

Report on Contracts

Department: Arkansas Department of Human Services

Secretary: Cindy Gillespie

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: CENTRALIZED PROCUREMENT PLAN

1.1. Brief description of project, goal, and action plan.

OP has realized results through both the centralization of DHS' procurement plan and the resulting FY19 OP reorganization. DHS centralized purchasing and created the DHS Office of Procurement (OP) to develop new solicitations, tracking and maintaining contract renewals, leases, subgrants, and other agreements across the agency.

In FY17, DHS shifted unfilled positions to enable the hiring of a Senior Technical Writer, who is responsible for conducting research, writing, and overseeing the development of solicitations and using solicitation writing standards and templates to increase the agency's readability, consistency, and tone in all of its bids. The Department also repurposed an existing position for a dedicated training coordinator to train both division and procurement staff on best practices. Also, OP has reorganized staff in order to have dedicated procurement staff tied to each Deputy Director and the divisions that fall under their purview. OP's goals continue to be timely, transparent, ethical procurement that is efficient and serves our divisional clients. OP is situated to take advantage of eProcurement to manage our contracts and provide data dashboards.

1.2. Identify any additional resources required for the implementation and success of this plan.

OP will work within its current staffing levels to continue to realize efficiencies. In the future, OP will move towards automation of processes such as a contract management tool.

1.3. Are there any anticipated costs associated with the plan? Does your current budget have sufficient funds to cover all anticipated costs?

We have intentionally limited our tool development to ensure current practices remain compatible with the state eProcurement software solution when it becomes available.

1.4. How will you measure the success and results of your plan? Include forecasts of cost savings, efficiencies achieved, etc.

In FY15, with embedded, de-centralized procurement, the Divisions had 20 grant analysts tasked with 714 professional services contracts and subgrants. Currently, OP has 9 centralized grant analysts tasked with 804 professional services contracts, technical and general services contracts, and subgrants. That is a reduction of 11 positions. OP has also reduced our AASIS and P-Card positions while keeping up with a significant workload.

1.5. What is the implementation timeline and key action steps for this plan? How will you track progress?

Centralized procurement has been in place since FY16. Future action steps include: educating and updating OP staff and Divisions in current ethical procurement and contracting best practices, developing tracking tools and contract management tools.

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

Recruiting procurement professionals and ensuring that institutional knowledge is not lost through the retirement of key employees and stakeholders by cross-training and an emphasis on documentation.

- 1.7. **How could Department of Transformation and Shared Services provide support to the Department?**
DHS would appreciate continued collaboration between the Office of State Procurement and OP.

ACTION PLAN FOR PROJECT 2:

2. Project Title: INTEGRATION OF PROCUREMENT INTO SHARED SERVICES

2.1. Brief description of project, goal, and action plan.

This has been in place since FY16. At that time, DHS created “Shared Services,” which includes the Offices of Procurement, Chief Counsel, Human Resources, Information Technology, Communications and Community Engagement, Finance and Legislative Affairs. OP started meeting weekly with legal and monthly with each Division. OCC now works with OP and subject-matter experts to negotiate contracts, enforce deliverables and consider sanctions. OP also began more strategic and efficient procurement planning leading to shared procurements across Divisions and Offices rather than one-off purchases. For example, the Division of Children and Family Services (DCFS) and the Division of Youth Services (DYS) partnered to co-solicit emergency shelter contracts for the youth they serve. In FY19-20, OP instituted contract renewal strategies for each Division to ensure that vendors and stakeholders have sufficient time and resources to renew, amend, renew, terminate, etc.

2.2. Identify any additional resources required for the implementation and success of this plan.

Buy-in from Stakeholders. OP staff hours to consolidate information and training resources in a SharePoint folder accessible for Divisions and Offices.

2.3. Are there any anticipated costs associated with the plan? Does your current budget have sufficient funds to cover all anticipated costs?

There may be minimal costs associated with some Department-wide trainings, but that has not yet been determined. Although OP has implemented several waves of efficiencies through centralizing our processes, our ability to continue to do so is limited by the uncertainty around future automation. OP currently employs no automated processes.

2.4. How will you measure the success and results of your plan? Include forecasts of cost savings, efficiencies achieved, etc.

OP is currently setting up data management tools to track cost savings, etc. As previously stated, OP has already realized dramatic results with streamlining processes through both the centralizing and reorganizing.

2.5. What is the implementation timeline and key action steps for this plan? How will you track progress?

Centralized procurement has been in place since FY16. Future action steps include: educating and updating OP staff and Divisions in current ethical procurement and contracting best practices, developing tracking tools and contract management tools.

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

Recruiting procurement professionals and ensuring that institutional knowledge is not lost through the retirement of key employees and stakeholders by cross-training and an emphasis on documentation.

2.7. How could Department of Transformation and Shared Services provide support to the Department?

OP would appreciate guidance from OSP on wide-scale procurement training and guidance from OSP regarding working on processes for more individualized Division training.

ACTION PLAN FOR PROJECT 3:

3. Project Title: TEAM BASED STRATEGIC PROCUREMENT & MANAGEMENT

3.1. Brief description of project, goal, and action plan.

In FY19, OP reorganized the grant analyst staff to follow the organizational chart for the Department's Deputy Directors. All Divisions supervised by Deputy Director Keesa Smith share a team of grant analysts, all Divisions supervised by Deputy Director Dawn Stehle share a separate team of grant analysts. The two teams of grant analysts now work with the same project managers and CFOs on multiple projects and develop a knowledge base of the assigned Division's workload. This will enable analysts and staff to focus on other duties and not waste working hours and experience on duplicative contracts. OP currently reports to the Secretary's Office and the Divisions each month on all new procurements scheduled for the next two years. Progress is communicated directly through color codes on our Strategic Planning Spreadsheet. Color codes show which procurements are on track, which need help, and where in the process they might be held up. Action items are given to the Divisions whose procurements need help or are help up. OP has set up and is populating a research archive for results of research projects requested by Divisions to be stored in a CAP folder for future consultation on related research projects. The archive will also provide access to historical and national sample documents. Future tracking projects include verified subcontractor information and an MOU Catalogue that OP hosts for OCC agreements.

3.2. Identify any additional resources required for the implementation and success of this plan.

Buy-in from Stakeholders. OP staff hours to develop and populate the described tracking tools and information storage.

3.3. Are there any anticipated costs associated with the plan? Does your current budget have sufficient funds to cover all anticipated costs?

All of OP's tracking and reporting tools have been developed within our current staffing and budget. Although OP has implemented several waves of efficiencies through centralizing our processes, our ability to continue to do so is limited by the uncertainty around future automation. OP currently employs no automated processes. Until we receive clarity concerning the resource path ahead of us, efficiencies that are implemented will soon begin producing diminishing returns.

3.4. How will you measure the success and results of your plan? Include forecasts of cost savings, efficiencies achieved, etc.

OP is in the process of setting up data management tools to track cost savings, etc. The more targeted data we can accumulate and analyze the better OP will be able to set up cost-effective and efficient strategies for procuring goods and services. In the future, OP hopes to use automation as a contract management tool in a majority of our non-complex procurements.

3.5. What is the implementation timeline and key action steps for this plan? How will you track progress?

OP is working on our tracking and reporting tools in tiers. Tier 1 for development tracking is the CSS Distribution Report and Daily Tracking has begun. Tier 2 will include new indicators based on changes in procurement law and rules and the AASIS purchase order report. OP will have Tier 2 complete by end of FY20. OP is in a continual process of refining and updating our Strategic Planning Spreadsheets and tracking tools.

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

Recruiting procurement professionals and ensuring that institutional knowledge is not lost through the retirement of key employees and stakeholders by cross training and an emphasis on documentation.

3.7. How could Department of Transformation and Shared Services provide support to the Department?

OSP could expand State Contract Management on items such as copiers and services such as document destruction, legal research websites, and income verification services. This will allow the State to leverage increased spend amounts. OSP could partner with OP to provide content for strategic procurement training.

ACTION PLAN FOR PROJECT 4:

4. Project Title: PROCUREMENT SAFEGUARDS & CONTRACT DOCUMENTATION

4.1. Brief description of project, goal, and action plan.

In FY20, OP undertook a large-scale project to provide training to all DHS Senior executives, OCC attorneys, and key division contacts on the specific safeguards OP has built into the procurement process due to legislation, principles of ethical contracting, and best practices. In FY20, OP is increasing its presence in the corrective action phase of contract management. OP will work with the Divisions and OCC regarding corrective action correspondence and possible options for damages.

- 4.2. **Identify any additional resources required for the implementation and success of this plan.**
Buy-in from Stakeholders. OP staff will store and manage MOU documents and coordinate CAP actions and documentation.
- 4.3. **Are there any anticipated costs associated with the plan? Does your current budget have sufficient funds to cover all anticipated costs?**
All of OP's materials for presentation were developed and completed within our current staffing and budget.
- 4.4. **How will you measure the success and results of your plan? Include forecasts of cost savings, efficiencies achieved, etc.**
OP will become the central storage manager of contracts and agreements, ensuring fewer duplicative efforts and business continuity.
- 4.5. **What is the implementation timeline and key action steps for this plan? How will you track progress?**
The procurement safeguards and contract documentation plan has been in effect since August 2019 and will continue evolving as necessary.
- 4.6. **Identify any obstacles to the implementation and success of this plan.**
Recruiting procurement professionals and ensuring that institutional knowledge is not lost through the retirement of key employees.
- 4.7. **How could Department of Transformation and Shared Services provide support to the Department?**
N/A. Thank you.