



County of Orange

California

Michael B. Giancola
County Executive Officer

August 12, 2014

Honorable Glenda Sanders
Presiding Judge of the Superior Court of California
700 Civic Center Drive West
Santa Ana, CA 92701

Subject: Response to Grand Jury Report, "Improving the County of Orange Government's Multi-Billion Dollar Contracting Operations"

Dear Judge Sanders:

Per your request, and in accordance with Penal Code 933, please find the County of Orange response to the subject report as approved by the Board of Supervisors. The respondents are the Orange County Board of Supervisors, County Executive Officer, CEO-County Purchasing Agent, CEO-Information Technology Office, Health Care Agency, OC Community Resources, and OC Public Works.

If you have any questions, please contact Jessica O'Hare of the County Executive Office at 714-834-7250.

Sincerely,

Michael B. Giancola
County Executive Officer

Enclosure

cc: FY 2013-14 Orange County Grand Jury Foreman
Mark Denny, Chief Operating Officer, County Executive Office
Jessica O'Hare, Assistant to the COO, County Executive Office
Rob Richardson, County Purchasing Officer
Christina Koslosky, Interim Chief Information Officer
Mark Refowitz, Director, Health Care Agency
Steve Franks, Director, OC Community Resources
Shane Silsby, Director, OC Public Works

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COUNTY OF ORANGE

Responses to Findings and Recommendations

2013-14 Grand Jury Report entitled "Improving the County of Orange Government's Multi-Billion Dollar Contracting Operations"

Summary Response Statement:

The Board of Supervisors Subcommittee on Procurement, the Performance Audit Department, and the Grand Jury have all been reviewing the County's contracting efforts in coordination with the County Procurement Office (CPO). CPO is in the process of implementing 30 recommendations from the Performance Auditor and 10 recommendations from the Subcommittee in an effort to improve the County's procurement process. This report reflects the County of Orange's combined responses to the findings and recommendations in the Grand Jury's report on behalf of the Board of Supervisors, County Executive Officer, CEO – County Purchasing Agent, CEO – Information Technology Office, Health Care Agency, OC Community Resources, and OC Public Works.

F1. County government does not have an identified re-centralization strategy of its contracting assignments in order to pro-actively reduce the fragmentation, inconsistency, and inequality that currently exist. Several County executives and senior managers have noted a need is indicated for a substantial reorganization of intra-agency contracting/procurement responsibilities and personnel assignments.

Response: Partially disagrees with the finding. This recommendation will be considered at the point in time that the Contract Policy Manual is reviewed by Board of Supervisors; this is scheduled to occur in 2015.

F2. The County Contract Policy Manual, as adopted in 2012, performed an admirable job in response to the critique published by the 1997-1998 Orange County Grand Jury. A majority of the recommendations were implemented and have continued to be helpful in attainment of long-range goals.

Response: Agrees with the finding

F3. The 2012 County Contract Policy Manual is a helpful guide that has value as a reference tool; however the Manual is not a comprehensive document inclusive of specialized training courses, complete planning calendars, an extensive catalogue of procedural standards, and occupational proficiencies.

Response: Partially disagrees with the finding. The Contract Policy Manual (CPM) is a Board of Supervisors policy document and a tool for the County procurement community. As a policy document, it is not intended to include specialized training courses, complete planning calendars, an extensive catalogue of procedural standards, and occupational proficiencies. County Procurement Office (CPO)



COUNTY OF ORANGE

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continues to work on a Procurement Procedures Manual which would cover such topics. CPO has updated the Deputy Purchasing Agent (DPA) Training requirement increasing certification contact hours from 4 to 10 per year. Training Calendar has been updated to reflect 1) Monthly training DPA Best Practice meetings and at Quarterly training from Procurement Subject Matter Experts. At monthly Best Practices Meetings, DPAs are made aware of additional training via our outreach with NIGP: The Institute for Public Procurement and California Association for Public Procurement Officials (CAPPO) officer(s). The OC Procurement Procedure Manual will be issued in October 2014 as recommended by the Performance Auditor on June 17, 2014.

F4. The Contract Policy Manual lacks a summary for development of all contracting and procurement personnel, with broadened curricula, sample standard documents, and added seminars and workshops.

Response: Partially disagrees with the finding. The Contract Policy Manual is a Policy document and as a result, does not include the resources listed in the finding. Instead those are provided through required training in a variety of topics including Policy and Manual review, BidSync Solicitation, Cal Card Program, DPA Training Resources, DPA Best Practices Training, Compliance Program and use of the Purchasing Reference Links on CPO Website.

F5. Contracting and/or Procurement staff members expressly engaged in contracting are not given focused and thorough training designed to present topics in project management, contract administration, and risk assessment. In addition, there is an absence of objectives designed to enhance personal expertise, productivity, and effectiveness.

Response: Partially disagrees with the finding. The quality and amount of training provided to County procurement professionals has been increased from four hours per year to a minimum of ten hours per calendar year. Attendance at training has increased fivefold during 2014 to an average amount in excess of 100 attendees per session. This reflects an increased focus on and recognition of training and professional development. Also, the key managers from CPO attend and participate actively in the trainings which has been well received by staff. All procurement staff are also encouraged to gain additional hours from professional organizations, including CAPPO and NIGP. CPO plans to include training/webinars with Subject Matter Experts regarding Project Management, Contract Administration and Risk Assessment.



COUNTY OF ORANGE

Responses to Findings and Recommendations

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F6. There are County departments that assign staff members to perform contracting or procurement tasks that are unrelated to their regular roles. Such fragmented assignments present negative impacts to accuracy and productivity as a result.

Response: Partially disagrees with the finding. There are staff members that may perform contracting or procurement tasks in addition to other duties. However, there are many departments where staff are assigned solely to contracting and procurement functions. As recommended by the Performance Auditor on June 17, 2014 the County Purchasing Agent will routinely monitor the list of 'buyers' in CAPS+ and take steps to ensure compliance with the Contract Policy Manual. This annual monitoring began July 2014.

R1. The Board of Supervisors and County Executive Officer should adopt a re-centralization strategy and a corresponding implementation schedule for the contracting functions of a majority of County Agencies and Departments. The goal of said strategy will be to ensure that the contracting/procurement procedures and decision-making will be a collaborative and constructive process in an effort to provide for consistency, thoroughness, and transparency with the County Purchasing Agent.

Response: The recommendation requires further analysis. This recommendation will be considered at the point in time that the Contract Policy Manual is reviewed by Board of Supervisors; this will occur in the 2015 per Board direction to allow for the newly seated Board members to participate in the process. Implementing this recommendation presupposes this is the best or preferred route for the County without a comprehensive review process.

R2. The County Executive Officer, utilizing the services of the County Purchasing Agent, should revise and expand the County Contract Policy Manual. The revision should include: a) Procurement Guidelines; b) RFP and IFB methodology; c) Rules of Procedures and Evaluation; d) Procurement Ethics Guide (comprehensive version); e) Risk Assessment; f) Contract Management; and g) Best Practices for Contracting and Procurement.

Response: The recommendation requires further analysis. These recommendations will be reviewed as part of the 2015 review and update of the Contract Policy Manual.



COUNTY OF ORANGE

Responses to Findings and Recommendations

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R3. The County Executive Officer should implement expanded training curricula and workshops for Deputy Purchasing Agents and other subject matter experts performing contracting and procurement assignments pursuant to the County Contract Policy Manual. This would include increased training frequencies of longer duration, and staff membership councils that are comprised of peer level conferences and collaboration at least quarterly.

Response: The recommendation has been implemented. Beginning in 2014, the quality and amount of training provided to County procurement professionals has increased from a minimum of four hours per year to a minimum of ten hours per calendar year. All procurement staff are also encouraged to gain additional hours from professional organizations, including CAPPO and NIGP. CPO plans to include training/webinars with Subject Matter Experts regarding Project Management, Contract Administration and Risk Assessment.

R4. The County Executive Officer as well as department heads should ensure that County staff members, who act as the department's Purchasing Agent, should focus primarily, if not exclusively, on procurement and contracting responsibilities as their principal work assignment.

Response: The recommendation will not be implemented because it is not warranted at this time. The precise role of agency and departmental staff shall be made by the specific agency and department. Departmental purchasing managers shall continue to take part as policy leaders on the County Purchasing Council.