



STATE OF CONNECTICUT
OFFICE OF GOVERNMENTAL ACCOUNTABILITY
STATE CONTRACTING STANDARDS BOARD

Final & Approved Minutes

Friday, January 13, 2017 Meeting of the State Contracting Standards Board Data Analysis Work
Group First Floor Conference Room, 999 Asylum Avenue, Hartford, CT 06105

Members Present:

Alfred Bertoline, Chair
Bruce Buff
Donna Karnes – via conference telephone
Roy Steiner- via conference telephone
David L. Guay, Ex Officio

Staff Present:

Julia Marquis, Chief Procurement Officer

1. Call to order

Meeting called to order by Chair Bertoline at 11:04 A.M.

2. Approve the minutes of the December 9, 2016 meeting

Motion made by David Guay and seconded by Bruce Buff to approve the minutes of the December 9, 2016 meeting of the State Contracting Standards Board Data Analysis Work Group. All voted in favor.

3. Observations – Focus of Further Study

Chair Bertoline led a discussion and review on the focus of further study.

1. A robust competitive procurement process generally lowers cost to the State – The State may not be optimizing its opportunities here
 - a. Non-bid contracts totaled \$5.667mil out of \$10.317mil total contracts or 55%
 - b. Non-bid PSA contracts totaled 74%

- c. On POS contracts, some agencies bid all contracts, some have a mix of bid/non-bid and a few have almost all non-bid – application of bid/non-bid practices vary widely among State agencies
2. Shorter duration contracts (say 1 – 3 years) may enhance the competitive procurement process but in addition, will not commit the state to long-term agreements in an environment of rapid economic and technological changes
 - a. Of the top 40 PSA contracts, 38 have average terms of over 10 years and two (1 for banking services and 1 for investment services) have terms of 106 and 94 years respectively
 - b. Overall, disbursements on open PSA contracts in 2016 totaled \$413mil compared to the total value of contracts outstanding of \$3.231mil. Assuming current year payments are representative, open contracts would cover 7.8 years of contract expenditures. This may indicate that funds are obligated in excess of what is needed in the current contract to ease the path to contract extension or that open contract durations do average over seven years
 3. Long-term PSA contracts may inhibit knowledge transfer to State Employees which might result in higher avoidable costs to the State over time
 - a. One opportunity for savings should be training since repetitive training over several years should enhance the transfer of knowledge to State employees.
 - b. Consulting and professional services contracts should be analyzed to segregate truly “infrequent and non-routine” parts of the service from the more general, recurring portions that should be performed by State employees thereby producing savings to the State

4. Further Data and Analysis

Chair Bertoline led a discussion and review on further data and analysis.

1. Obtain and evaluate information on the current state of the procurement process
 1. Select 50 contracts (largest or random) from our listings by contractor
 2. Develop 2 surveys as follows:
 - a. Agencies benefiting from the services
 1. PSA contracts are to be used for infrequent and non-routine consulting, technical assistance and training. Describe how this contract meets the requirements of a PSA contract.
 2. Does the contract have a waiver from bid compliance on file?
 3. What are the reasons for the waiver? Please attach a copy to this response.
 4. Was a cost/benefit analysis prepared for this contract? Please attach a copy to this response.

5. Was contractor performance measurement performed?
 - a. What was the rating?
 - b. What was the criteria used for rating? Please attach a copy to this response.
 - c. How do financial ratios influence performance measurement (POS contracts only)?
 6. What is your agency doing:
 - a. To reduce contracting costs?
 - b. To encourage greater competition for the work?
 - c. To minimize knowledge transfer?
 - d. To minimize outside contracting costs?
 - e. What changes to the procurement process would you suggest to provide adequate control yet reduce contracting costs for services?
 - b. Contractor providing the services
 1. What are you doing to reduce costs to the state?
 2. If more state work was given to you, how would that influence the costs you are billing the state?
 3. What are you doing to maximize the knowledge transfer and training to state employees?
 4. What changes to the procurement process would you suggest to provide adequate control yet reduce your costs for services?
2. Review the information obtained for:
 - a. Compliance with regulations
 - b. Continuing focus on reducing costs and increasing value
 - c. Training and knowledge transfer to State employees

Chair Bertoline led a discussion on selecting the sample for analysis.

1. Selecting the sample
 - a. Include both POS and PSA contracts?
 - b. Select based on:
 - i. Total contract amount
 - ii. 2016 General Fund Payments?
 - iii. 2016 Federal Fund Payments?
 - iv. 2016 Other Fund Payments?
 - c. Include the following Contracts:
 - i. POS (\$7.1 Billion)
 - ii. PSA (\$3.2 Billion)
 - d. Bid/No Bid
 - i. High Dollar?

- ii. Random Selection?
- iii. Combination?
- iv. Other?
- e. Size and Scope
 - i. High Dollar?
 - ii. Random selection?
 - iii. Combination?
 - iv. Other?

Chair Bertoline suggested the following approach and by consensus the work group agreed.

- a. Select both POS and PSA contracts
- b. Selection made based on 2016 General Fund Payments
- c. POS no bid contacts
 - i. Large dollar contracts
 - ii. Select two each from DDS, DSS, DMHAS and SDE (mostly no bid contracts)
 - iii. Select one each from DOC, DOH (mix of bid/no bid)
- d. PSA no bid contracts
 - i. Select ten high dollar contracts covering ten agencies
 - ii. Select thirty at random covering all agencies
- e. Total of fifty contracts selected
- f. The contractor for each contract selected will receive a contractor survey

Chair Bertoline suggested the following approach for the allocation of limited resources and by consensus the work group agreed.

Staff assignments:

1. Select the sample
2. Draft the survey
3. Respond to inquiries
4. Collect responses
5. Request additional data after Work Group initial analysis
6. Collect additional responses

Work Group assignments:

1. Review and comment on sample selected

2. Review and comment on draft survey
3. Review initial responses for data points
4. Identify additional information to request
5. Analyze data
6. Summarize findings
7. Develop recommendations
8. Present findings to the Board

The Work Group agreed by consensus the following action dates

- 2/1/2017 Contracts selected for study
- 2/1/2017 Survey sent out to agencies
- 2/21/2017 Survey responses required back
- 3/7/2017 Request for additional information to be sent to agencies
- 3/31/2017 Requested information to the Work Group deadline

5. Review of Staff Documents

The Work Group by consensus approved staff's draft email to state agencies informing them of forthcoming inquiries and the draft letter to state contractors seeking feedback.

6. Summarize findings and present to the Board

Chair Bertoline led a discussion on summarizing the findings and presenting them to the Board.

1. Adequacy of procurement procedures
2. Suggested next steps
3. Further data analysis opportunities
4. Pursue cost savings opportunities
5. Suggested changes to procedures
6. Suggested changes to training of procurement personnel
7. Creating value from knowledge transfer

6. Adjournment

Motion made by David Guay and seconded by Bruce Buff to adjourn. All voted in favor and the meeting was adjourned at 12:09 P.M.

Respectfully submitted: David L. Guay