

# ***PROUD TO BE IN COUNTY PROCUREMENT***

## ***SUMMARY***

The 2007/2008 San Diego County Grand Jury undertook a study of the County of San Diego Department of Purchasing and Contracting. This office was last reviewed by the Grand Jury in 1984/1985. The fact that it has been 23 years since the Jury had looked at the County Procurement Office was a factor in choosing this agency for review. Grand Jury members have the requisite expertise needed to review the files and procedures of any contracting office.

The Procurement Office Mission Statement is: “To Provide the Most Effective and Efficient Delivery of Quality Goods and Services to County Departments.” Contracting offices continually fight through a maze of contracting regulations and with customers who only want what they want and want it now. That situation leads to poor contracting practices. Our investigation revealed that the county procurement office has policies and procedures in place to educate their customers to plan ahead, to look for competition, and to both research and budget for a realistic price to meet the needs of County departments.

## ***PURPOSE***

- To provide an up-to-date review of the County Department of Purchasing and Contracting.
- To provide an assurance for the citizens of the region that the office is protecting their money. Attention was paid to consistency with industry best practices and existing policy.

## ***PROCEDURES***

Members of the Grand Jury:

- Attended an extensive overall briefing at the Department of Purchasing and Contracting.
- Interviewed executive staff of that Department.
- Reviewed Purchasing and Contracting policies and procedures.
- Reviewed three audit reports for the Department of Purchasing and Contracting.
- Compared best procurement practices for the Federal government and for private industry.
- Reviewed County Board of Supervisors Policy Number A-87 on competitive procurement.
- Reviewed documentation of 25 exemptions from competitive procurement requests submitted by County departments.

- Received a listing of 859 contracts for one County department, Health and Human Services Agency (HHS) to review monitoring and payment process for several of those contracts.
- Interviewed management staff from two divisions of HHS: Agency Contract Support and Alcohol and Drug Services.

## *DISCUSSION*

The Department of Purchasing and Contracting typically purchases over \$150 million a year in contracting and administers these as in ongoing contracts. The commodities it purchases include construction, on-line auction services and supplies. It also provides disposal sales of assets the county no longer needs, frequently using eBay to do this. The Department operates an extensive internal training program that includes training customers on overall procurement policy and procurement card procedures. Purchasing Card capability allows administrative personnel throughout the county to acquire commonly used supplies with a Department-issued credit card, usually limited to purchases of less than \$ 2,500. These transactions are monitored and audited by the procurement department to assure proper management oversight of the process and card usage. Initial training on card usage is offered for new staff members, as well as annual refresher training for county staff members authorized to use the card.

The Department of Purchasing and Contracting has a database that allows for real-time access to purchasing requests and order status, thus reducing delays and eliminating the need for return calls to the requesting organization. The Buy-Net capability allows for on-line solicitation of suppliers, bid receipt, evaluation, and contract award in an automated fashion for common goods and services. See <http://buynet.sdcounty.ca.gov/> . This facility speeds up the process and access to information for procurement professionals as well as the suppliers participating in the system. All users can gain access to the system with minimal red tape.

A quarterly publication entitled Purchasing And Contracting Essentials is widely distributed throughout County offices for the benefit of employees using the purchasing system. This publication covers evolving issues as well as reminders on process and related matters. This serves as outreach to the user community and appears to be well read by those who need the services of the Department.

The Grand Jury reviewed the area of non-competitive procurements and sole source contracts, including the justification documentation. We found that all documentation was in place and that all required approvals were obtained.

The Grand Jury subsequently went to offices of a major contracting department, HHS, and reviewed the files of its Agency Contract Support section. From the list of HHS contracts, we reviewed selected contracts of the Behavioral Health Division of HHS. We found that all procedures for monitoring and payment authorization were being followed.

Over the course of the next year, the volume of transactions the procurement is expected to process and administer is projected to expand. From the Grand Jury's visits, our examination of the productivity statistics, and the complex nature of many of the transactions, it appears the staff is optimally loaded with work. Without sufficient staff, there is the potential for a degradation of the service offered by the department.

### ***FACTS/FINDINGS***

**Fact:** Procurement staff has been cross-trained to handle multiple responsibilities so that urgent requests can be processed in a timely fashion, even when the regularly assigned staff is not available.

**Fact:** Workload, particularly in the area of major contracting, is expanding.

**Finding #01:** After comparing County Procurement's performance metrics against other similar municipal procurement staffs, County procurement staff is at or near capacity, operating as efficiently as practical. Additional resources in terms of staffing may be required to maintain the service levels the County of San Diego has come to expect from their procurement staff.

### ***RECOMMENDATION***

**The 2007/2008 San Diego County Grand Jury recommends that the County of San Diego Department of Purchasing and Contracting:**

**08-63:** Put in place management controls to ensure that staff workload is distributed to allow a continued high quality of service.

### ***COMMENDATION***

The management and staff of the County of San Diego Department of Purchasing and Contracting are to be commended for their diligence in delivering a quality of service with limited resources in a difficult process. Procurement operates in a world of regulation and requirements that is forever changing and does so with proper customer service. The Grand Jury believes the work performed by the procurement staff is performed at levels of competence rivaling the best practices of any procurement operation within the municipal community.

### ***REQUIREMENTS AND INSTRUCTIONS***

The California Penal Code §933(c) requires any public agency which the Grand Jury has reviewed, and about which it has issued a final report, to comment to the Presiding Judge of the Superior Court on the findings and recommendations pertaining to matters under the control of the agency. Such comment shall be made *no later than 90 days* after the Grand Jury publishes its report (filed with the Clerk of the Court); except that in the case

of a report containing findings and recommendations pertaining to a department or agency headed by an elected County official (e.g. District Attorney, Sheriff, etc.), such comment shall be made *within 60 days* to the Presiding Judge with an information copy sent to the Board of Supervisors.

Furthermore, California Penal Code §933.05(a), (b), (c), details, as follows, the manner in which such comment(s) are to be made:

- (a) As to each grand jury finding, the responding person or entity shall indicate one of the following:
  - (1) The respondent agrees with the finding
  - (2) The respondent disagrees wholly or partially with the findings, in which case the response shall specify the portion of the finding that is disputed and shall include an explanation of the reasons therefor.
- (b) As to each grand jury recommendation, the responding person or entity shall report one of the following actions:
  - (1) The recommendation has been implemented, with a summary regarding the implemented action.
  - (2) The recommendation has not yet been implemented, but will be implemented in the future, with a time frame for implementation.
  - (3) The recommendation requires further analysis, with an explanation and the scope and parameters of an analysis or study, and a time frame for the matter to be prepared for discussion by the officer or head of the agency or department being investigated or reviewed, including the governing body of the public agency when applicable. This time frame shall not exceed six months from the date of publication of the grand jury report.
  - (4) The recommendation will not be implemented because it is not warranted or is not reasonable, with an explanation therefor.
- (c) If a finding or recommendation of the grand jury addresses budgetary or personnel matters of a county agency or department headed by an elected officer, both the agency or department head and the Board of Supervisors shall respond if requested by the grand jury, but the response of the Board of Supervisors shall address only those budgetary or personnel matters over which it has some decision making authority. The response of the elected agency or department head shall address all aspects of the findings or recommendations affecting his or her agency or department.

Comments to the Presiding Judge of the Superior Court in compliance with the Penal Code §933.05 are required from the:

<b><u>Responding Agency</u></b>	<b><u>Recommendations</u></b>	<b><u>Date</u></b>
<b>County of San Diego Department of Purchasing and Contracting</b>	<b>08-63</b>	<b>8/18/08</b>