



EL DORADO COUNTY  
GRAND JURY 2022-2023

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PROCUREMENT AND CONTRACTS

Case #22-23 GJ02

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June 30, 2023

## **GLOSSARY**

BOS	Board of Supervisors
CAO	Chief Administrative Office
EBIX	Ebix, Inc. Software Company - Database for Insurance
EDC	EI Dorado County
Grand Jury	2022-2023 Civil Grand Jury
HHSA	Health and Human Services Agency
JOC	Job Order Contracting
NPI	National Procurement Institute
P&C Division	Procurement and Contracts Division of the CAO
RM	Risk Management

# EL DORADO COUNTY 2022–2023 GRAND JURY

## PROCUREMENT AND CONTRACTS

Case # 22-23 GJ02

### **SUMMARY**

The 2022-2023 Civil Grand Jury (Grand Jury) conducted an internal investigation of the Procurement and Contracts (P&C) Division. A review of the P&C website revealed inconsistencies, and/or a lack of transparency for purchases of goods and services for El Dorado County (EDC). Upon further investigation, it was found that the EDC Procurement Policy C-17 had not been updated since October 2013. Additionally, the P&C Division had not been investigated for 20 years based on an examination of Grand Jury reports.

This investigation focused on the following areas: P&C website; P&C Procurement Policy; Achievement of Excellence Award; customer survey program; P&C training, cross-training of P&C employees, Job Order Contracting; and risk management.

### **BACKGROUND**

The P&C Division is unique in that it interacts with most EDC Departments when formulating contracts or making purchases of goods and services on their behalf.

The background and mission of the P&C Division is on the County website (<https://www.edcgov.us>) under the P&C web page (<https://www.edcgov.us/Contracts/>):

1. “Procurement and Contracts is a Division of the Chief Administrative Office and is responsible for the procurement of services, supplies, materials, goods, furnishings, equipment, and other personal property for the County.”
2. “The Procurement & Contracts Division is headed by the Purchasing Agent who is responsible for developing procurement policy in compliance with law, resolutions, and directives of the Board of Supervisors.”
3. “The mission of Procurement & Contracts is to facilitate excellence in public service by providing County Departments and Allied Public Agencies with cost effective procurement in an ethical, timely, and positive manner for the benefit of the citizens of El Dorado County.”

The Grand Jury report focused on investigating the processes and procedures of the P&C Division.

## **METHODOLOGY**

1. The Grand Jury reviewed the following documents:
  - Procurement Policy C-17, adopted October 11, 2006, and updated October 22, 2013;
  - Procurement Policy C-17, adopted September 20, 2022, and effective October 20, 2022;
  - EDC website (<https://www.edcgov.us>);
  - P&C web page (<https://www.edcgov.us/Contracts>);
  - National Procurement Institute Award of Excellence, August 1, 2022;
  - P&C Customer Service Survey, dated April 18, 2022;
  - Chief Administrative Office and P&C Division's Organizational Chart FY 2020-21;
  - Review of P&C presentation: "Doing Business with El Dorado County" April 6, 2022;
  - P&C Forms Training Session, November 4, 2022;
  - Internal P&C Google Tracker (Spreadsheet);
  - Contract Request Form #7169;
  - P&C Division New Contract Development Process, dated October 30, 2019;
  - Job Order Contracting (JOC) concept presentation, January 2013;
  - Fully Loaded Template Revised per Caltrans, dated March 18, 2021;
  - Agreement for Construction Services Contract; June 2022;
  - Monterey County Website (<https://www.co.monterey.ca.us>);
  - Contract Template for Professional Services, December 30, 2022;
  - Health and Human Services Agency (HHSA) Contractor Agreement Template with Ordinance Recitals, dated January 3, 2023;
  - Mental Health Services Act Agreement for Services, dated January 19, 2023;
  - California Levine Act Statement pertaining to HHSA Contracts; January 3, 2023;
  - EBIX Contract PO# 4527, dated December 31, 2019;
  - EBIX Deficiency Report, dated January 19, 2023; and
  - Emails from various EDC Departments.
  
2. The Grand Jury interviewed P&C Division staff members, other EDC Department staff members, and vendors who interface regularly with the P&C Division.

## **DISCUSSION**

### **P&C Web Page**

A review of the EDC P&C Division's web page revealed that the detail regarding closed bids is inconsistent and not always up to date, and does not reflect which bids were received, or the final "award" amount. Bids listed as "pending BOS approval" did not have an award amount listed. P&C staff suggested the Grand Jury could access the BOS minutes to determine the award amount or call them directly. Examples of this are: bid # 20-120-058, bid # 20-985-037, bid # 21-918-040, bid # 21-952-038, bid # 21-968-052, and bid # 21-968-050 (as listed on the P&C Division's web page).

The Grand Jury reviewed more than one hundred (100) awarded bids on the P&C web page. A number of closed bids contained the following error code: ([http://Error 404.0-the resource you are looking for has been removed, had its name changed or is temporarily unavailable.](#)), therefore, no bid information was available. While the P&C Division's web page does provide a listing of closed bids back to 2003, the website does not include, in some cases, complete closed bid and award information. Examples of this are: bid # 22-918-018, bid # 22-925-019, and bid # 22-120-031.

The P&C Division maintains an internal tracker (spreadsheet) for all bids in process. The public information on this tracker is not updated into the P&C web page in a timely manner. As a result, some EDC departments create their own system to track contract status, resulting in a duplication of work.

The Grand Jury conducted a random survey on the P&C website in October 2022, and found inconsistencies that were posted in the awarded bid information (see Appendix "A"). The Grand Jury also found 8 out of 14 surveyed (57%) did not have a final award amount listed.

### **Procurement Policy**

Initially, the Grand Jury noted that the EDC Procurement Policy C-17 had not been updated since 2013. During the investigation, the Procurement Policy was updated and adopted by the EDC Board of Supervisors (BOS) on September 20, 2022, with an effective date of October 20, 2022. This Grand Jury report is based on the current Procurement Policy.

The constantly changing dynamics of the business world impacted by inflation, rising interest rates, increasing cost of goods, ever-changing business needs, new vendor policies, etc., require a timely and consistent review of P&C Division policies to remain current. The seven (7) year gap in revising the 2006 policy and the nine (9) year gap in adopting the 2022 policy demonstrated an inconsistent review process. A standardized schedule to review and update the Procurement Policy has not been established. The current Procurement Policy has designated a "Sunset Review Date" of September 20, 2026, a period of four years.

In between the major policy reviews, minor procedural changes may be needed. Currently, changes, however minor, require approval from the BOS.

With the new policy adopted, the corresponding procurement procedural manual became out of date. The P&C Division staff are in the process of updating the procurement procedural manual to reflect the current EDC policy.

Additionally, the New Contract Development Process Document (see Appendix “B”) has not been updated since October 30, 2019.

Discussions with three (3) of the 23 EDC departments of varying sizes stated they had specific needs for contracts that were not considered when adopting the new policy document in 2022. These EDC departments included two of the top ten departments that utilize P&C. By not including these customer needs, their contract approvals took longer to obtain approval.

Each of the EDC departments interviewed stated that contracts requiring P&C involvement routinely resulted in delays which contributed to additional costs. A lack of estimated timeframes made it difficult and challenging for the departments to plan for needed contract services. One example demonstrated that P&C procedures did not permit the P&C staff to complete an online contract; resulting in a required resource being delayed eight and a half (8.5) months.

There are no procedures in place for “rush” (expedited) requests, other than for natural disasters and emergencies. An example cited was a non-emergency “rush request” to replace a fire panel. The P&C Division took four (4) months to process the request due to the lack of an exception process for a “rush request.” The non-functioning fire panel is responsible for triggering appropriate alarms and the extended process placed the EDC staff at this facility at potential risk.

## **2022 Achievement of Excellence Award**

The P&C Division recently applied for and was presented the 2022 Achievement of Excellence in Procurement Award from the National Procurement Institute (NPI). This was the first year the EDC P&C Division applied for this award and submitted information on 18 separate categories of the NPI application (see Appendix “C”).

The P&C Division states that it is fully committed to continuous quality improvement. The process of putting together this extensive application package was a learning experience for P&C staff resulting in a review of best practices and identifying areas of improvement. The award process required the P&C Division to develop and conduct internal and external training, as well as develop a customer survey. The Grand Jury did not find evidence that this training was conducted prior to 2022.

The P&C Division plans to submit an application annually with the goal of increasing total points as part of continuous quality improvement.

### **Customer Service Survey**

Per the P&C Memo titled 2022 Achievement of Excellence in Procurement Application “To continually improve customer service and streamline processes, the Procurement and Contracts Division conducted a Customer Service Survey on April 18, 2022, via email using Google Forms. The survey went out to approximately 172 internal customers (County Departments) including department leadership. The survey was available for 5 days and 38 responses were received for a 22% response rate”.

Question No. 4 on the survey was “How satisfied are you with the level of communication between your department and the Procurement and Contracts Division?” Twenty-four percent (24%) responded either “Dissatisfied” or “Very Dissatisfied”. When including the Neutral responses, this number increased to 40%.

The P&C Division conducted customer service surveys that only included internal customers. By contrast, the Grand Jury found that Monterey County posts an online customer satisfaction survey providing internal and external customers a continuous opportunity to make suggestions and receive timely follow-up.

A common recurring theme of difficulty expressed by internal county staff interviewed focused on communication from the P&C Division. Each interviewee was dissatisfied with not receiving timely updates from the P&C Division concerning their contract status throughout the process.

### **P&C Training**

Training was required as part of the 2022 Achievement of Excellence in Procurement Application. The P&C Division initiated formalized training in 2022 with three (3) training sessions held in April, October, and November. The web-based training sessions were:

- Doing Business with El Dorado County on April 6, 2022;
- Procurement Policy and Ordinance Update on October 13, 2022; and
- P&C Training – Forms Training on November 4, 2022.

This first training session was made available to external vendors (non-county/private industry). Subsequent training sessions were made available to internal customers only. There did not appear to be any available training offered prior to April 6, 2022, nor is there any training scheduled for 2023.

## **Cross-Training**

The P&C Division is divided into either procurement or contracts staffing, with personnel primarily performing only one function. P&C staff suggested cross-training could offer significant benefits to the division. It would provide better workflow management during times of high demand and personnel coverage during shortages.

Each contract processed by the P&C Division is reviewed by Risk Management (RM), a unit within the Department of Human Resources, which assesses the potential risk of each contract. Additionally, RM verifies that the vendor's Certificate of Insurance is current and covers any potential liability issues that may impact EDC. The RM review is towards the end of the contract process and if there are any issues with insurance, the entire process is halted until the issues are resolved. RM is developing a training presentation for P&C staff to better understand risk factors so issues can be identified earlier in the process.

## **Job Order Contracting**

The Grand Jury reviewed the Job Order Contracting (JOC) process. JOC is a project delivery method utilized by organizations to get numerous, commonly encountered construction projects done quickly and easily through multi-year contracts for a wide variety of renovation, repair, and minor construction projects. JOC is most commonly used to clear deferred maintenance backlog, perform rapid response recurring project needs, and construction renovation projects. The P&C Division does not utilize this process.

## **Risk Management**

RM also uses an independent system called EBIX to establish and maintain an accurate and up-to-date database concerning insurance information for EDC accounts. The EBIX contract was signed December 31, 2019, for January 1, 2020, through December 31, 2023, a term of four years. The contract was written with a not to exceed \$36,400 contract value and was amended June 4, 2022, increasing the cap for EBIX by \$39,419, with a not to exceed contract value of \$75,819.

During the Grand Jury interviews, it was discovered that EDC staff regularly perform functions that are contracted to EBIX. EDC staff spends time "maintaining the accurate and up-to-date database regarding insurance information for EDC accounts" when this is contractually the responsibility of EBIX.



## **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.
- 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.
- F3 The P&C Division's procedural manual does not reflect changes made to the policy statement, dated effective October 20, 2022.
- 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.
- F5 The P&C Division has not updated the New Contract Development Process document, dated October 30, 2019.
- 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.
- 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.
- 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.
- F9 P&C Staff are not cross trained to perform both procurement and contract functions.
- 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.
- 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.

F12 EBIX is contracted to and paid 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.

## **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.
- 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.
- 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.
- 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.
- 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.
- 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.
- R7 For future policy updates, the P&C Division should incorporate changes to their procedural manual within 90 days of BOS policy approval.
- R8 Review and update the New Contract Development Process Document (dated October 30, 2019) by December 31, 2023.
- 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.

- 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.
- 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.
- 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.
- R13 The P&C Division should review the JOC concept and determine its application to appropriate EDC departments, by December 31, 2023.
- 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.
- R15 Review the EBIX contract and ensure that EBIX is providing services based on their contractual obligations by December 31, 2023.

### **REQUEST FOR RESPONSE**

The following response is required in accordance with California Penal Code §933 and §933.05.

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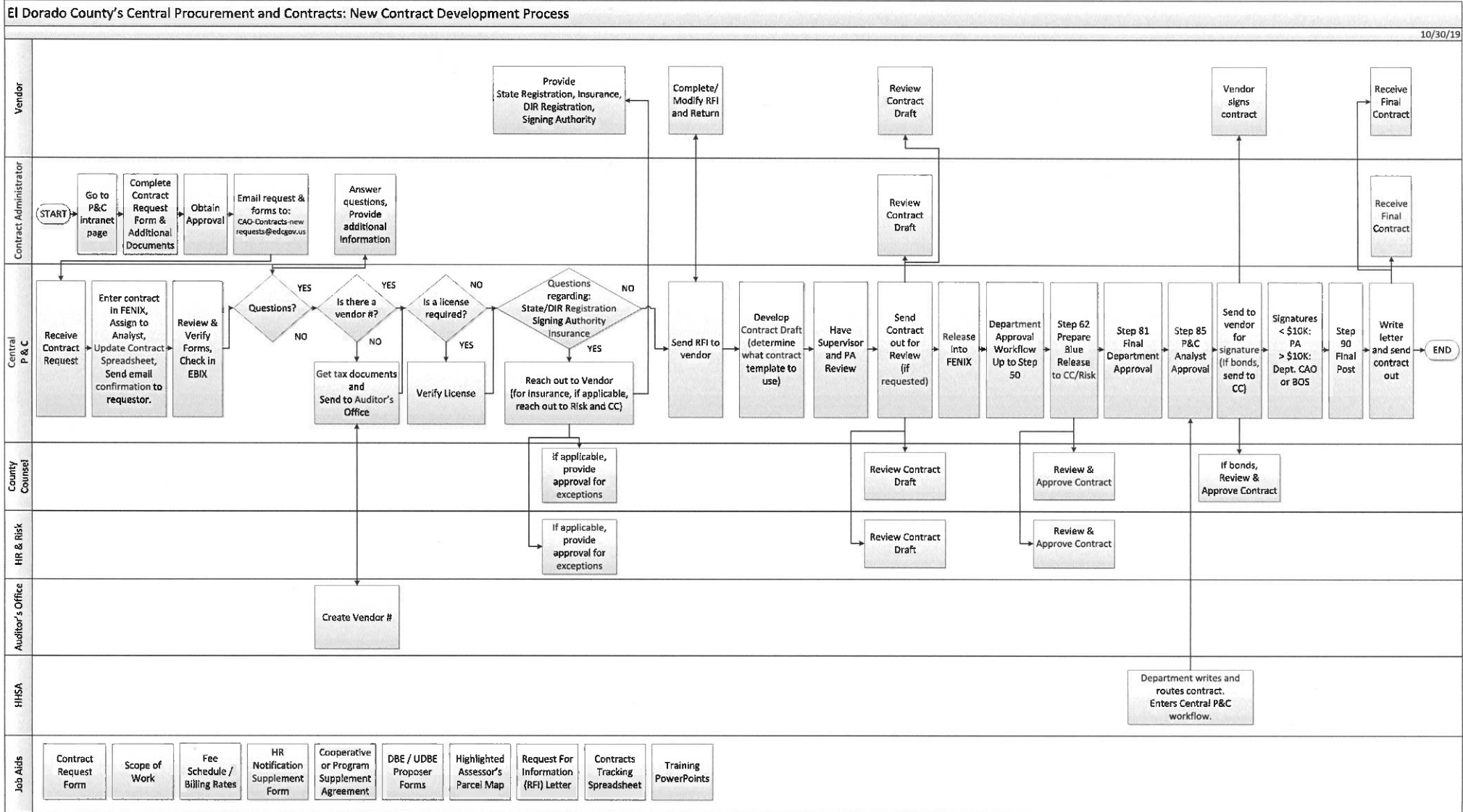
County Board of Supervisors – All Findings and All Recommendations

**Appendix A - Recap of Bids Posted on P&C Web Page**

PROJECT TITLE	DATE POSTED	DATE DUE	PROSPECTIVE BIDDERS	BIDS RECEIVED	AWARDED	BID RESULTS POSTED	COMMENTS	AMOUNT OF CONTRACT
Ammunition - Hornady	7/25/2022	8/12/2022	1	1	Yes	No	bid results have not been made public	unknown
Landfill Maintenance Services	6/15/2022	7/8/2022	6	N/A	Yes	No	Awarded to 2 bidders - bid results have not been made public - to be negotiated	unknown
RFQ Emergency Medical Services Systems Evaluation & Strategic Plan	5/11/2022	6/30/2022	7	N/A	Yes	No	Awarded to 4 bidders - bid results have not been made public - to be negotiated	unknown
RFP General Engineering and Construction Quality Assurance Union Mine Wastewater Treatment Plant	5/9/2022	6/10/2022	2	1	Yes	No	Awarded to 1 bidders - bid amounts not published - to be negotiated	unknown
Ammunition	5/10/2022	6/6/2022	5	2	Yes	Yes	Awarded to 2 bidders - split 3 categories - BOS approval	\$418,784
Motorola XPR7550e Radios	5/20/2022	6/3/2022	6	4	Yes	Yes	all info listed	\$973
Bulk Lubricants	4/27/2022	5/13/2022	3	3	Yes	Yes	"no hard copy bid received" two different amounts listed for each bidder - confusing - BOS approval 6/28/22	\$117,939
Model 332L Signal Controller	4/27/2022	5/12/2022	1	1	Yes	No	"no hard copy bid received"? No \$\$ amount for bids. BOS approval 6/28/22	unknown
Hot Applied Asphalt Cracksealer	4/27/2022	5/11/2022	1	1	Yes	Yes	Awarded to sole bidder - bid amount listed as \$.59? Note says "pending protest period"? Posted on PlanetBids web site - same as EDC page	unknown
Cisco or Extreme Networks Layer 2 Network Switch Equipment	4/18/2022	5/6/2022	11	10	Yes	Yes	Very thorough all info listed	\$76,284
RFP Family Urgent Response System(FURS) Mobile Response System and Stabilization Team (MRSST) Services	3/31/2022	5/2/2022	2	N/A	Yes	No	Awarded to 1 vendor - no bid amounts are listed - bid results have not been made public - to be negotiated	unknown
Fujitsu Document Scanner	4/11/2022	4/29/2022	23	N/A	Yes	Yes	Awarded to 1 vendor - 50 scanners ordered	\$44,730



# Appendix "B" - EDC P&C New Contract Development Process "Flow Chart"



## Appendix "C" - 2022 NPI Award

**The 18 categories that the County submitted information on for the 2022 Achievement of Excellence in Procurement from the National Procurement Institute, included the following:**

1. Establishment of a "Procurement Ethics" policy - Awarded full points
3. Established a procurement staff "professional development" program - Awarded full points
- 4a. Completed a formal internal survey of procurement performance- Awarded full points
- 4b. Completed a formal external survey of procurement performance - Awarded full points
- 4d. Formal vendor training within the past year with scheduled and agenized workshop - Awarded full points
- 4e. Performance measures specific to the procurement function - Awarded full points
5. Centralized procurement authority based in law - Awarded full points
6. Procurement Organizational Structure - Awarded full points
- 7a. Utilization of eProcurement and automated technology to improve efficiencies (electronic sourcing) - Awarded full points
- 7b. Utilization of eProcurement and automated technology to improve efficiencies (internal Procurement Automation) - Awarded full points
9. Use of requirements contracts (annual or term also known as blanket orders) for at least 30% of total dollar commodity and services purchases - Awarded full points
- 11a. A bachelor's degree or higher from an accredited university or college earned by the Chief Procurement Official - Awarded full points
- 11b. A bachelor's degree or higher from an accredited university or college earned by at least 75% of the professional staff - Awarded full points
12. Professional staff member with a leadership position in a professional procurement association - Awarded full points

14. Adoption of statute, ordinance or policy that allows for Best Value procurements for your agency - No points awarded\*
- 15a. Formal sustainable procurement policy or program - Awarded full points County of El Dorado Page 2 Printed on October 22, 2022, Master Report Continued (22-1616)
16. Cooperative procurement strategy - Awarded full points
18. Continued pursuit of excellence - Awarded full points

\* The 10 points that were not awarded related to Category 14, was related to an oversight by staff to include a final evaluation scoring summary. The County does have this documentation, and this will be included with next year's application which should result in a full point award in this category.