

Case 22-23 GJ02: Procurement and Contracts

The Grand Jury has requested responses from the Board of Supervisors to Findings 1-12, and to Recommendations 1-15.

Consistent with previous practice and pursuant to Board Policy A-11, the Chief Administrative Office is responsible for coordinating the County's response to the Grand Jury. Responses to the Grand Jury Report are directed by Board Policy A-11 and Penal Code 933.05. Accordingly, the Chief Administrative Office has reviewed and compiled the responses from all non-elected department heads into this Initial Draft Response for the Board's consideration.

FINDINGS

- F1. The current P&C web page is not up to date with accurate and complete information regarding bids received and final amounts awarded.

The Board of Supervisors disagrees wholly with the finding.

The current Procurement and Contracts Division (P&C) web page is up to date and accurate for the past three years. The Grand Jury report references the following bid awards as having incomplete information on the website: 22-918-018, 22-925-019, and 22-120-031. Staff were able to pull up each of these requests for proposals (RFPs) on the website and all information was up-to-date and accurate.

- F2. The Procurement Policy C-17 was last revised October 22, 2013 – seven (7) years after the policy dated October 2006 was adopted. A new updated policy was adopted on September 20, 2022, with an effective date of October 20, 2022, nine (9) years after the 2013 revision. Policy review timelines have been inconsistent.

The Board of Supervisors disagrees partially with the finding.

While the review times between 2006 and 2022 were inconsistent, at the time the policy was revised in 2013, there was no Board Policy requiring policies to be reviewed at specified intervals. Board of Supervisors Policy A-1: Development and Distribution of Board of Supervisors Policies was adopted on June 24, 2014, which requires all adopted policies to be “periodically reviewed to assure relevance, timeliness, and accuracy,” and to “contain a date for the next review, generally not less than 4 years from the date the policy or update thereto was last approved by the Board.” With the most recent revision, a sunset date of September 20, 2026, was included in accordance with Policy A-1.

- F3. The P&C Division's procedural manual does not reflect changes made to the policy statement, dated effective October 20, 2022.

The Board of Supervisors agrees with the finding.

- F4. The P&C Division interfaces with most EDC departments. Many departments have unique or complex contract needs but for those departments interviewed, their input was not included in the policy update.

The Board of Supervisors disagrees wholly with the finding.

On July 26, 2022, the draft policy was emailed to all Department Heads requesting for review and comment, as required by Board of Supervisors Policy A-1. Input was received from Health and Human Services and the CAO-Central Fiscal Division, and these comments were incorporated into the final policy.

- F5. The P&C Division has not updated the New Contract Development Process document, dated October 30, 2019.

The Board of Supervisors agrees with the finding.

- F6. There is a lack of an ongoing customer survey program to determine if the P&C Division is meeting the needs of both internal customers and external vendors.

The Board of Supervisors disagrees wholly with the finding.

The division completed an internal survey in April 2022. The survey and survey results were reviewed by the Deputy Chief Administrative Officer (DCAO) and included in the Achievement for Excellence application. The next survey is scheduled for April 2024. Focused, specific internal customer surveys will be scheduled every two years per the best practices identified in the Achievement for Excellence application. P&C also solicits informal feedback at all times as this helps to determine the upcoming training schedules to ensure that the division is providing relevant and necessary training.

- F7. Updates throughout the contract approval process require contacting P&C directly. The P&C staff maintains an extensive spreadsheet for tracking all contract requests. Some EDC departments maintain their own internal trackers resulting in duplication of work.

The Board of Supervisors disagrees wholly with the finding.

The Procurement and Contracts internal website includes a link to P&C Items in Process. Departments can access this database to get updates on the approval process for contracts. Some departments may maintain their own internal tracker that is specific to the department's needs. Some departments have internal workflow before a contract even gets to P&C. This would not be information that P&C is aware of, and this may be some of what departments track on their own. P&C will continue to make departments aware of the P&C Items in Process that are continually updated with the most recent contract status and will work with departments to determine if information can be added that would decrease the need for department internal trackers.

- F8. Three training sessions (April, October, and November) were offered in 2022 covering P&C procedures and P&C forms. These sessions were offered to EDC departments and outside vendors. There is no evidence that training was offered prior to these sessions and there are no training sessions scheduled for 2023.

The Board of Supervisors disagrees partially with the finding.

Trainings were offered in 2022 and recorded. These trainings are available on the P&C website for staff to access at any time. Additional training will be scheduled as needs are identified.

- F9. P&C Staff are not cross trained to perform both procurement and contract functions.

The Board of Supervisors disagrees wholly with the finding.

Staff are cross trained within the boundaries allowed by Civil Service based on the job classifications they hold. For example, all Administrative Analysts are cross trained on contracts. Analysts are not cross trained on aspects of procurement as these are specific to the Buyer and Sr. Buyer classifications. However, both the Sr. Administrative Analyst and the Administrative Analyst Supervisor are cross trained on contracts and procurement.

- F10. There is no evidence that the P&C Division is exploring, or has explored, other purchasing methods. Certain EDC departments may benefit from more tailored approaches such as Job Order Contracting.

The Board of Supervisors disagrees wholly with the finding.

The division has been utilizing JOC contracting for years and has current Job Order Contracting (JOC) contracts in place that are routinely used by the Facilities Division.

- F11. The Risk Management analysis is toward the end of the P&C contract review process. Positioning this critical RM review at the end of the contract review process has resulted in extended delays.

The Board of Supervisors disagrees partially with this finding.

It is accurate that the Risk Management analysis typically occurs toward the end of the P&C contract review process. However, extended delays are not necessarily related to the positioning of the Risk Management analysis in the review process. Most contracts only require a routine review of scope, indemnity, and insurance requirement sections. They are on template contracts with repetitive language. Only rarely have scope or insurance requirement changes been requested at the end of this process. When they do occur, these changes usually occur earlier in the contract review process as analysts are preparing the contracts through email and phone conversation guidance.

- F12. EBIX is contracted to and paid for by EDC to maintain up-to-date and accurate information regarding insurance for EDC vendors, yet RM staff spend their time tracking down up-to-date insurance certificates instead of EBIX.

The Board of Supervisors disagrees partially with this finding.

The County contracts with Ebix, Inc. Software Company (EBIX), and section A-1.3 of the agreement indicates that, "EBIX will produce and mail insurance notices to each agreed upon Account or the Account's insurance broker at intervals determined during the implementation of Services." These include different types of Notice formats that are instructive to accounts of their coverage or deficiency status. Often, these notices are ignored by brokers or lost through the mail. EBIX does offer deficiency phone follow-up on a case-by-case basis at an added cost of \$7.80 per call. It has been Risk Management's decision to make these calls directly, rather than wait for EBIX and their timeline, in order to facilitate efficiency and accommodate urgency as directed by Procurement and Contracts or other Department contract analysts. This eliminates confusion and wait times that occur when relying on EBIX. It gives more control and direct communication to vendors deemed deficient, shortening wait times and enhancing the production of required documents. This saves both time and money by avoiding additional call charges and helps facilitate contracts through the approval process.

RECOMMENDATIONS

- R1. The P&C Division should develop and implement a procedure to ensure the P&C web page is up to date with accurate and complete information regarding all bids and the final award amounts for full transparency by December 31, 2023.

The recommendation has been implemented. The website is updated directly by P&C staff on a regular basis as bids are awarded.

- R2. The P&C Division should integrate the appropriate public information on their internal tracker (spreadsheet) with their web page to better provide complete and up to date information to the public by December 31, 2023.

The recommendation will not be implemented because it is not warranted or reasonable.

The P&C items in progress database is an internal tool used by departments to track the progress of contracts and requests for proposals (RFPs). This information changes frequently as items move through the process

- R3. Although there is a stated September 20, 2026, sunset review date of the current policy, the P&C Division should develop a process to formally review and update Procurement Policy C-17 and division procedures. The review process should be developed and implemented by December 31, 2023.

The recommendation has been implemented.

The current policy has a sunset date of September 20, 2026. The P&C Division is keeping notes of any changes that could be made to clarify procedures and will bring back any policy changes as needed prior to the official review date of September 20, 2026.

- R4. Develop a process to review and address minor changes to procedures in compliance with the Procurement Policy without BOS approval by December 31, 2023.

The recommendation has been implemented.

The current policy has a sunset date of September 20, 2026. The P&C Division is keeping notes of any changes that could be made to clarify procedures and will bring back any policy changes as needed prior to the official review date of September 20, 2026. The goal is to bring the first set of policy changes to the Board by December 2023. The Department

is in the process of soliciting feedback from all departments regarding any pain points in the policy to help determine any recommendations for changes.

- R5. As a part of future policy and procedure updates, the P&C Division should seek input from internal customers and incorporate, as applicable, division-specific contract requirements.

The recommendation has been implemented.

The P&C Division held numerous trainings on the new policy and solicited department feedback. The Procurement Policy and Procedures must be consistent county-wide, so division-specific requirements are not applicable. The goal is to bring the first set of policy changes to the Board by December 2023. The department is in the process of soliciting feedback from all departments regarding any pain points in the policy to help determine any recommendations for changes.

- R6. Finalize the update to the P&C procedural manual to reflect the changes made to the current Procurement Policy C-17, effective October 20, 2022, to be completed by October 31, 2023.

The recommendation has not been implemented but will be implemented as staff resources allow with a goal of December 31, 2023.

- R7. For future policy updates, the P&C Division should incorporate changes to their procedural manual within 90 days of BOS policy approval.

The recommendation has not been implemented but will be when a future policy update occurs.

- R8. Review and update the New Contract Development Process Document (dated October 30, 2019) by December 31, 2023.

The recommendation will not be implemented because it is not warranted or reasonable.

The New Contract Development Process Document was an internal tool that was used during a quality assurance/quality control (QA/QC) process improvement analysis. This is not a tool that is provided to new staff or to the public.

- R9. The P&C Division should develop a customer survey program for internal EDC customers and external vendors, to determine if they are meeting the needs of their customers. There should be survey questions focused on the communication of P&C staff with all customers

and vendors. Surveys should be reviewed by CAO and P&C management and results posted on the P&C Division web page as well as incorporated into policy and procedures updates. A customer survey program should be developed and implemented by December 31, 2023.

The recommendation has been implemented in accordance with the requirements of the Achievement of Excellence application.

A survey was sent out to 100 vendors in April 2022. The division received 4 responses. The survey and survey results were reviewed by the Deputy CAO. Survey results were included in the application for the Achievement of Excellence application. A second survey is scheduled for April 2024. The best practice in the industry is to conduct an external customer survey every two years.

- R10. The P&C Division should identify a solution to provide timely updates throughout the contract approval process for its customers by December 31, 2023.

The recommendation has been implemented.

The division has implemented a database available to all departments that includes daily contract updates.

- R11. The P&C Division should continue to develop and make available P&C training modules for EDC customers and outside vendors, focusing on how to best navigate the P&C process. An annual schedule for training should be developed by December 31, 2023.

The recommendation has been implemented.

Currently, there are two recorded trainings that are available on the P&C website. Forms training was provided to all staff on November 4, 2022, and training on the new Policy and Ordinance was provided on October 13, 2022. Both of these are available to any County staff via the P&C website. Vendor training "Doing Business in El Dorado County" was provided in April 2022 for external vendors but was not recorded. P&C and County Counsel teamed up to provide AB 5 training to all County staff in December 2021. Additional training for Request for Proposals will be scheduled in the Fall of 2023. The division would also like to provide more individual department training as resources allow.

- R12. Develop and implement an internal training program to cross train P&C staff to perform both the procurement and contract functions of the division by December 31, 2023.

The recommendation has been implemented.

Analyst staff are cross trained on contracts and RFP/RFQ processes. Buyers are cross trained on procurement.

- R13. The P&C Division should review the JOC concept and determine its application to appropriate EDC departments, by December 31, 2023.

The recommendation has been implemented.

The original Job Order Contracting (JOC) award was March 4, 2014, and has been awarded every year since.

- R14. Risk Management should develop and implement a “Risk Assessments” class for EDC contract staff to better understand risk requirements for EDC. Changes should be adopted to help avoid lengthy delays in contract approval by December 31, 2023.

This recommendation has not been implemented but will be implemented by December 31, 2023.

During the time this Grand Jury report was drafted, Risk Management was already in the process of preparing a class to train contract staff on different insurance coverages and special endorsements which is now nearly completed. Risk Management will coordinate with Procurement and Contracts and other County contract staff to ensure as many attendees as possible.

- R15. Review the EBIX contract and ensure that EBIX is providing services based on their contractual obligations by December 31, 2023.

The recommendation has been implemented.

Risk Management has reviewed the contract and has determined EBIX has been providing their services according to their contractual obligations. It is not a perfect system, as many insurance providers and documents process their Certificates differently and at different levels of clarity and continuity with multi-year contracts. The County believes this vendor currently offers the best service at the best price for tracking insurance documents. Risk will continue to monitor EBIX to ensure they are meeting their contractual obligations.