



# **Procurement Reform Risk Assessment Pilot**

*Financial Management Advisory  
Council*

*October 24, 2013*

# *Panel Presentation*

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## Presenters:

- Roselyn Marcus, Assistant Director Legal and Legislative Affairs, OFM
- Tammie Wilson, Contracts Administrator, L&I
- Jim Schnellman, Chief, Office of Admin Resources, DSHS
- Jay Fields, C.P.M., Purchasing and Contracts Manager, Evergreen State College



# Topics

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- Risk Assessment Pilot Overview
- Risk Assessment Pilot Value
- Risk Assessment Pilot Lesson Learned
- Post Risk Assessment Pilot – Going Forward
- Questions



# *Procurement Reform*

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- 2SHB 2452 - Signed March 30, 2012
- Created Chapter 39.26 RCW
- Governs all state procurements for goods and services.
- Went into effect January 1, 2013



# *Intent of Procurement Reform*

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- Promote open competition
- Promote transparency
- Centralize oversight
- Centralize location of contract data in a searchable manner
- Encourage/facilitate participation by Washington small businesses
- Increase accountability

RCW 39.26.005



# *Delegation of Authority*

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- The director has the authority to delegate to agencies authority to purchase goods and services.
- The authority must specify restrictions as to dollar amount or to specific types of goods and services.
- The authorization must be based on a risk assessment process developed by the department.**
- The director may not delegate the authority if the agency is not in substantial compliance with overall procurement policies as established by the director.

RCW 39.26.090(5)



# Delegation of Authority Policy

Agency Size	Commodities	Services	Information Technology
*Micro (Less than 50 FTEs)	\$50,000	\$50,000	\$50,000
*Small (50 – 200 FTEs)	\$50,000	\$250,000	\$250,000
Medium (201 – 500 FTEs)	\$50,000	\$500,000	\$500,000
Large (more than 500 FTEs)	\$50,000	\$1 million	\$1 million



# *Delegation of Authority*

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**The authorization must be based on a risk assessment process developed by the department.**



# Pilot Timeline

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- November 2012 – January 2013      Scope the pilot, draft a project charter, and finalize the risk matrix/risk factors and develop parameters for delegation and oversight as related to the assessed level of risk
- January 2013 - February 2013      Conduct the assessments and reach agreement on agency risk level, delegation and oversight
- March 2013      DES & pilot agencies start operating with their delegation and oversight authorities
- March 2013      Monthly meetings between DES and pilot agencies to assess the pilot
- October 2013      DES & pilot agencies review project success factors and challenges and make recommended changes.
- December 2013      Prepare and issue final report on pilot and the policy on the risk assessment, delegation and oversight. Provide a schedule for rolling this out to all state agencies.
- January 2014      Begin implementation to all state agencies in accordance with the schedule.



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# Pilot Participants

Large Agencies	Medium Agencies	Small Agencies	Higher Education
Department of Social & Health Services	Department of Health	State Investment Board	University of Washington
Department of Transportation	Department of Early Learning	Parks and Recreation	Evergreen State College
Department of Enterprise Services	Health Care Authority	State Board for Community & Tech Colleges	Olympic Community College
Labor & Industries		OMWBE	



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# Risk Assessment Tool

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## PROCUREMENT REFORM RISK ASSESSMENT TOOL

Areas of Consideration/Risk	Not Applicable	Current Process	Future State	Mitigation Plan



# *Areas of Consideration*

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There are 7 areas of consideration:

- Leadership (4)
- Procurement Resource Needs (3)
- Procurement Process (9)
- Contract and Supplier Management (4)
- Purchasing & Procurement Systems (5)
- People (3)
- Performance Management and Post Procurement/Competitive Processes (6)



# Risk Assessment Tool



Washington State Department of  
**Enterprise Services**

PROCUREMENT REFORM RISK ASSESSMENT TOOL

Areas of Consideration/Risk	Not Applicable	Current Process	Future State	Mitigation Plan
<b>Leadership (L)</b>				
L-1 How does your agency manage its procurement functions, internally delegate authority and staff procurement activities?				



# Risk Assessment Tool



Washington State Department of  
**Enterprise Services**

PROCUREMENT REFORM RISK ASSESSMENT TOOL

Areas of Consideration/Risk	Not Applicable	Current Process	Future State	Mitigation Plan
<b>Procurement Process (PP)</b>				
<b>L-1 How does your agency develop, review and manage contract language?</b>				



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# *Panel Discussion – Topic 1*

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What value did you get from:

- Participating in the pilot process;
- Developing the risk assessment tool; and
- Implementing the tool in your agency?



# *Panel Discussion – Topic 2*

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What lessons did you learn by participating in the risk assessment pilot?



# *Panel Discussion – Topic 3*

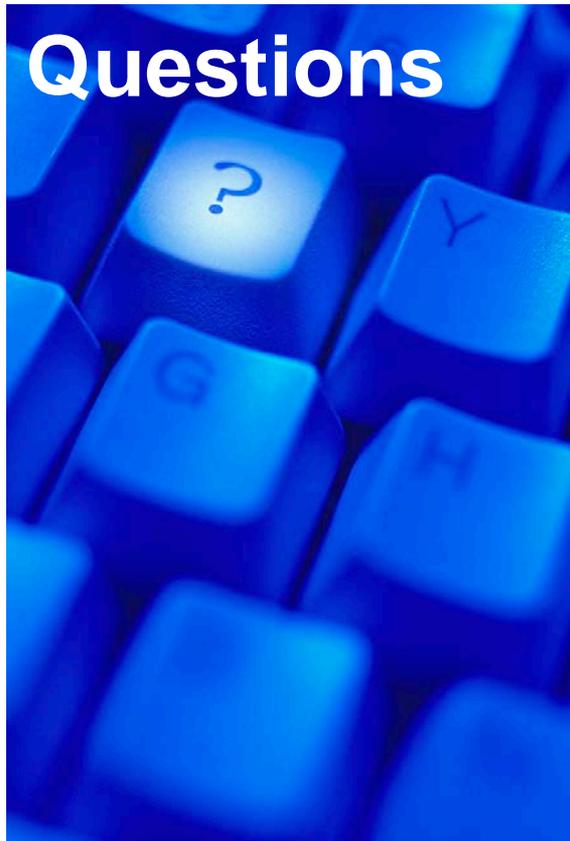
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What do you see as the future of the risk assessment tool and the impact of this pilot?



# Comments?

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