successfully moved to consolidate IT planning, oversight, and operations, is to ensure resources are targeted for the best return on investment for the state, both in terms of existing systems and procuring new technology. In Illinois, BCCS must do this with the additional challenge of the changing environment for IT purchasing brought about by the creation of the EEC. In fact, in a survey conducted by the CIO, agencies noted that the procurement system governs IT solutions, not a strategic plan and governance process. As BOSS revises and improves purchasing processes, BCCS will benefit.

Additionally, application modernization is one way of bringing legacy systems "up to speed" so they can meet today's requirements. The good news for budget planners is that this approach does not always mean wholesale system replacement (as with a new



ERP) and can even produce cost savings for the State as funding is identified for longer-term or enterprise-wide system solutions. In 2011, the National Association of State CIOs (NASCIO) ranked application modernization as one of its highest priorities (#4) for state government.³³ As states continue to struggle with tight budgets, this approach is being utilized more and more across the country.

3.1. Streamlining Employee Timekeeping - eTime

Given the limited personnel resources of most agencies, states are prioritizing technology solutions and application modernizations that can maximize employee productivity and focus staff time on their agency's primary missions rather than administrative paperwork.

Currently, many Illinois departments still use manual, paper-based processes for employee time reporting. This antiquated approach wastes countless hours of staff and supervisor time each pay period as well as the printing and storage costs for the hundreds of thousands of pieces of paper that are shuffled each month.

To provide a more efficient option for Illinois agencies, the BCCS Enterprise Applications and Architecture Team has developed a web-enabled electronic time-keeping system (eTime) application for capturing, approving, and processing daily time sheets, official leave requests, overtime requests, and other time-keeping related information. The eTime application provides users with a new web interface that is integrated with the existing Central Time Accounting System (CTAS) and the CMS Payroll System.³⁴ The new eTime system is expected not only to reduce dramatically the time spent by employees and supervisors on administrative paperwork, but also to improve personnel accountability, standardization, and accuracy.

The eTime system has been used by BCCS employees for several months. The system is now being piloted by CMS internally and for Shared Services agencies. Currently, there are slight variations in the business rules used by personnel officials in each agency (e.g., how hours are counted/measured; whether and how comp time or leave may be used within a pay period; etc.). Agencies also have different data entry points for recording time (e.g., some agencies use timesheets, others use time clocks). Recognizing this, BCCS is working with interested departments independently to make sure that the eTime application addresses the agency's internal practices and procedures.

BCCS has already established a successful partnership with the Department of Revenue (DOR) to launch a department-specific version of eTime. DOR employees are required to record their time using a time clock model. So, BCCS, in conjunction with Revenue IT staff, is designing an "eClock" addition to the basic eTime application. Recognizing the anticipated ROI from significant staff time efficiencies, DOR detailed members of its own IT staff to expedite this project.

It should be noted that when developing application solutions, limited IT resources can be maximized by reducing the number of "agency-specific" apps that must be

Appendix B Work Sample 2:

Organizational Performance Review of Travis County, Texas

(excerpt)



8 PURCHASING OFFICE

The Travis County Purchasing Office reports to the Purchasing Board consisting of two County commissioners and three district judges. Since its inception, the office has worked to strengthen and manage all aspects of procurement policies and procedures, and the office currently has an extensive Purchasing Manual that is the guidebook for County employees and vendors on the entire purchasing process.

Travis County currently has over \$344 million in active contracts (including multi-year construction contracts) and purchases over \$127 million per year in goods and services. The Purchasing Office has successfully used many procurement tools available in a public purchasing system: informal and formal bids, Requests for Proposals, cooperatives, consortiums, state contracts, inter-governmental contracts, and reverse auctions. The bidding process is fully automated. Departments and the Purchasing Office use SAP (the enterprise resource planning software used by Travis County) extensively to process purchase orders and partially manage contracting. The Travis County Purchasing Office has been awarded the Achievement in Excellence in Procurement award from the National Procurement Institute for the past 11 years.

8.1 CONTRACTING POLICIES AND PROCEDURES

Background

Good contract management—from initial procurement to close-out—is a critical competency that requires a comprehensive and transparent system in the public sector. Comprehensive contract management processes can generate millions of dollars in savings and ensures the most competitive pricing is obtained.

Performance-Based Contracting

Over the past two decades or more there has been an increased focus on developing performance-based contracts, especially in human services and other service-oriented organizations. Performance-based contracting is defined by the National Association of State Purchasing Officials (NASPO) as “the specification of the outcome expectations of the contract and the requirement that any renewals or extensions be based on the achievement of the identified outcomes.”⁸⁷ Performance-based contracts describe the results required rather than how the work is to be accomplished. Performance-based contracting is also used to obtain overall better value and lower costs.



Among many benefits, the U.S. General Services Administration (GSA) notes that performance-based contracting:

- Increases the likelihood of meeting mission needs.
- Focuses on intended results, not process.
- Produces better value and enhanced performance.
- Does not require detailed specifications or process descriptions.
- Allows for contractor flexibility in proposing solutions.
- Establishes better competition and solutions.
- Establishes contractor buy-in and shared interests.
- Produces shared incentives for innovation and cost effectiveness.⁸⁸

Changing a contracting process to a performance-based system is a difficult but not impossible task. First and foremost, an organization must determine what constitutes success. For example, in a job training program, is it completion of job training or actually getting and retaining a living wage job that is important? Secondly, contracting agencies must set realistic measures of success that are based on current levels of performance.

The General Services Administration (GSA) manual⁸⁹ on developing performance-based contracts urges the use of a Statement of Objectives (SOO) in developing contract requirements. An SOO requires the competing vendors to develop a statement of work, performance metrics and monitoring plan to determine the approach to the service outcome desired. This approach to contracting encourages innovation and creativity in meeting the objectives established by the contracting agency.

Contract Compliance

Contract compliance is an important and distinct activity that is critical to good contracting policies and procedures. A robust contract compliance system can improve:

- Identification of areas for cost reductions.
- Cost recovery.
- Accuracy of vendor transactions and relationships.
- Contract structuring for sustained cost reduction.
- Procurement and payment processes.
- Financial and operational processes.
- Overall business performance.⁹⁰



To establish a sound contract monitoring system, organizations must:

- Train contract managers to give them the needed skills.
- Have written policies and procedures built into contract language that details robust reporting requirements and monitoring processes.
- Communicate clear expectations to vendors.
- Have plans in place for early warning systems when issues arise, as well contingency plans if vendors default on their obligations.
- Have an organizational system in place to manage all aspects of contract compliance.⁹¹

Electronic Signatures

While ensuring compliance, procurement processes must also take advantage of available technologies to keep pace with best practices. These include procurement information technology (IT) systems that support all aspects of contract management. One relatively recent development is the passage of the Electronic Signatures in Global and National Commerce Act (E-Sign Act) and the Uniform Electronic Transaction Act; both pieces of federal legislation establish that in the United States, electronic records and signatures carry the same weight and legal status as paper and handwritten signatures.⁹² Digital signatures enable a truly paperless contract process that is efficient, time sensitive, and easy to store.

While there are different levels of e-signature options, the most secure is to use services such as DocuSign and Adobe EchoSign that comply with the E-Sign Act both within the United States and internationally.

Findings

Performance-Based Contracting

The Travis County Purchasing Office recognizes the benefits of performance-based contracting. Working with Health and Human Services and Veterans Services Department (HHS and VS), the Purchasing Office reports that of 84 contracts in place:

- 26 contracts have been reviewed and either changed or exempted from a competitive cycle.
- 42 contracts (61.8 percent) have not yet been reviewed and will be considered as part of a two-year review plan.
- 16 contracts are considered special cases, such as those requiring a County match, and are deemed not suitable for performance-based contracting.



This schedule means that 62 percent of contracts deemed suitable for performance-based contracting have not yet been reviewed and it will take two more years to do so. HHS and VS reports that they no longer fund organization-based contracts, a practice in place for many years until recently, that funded the operating budget of a department rather than paying for outcomes.

A review of a sample of four contracts that the Purchasing Office and HHS and VS consider renewed as performance-based contracts reveals, however, that the contracts are not performance-based. While there are some indicators of outcomes expected, most deliverables in the contracts identify process objectives such as number of training classes, number of clients attending, and number of counseling sessions. A more appropriate performance-based contract would indicate the desired outcome, for example the number of participants who obtain a living-wage job and maintain it for three months. Most importantly, the budgets for these contracts were not linked to the deliverables. The budgets remain department line item budgets for which the County is paying for all or some portion of the operation.

Additionally, until recently, social service contracts had automatic renewal clauses that have essentially allowed some contractors to renew contracts for extended periods of time regardless of performance, sometimes for decades. The Purchasing Office put in place a plan to eliminate these renewal clauses in fiscal year (FY) 2014. The status of that effort is:

- Six early childhood services contracts were modified in FY 2014.
- 12 contracts for youth services, workforce development and family services were modified in FY 2015.
- Four issue areas will be addressed in FY 2017 and FY 2018:
 - Access to Basic Supports
 - Support Services for Community Living
 - Behavioral Health Services
 - Public Health Services

Contract Compliance

Except for some federal contracts, the Travis County Purchasing Office is not responsible for contract compliance; historically this activity is carried out by individual departments. The Purchasing Office gets involved with compliance issues when departments report problems with contractors.



The County has no organized system of compliance that ensures staff fulfilling this function are adequately trained. It is not possible to assess how well this function is being performed since it is left to the departments with little oversight from the Purchasing Office.

As shown Table 8-1, Travis County has almost \$223 million in non-construction contracts. Contract compliance needs to be more tightly managed in a multi-million-dollar system of this size with the additional possibility of saving millions of dollars through improved controls.

Table 8-1 All Active Contracts as of January 27, 2016

Type	Amount	Non-Construction
Commodity	\$80,694,698	
Information Technology	\$75,973,981	\$222,955,961
Services	\$66,287,282	
Construction	\$121,680,362	
Grand Total	\$344,636,323	

Source: Data provided by Purchasing Office.

Electronic Signatures

Though the Travis County Purchasing Office has an electronic RFP/bid process in place, it does not currently allow for electronic signatures on contracts. The consequence of this is that all executed contracts must be printed in hard copy for signatures and then must be stored in hard copy. This process defeats the electronic processing goal and increases the cost of printing and storing contracts.

Recommendations

Recommendation 8.1.1

Implement performance-based contracting policies and procedures and eliminate auto-renewal clauses as aggressively as possible. The Purchasing Office should make implementation of performance-based contracting the highest of priorities. A plan should be developed with a goal to modify all appropriate contracts within the shortest possible time—even if this requires modifying some current contracts to reestablish them as performance-based. In addition, the Purchasing Office should review every contract to ensure it meets the true definition of performance-based, that is, paying for outcomes, not processes. The benefits of this type of contract, especially in HHS and VS, cannot be overstated.



In addition, surveys indicate that companies lose between three and five percent of savings opportunities because of auto-renewing contracts.⁹³

Recommendation 8.1.2

Develop tighter contract compliance procedures in the Purchasing Office. The Purchasing Office should develop short- and long-term plans to improve contract compliance. Initially, additional training and oversight of department compliance activity will establish improved reporting and procedures to manage this process. Improved contract compliance will also provide the Purchasing Office with data to more effectively use information for contract negotiations and renewals. In the long-run, analysis will inform County leadership and the Purchasing Board on the right balance between centralized and decentralized contract compliance efforts.

If Travis County saved three percent yearly through improved contract compliance, it would recognize \$3.8 million in savings.

Recommendation 8.1.3

Implement policies and procedures to establish electronic signature capabilities. As noted, electronic signatures are not only legally binding, they can provide a secure means to execute contracts efficiently. The Purchasing Office has significantly improved the bid and contracting process through technology; it should take the steps necessary to establish this tool as another way to streamline contracting.

8.2 WHAT TRAVIS COUNTY IS BUYING

Background

Simplifying and Expediting Small Purchases through Use of P-Cards

A growing number of companies and government agencies are using procurement cards (P-cards) to allow designated employees to purchase items under a set threshold rather than having to initiate the purchase through an ordering and invoicing system. A survey conducted by PayStream Advisors showed 64 percent of companies responding are currently using P-cards and an additional six percent are deploying a P-card program in the next six months.⁹⁴ Switching to P-card transactions can save as much as 55 to 80 percent of traditional processing costs that involve invoice processing and paper check payments.⁹⁵ Typically, purchasing large items such as vehicles or a five-dollar stapler entails the same process. Costs in a typical purchase order process include: requisitions, approvals, purchase orders, processing systems, receipts, follow-up to charge item to correct department, and general overhead. P-cards can reduce both



accounts payable and purchasing department workloads and simplify the reconciliation process. Organizations using P-cards also benefit from rebate programs offered by vendors, typically between one and three percent of the purchase amount.⁹⁶

The Government Finance Officers Association (GFOA) identifies the use of P-cards as a best practice that provides a convenient mechanism to: purchase goods without the need for a purchase order; expedite delivery of purchased items; achieve better pricing; establish greater opportunity for the number of merchants willing to do business with government; and reduce paperwork.⁹⁷

P-cards work best when appropriate controls are in place to manage policy and practice. Written vendor agreements and fee schedules, processing procedures, and security measures need to be in place. In addition, employees with P-cards must have clear guidelines on the use of a P-card, training, spending limits, approval processes, periodic audits of activity, and procedures for canceling cards when needed. With comprehensive and clearly understood policies and procedures, P-cards can be an efficient way to transact business.

GFOA recommends:

- Written agreements with banks that include fee schedules, processing procedures and security requirements.
- Written staff policies and procedures, including instructions on employee responsibilities, appropriate use of cards, and approved merchant categories.
- Written acknowledgments signed by an employee given responsibility for a card.
- On-going training for cardholders and supervisors.
- Established limits per transaction and on a monthly basis.
- Regular audits of card activity, ensuring retention of receipts and documentation of purchase is available.
- Timely reconciliation and separation of duties for payment, accounting, and reconciliation.
- Regular review of spending by vendor and merchant category.⁹⁸

Analysis and Reporting on Contracting and Spending

It is important for government leaders to not only ensure an efficient and effective procurement process is in place, but also to carefully monitor what is being purchased. Known as spend analysis, organizations track spending over time to leverage buying



power and manage suppliers, as well as to develop informed procurement strategies and to identify areas to reduce costs.

Spend analysis is used to help decision makers make informed decisions and to understand where spending is increasing beyond inflation and savings need to be identified. This process also increases transparency by identifying what was purchased, what suppliers were used, and how much was purchased from each supplier. Both public and private organizations report savings of between three and five percent of purchases when spend analyses are done on a continuing basis.⁹⁹

Findings

Simplifying and Expediting Small Purchases through Use of P-Cards

The Travis County Purchasing Office manages the “Shopping Cart” process that is part of the SAP system for departments to purchase needed goods and services. The Shopping Cart system is fully automated; however, transactions require some human intervention to correct information, reconcile contract and/or off-contract items, verify pricing, and other such tasks that may prevent a shopping cart from processing automatically. Each Shopping Cart may have several Purchase Order (PO) “lines” if multiple items are being purchased in the same cart.

One of three mechanisms may be used in a Shopping Cart to identify purchase requests: (1) the item/service is on a County contract and can be identified by designating the item from the contract; (2) the item is identified through free text (meaning the requester must describe in words what is to be purchased); or (3) the item is a “punchout” item that is part of a vendor’s online catalogue.

Table 8-2 shows the number of items purchased by each of these three mechanisms and the dollar amounts of the purchases. Free text purchases are the most labor intensive since the requester must describe the item and a purchasing agent must review the request to determine the best method to use to procure the item. Departments report that the need for free text requests is increasing each year. While the purchasing dollar amount is less than contracts and punchouts, the number of free text PO lines is significant: 40.5 percent of all PO lines.



Table 8-2 Purchase Order Items by Method of Purchasing

Row Labels	Count of PO Items	Percent	Sum of Net Value	Percent
County Contract	9,529	32.2%	\$83,442,842	65.6%
Free Text	11,977	40.5%	\$42,480,048	33.4%
Punchout	8,046	27.2%	\$1,183,441	0.9%
Grand Total	29,552		\$127,106,331	

Source: Data provided by Purchasing Office.

Table 8-3 shows that of 29,556 PO lines processed by the Purchasing Office in FY 2015, over 85 percent (25,141) were for \$1,000 or less, representing only 3.1 percent of purchases (\$3.9 million). While some of the PO lines may be for adjustments to payments made incorrectly, a significant number of purchases remain under \$1,000 that would warrant establishing a P-card system in the County.

Table 8-3 FY2015 Purchase Order Lines

PO Value	Number of PO Lines at Each Value	Total PO Lines \$1,000 or Less	Value
Less than/equal \$1.00*	191		
\$1.01–\$5.00	1,539		
\$5.01–\$10.00	2,200		
\$10.01–\$25.00	4,546	25,141	\$3.9M
\$25.01–\$50.00	3,596	(85.1%)	(3.1%)
\$50.01–\$100.00	3,521		
\$100.01–\$500.00	7,260		
\$500.01–\$1000.00	2,286		
\$1000.01–\$5,000	2,861		
\$5000.01–\$10,000	615		
\$10,000.01–\$50,000	681		
Greater than \$50,000	258		
Total	29,556		

Source: Data provided by Purchasing Office.

*Note: some small amounts may be adjustments to payments made incorrectly and not new purchases. Total is unknown without a detailed review of all PO lines.

In addition, employees required to travel on County business report that obtaining funds for travel is a difficult and complicated process. Most often an employee is required to process paperwork for a paper check to be produced to pay for hotels and other travel expenses.

Bexar, El Paso, and Dallas counties have established P-card policies and procedures for purchases up to \$1,000 for an individual purchase and a \$10,000 monthly maximum on



one card. El Paso County allows up to \$5,000 in purchases if three bids are obtained prior to purchase. Bexar County has a separate travel card under the same policies and procedures as the P-card; El Paso does not include travel. The counties report no significant problems in oversight or managing the system.

Analysis and Reporting on Contracting and Spending

The Purchasing Office tracks spending and has numerous reports that identify yearly spending, trends over multiple years, vendors, and contract amounts. This information is used to inform future procurements and better manage the purchasing process. However, this information is not reported to the Commissioners Court in a manner that would help to support budget decisions. The Purchasing Board, with two representatives from the Commissioners Court, meet only once per year. The Planning and Budget Office (PBO) provides the Commissioners Court with spending information but not the full range of data available on vendors, contracts, trends, and other data that is important for decision making.

For example, numerous purchasing codes can be rolled up to identify what the County is spending on office supplies or other major purchases. This information is critical in budget deliberations, especially when there is a need to identify where reductions can be made. Table 8-4 shows spending that was 30 percent higher in FY 2015 over FY 2014. There may be sound reasons for these increases; however, unless a more detailed spend analysis is conducted, the court does not have the information needed to make informed decisions.

Table 8-4 Increased Spending – FY14 to FY15 – 50 Percent or More

Product/Service	FY 2014 Spending	FY 2015 Spending	Difference*	% Difference
Boilers	\$879	\$884,469	\$883,590	100,522.2%
Security Guard Services	\$1,315	\$386,145	\$384,830	29,264.6%
Prefabricated Structures	\$1,201	\$182,384	\$181,183	150,86.0%
Mowers	\$5,162	\$722,178	\$717,016	13,890.3%
Real Estate Services	\$21,601	\$2,671,613	\$2,650,012	12,268.0%
Land Parcels	\$205,418	\$16,748,375	\$16,542,957	8,053.3%
Motorized Cycles	\$3,820	\$208,077	\$204,257	5,347.0%
Benefits Administration	\$65,655	\$3,007,120	\$2,941,465	4,480.2%
Baby toddler Furniture	\$13,961	\$146,500	\$132,540	949.4%
Software/Hardware Engineering	\$56,887	\$508,139	\$451,252	793.2%
Minivans or Vans	\$48,094	\$309,037	\$260,943	542.6%
Funeral Association Services	\$105,995	\$153,150	\$471,550	444.9%
Internal Property Damage	\$68,175	\$360,791	\$292,616	429.2%
Right of Way	\$208,706	\$1,049,891	\$841,186	403.0%



Product/Service	FY 2014 Spending	FY 2015 Spending	Difference*	% Difference
Transportation Assistance	\$36,400	\$152,983	\$116,583	320.3%
Utility and Device Driver Software	\$253,515	\$1,053,899	\$800,384	315.7%
Concrete and Mortars	\$166,875	\$522,832	\$355,957	213.3%
Government Bonds	\$238,062	\$685,628	\$447,566	188.0%
Canned/Jarred Vegetables	\$43,229	\$120,921	\$77,693	179.7%
App implementation	\$243,534	\$679,300	\$435,767	178.9%
System/System Component Services	\$144,360	\$387,406	\$243,046	168.4%
Fixed Phones	\$44,042	\$117,871	\$73,829	167.6%
Specialized Vehicle/ RV	\$1,336,127	\$3,346,454	\$2,010,327	150.5%
Two-Way Radios	\$127,581	\$312,763	\$185,182	145.1%
General Building Office Cleaning Services	\$186,430	\$449,138	\$262,708	140.9%
Horticulture Services	\$231,215	\$509,331	\$278,116	120.3%
Methodology Analysis	\$497,335	\$1,083,780	\$586,445	117.9%
Sub-recipient Other	\$384,329	\$805,975	\$421,647	109.7%
Asphalts	\$1,555,296	\$3,248,605	\$1,693,310	108.9%
Firearms	\$71,641	\$148,062	\$76,420	106.7%
Surgical Products	\$114,949	\$228,371	\$113,421	98.7%
Education and Training Services	\$378,256	\$748,129	\$369,873	97.8%
Frozen Vegetables	\$130,267	\$254,198	\$123,930	95.1%
Audio and Visual Equipment	\$73,648	\$143,139	\$69,491	94.4%
Application Programming Services	\$248,800	\$467,824	\$219,024	88.0%
Elevator Maintenance Services	\$94,806	\$177,295	\$82,489	87.0%
Fence Construction Services	\$176,076	\$313,312	\$137,236	77.9%
Land Preparation Services	\$5,577,131	\$9,754,886	\$4,177,755	74.9%
Temp Personnel Services	\$154,856	\$263,955	\$109,099	70.5%
Rail Construction Material	\$322,605	\$543,512	\$220,907	68.5%
Office Furniture	\$388,809	\$635,700	\$246,892	63.5%
Newspaper Advertising	\$164,567	\$264,415	\$99,848	60.7%
Body Armor	\$87,289	\$134,384	\$47,095	54.0%
Other Equipment Repairs and Maintenance	\$1,904,019	\$2,869,877	\$965,857	50.7%

Source: Data provided by Purchasing Office.

*Some items are not included for unique items that show no spending in FY14 compared to FY15.

Likewise, spending by category or vendor tracking can provide the Commissioners Court with information that can inform budget decisions and better equip the Court for these decisions. Table 8-5 and Table 8-6 identify the top 50 highest spending categories and vendors. While all of these may not be areas to find savings or reduce costs, understanding what and where the County is spending will improve decision making.



Table 8-5 Top 50 Contract Purchases/Products

Product Category Description	Contract Spend from 10/1/2015 to 9/30/2016
Community Social Services	\$7,922,184
Ambulance Services	\$3,866,970
Employee Actual Claims/Loss Pharmacy Claims	\$3,473,938
Highway/Road Resurface	\$2,933,087
Software Maintenance Support	\$2,204,129
Lease/Rent Property/Building	\$1,226,704
Youth Camps/ Facilities Services	\$1,148,540
Civil Engineering	\$1,113,156
Social Work Administration Services	\$916,714
Workers' Compensation Insurance	\$900,000
HVAC Construction Services	\$842,050
Sub-recipient, Other	\$830,530
Benefits Administration	\$826,056
Utility and Device Driver Software	\$821,334
Copier Rent/Lease	\$812,088
Psychiatrist Services	\$762,222
Bus Corp Management Consulting	\$719,303
Aircraft Maintenance Repair Services	\$705,363
Human Resources Development	\$698,899
Gasoline or Petrol	\$598,847
Drugs and Pharmaceutical Products	\$552,934
Mentally Impaired Criminal Facilities	\$521,245
DVNMEP Rent/Lease Services	\$491,752
Computer Hardware Rent/Lease Services	\$463,990
Other Miscellaneous	\$458,637
System Installation	\$442,916
Dispute Mediation	\$440,580
Sub-recipient, Salaries	\$418,771
Escrow and Title Services	\$416,077
General Building Office Cleaning Services	\$414,486
Computer Hardware Maintenance Support	\$366,736
Alternative Education Services	\$350,684
Refuse Collection and Disposal	\$340,785
WC Premium	\$318,311
Land Parcels	\$313,399
Bus Function Software	\$265,575
Insurance Services for Structure/Property	\$220,992
Cell Telephone Services	\$218,631
Meat Poultry Products	\$208,453
Canned/Jarred Fruit	\$202,812
Rehabilitation Services	\$180,645
A/C Instillation and Maintenance or Repair	\$179,708
Office Furniture	\$173,811



Product Category Description	Contract Spend from 10/1/2015 to 9/30/2016
Fuels	\$169,623
Security Guard Services	\$159,585
Fence Construction Services	\$157,798
System Board Processors Interface/Modules	\$156,247
Legal Research Services	\$154,965
Storage	\$154,6826

Source: Data provided by Purchasing Office.

Table 8-6 Top 50 Vendors

Vendor Name	Contract Spend from 10/1/2015 to 9/30/2016
City of Austin	\$4,122,127
Envision Pharmaceutical Services, L	\$3,535,569
SMA Asphalt LLC	\$2,933,087
ImageSoft Inc.	\$1,141,269
York Risk Services Group, Inc.	\$900,000
CDMtek	\$842,050
Cobb, Fendley & Associates, Inc.	\$816,588
Capital Area Private Defender Service	\$804,511
CYRUSONE LP	\$792,825
Austin Travis County Integral Care	\$765,623
Capital Investing in Development	\$760,800
United Healthcare Services Inc.	\$756,547
XEROX Corporation	\$746,953
Family Eldercare Inc.	\$673,033
Southwest Key Program	\$665,269
TurbomeCA USA INC	\$662,048
Worksource Greater Austin Area	\$652,499
Texas Conference of Urban Counties	\$648,791
Workforce Solutions	\$630,315
Pinnacle Petroleum Inc.	\$597,746
AmeriSource Bergen Drug Corporation	\$539,962
Correctional Solutions Group LLC	\$521,245
ReliaStar Life Insurance Company	\$503,203
Youth and Family Alliance	\$476,147
Motorola Solutions Credit Company	\$473,444
Foundation Communities	\$459,850
Gartner Inc.	\$444,621
SAP Public Services Inc.	\$443,329
Dispute Resolution Center	\$440,580
Corrections Software Solutions LP	\$433,740
Capstone Title, LLC	\$416,077
AIDS Services of Austin	\$391,437



Vendor Name	Contract Spend from 10/1/2015 to 9/30/2016
Caritas of Austin	\$390,480
Boys and Girls Club of the Austin	\$389,000
Tiburon Inc.	\$368,971
Texas San Marcos Treatment Center	\$361,725
Texas Disposal Systems Inc.	\$348,376
AECOM Technical Services Inc.	\$336,492
DELL Marketing LP	\$335,375
Frost Insurance Agency	\$318,311
ITCOA LLC	\$313,399
Meals on Wheels and More Inc.	\$310,435
Half Associates	\$294,999
Varsity Contractors Inc.	\$278,472
Presidio Networked Solutions Inc.	\$278,231
Literacy Coalition of Central Texas	\$273,054
Skillpoint Alliance	\$270,800
Texas Rio Grande Legal Aid Inc.	\$259,112
Cornell Corrections of Texas Inc.	\$255,523

Source: Data provided by Purchasing Office.

In addition to information available for the Commissioners Court, more transparency in the purchasing system is needed to allow the general public to understand what the County is purchasing and from whom. While the Purchasing Office web site allows for reviewing bids posted and responding to solicitations electronically, there is no ability to view information on selected bids and eventual contracts.

The city of Chicago has a comprehensive contracts search capability that posts the results/scoring of submitted bids, as well as the contracts for all vendors.¹⁰⁰ Citizens can access information that includes start date, end date, contract amount, and summary of contract goods/services being supplied. In addition, citizens can click on the contract summary and obtain a full copy of the contract online.

The Travis County Purchasing Office web site does not have any of these capabilities. There is no information posted on the results of the bidding process and selection of a vendor. Additionally, while it is possible to do a search and see information on the name of a supplier, type of contract, and categories of services, the results are limited to these pieces of information and the end date of the contract. There is no information on the amount of the contract or ability to view the contract itself. Viewers are instructed to contact the Purchasing Office for additional contract information.



Recommendations

Recommendation 8.2.1

Implement policies and procedures to establish a P-card system to expedite and simplify small purchases. A more efficient and streamlined purchasing system can be established through the use of P-cards given that 25,141 PO lines (over 85 percent of all purchases) are \$1,000 or less. Additionally, P-cards can expedite payments for employees who must travel on County business. With appropriate safeguards, policies and procedures in place, mandatory training for cardholders and supervisors, and monitoring of compliance, the risks of P-cards is minimal.

Beyond efficiencies, the County may be able to collect rebates of about \$117,000 if it receives a three percent rebate on the \$3.9 million in purchases.

Recommendation 8.2.2

Conduct an analysis of free text purchases and develop improved mechanisms for purchases. Since free text PO lines are the most labor intensive for both departments to establish and the purchasing agent to review, streamlining the purchasing system will require these types of purchases be kept to a minimum. The Purchasing Office should work with departments to analyze these requests, the reasons for the increase in the number, and develop a plan to reduce them. The need for some of these PO lines would be eliminated with the implementation of a P-card system.

Recommendation 8.2.3

Produce spend analysis reports to provide information for improved budget decisions for Commissioners Court. The Purchasing Office should work closely with PBO to produce reports that give the Commissioners Court more information on spending, especially identifying trends in spending over multiple years. With this type of information, the Court will have the ability to better oversee spending by department, intervene if spending is increasing without proper justification, and challenge departments to cut spending in non-critical areas.

The Purchasing Board should meet more often, especially in line with the budget process, to provide the opportunity for regular and on-going review and discussion of available data on spending.



Achieving a three percent savings on \$127 million in annual County spending equals \$3.8 million.

Recommendation 8.2.4

Improve the Purchasing Office web site to increase transparency in contracting.

The bid process and contract search functions on the current site should be improved to provide more information to the general public. Ideally, more detail about contracts, including the total amount of a contract and the ability to access the actual contract on-site, should be provided. Secondly, information on bid reviews and scoring should also be provided to allow future potential bidders to understand how the County scores bids.

The Purchasing Office and Travis County legal staff will have to assess what is allowable under recent changes in Texas law regarding contractor's rights. Putting language in all contracts to notify contractors that information will be online once a contract is executed could be one solution. Other ways may be available that balance the public's right to information and a contractor's protection of proprietary information.