

**Arkansas Bureau of
Legislative Research**



**Procurement Review
Project Updates**

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ikaso

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- The procurement review project is proceeding smoothly and on schedule.
- We have continued to add written materials to our review, including a focus on reviewing the reports and lessons learned of other legislative committees and legislative audit.
- We have completed more stakeholder interviews with a recent focus on speaking with State agencies.
- For discussion today we have prepared a set of preliminary observations in three topic areas of interest:
 - Entities Excluded from Procurement Code
 - Small Purchase Thresholds
 - Cooperative Purchasing Approval

Project Workplan

We remain on schedule with a current focus on interviews.

Step	Description	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	Mar.	Dec.
1	Identify the Project Context through Key Stakeholder Interviews								
2	Identify and Confirm the Full Scope of Written Materials for Review								
3	Collaborate with the Subcommittee to Develop the Project Framework								
4	Review of Written Materials to Identify Deficiencies and Improvement Areas								
5	Collaborate with the Subcommittee to Identify a Cross-Section of Procurement Staff and Customers for Structured Interviews								
6	Develop Interview Guides								
7	Conduct Targeted Procurement Staff Interviews								
8	Conduct Targeted Procurement Customer Interviews								
9	Conduct Targeted Industry Interviews								
10	Develop and Deliver Report of Findings and Recommendations								
11	Continue to Provide On-Going Support to Subcommittee								

Today

Written Material Review

Ikaso's comprehensive written review continues. We have expanded it to include legislative reports, recent legislation, and other internal materials.

New Materials Added

Legislative Reports

1. Joint Performance Review Reports
2. Legislative Audit Reports

Procurement Bills

1. 10 Enacted and 5 Proposed 2017 Procurement Bills

Internal Procurement Materials

1. Representative Sampling of Procurement Documents
 - Sole Source Procurement
 - Emergency Procurement
 - Special Procurement
2. Purchasing Directories
 - Purchasing Agents Directory
 - Purchasing Officials Directory

Previously Reviewed Materials

Agency Procurement Policies

1. OSP Procurement Materials
2. DF&A Procurement Materials
3. Arkansas Building Authority Materials

Principal Laws and Regulations

1. Arkansas Code
2. Administrative Rules

Forms and Supplemental Materials

1. Technical and General Services Forms, Processes and Procedures
2. Professional Consultant Services Forms, Processes and Procedures
3. Service Bureau Forms
4. Delegation Orders
5. Online Forums
6. Recent Sole Source Contracts

Ikaso continues to interview key stakeholders and has made material progress.

Interviews Completed

1. State Procurement

- Office of State Procurement – Director
- Office of State Procurement – Data and Reporting Personnel

2. State Agencies

- Department of Human Services
- Department of Health
- Department of Arkansas Heritage
- Department of Correction
- Department of Education
- Department of Workforce Services

3. Industry Groups

- Arkansas Board of Licensure for Professional Engineers and Professional Surveyors
- Arkansas State Board of Architects, Landscape Architects, and Interior Designers
- American Institute of Architects – Arkansas Chapter
- American Council of Engineering Companies of Arkansas

Upcoming Interviews

1. State Procurement

- Department of Finance and Administration
- Office of Intergovernmental Services
- DF&A Building Authority
- Arkansas Department of Information Systems

2. Institutions of Higher Education

- University of Arkansas System
- Arkansas State University System
- National Park College
- University of Arkansas at Pine Bluff
- University of Arkansas for Medical Sciences

3. Industry Groups

- Outside Legal Services

Topic Profile: Entities Excluded from Procurement Code

Arkansas Excluded Entities Observations

- The State entities exempted from the procurement code (“exempt agencies”) are similar to those exempted by other states.
- The “exempt agencies” under the procurement statute are the constitutional departments, the elected constitutional offices, the General Assembly, including the Legislative Council and Auditing Committee and supporting agencies and bureaus thereof, the Arkansas Supreme Court, the Court of Appeals, circuit courts, prosecuting attorneys, and the Administrative Office of the Courts.

Source: Arkansas Code § 19-11-203(13)

Mississippi

- Mississippi only subjects “agencies” to the procurement code, which definition directly excludes the legislative and judicial branches and the Mississippi State Port Authority.



Source: Miss. Code Ann. § 31-7-1

Louisiana

- Procurement code not applicable to the legislative and judicial branches (through language of direct exclusion and not through the definition of an agency).



Source: LA R.S. 39:1554

Oklahoma

- State purchasing act directly excludes specific entities including higher education, county governments, and other specialized departments.
- Judicial and legislative branches are subject to the purchasing act's requirements.



Source: 74 O.S. § 85.3A

Topic Profile: Small Purchase Thresholds

Arkansas Small Purchase Threshold Observations

- All agencies can procure contracts up to \$20,000 without seeking competitive bids.
- All agencies can procure contracts over \$20,000 and up to \$75,000 by obtaining 3 competitive bids.
- Office of State Procurement oversees procurements over \$75,000 through a competitive sealed bids/proposals process.

Source: Arkansas Code § 19-11-231, § 19-11-234, and § 19-11-229; 2017 Procurement Thresholds Memorandum

Tennessee

- Agencies may make purchases valued at \$10,000 or less based on due diligence review.
- Three informal quotes required for purchases between \$10,001 and \$50,000.
- The Central Procurement Office oversees all procurements over \$50,000.



Source: Tennessee Procurement Procedures Manual of the CPO, Section 6.4.1.1

Texas

- Agencies may independently make purchases valued at \$5,000 or less through the state's purchasing card.
- Texas's procurement code also delegates independent purchasing authority to all agencies for certain types purchases and amounts (e.g. commodities to \$25,000).



Source: Texas Government Code § 2155.132

Louisiana

- No competitive process required below \$5,000.
- Three informal quotes required for purchases between \$5,001 and \$15,000.
- Five formal quotes required for purchases between 15,001 and \$25,000.
- The Office of State Procurement oversees all procurements over \$25,000.



Source: LA R.S. 39:1596

Cooperative Purchasing Overview

Cooperative Purchasing Overview

Cooperative purchasing is when a state or local government utilizes or joins another government entity's contract instead of doing its own procurement alone. They may join an existing contract or collaboratively procure something together.

Reason for Cooperative Purchasing

Cooperative purchasing agreements are typically chosen when a cooperative contract already exists that fulfills the state's purchasing objectives and there is also no existing state contract. In some instances, money is saved by pooling the purchasing volume of multiple entities.

Arkansas Definition

Cooperative procurement is defined in Arkansas Code § 19-11-206 as "procurement conducted by, or on behalf of, more than one public procurement unit or by a public procurement unit with an external procurement activity".

Topic Profile: Cooperative Purchasing Approval

Arkansas Cooperative Purchasing Approval Observations

- Cooperative purchasing contracts or agreements must be approved by the State Procurement Director.
- The State Procurement Director's review of potential cooperative purchasing agreements focuses on adherence to procedural requirements but does not include, for example, a review of the economics of the contemplated arrangement.

Source: Arkansas Code § 19-11-249 and its associated rules

Arizona

- Extensive due diligence must be performed and documented, including analyzing costs, to ensure the cooperative contract is in the best interest of the state.
- Cooperative contracts may only address a one-time need and must be approved by the State Procurement Office.



Source: Arizona State Procurement Office Technical Bulletin No. 005

Mississippi

- Cooperative purchasing agreements must be determined to be in the best interest of the governmental entity and an economically feasible transaction.
- Cooperative contracts must be approved by the Office of Purchasing, Travel, and Fleet Management.



Source: Miss. Code Ann. § 31-7-13

Tennessee

- The potential for time and cost savings over the open market must be examined when choosing to use a cooperative purchasing agreement.
- All cooperative purchasing agreement requests must be reviewed by the Chief Procurement Officer.



Source: Tennessee Procurement Procedures Manual of the CPO, Section 6.8

Questions
