Report on Contracts

Department:____HEALTH_____

Secretary: _____Nathaniel Smith, MD, MPH_____

The purpose of this report is to prompt an analysis of contracts and contract expenditures within each Department and assist in the formulation of a report to the Governor on how to achieve greater efficiency (cost savings) and effectiveness as it relates to this topic. An analysis of *contract management* should consider all relevant factors including the number of vendors, staffing, contract management process, approach to negotiation, and other barriers/challenges associated with the contracting. This analysis should take a holistic approach to developing plans to deliver efficiency and effectiveness improvements. **The report template includes sections for three projects for your convenience. This number is not a goal or target. You may add or delete boxes for as many projects as you submit.**

ACTION PLAN FOR PROJECT 1:

1. Project Title   **Needs Analysis for Copier Leases**

    1.1. Brief description of project, goal, and action plan.
    The State of Arkansas copier contract includes a variety of vendors, from which administrative staff select copiers to lease for their offices. The Department spends a little over $245,000 annually on copier leases. Many areas in the Central Offices also use copiers as network printers to save costs on individual printers. The ADH also maintains a "print shop" with a large color copier for large printing jobs. The ADH will complete a needs analysis to investigate if the Department is making the most efficient use of copiers, including copier features that can limit costs. The goal is to complete a needs analysis to identify
    - number of copies made per year,
    - areas which consistently have copier "overages" (Overage = more copies made than the contract allows), and
    - additional opportunities for use of the ADH Print Shop for large printing jobs.

    Action Plan
    - A. Collect data identified above.
    - B. Audit the ADH copiers that have consistent overages to identify and resolve issue(s) creating the overages.
    - C. Investigate offices that have higher costs and provide technical assistance on lowering costs.
    - D. Continue to look for opportunities to replace paper forms processes with electronic versions.

    1.2. Identify any additional resources required for the implementation and success of this plan.
    It is anticipated that no additional resources are needed to implement this project plan.

    1.3. Are there any anticipated costs associated with the plan? Does your current budget have sufficient funds to cover all anticipated costs?
    No additional costs are anticipated. The purpose of the project is to lower copier lease costs through reduced needs for generating paper copies or use of resources and facilities already available at the ADH.

    1.4. How will you measure the success and results of your plan? Include forecasts of cost savings, efficiencies achieved, etc.
    The goal of the project is to gather data as part of a needs analysis and then determine if cost savings are possible. The success of the project will be reduced overage costs and a reduction in the amount the ADH pays for copier leases.

    1.5. What is the implementation timeline and key action steps for this plan? How will you track progress?
    This is a short term project, with completion anticipated by June 2020. The key action steps are identified in 1.1 above. Progress will be monitored and reported as part of the ADH Efficiency and Responsiveness Plan.

    1.6. Identify any obstacles to the implementation and success of this plan.

No obstacles anticipated for this project.

1.7. How could Department of Transformation and Shared Services provide support to the Department?
Communication regarding any anticipated changes in state contracts and procurement for copier leases would be helpful.

ACTION PLAN FOR PROJECT 2:

2. Project Title   **Negotiated Contract Pricing**

2.1. Brief description of project, goal, and action plan.
The ADH currently expends about $2.2 million through commodity contracts. Examples of these contracts include laboratory supplies, vaccines, and medical testing supplies. The more knowledgeable and savvy staff are regarding what they are buying, the more apt they are to find and negotiate the best products at the most competitive pricing. The project goal is to enhance the ADH's approach to negotiating contract pricing through skills building.

Action Plan
A. Perform a random sample of commodity purchases to make sure the Department is getting the best price currently available. Renegotiate contract pricing when need is indicated.
B. Provide additional training to the ADH Procurement Staff, especially regarding negotiation, to ensure that staff are both aware and proficient at renegotiating prices for commodities.
C. Provide additional training to all of the ADH administrative staff, including Boards and Commissions, who are involved in purchasing through contracts to make sure that their decisions are informed by current polices and best practices.
D. Review contracts and expenses from newly added Boards and Commissions for potential savings through use of commodity contracts.

2.2. Identify any additional resources required for the implementation and success of this plan.
The ADH plans to request training and some assistance from the State Procurement Office.

2.3. Are there any anticipated costs associated with the plan? Does your current budget have sufficient funds to cover all anticipated costs?
No additional costs are anticipated.

2.4. How will you measure the success and results of your plan? Include forecasts of cost savings, efficiencies achieved, etc.
The project should result in lower, negotiated prices on certain commodities. Both lower prices and lower price increases will be considered successful results.

2.5. What is the implementation timeline and key action steps for this plan? How will you track progress?
This is a midterm project with results expected by the beginning of state fiscal year 2021. See the Action Plan in 2.1 above for key action steps.

2.6. Identify any obstacles to the implementation and success of this plan.
No obstacles anticipated for this project.

2.7. How could Department of Transformation and Shared Services provide support to the Department?
The ADH plans to request training and some assistance from the State Procurement Office of the Department of Transformation and Shared Services.

ACTION PLAN FOR PROJECT 3:

3. Project Title   **Using Technology for Purchasing Technology**

3.1. Brief description of project, goal, and action plan.
The purpose of this project is to improve and connect internal procurement systems and processing for information technology purchases by establishing a tracking system for all IT purchases. The Department purchases information

technology equipment and services annually through state technology contracts. ADH will develop training materials to assist staff in procuring IT through these procurement methods. The current process was designed to connect the inventory of IT equipment with its purchase, and to ensure that appropriate purchasing and IT technical staff were consulted before IT software purchases are made. The goals of this project are to improve ADH staff satisfaction with the procurement process, reduce the occurrences of purchases made without appropriate approvals, and reduce the amount of time needed for IT purchases that require a procurement process.

Action Plan
A. Create an IT Purchasing Decision Tree to assist staff in making appropriate purchasing decisions
B. Establish an electronic tracking system for all IT purchases that prompts the employee to provide the appropriate information to the appropriate entity for the purchase before and after the purchase is made.
C. Evaluate appropriateness of IT purchases on "P-cards."

3.2. Identify any additional resources required for the implementation and success of this plan.
It is anticipated that no additional resources are needed to implement this project plan.

3.3. Are there any anticipated costs associated with the plan? Does your current budget have sufficient funds to cover all anticipated costs?
No additional costs are anticipated for the project.

3.4. How will you measure the success and results of your plan? Include forecasts of cost savings, efficiencies achieved, etc.
The primary savings will be in staff time needed to procure IT equipment. The primary benefit to the State will be in higher quality equipment and software procured.

3.5. What is the implementation timeline and key action steps for this plan? How will you track progress?
This is a short term project. The IT Purchasing Decision Tree has been completed. The tracking system has been built and is ready to be tested. Depending on the results of the test of the software, the new system could be available by March, 2020.

3.6. Identify any obstacles to the implementation and success of this plan.
No obstacles anticipated for this project.

3.7. How could Department of Transformation and Shared Services provide support to the Department?
No requests at this time.

Additional thoughts/comments: