

**Summary of Recommendations for consideration by the
ALC – Procurement Study
May 14, 2018**

Section I - *State Contracts and Strategic Purchasing*

pages 12-17

Findings and Observations pg. 13

I-1 Amend Ark. Code § 19-11-223 to eliminate the discouragement of State Contracts as well as the incentive.

- Overview pg. 12
- Recommendation Detail pg. 14
- Specific Statutory/Rule Changes pg. 16
- References Attached - JLL387, Section 1. §19-11-223(a)-(c)
- Proposed Action-

I-2 Encourage OSP to pursue savings through the targeted development and roll-out of more mandatory State Contracts.

I-2.a Identify and prioritize opportunities for mandatory State Contracts.

I-2.b Conduct mandatory State Contract procurements.

- i. This should include recruiting stakeholders from all potentially impacted agencies to join in specification development and procurement evaluation to maximize buy-in of the resultant contracts.
- ii. This could also include utilization of cooperative purchasing options, so long as those options are more economically competitive than contracts the State could procure.

I-2.c Actively promote the use of State Contracts among local and county governments to better leverage the State's purchasing power. This would include making the detailed information about the contracts (*i.e.* what is available and at what price) more readily available and searchable, possibly through a website or catalog system. Presently, links to the entire contracts are posted online.

i. Local and county use of State Contracts is mutually beneficial. The State benefits because it gives the State higher purchasing power while local and county governments benefit because it gives them access to deeper discounts they could obtain on their own and relieves them of procurement administration burdens.

- Overview pg. 12
- Recommendation Detail pg. 14-15
- Specific Statutory/Rule Changes None shown in report.
- References Attached - JLL387, Section 1. §19-11-223(d) (with I-2.a. at (d)(1); I-2.b. at (d)(2); and I-2.c. at (d)(3))
- Proposed Action-

I-3 Task OSP with measuring the savings from mandatory State Contracts by comparing new pricing and new leveraged-volume quantities against historical pricing under prior contracts. Periodic reporting of savings to the Subcommittee would allow committee members to point to real dollar savings achieved through procurement reform.

- Overview pg. 12
- Recommendation Detail pg. 15
- Specific Statutory/Rule Changes pg. 16
- References Attached - JLL387, Section 1. §19-11-223 (d)(4)
- Proposed Action-

I-4 Provide OSP with a reasonable amount of additional resources, if necessary, to secure and achieve these goals.

- Overview pg. 12
- Recommendation Detail pg. 15
- Specific Statutory/Rule Changes None shown in report.
- References Attached - This is a potential appropriation issue, so it is not included in a substantive bill.
- Proposed Action-

Section II - *Cooperative Purchasing*

pages 18-22

Findings and Observations pg. 19

II-1 Amend Arkansas Code § 19-11-206 to expressly exclude State Contracts from the scrutiny and hurdles associated with cooperative purchasing. Precise language is proposed below. Notably, this would not exclude procurements conducted by local or county governments to the extent that State level entities wished to join those procurements. These would remain (to the extent they exist or have ever existed) within the classification of co-ops.

- Overview pg. 18
- Recommendation Detail pg. 21
- Specific Statutory/Rule Changes pg. 22
- References Attached - JLL388, Section 1
- Proposed Action-

II-2 Amend Ark. Code § 19-11-249 to limit cooperative purchasing contracts or agreements to commodities or services from which the State may realize substantial savings. This language is similar to what is included in Ark. Code § 19-11-223 for State Contracts.

- Overview pg. 18
- Recommendation Detail pg. 21
- Specific Statutory/Rule Changes pg. 22
- References Attached - JLL388, Section 2. §19-11-249(a)(1) –(2)(A)
- Proposed Action-

II-3 Amend OSP Regulation R1:19-11-249 to require, in the review of a proposed co-op, a validation of the demonstrated savings.

II-3.a Create a co-op review policy outlining how these savings could be demonstrated (*e.g.* a demonstration of current State Contract pricing with co-op pricing, or a comparison of co-op pricing with RFI information).

- Overview pg. 18
- Recommendation Detail pg. 21
- Specific Statutory/Rule Changes pg. 22
- References Attached - JLL388, Section 2. §19-11-249(a)(2)(B) and JLL388, Section 3
- Proposed Action-

II-4 Amend OSP Regulation R1:19-11-249 to require another entity to review cooperative purchasing contracts or agreements conducted by OSP or DF&A. This entity (such as the Governor’s office or another review agency) should review the suitability of OSP/DF&A’s actions to eliminate any perception of self-policing.

- Overview pg. 18
- Recommendation Detail pg. 21
- Specific Statutory/Rule Changes None shown in report.
- References Attached - JLL388, Section 2. §19-11-249(a)(2)(C)
- Proposed Action-

Section IV - *Delegation*

pages 28-31

Findings and Observations pg. 28

IV-1 Amend existing rules so that, for a delegation order to be effective, it must have an expiration date, be maintained centrally by OSP, and be publicly posted. Consider a maximum allowable length of one or two years for each delegation order.

- Overview pg. 28
- Recommendation Detail pg. 30
- Specific Statutory/Rule Changes pg. 31
- References Attached - JLL389, Section 1. §19-11-218(3)(B)(i)-(iv)
- Proposed Action-

IV-2 If OSP wishes to delegate based on the item purchased, such delegation should be narrowly tailored. OSP may wish to consider delegation on the procurement-specific level so that it remains abreast of salient purchasing activity. As OSP defines the scope of its own delegation orders, this recommendation requires no change in statute, rule, or policy.

- Overview pg. 28
- Recommendation Detail pg. 30
- Specific Statutory/Rule Changes None shown in report.
- References Attached - JLL389, Section 1. §19-11-218(3)(B)(v)
- Proposed Action-

IV-3 OSP could also consider issuing delegation orders which are contingent on Agency Procurement Officials or their designees completing certain procurement training. This has been successfully implemented in Oklahoma and Indiana.

- Overview pg. 28
- Recommendation Detail pg. 31
- Specific Statutory/Rule Changes None shown in report.
- References Attached - JLL389, Section 1. §19-11-218(3)(D)
- Proposed Action-