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. Standardization of the Contracting Process Across the Department

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

**Goal:** The Department will implement a standard process for authorizing, developing, and approving contracts across all divisions within the Department.

**Background:** The Arkansas Department of Agriculture is in the process of conducting the first ever full inventory of contractual agreements in which the Department or one of its divisions is a party. To date, the Department has identified 2,186 active contractual agreements that fall within the following categories:

- Purchase contracts for operations (excludes state purchase contracts) - 17
- Equipment and storage leases – 37
- Professional services - 19
- Grant agreements - 162
- Loan agreements - 557
- Cooperative agreements – 1,192
- Memoranda of Understanding/Agreement -202

Each division within the Department has historically followed slightly different internal authorization, development, and approval processes for contractual agreements. These variances cause challenges for the fiscal staff and reduce the efficiency of the shared services model we are implementing as we complete the relocation of fiscal staff from the Natural Resources Division office.

With the passage of the Transformation and Efficiencies Act of 2019, the Department or division’s name on almost all existing contracts is incorrect. In some cases, the division’s name needs to be replaced with the Department’s.
Action Plan: The Department has already started the process to standardize the internal contract progress and determine the appropriate number of staff needed in the contracting process by gathering data and getting input from fiscal staff and division leadership. Additional action steps include:

- Development and implementation of the new process once all data and input gathering are complete. The new process will include a centralized tracking and repository system for all contractual agreements.
- Communicate new process to all appropriate staff within the Department.
- Continue working with contractual partners to correctly identify the Department on all contracts.

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

No additional resources are needed.

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.

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

Success will be measured by:

- More efficiency for contracting staff
- More readily available data through a new centralized tracking and repository system for all contractual agreements.
- Having contracting entities correctly identified on contractual documents

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

The information gathering process is currently underway and is expected to be completed by November 15, 2019. The new process should be developed, communicated, and implemented by January 30, 2020.

Progress will be tracked by at least monthly updates until the project is completed.

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

No obstacles have been identified.

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

2. Consolidation of Contracts with Common Vendors to Reduce Costs

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

Goal: Increase savings on contracts for copiers and laboratory purchases.
Background: Through the process of inventorying contractual agreements, the Department has identified the following types of contracts in which multiple divisions or sections have separate contracts with the same vendor:

- 22 copier lease contracts with five vendors at an annual cost of $97,504.
- 9 laboratory equipment and supply contracts with five vendors at an annual cost of $584,230.

The Department is in the process of contacting the vendors with multiple contracts within the Department for similar items to explore potential savings from contract consolidation and renegotiation based on an increased economy of scale.

Action Plan: The Department will continue working with vendors to determine potential price reductions if contracts can be consolidated and renegotiated.

Future contracts of these types will be negotiated and/or bid together.

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

No additional resources are anticipated.

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.

Success will be measured by a reduction of costs associated with lease contracts for copiers and laboratory equipment and supplies across the Department.

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

The process of contacting vendors in common is already underway. We expect to have responses and estimates of cost savings from vendors by November 30, 2019.

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

No obstacles have been identified

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