Good morning, Senate Chair Osten, House Chair Walker, General Government A. Subcommittee Chair Winfield, and Chair Ryan, and distinguished members of the Appropriations Committee. My name is Lawrence Fox and I am Chair of the State Contracting Standards Board (CSB).

I am joined by members of the Board:

- Thomas Ahneman, a member of the Board currently heading up our audit program and Chairman and CEO of Ahneman Kirby, LLC a multi-disciplinary engineering firm.

- Brenda Sisco, former Secretary of the Office of Policy and Management (OPM) and Commissioner of the Department of Administrative Services (DAS)

- Alfred Bertoline, a well-known Connecticut CPA heading up our data analysis effort.

- Stuart Mahler, retired from the Office of Policy and Management.

- Bruce Buff, a retired procurement executive for such firms as BIC.

- Jean Morningstar, recently retired Vice President of AFT Connecticut.

- Salvatore Luciano, President of the Connecticut AFL-CIO.

- Albert Ilg, retired long time town manager of Windsor.

- Also in attendance is the Board’s Executive Director, David Guay the sole staff of the Board.
Thank you for the opportunity to offer comments regarding Governor Lamont’s recommended budget for the FY 2020 - FY 2021 biennium.

Although Governor Lamont’s proposed budget for the CSB is austere, the CSB recognizes the state’s difficult budgetary climate and we respect that all state entities will once again have to do more with fewer resources. For instance, during this current fiscal year, the CSB made tremendous progress with its one employee and about $20,000 in other expense funds. As we have done in the past, the CSB will continue to work within the resources provided.

Today, I would like to update you on the tremendous progress the CSB has made.

This year, the work of the CSB continues to accelerate. Despite its limited resources, the CSB has successfully moved forward in meeting its many statutory obligations. Specific elements of progress include:

- Completed Review of the Department of Transportation bridge inspection privatization contracts. The Board approved the Department of Transportation plan to return the work to state employees to save over $2 million.

- The Board resolved three contested solicitations and awards of contracts.

- The Board concluded a study of Personal Service Agreements and Purchase of Service Contracts for FY 2016. Data indicated that 55% of all open contracts were not subject to competitive bidding and that 73% of Personal Service Agreements were not competitively bid. **The Board’s recommendations from the analysis have the potential for the State to realize $174-$264 million in cost savings annually.**

- The Board concluded a second study of Personal Service Agreement Contracts for FY 2017. The report indicated that 68% of all open Personal Service Agreements (PSA) were not subject to competitive bidding. **The Board’s recommendations from the analysis have the potential for the State to realize $56-$107 million in cost savings annually.**

- The Board under its Statutory Authority negotiated a Memorandum of Understanding (MOU) with the State Department of Education (SDE) to address the misappropriation of up to $4.5 million in contracts by the former Superintendent of the Connecticut Technical High School System.

- The Board concluded the audit of thirteen agencies.
  - UConn Health
  - UConn
  - State Department of Education
• Freedom of Information Commission
• Department of Social Services
• Department of Transportation
• Connecticut State Colleges and Universities
• Department of Administrative Services – Division of Construction Services
• Department of Children and Families
• Department of Developmental Services
• Department of Economic and Community Development
• Department of Mental Health and Addiction Services
• Department of Correction

The two PSA reports, the FY 2017 Audits, an example of the FY 2018 Audit, and the Board’s MOU with the State Department of Education are included in my written remarks. I am available to answer any questions you may have.
State of Connecticut
State Contracting Standards Board
Study of Personal Service Agreements (PSA)
Competitive Bidding Practices

Findings and Recommendations
Study of Personal Service Agreements Competitive Bidding Practices

December 2018

Committee Members
Alfred W. Bertoline, Chairman
Bruce Buff
Robert Rinker
David L. Guay, Ex Officio
State of Connecticut
State Contracting Standards Board (Board)
Study of PSA Competitive Bidding Practices Committee (Committee)
December 2018

Executive Summary
Findings and Recommendations

The Committee reviewed the Report to the General Assembly for Personal Service Agreements (PSA) submitted by the Office of Policy and Management (OPM) for the fiscal year ended June 30, 2017, dated October 31, 2017. The report indicated that 68% of all open Personal Service Agreements (PSA) were not subject to competitive bidding. A prior report on PSA contracts as of June 30, 2016, indicated that 73% were not competitively bid. This prompted the Board to conduct studies on PSA procurement practices in both 2016 and 2017. In performing our studies, it became clear that the lack of competitive bidding by state agencies was a problem and that through a robust competitive bidding process hundreds of millions of dollars may be saved annually by the State.

Findings from our studies are summarized as follows:

- The State is not taking advantage of the cost savings available through present procurement practices
- The tone at the top should focus on cost savings as important to the State’s success
- The waiver process from competitive bidding may be too routine and lax
- State employee training in procurement practices appears to be insufficient
- Knowledge transfer from contractor to State employees seems to have little focus in the State’s Contracting practices.
- The process to hire expensive outside contractors appears to be easier than to hire less expensive State employees

Recommendations

Empower the State Contracting Standards Board to bring immediate and significant value to the State (annual cost savings of $56-$107 million) by implementing the following:
Near Term

- Move the responsibility for the independent/objective approval of waivers from competitive bidding on PSA contracts from OPM to the Board.

- The Board should implement a procedure that requires all contracts that are requesting a waiver from competitive bidding be posted on BIZNET with the reasons justifying the waiver so there is complete public transparency in the conduct of State contracting

- Fill the vacant position of Chief Procurement Officer who will effectively discharge the Board’s statutory responsibility to oversee state contracting agency compliance with provisions of statutes and regulations concerning procurement and implement changes to address the following issues:

  - Business justification to outsource the work
  
  - Compliance issues addressing cost-benefit analysis, cost effectiveness evaluations and contractor performance evaluations
  
  - Building results-based accountability into contracts
  
  - Insure contracts include knowledge transfer provisions

- Populate the critical position of Chief Procurement Training Officer who will:

  - Educate State procurement employees so they have the power and tools to adequately perform their responsibilities
  
  - Monitor and assess the performance of the procurement duties of each agency procurement officer
  
  - Design and implement a procurement officer certification program to elevate their knowledge and proficiency in world-class procurement practices

- Add the position of Chief Procurement Auditor who will:

  - In collaboration with the State Auditors design procedures to continually monitor the financial and cost provisions on contracting regulations
  
  - Conduct regulatory triennial audits on every contracting agency
  
  - Establish an anonymous fraud/complaint hotline regarding procurement and perform investigations as appropriate
  
  - Measure and report annually on procurement process improvement success
Longer Term

We believe that the State has the potential for annual cost savings of several hundred million dollars by implementing the following:

- All procurement for the State should move from its present decentralized organization to a more centralized, professional group. There should be a Chief Procurement Officer and several full-time professionals performing all procurement functions for the State. Each agency would have a procurement professional assigned to it who would report directly to the Chief Procurement Officer. The agency professional would work along with the agency personnel in determining agency needs, performing cost-benefit and effectiveness analysis, establishing criteria and performance measurements for the contractor and assisting the agency in contractor evaluation and measurement of performance. The execution of each contract, including negotiation with the contractor, would be handled by the procurement professional to ensure that regulatory requirements were met, competition among contractors was robust and that optimum value is derived from each contract to the benefit of the citizens of the State.

- The operations of the centralized procurement group would be housed under an existing agency, perhaps the Department of Administrative Services or the Office of Policy and Management, yet the continuing independent/objective oversight of State procurement would reside with the Board.

- Bring all Offices, Agencies, and Departments of the State under the same procurement oversight and regulatory compliance. Presently, the following are excluded from the Board’s independent/objective oversight:

  - University of Connecticut
  - State College and University System
  - Constitutional Offices
  - Judicial Branch
  - Quasi-Public Agencies

The citizens of Connecticut deserve to have all State contracting be subject to the same regulations, standards and best practices not only to insure the State is getting the most value from each dollar spent on procurement but also that the process is open and transparent to all.
State of Connecticut
State Contracting Standards Board
Study of PSA Competitive Bidding Practices Committee
December 2018

Committee Members
Alfred Bertoline, Chairman
Bruce Buff
Robert Rinker
David Guay, Ex Officio

Introduction

The mission of the State Contracting Standards Board (Board) includes "...to ensure that state contracting and procurement processes reflect the highest standards of integrity, are transparent, cost effective..."

Further, State Procurement Standards issued by OPM for Personal Service Agreements require; "The competitive procurement process is designed to foster an impartial and comprehensive evaluation of multiple proposals, leading to the selection of the most responsible proposer who can provide the best value to the State... A procurement is considered "non-competitive" when a State agency purchases or acquires services by means of (1) a "sole source" selection, (2) an RFP process that results in the submission of fewer than three acceptable proposals..." To enter a non-competitive procurement "the agency must request a waiver from competitive solicitation and obtain approval from OPM."

In 2017, the Board reviewed the Report to the General Assembly for Personal Service Agreements (PSA) submitted by the OPM for the fiscal year ended June 30, 2016, dated October 7, 2016. That report indicated that of the $3.231 billion in total open PSA contracts as of June 30, 2016, 73% of such contracts were let on a non-competitive basis. Considering this result was not in the spirit of the requirement for a competitive procurement process, the Board conducted an analysis on the data and issued a report presenting the following summary of recommendations which we believed had the potential to realize cost savings to the State on PSA contracts to be $56-$107 million annually:

- Legislation should be passed mandating competitive bidding on all PSA and POS (Purchase of Service) contracts.

- The Board should be empowered to lead the development of updated procurement regulations and to implement an annual process to measure results, report on compliance and provide the leadership for continuing improvements to procurement practices based on its findings.
• The Board, in consultation with the Department of Administrative Services (DAS) should develop and implement a world-class procurement staff training and certification program.

The Board was unable to implement its recommendations due to its lack of resources. We needed the vacant Chief Procurement Officer position to be filled, and in addition we requested a training officer and auditor to accomplish the strengthening of State Procurement practices. Those professional skill sets were never authorized. However, input from the Board’s volunteer-sourced audit activity and other sources indicated that procurement issues continued to be a source of on-going concern.

Upon the Recommendation of the Board’s chairman, Larry Fox, and approval by the said Board, the Board initiated a process to analyze the waiver of competitive procurement for state contracts by the Office of Policy and Management for Personal Services Agreements. A Personal Service Agreement is a contract between a state agency to provide goods and services to that state agency. Chairman Fox appointed the following Board members, Alfred Bertoline, Chairman, Bruce Buff, and Robert Rinker. Mr. Fox also reached out to the Department of Administrative Services (DAS) and the Office of Policy and Management (OPM) to contribute to the scope of the study as well as the data collection and analysis. DAS appointed Carol Wilson, Director of Procurement, and Devin Marquez, Assistant Director of Procurement, as contributors. OPM declined to participate in the study.

The Committee reviewed the “Report to the General Assembly for Personal Service Agreements” submitted by the Office of Policy and Management for the fiscal year ended June 30, 2017, dated October 31, 2017. That report indicated that of the $3.647 billion in total open PSA contracts as of June 30, 2017, 68% of such contracts were let on a non-competitive basis. Since procurement standards require that no non-competitive contracts can be let without the approval and a documented waiver issued by OPM, our study focused on the waiver process and overall compliance with procurement standards.

**Scope of 2018 Study**

The Committee initiated a study as follows:

• Designed a form to solicit procurement standards including compliance and waiver information from agencies executing Personal Service Agreements

• Selected 60 non-competitive contracts from the “Report to the General Assembly for Personal Service Agreements” submitted by the Office of Policy and Management for the fiscal year ended June 30, 2017, dated October 31, 2017

• Requested contracting agencies to complete the information relating to compliance and waivers on the selected contracts

• Summarized our findings and recommendations for improvements

The form soliciting compliance information, ‘Contract Data Response Form’ (see Exhibit A attached), requested information including:

• Details on the PSA such as description of services, cost, and term
• A determination as to whether the PSA was a privatization contract and, if so, requested the applicable cost-benefit analysis be provided

• Information regarding contract extensions and/or renewals, and if Cost Effectiveness Evaluations were prepared, requested that they be provided

• Information justifying the waiver including sole source or fewer-than-three-proposal responses

• Information on whether the contractor was an individual or current or retired State employee and information addressing the regulatory requirements for such PSA

The sample of 60 PSAs selected for the study was determined as follows:

• 30 high-dollar PSAs were identified as follows:
  
  • The largest PSA contracting agencies were selected and the value of their total contracts represented 98% of all PSA contracts outstanding

  • The percentage of each agency’s PSA value to the total was determined, and that percentage was used to provide the number of PSAs by agency to be selected to study from the 30 in the sample

• 30 randomly selected PSAs from the entire data base as follows:

  • Using a random number generator, a 30-PSA sample was selected giving each PSA in the data base an equal chance of being selected. The only deviation came when the random number generator landed on a competitively bid contract, the selection took the next non-competitive contract in the listing

The sample selection process was followed to eliminate any bias in the selection process and in order that the results of the study be truly representative of current practices that prevail regarding PSA procurement.

Scope Exceptions

Agencies that did not respond to our request for information are as follows:

• Mental Health & Addiction Services

  11MHA1023
  17MHA1041
  17MHA1045
Findings

1. Compliance with established procurement standards is less than adequate as evaluated by the Committee:

<table>
<thead>
<tr>
<th>Cost Effectiveness Evaluations</th>
<th>68%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contractor Evaluation Form completed</td>
<td>88%</td>
</tr>
<tr>
<td>OPM Waiver Documentation not submitted</td>
<td>57%</td>
</tr>
<tr>
<td>Due Diligence on Sole Source Waiver not adequate</td>
<td>37%</td>
</tr>
<tr>
<td>Waiver Documentation on fewer than 3 bids not adequate</td>
<td>75%</td>
</tr>
<tr>
<td>If contractor was an individual:</td>
<td></td>
</tr>
<tr>
<td>Collective Bargaining Rep. not notified</td>
<td>83%</td>
</tr>
<tr>
<td>Commissioner of DAS not notified</td>
<td>82%</td>
</tr>
<tr>
<td>Joint Standing Committee not notified</td>
<td>83%</td>
</tr>
</tbody>
</table>

Cost Effectiveness Evaluations

Very few Cost Effectiveness Evaluations were provided on PSA renewals, as in most cases the respondent indicated that the PSA did not meet the definition of a privatization contract. There seems to be considerable misunderstanding of these requirements which needs clarification and training. Several PSAs were renewed over multiple years without any business evaluation on continued cost effectiveness and savings. This practice appears to promote hiring outside contractors to perform needed services as an easier path to compliance with budgetary measurement practices than possibly hiring less expensive state employees.
Contractor Evaluations

Very few Contractor Evaluations were submitted documenting compliance with this requirement. One comment on a PSA with renewals with a cumulative term of 10 years indicated "... no evaluation was performed as the contract is currently in process..." The lack of response and the comments indicate that this compliance requirement needs clarification and training for procurement personnel.

Documentation of Waivers

Documentation for the Waiver, due diligence on sole source and fewer- than-3-bid PSAs need special attention as the following justification comments demonstrate:

- Special capabilities because appointed by the State Board of Education
- Discussed internally and agency would need more funding if services came from a different source
- It would cause a delay in the release of funds; a new vendor would require start-up costs and staff would need retraining which would be costly and time consuming
- Requires specific knowledge...RFP would be disruptive to ongoing processes
- Selected vendor due to expertise and ability to meet timetables
- No waiver was granted but the contract seemed to be specifically designed for vendor
- No waiver submitted – just hand-written note “OPM approved”
- Only agency uniquely qualified for the service
- Waiver granted based on no known competitor – no due diligence documented
- Sole source waiver granted even though service is provided by several contractors in other 49 states
- Feels comfortable with service provider
- No waiver sought on contract renewal (This practice eliminates the continual testing of the marketplace for better pricing and/or better services and products)
- Department has not been approached by another vendor to do the work
- Pharmacy services – only response to a limited RFP distribution
- Easier to renew than prepare RFP
• Proprietary software – locked in (The use of open software would decrease the need for sole source and allow state employees access to software that would lower costs to the State)

Contracts with Individuals

We noted minimal compliance for PSAs with individuals to contact State labor organizations to notify them of the intent to contract with an outside individual.

It is apparent that compliance with procurement regulations and standards for PSAs is less than adequate. Further, the waiver process which should provide an independent check to insure agency procurement is realizing the most value for each dollar spent for State-purchased services has become more routine and may not provide the checks and balances intended by the requirement.

2. This study supports and reinforces the findings presented in our prior “Study of Competitive Bidding Practices” dated November 2017 as follows:

Tone at the top

There is little clear direction from the Executive and Legislative branches of State government over important procurement practices for State employees. There are plenty of rules and regulations guiding procurement activities which are found in many State-wide and agency publications, but there is no clear overriding directive on how to maximize the value to the State of each dollar spent. Cost savings appear to be far down the priority list in qualifying a contractor for some State agencies. The culture seems to be “just get the job done and keep the operation going” and one of selecting contractors with histories of delivering services in a seamless, least disruptive manner. These criteria are admirable; but lower priority focus is apparent for competitive bidding, reduction in costs, and transfer of knowledge to employees and proper documentation and justification for the contractor selected.

Considerable cost savings are not being realized due to non-competitive bidding practices of PSAs

Non-competitive PSAs represented 73% of all PSA contracts outstanding at the end of fiscal 2016. Justification for waivers from competitive bidding are summarized in the following general categories as presented in more detail in our current study above:

<table>
<thead>
<tr>
<th>Reason</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mandated to select contractor</td>
<td>31%</td>
</tr>
<tr>
<td>Contractor-unique qualifications</td>
<td>31</td>
</tr>
<tr>
<td>No reason given</td>
<td>19%</td>
</tr>
<tr>
<td>Other</td>
<td>7%</td>
</tr>
<tr>
<td>No bidder</td>
<td>7%</td>
</tr>
<tr>
<td>No time</td>
<td>5%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
</tr>
</tbody>
</table>
The waiver process from competitive bidding may be too routine and lax

Our sample revealed that one of the major deficiencies in procurement practices is the extensive use of the established procedure for securing waivers from competitive bids/proposals. Waivers are reviewed and approved based on insufficient justifications (not enough time to secure competition, no one else can provide the specific service, no apparent benefit to securing competition, etc.), and not enough critical review of these waiver requests is performed.

Training

State employee training in procurement practices appears to be insufficient. Procurement procedures are extremely complex, and compliance with the rules, regulations and agency requirements takes initial training and on-going education. We noted that employees assigned procurement responsibilities often had little formal training and too often learned from the person who performed the function before them. This process of education of our procurement personnel heightens the risk that improper practices continue to be passed on to the next person assigned to the task and to exposure to non-compliance continues to grow.

Knowledge Transfer

Knowledge transfer from contractor to State employee seems to have little focus in the State’s contracting practices. Of the top 40 PSA contracts, 38 have an average term of over 10 years and 2 (1 for banking services and 1 for investment services) have terms of 106 and 94 years, respectively. If original contracts are let because the State does not have the required expertise, over time the needed expertise and skills enhancement would be acquired by State employees to diminish the need to continue hiring outside contractors for the continuing scope of services. As a further example, DMAS considers their contractors as partners in providing services, and maintaining open lines of communication apparently keeps the Agency current from their perspective – but not to the degree to enable the agency to provide these services currently provided by contractors. Why should the State continue to pay a contractor to train its junior people over time at the State’s cost when the contractor should be training State employees to gain that expertise? There appears to be no transfer-of-knowledge-provisions included in any request of waiver from competitive bidding.

Contractor Suggestions

- Contractor suggestions – Contractors had the following suggestions regarding how to improve the procurement process:
  - RFPs are issued with specific criteria – Often contractors would like to respond with good ideas that differ from RFP specifications; however, such suggestions can’t be considered under current contract standards. The regulations need some flexibility to take advantage of efficiencies and potential cost savings.
  - The Contractor pool may be limited by onerous State contract requirements including Indemnification, Insurance, Protection of Personal Information, and Executive Orders clauses.
The Contractor Advisory Panel has not been populated with members, which limits the benefits from the free-flow of comments and suggestions from contractors on the State Procurement practices.

Our studies clearly demonstrate that cost of services takes a much lower priority with most agencies engaged in procurement. Agency performance is measured by performing continuing services in a reliable, consistent manner. Therefore, contractors tend to be those who have a proven relationship with the agency for seamless and reliable services on a continuing basis. Entering new PSAs through the RFP and competitive process tends to be a disruptive process to ongoing operations. and it may be easier to request a waiver from going through the competitive bidding process. The fact that 68% of open contracts as of June 30, 2017, were let on a non-competitive basis supports this motivation.

We believe the present practice of obtaining waivers from competitive bidding from the Office of Policy and Management has become more routine and less objective than necessary to bring State procurement cost under tighter control. Waivers from competitive procurement should be the exception rather than standard practice as the data demonstrates (73% for 2016; 68% for 2017). This function should be transferred to the Board for an independent/objective analysis of the data.

The benefits of securing competition, lower pricing, improved quality of services provided, improved risk management, and access to outside expertise have been well established. But how much in cost savings can be realized by the competitive bid process? There have been several studies on this subject which can offer some guidance on how much organizations can expect from requiring competition.

In an April 4, 2011, article in the New York Times, Leonard Gilroy, Director of Government Reform at the Reason Foundation, stated that competitive contracting usually generates cost savings of between 5 and 20 percent on average.

In 2009, a study conducted by the Government Accounting Office (GAO) determined that organizations average 20 percent cost savings on competed contracts. Researchers analyzed 56 contracts for agencies throughout the federal government. Eighty percent of the samples were from DOD sources and twenty percent were from non-DOD services. Overall, commodities seemed to yield higher cost savings than services; however, the average remained at 20%. These findings were validated by a study conducted in September 2014, entitled “The Value of Competitive Contracting,” by the Naval Post Graduate School, Monterey, California.

*The Joint Committee has utilized a very conservative anticipated cost savings of 8 to 15 percent.*

**Recommendations**

**Near Term**

**Empower the State Contracting Standards Board to bring immediate and significant value to the State (annual cost savings of $56-$107 million) by implementing the following:**

1. Move the responsibility for the independent/objective approval of waivers from competitive bidding on contracts from OPM to the Board.
2. The Board should implement a procedure that requires all contracts that are requesting a waiver from competitive bidding be posted on BIZNET with the reasons justifying the waiver so there is complete public transparency in the conduct of State contracting. In doing so, a potential bidder or proposer may contest the request for waiver under the Board’s Statue 4e-36 as being a non-competitive procurement.

3. Fill the vacant position of Chief Procurement Officer who will effectively discharge the Board’s statutory responsibility to oversee State contracting agency compliance with provisions of statutes and regulations concerning procurement and to implement changes to address the following issues:
   - Business justification to outsource the work
   - Focus on compliance issues addressing cost-benefit analysis, cost effectiveness evaluations and contractor performance evaluations
   - Building results-based accountability into contracts
   - Insure contracts include knowledge transfer provisions

4. Populate critical position of Chief Procurement Training Officer who will:
   - Educate State procurement employees so they have the power and tools to adequately preform their responsibilities
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5. Add the position of Chief Procurement Auditor who will:
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   - Measure and report annually on procurement process improvement success
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   - All procurement for the State should evolve from its present decentralized organization to a more centralized, professional group. There should be a Chief Procurement Officer and several full-time professionals performing all procurement functions for the State. Each agency would have a procurement professional assigned to it who would report directly to the Chief Procurement Officer. The agency professional would work with the agency in determining agency needs, performing cost-benefit and effectiveness analysis, establishing criteria and performance measurements for the contactor and assisting the agency in contractor evaluation and measurement of performance. The execution of each contract, including negotiation with the contractor, would be handled by the procurement professional to ensure that regulatory requirements were met, competition among contractors was robust and that optimum value is derived from each contract to the benefit of the citizens of the State.

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The citizens of Connecticut deserve to have all State contracting be subject to the same regulations, standards and best practices not only to insure the State is getting the most value from each dollar spent in procurement but also that the process is open and transparent to all.
State Contracting Standards Board
Joint PSA Review Committee
Contract Data Response Form

1. PSA #:  

2. Description of services:  

3. Agency:  

4. PSA Cost:  

5. What was the original term of this PSA (please provided PSA start and end dates)?

5a. If the start date of this PSA was after January 1, 2009, and these services meet the definition of a "privatization contract" (see CGS 4e-1(21)), please provide a copy of the Cost Benefit Analysis (see CGS 4e-16) prepared by your Agency.

5b. If the start date of this PSA was after October 1, 2014, and it did not require a cost benefit analysis as provide in CGS 4e-16(a), was a cost effectiveness evaluation conducted in accordance CGS 4e-16(p), if so please provide a copy of the cost effectiveness evaluation. If not, please provide an explanation as to why the Agency believes it was exempt from said cost effectiveness evaluation.

Questions 6, 7 and 8: Extensions and Renewals. For purposes of this questionnaire, extension means exercising your contractual rights (written into the Agreement) to extend the expiration date of the original Agreement (example, the original Agreement includes a provision that states that the Agency may extend this Agreement for up to two (2) one-year terms). Renewal means continuing an Agreement with a Vendor for a term that is outside of the original Agreement term and outside of any contractual rights to extend (example, the original Agreement did not include any extension provisions, and the Agency renewed the Agreement with the Vendor for a new term without any competition).

6. Does the PSA have an extension provision written into the Agreement? (circle)  
   Yes   No

7. Has the PSA ever been extended? (circle)  
   Yes   No
a. If the PSA has been extended, what date was the Agreement extended to?

b. If the PSA has been extended for more than one year or for an amount increasing the PSA value to more than $20,000, please provide a copy of OPM's approval of the waiver of the competitive process.

c. If the PSA was extended after October 1, 2014, please provide a copy of the Cost effectiveness Evaluation prepared by your Agency.

8. Has the PSA been renewed? Yes No

a. If the PSA has been renewed, explain the rationale for the renewal.

b. If the PSA has been renewed, what were the renewal dates?

c. If the PSA has been renewed for more than one year or for an amount increasing the PSA value to more than $20,000, please provide a copy of OPM's approval of the waiver of the competitive process.

d. If the PSA was renewed after October 1, 2014, please provide a copy of the Cost Effectiveness Evaluation prepared by your Agency.

e. If the PSA has been renewed, please provide a copy of the latest Personal Service Contractor Evaluation Form.

9. Was a Waiver for entering into a PSA contract without competitive bids received from OPM (circle) Yes No

a. Date of waiver (Please provide a copy)

10. Was waiver authorized due to "Sole Source" (circle) Yes No

11. Justification for sole source:

a. Cost for competitive procurement outweighs the benefits (Explain)
b. Contractor has special capability or unique experience (Explain)

c. Contractor has proprietary services or patent rights (Explain)

d. Specified through act of the Connecticut General Assembly (Include Copy)

e. Public safety emergency services (Explain)

f. Other

12. Please explain what due diligence was conducted and alternative sources researched and why no other sources met the Agency’s needs:

13. Justification due to RFP resulting in fewer than three acceptable proposals

   (circle) Yes  No

   a. What was done to seek responses?

      i. Print media advertising (Explain)

      ii. Industry, trade, or professional publication (Explain)

      iii. Newspapers having circulation primarily among minority-owned businesses (Explain)

      iv. Posted on the State Contracting Portal (Explain)
v. Posted on the Agency website (Explain)

vi. Other (Explain)

14. Was this contract with an individual? (circle) Yes   No

   a. Was the individual working as an independent contractor  Yes   No

      i. If yes, provide a copy of your justification in accordance with State Controller's Memorandum 94-9, "Determining a Worker's Status"

   b. Were the following notified?

      i. Appropriate collective bargaining representative  Yes   No

      ii. Commissioner of DAS  Yes   No

      iii. Joint standing committee having cognizance of matters relating to labor and public employees  Yes   No

   c. Was the individual contractor:

      i. A current State employee?  Yes   No

          1. If yes, please provide a copy of OPM's approval

      ii. A retired State employee?  Yes   No
Final Report

State of Connecticut
State Contracting Standards Board
Data Analysis Work Group

Findings and Recommendations
Study of Competitive Bidding Practices

January 2018

Members
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David L. Guay, Ex Officio
State of Connecticut  
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Executive Summary  
Findings and Recommendations

The Data Analysis Work Group reviewed the Reports to the General Assembly for Personal Service Agreements (PSA) and Purchase of Service Contracts (POS) submitted by the Office of Policy and Management for the fiscal year ended June 30, 2016, dated October 7, 2016. Data from the reports indicated that 55% of all open contracts were not subject to competitive bidding and that 73% of PSA contracts were not competitively bid. This prompted a further study of a sampling of subject contracts to determine the reasons for the high percentage of non-bid contracts.

Please note, the data reviewed does not include, for example such entities as the University of Connecticut, the Judicial Branch and Department of Administrative Services master contracts.

Our recommendations from this analysis have the potential for the State to realize $174 - $264 million in cost savings annually which are summarized as follows:

A. Legislation should be passed mandating competitive bidding on all POS and PSA contracts

We believe a robust competitive procurement process will lower costs to the State. Further, full and open competition using competitive procedures will save at least 8 – 12% in procurement costs annually, which when applied to open contracts for fiscal 2016 might represent annual savings in payments of $174-260 million and $824 million - $1.2 billion on all open contracts outstanding as of June 30, 2016. 

B. The State Contracting Standards Board (SCSB) should be empowered to lead the development of updated procurement regulations and to implement an annual process to measure results, report on compliance and provide the leadership for continuing improvements to procurement practices based on its findings.

C. SCSB should develop and implement a world-class procurement staff training and certification program
State Contracting Standards Board
Data Analysis Work Group
Report to the Full Board
January 2018
Final Report

Members
Alfred Bertoline, Chairman
Bruce Buff
Donna Karnes
David L. Guay, Ex Officio

Introduction
The Data Analysis Group of the State Contracting Standards Board (DAG) reviewed the following reports issued by the State of Connecticut Office of Policy and Management for the fiscal year ended June 30, 2016:

Report to the General Assembly, Personal Service Agreements (PSA), Submitted October 7, 2016

Report to the General Assembly, Purchase of Service Contracts (POS), Submitted October 7, 2016

Contract amounts for fiscal 2016 were as follows:

<table>
<thead>
<tr>
<th></th>
<th>Total Open Contract Amount</th>
<th>2016 Payments</th>
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</thead>
<tbody>
<tr>
<td>PSA Contracts</td>
<td>$3.231 billion</td>
<td>$0.413 billion</td>
</tr>
<tr>
<td>POS Contracts</td>
<td>7,086</td>
<td>1,761</td>
</tr>
<tr>
<td></td>
<td>$10.317 billion</td>
<td>$2.174 billion</td>
</tr>
</tbody>
</table>

Non-competitively bid PSA contracts represented 73% of total PSA contracts; and although the report doesn’t summarize the same data for POS contracts, a review of the detail contract listing indicated that 55% of all open contracts (PSA & POS) were not subject to competitive bidding. Further, the analysis of POS contracts indicated that some agencies bid all contracts, some agencies have a mix of bid/non-bid contracts and a few agencies have almost all non-bid contracts. Competitive bidding practices vary considerably among State agencies.

DAG initial observations from the review of this data.
1. A robust competitive procurement process generally lowers cost to the State – The State does not appear to be optimizing its opportunities to lower procurement costs with its current practices.
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 $3.231billion. Assuming current year payments are representative, open contracts would cover 7.8 years of contract expenditures. This may indicate that significantly more funds are obligated on a contract than what is needed to complete the current contract. This over-obligation approach may be used to ease the path to contract extensions and thereby, limit the competitive bidding process.

3. Long-term PSA contracts may inhibit knowledge transfer to State Employees which may result in higher avoidable costs to the State over time.
   a. One opportunity for savings should be to minimize outside contractors for repetitive training over several years as the proper transfer of knowledge to State employees should enable employees to assume more responsibility for training.
   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.
   c. Routine work should not be contracted to over-qualified contractors.

DAG concluded that further study was needed to verify its initial findings and perhaps add additional insights to the procurement process. Our further analysis is described in the following “scope of analysis,” and “scope exceptions” and “findings” sections.

Scope of Analysis

DAG selected a sample of 50 contracts, surveyed the applicable agency regarding procurement practices, summarized its findings and summarized its recommendations for improvement.

Contracts were selected as follows:

- Large-dollar, no-bid POS contracts
- PSA no-bid contracts
  - 10 high-dollar contracts covering 10 agencies
  - Random contracts covering all agencies

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<tr>
<td>10</td>
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</tbody>
</table>

Total 50

Surveys were prepared to be completed by agencies selected to answer the following (Exhibit A):

1. What they are doing to reduce contracting costs
2. What they are doing to encourage greater competition for the work
3. What they are doing to maximize knowledge transfer
4. Suggestions to minimize outside contracting costs
Surveys were also prepared to be completed by the contractor of each contract selected above to answer the following (Exhibit B):

1. What they have done and plan to do to reduce costs to the State
2. What the effect would be on costs if a larger portion of work was given to them
3. What they have done and what do they plan to do to maximize knowledge transfer and training to State employees
4. Suggestions to procurement process to provide adequate control yet reduce costs to the State

Scope Exceptions

a. Agencies not responding to survey requests
   i. DOC - Contract #14DOC0109AA
   ii. DCF - Contract #16DCF0011AA
   iii. DOT - Contracts #14DOT0097AA, 14DOT0148AA
   iv. DMAS - Contract #16MHA1021
b. Contractors - 6 out of 50 responded as follows
   i. UNITED WAY OF CONNECTICUT INC
   ii. COLUMBUS HOUSE INC
   iii. DATTCO INC
   iv. AIDS CONNECTICUT INC
   v. CENTER FOR MEDICARE ADVOCACY INC
   vi. SECURITY SERVICES OF CONNECTICUT INC

Findings

1. Tone at the top

There is little clear direction from the Executive and Legislative branches of State government over important procurement practices for State employees. There are plenty of rules and regulations guiding procurement activities which are found in many State-wide and agency publications, but there is no clear overriding directive on how to maximize the value to the State of each dollar spent. Cost savings appear to be far down the priority list in qualifying a contractor for some State agencies. The culture seems to be “just get the job done and keep the operation going” and one of selecting contractors with histories of delivering services in a seamless, least disruptive manner. These criteria are admirable; but lower priority focus is apparent for competitive bidding, reduction in costs, transfer of knowledge to employees and proper documentation and justification for the contractor selected.

2. Considerable cost savings are not being realized due to no-bid contracting practices.

No-bid contracts represented 55% of all open contracts and 73% of PSA contracts in fiscal 2016.
Our study sample of no-bid contracts had the following reasons for not seeking competitive bids as documented in their waiver requests:

<table>
<thead>
<tr>
<th>Reason</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mandated to select contractor</td>
<td>31%</td>
</tr>
<tr>
<td>Contractor-unique qualifications</td>
<td>31</td>
</tr>
<tr>
<td>No reason given</td>
<td>19</td>
</tr>
<tr>
<td>Blanket waiver on POS contracts</td>
<td>7</td>
</tr>
<tr>
<td>No bidder</td>
<td>5</td>
</tr>
<tr>
<td>No time</td>
<td>100%</td>
</tr>
</tbody>
</table>

Justification documented for “Mandated to select contractor” indicated that a third party dictated the selection such as Federal funds, legislative or court directives, etc. No supporting court orders or other documentation was submitted to support the statement. “No reason given” for not seeking competitive bids certainly raises compliance issues. “Contractor-unique qualifications” gave several differing reasons including ‘only contractor with this equipment,’ ‘our clients can choose who they are comfortable working with,’ and ‘unique skill sets,’ etc. “No time” and “no bidder” explanations had limited justification and documentation. “Blanket waiver on POS contracts” is self-explanatory.

Our review of the data revealed some interesting dynamics including:
- Most large direct-service providers have little competition on large contracts and therefore end up as single, sole source in the procurement process
- Smaller contractors may not respond to RFP due to some onerous requirements in State Contracting
- Newspaper ads and State websites may not be as relevant for reaching out to qualified contractors to respond to State RFPs – A new approach should be designed, tested and implemented

3. The waiver process from competitive bidding may be too routine and lax

Our sample revealed that one of the major deficiencies in procurement practices is the extensive use of the established procedure for securing waivers from competitive bids/proposals. Waivers are reviewed and approved based on insufficient justifications (not enough time to secure competition, no one else can provide the specific service, no apparent benefit to securing competition, etc.), and not enough critical review of these waiver requests is performed.

The following are further examples:

- Waivers were granted because the original (first) contract was the result of the competitive-bid process and the Agency didn’t consider it necessary to seek
competitive bids on renewals. In some cases, the current contract was bid 5 - 10 years ago.

- Some reasons for waiver indicate that federal grants and requirements were used and therefore competitive bids were not required.
- Some waivers justified not seeking competitive bids because it was too expensive to place an ad in the newspapers. More use of the internet and new aggressive ways to reach out to contractors should be encouraged.
- The current waiver process allows an agency to avoid seeking competitive bids if the cost to the State of a competitive solicitation would outweigh to benefits of such a process. This should fall under closer scrutiny and shouldn't be a subjective decision.
- The current waiver process allows an agency to avoid seeking competitive bids if the services is to be performed by a contractor having special capability, unique experience, proprietary service or patent rights. It should not be sufficient to merely state that a contractor is the only one able to do the job and/or another contractor could not be found. Closer scrutiny is necessary since this is a potential area for abuse.

4. Other findings

- Training – State employee training in procurement practices appears to be insufficient. Procurement procedures are extremely complex, and compliance with the rules, regulations and agency requirements takes initial training and on-going education. We noted that employees assigned procurement responsibilities often had little formal training and too often learned from the person who performed the function before them. This process of education of our procurement personnel heightens the risk that improper practices continue to be passed on to the next person assigned to the task and exposure to non-compliance continues to grow.

- Knowledge transfer – Knowledge transfer from contractor to State employee seems to have little focus in the State’s contracting practices. Of the top 40 PSA contracts, 38 have an average term of over 10 years and two (1 for banking services and 1 for investment services) have terms of 106 and 94 years respectively. If original contracts are let because the State does not have the required expertise, it would seem that over time the needed expertise and skills enhancement would be acquired by State employees to diminish the need to continue hiring outside contractors for the continuing scope of services. As a further example, DMAS considers their contractors as partners in providing services, and maintaining open lines of communication apparently keeps the Agency current from their perspective – but not to the degree to enable the agency to provide these services currently provided by contractors. Why should the State continue to pay a contractor to train its junior people over time at the State’s cost when the contractor should be training State employees to gain that expertise?

- Contractor suggestions – Contractors had the following suggestions regarding how to improve the procurement process:
  - RFPs are issued with specific criteria – Often contractors would like to respond with good ideas that differ from RFP specifications however, such suggestions can’t be considered under current contract standards.
The regulations need some flexibility to take advantage of efficiencies and potential cost savings. 

- The Contractor pool may be limited by onerous State contract requirements including Indemnification, Insurance, Protection of Personal Information, and Executive Orders clauses.
- The Contractor Advisory Panel has not be populated with members which limits the benefits from the free-flow of comments and suggestions from contractors on the State Procurement practices.

Recommendations

A. Legislation should be passed mandating competitive bidding on all POS and PSA contracts

Legislative and Executive branches adopt a standard vision for all State Procurement requiring Quality, Service and Value. Quality and Service should be determined by the contracting agency, but value should follow the Federal government standards which require “full and open competition using competitive procedures” in their procurement activities. As part of this program, each procuring agency is required to establish a “competition advocate” within its organization to review and challenge any procurement that limits competition. Such changes to the procurement process will save the State at least 8-12% per year, representing potential savings of $174-260 million for 2016 and $825 million – 1.2 billion for all the open contracts outstanding as of June 30, 2016.

B. The State Contracting Standards Board should be empowered to lead the development of updated procurement regulations and implement a process to measure results, report on compliance and provide leadership for continuing improvements to procurement practices based on its findings

The State Contracting Standards Board should direct the redrafting of procurement standards, regulations and procedures to implement the changes required by the new procurement vision. The new standards should address training (direct and on-line) and certification of procurement personnel, enhanced waiver procedures and requirements, knowledge transfer requirements for agencies and contractors, flexibility to take advantage of contractor ideas during the RFP process, perhaps a two-tier procurement process that would take into consideration less onerous contract requirements for lower risk, smaller contracts to encourage more small contractors to participate and a new reach-out program to find alternative ways to communicate contracting opportunities with product and service providers.

C. Develop and implement a world-class procurement staff training and certification program

- The State Contracting Standards Board should direct and supervise the development of a world-class procurement training and certification program for State procurement employees and design and implement a program to evaluate the effectiveness of the State’s procurement process on an annual basis.
State Contracting Standards Board
Data Analysis Sub-Group
Agency Data Response Form

Agency:

Commissioner:

Contract #

Contractor:

Description of Services:

Term:

Initial term or number of times renewed?

Review of Waiver:
  Reason for waiver
  Was documentation for waiver adequate
  Was waiver approved by OPM

What is agency doing to reduce contract costs

  Was it evident in contract documentation

What is agency doing to maximize knowledge transfer to employees

  Was it evident in contract documentation

Changes that would reduce costs of procurement

How is agency encouraging competition in procurement

  What examples support this point

Data Analysis Sub-group Reviewer
  Name

  Date reviewed

  Additional follow-up required

  Conclusions
State Contracting Standards Board
Data Analysis Sub-Group
Contractor Data Response Form

Contract #
Contractor:
Description of Services:
Term:
Initial term or number of times renewed?
How many contracts with the State
Agency:
Commissioner:
What is being done to reduce costs to the State
If more contracts were awarded, how would that effect your costs
What is being done to transfer knowledge to State employees
   Examples given
Suggested changes to procurement processes to reduce your costs

Data Analysis Sub-group Reviewer
   Name
   Date reviewed
   Additional follow-up required
   Conclusions
MEMORANDUM OF UNDERSTANDING
BETWEEN
THE CONNECTICUT STATE DEPARTMENT OF EDUCATION
AND
THE STATE CONTRACTING STANDARDS BOARD

This Memorandum of Understanding (MOU) is entered into by and between the Connecticut State Department of Education (hereinafter “CSDE”) and the State Contracting Standards Board (hereinafter “SCSB”).

WHEREAS, SCSB is established under Section 4e-2 of the Connecticut General Statutes; and
WHEREAS, the CSDE is established under Section 10-3a of the Connecticut General Statutes; and
WHEREAS, Section 4e-3 of the Connecticut General Statutes, grants the SCSB with all rights, powers, duties and authority relating to the procurement policies of the state, vested in, or exercised by, any state contracting agency may also be exercised by the SCSB; and
WHEREAS, Section 4e-4 (f) grants the SCSB with the authority to assist state contracting agencies in complying with the statutes and regulations concerning procurement by providing guidance, models, advice and practical assistance to state contracting agency staff relating to: (1) Buying the best service at the best price, (2) properly selecting contractors, and (3) drafting contracts that achieve state goals of accountability, transparency and results-based outcomes and to protect taxpayers' interest; and
WHEREAS, Section 4e-4 (j) defines the contract data reporting requirements to the SCSB by state agencies; and
WHEREAS, following the discovery of payments made by the Connecticut Technical High School System (now called the Connecticut Technical Education and Career System (CTECS)) to the Pita Group, LLC, pursuant to improper contracts entered outside of CSDE’s required contract approval process and without CSDE’s knowledge, the CSDE engaged in extensive investigative and remedial efforts, including, but not limited to, conducting its own extensive audit activities; notifying the Auditors of Public Accounts, which participated in CSDE’s audit activities; suspending all work with and payments to the contractor; requesting and obtaining an outside personnel investigation by the Department of Administrative Services (DAS) and taking significant personnel action on the basis of the DAS investigation; obtaining recovery of $107,000 from the Pita group; retaining an outside audit firm, Whittlesey, to perform a forensic audit to assist CSDE in identifying any additional amounts of state funds that could potentially be recoverable; providing training in contracting and procurement with the assistance of DAS to relevant CSDE and CTECS staff; and reporting to the SCSB concerning the foregoing investigative and remedial efforts; and
WHEREAS, the SCSB undertook a Triennial audit under C.G.S. Sec. 4e-6 including a review of the implementation of Section 4e-16(p) of the Connecticut General Statutes, which concerns “privatization contracts,” by Connecticut state agencies, including the CSDE; and
WHEREAS, the CSDE and the SCSB entered into discussions and consultation as provided under Section 4e-7 of the Connecticut General Statutes; and

NOW, THEREFORE, the CSDE and SCSB agree to the following terms and conditions:

1. The CSDE will submit its in-house training program to the SCSB for approval. The program shall provide instruction on general business acumen and on proper purchasing procedures as established in statutes and regulations and agency policies concerning procurement with an emphasis on ethics, fairness, consistency and project management.

2. The CSDE, through the appointed CSDE procurement officer, will certify to the SCSB within 90 days after receiving the SCSB’s approval pursuant to paragraph #1 that each employee with responsibility for buying, purchasing, renting, leasing or otherwise acquiring any supplies, service or construction, including the preparation of the description of requirements, selection and solicitation of sources, preparation and award of contracts and all phases of contract administration have received CSDE training in a program approved by the SCSB that shall educate such employees in general business acumen and on proper purchasing procedures as established in statutes and regulations concerning procurement with an emphasis on ethics, fairness, consistency and project management.

3. The CSDE will maintain internal documentation of the training, including a written acknowledgement of completion of training by each CSDE employee trained.

4. The CSDE will review any contract it enters, renews, extends or amends to determine the applicability of Section 4e-16 (p) of the Connecticut General Statutes to any and all privatization contracts held by the CSDE. Privatization contract means an agreement or series of agreements between a state contracting agency and a person or entity in which such person or entity agrees to provide services that are substantially similar to and in lieu of services provided, in whole or in part, by state employees, other than contracts with a nonprofit agency, which are in effect as of January 1, 2009, and which through a renewal, modification, extension or rebidding of contracts continue to be provided by a nonprofit agency as defined in Section 4e-1 (21) of the Connecticut General Statutes.

5. On a quarterly basis for the period December 1, 2018 through June 30, 2020, based upon completion of the review of contracts entered, renewed, extended or amended in each quarter to determine the applicability of Section 4e-16 (p) of the Connecticut General Statutes, CSDE will report to the SCSB a summary of the review. The report will include all contracts that had or are due to have a cost effectiveness evaluation performed and all contracts determined by CSDE not to be subject to Section 4e-16(p). For any contract determined not to be subject to Section 4e-16(p), the report will include the reason(s) for such determination.

6. A copy of all cost effectiveness evaluations performed in FY 19 and FY 20 will be filed with the SCSB upon submission to the Office of Policy and Management.
7. The CSDE will electronically report to the SCSB on a quarterly basis all new, renewed and extended contracts entered into by CSDE for the period of December 1, 2018 through June 30, 2020. The report shall include the contract number, a brief description of the contract, the start and end date of the contract, a copy of any competitive bid waiver request and shall indicate whether subcontracting is authorized by the contract.

8. By December 14, 2018, the CSDE will provide the SCSB with an update concerning the CSDE’s efforts, in accordance with the forensic audit conducted by the Whittlesey firm and counsel provided by the Office of the Attorney General, to identify and recover any additional funds that may be owed to the state from the Pita Group arising from payments made by the Connecticut Technical High School System to the Pita Group from 2014 until termination of the Contract by the Department of Administrative Services on August 17, 2017 beyond the $107,000 recovered to date.

9. The SCSB agrees to provide, upon request by the CSDE, guidance, technical assistance and other appropriate support concerning any of the items set forth in this MOU.

10. By entering into this MOU, the parties intend to fully resolve all pending matters, proceedings, actions, claims or disputes between them arising from the Pita Group Contract matter and the SCSB’s review for cost effectiveness evaluations compliance matter that caused it to consider initiating a proceeding pursuant to Section 4e-7 of the Connecticut General Statutes. Therefore, upon execution of this MOU by both parties, the SCSB will terminate with prejudice any proceeding, or any investigation, inquiry, process, intention or effort to initiate a proceeding, pursuant to Section 4e-7 or any other provision of the Connecticut General Statutes concerning the CSDE arising from or relating to the incidents or circumstances which formed the basis of this matter.

11. Any changes in the substance of the provisions of this Memorandum of Understanding may be made only by the mutual written agreement of both parties.

FOR:
THE CT DEPARTMENT OF EDUCATION

Dianna R. Wentzell 11/9/18
Dianna R. Wentzell Commissioner

FOR:
STATE CONTRACTING STANDARDS BOARD

David L. Guay 11/9/18
David L. Guay Executive Director
This compliance report on the State Contracting Standards Board (the Board) 2017 Audit of FY 2016 contracting for the Connecticut State Colleges and Universities (CSCU) is provided in accordance with Section 4e-6 C.G.S.

The scope of the audit was severely limited by the Board having a single employee. To address and overcome the limitation of a single employee and to fulfill its responsibilities the Board created an Audit Work Group comprised of volunteer members of the Board to conduct the audit.

The Connecticut State Colleges and Universities (CSCU) is one of twelve agencies selected for audit in 2017.

- Department of Transportation
- Department of Social Services
- Department of Mental Health and Addiction Services
- Department of Children and Families
- State Department of Education
- Department of Correction
- Department of Administrative Services – Division of Construction Services
- Freedom of Information Commission
- Department of Economic and Community Development
- Higher Education
  - University of Connecticut
  - University of Connecticut Health Center
  - Board of Regents

For 2017 the Board’s Audit Work Group created a self-audit questionnaire as the audit tool/instrument.

A review of the Connecticut State Colleges and Universities (CSCU) returned questionnaire notes the following.

Summary of Self-Assessment

Number of contracts: **5162**

Number of contracts on State Contracting Portal: **Some but not all.**

Number of contracts that were competitively bid: **1531**
Number of contracts that were single sourced: 0

Number of contracts that were sole sourced: 366

Number of contracts less than $50k for goods and services. See attached listing of IT-related vouchers beginning in 2016. The majority of our contracts are managed through statewide contracts or DAS. Number of contracts that met the definition of a privatization contract: 3600

Number of contracts that met the definition of a privatization contract and a cost benefit analysis were conducted: 0

Number of contracts that required a cost effectiveness evaluation: 0

Agency procurement standards: CSCU Procurement Policy (effective: 07/01/2017)

Evaluation team selection and composition: Evaluation team: stakeholders appointed by the Executive Officer responsible for the functional area served. Direct contact to the proposing/bidding parties is through the assigned procurement officer, so that no un-moderated contact between the prospective vendors and the voting members of the committee will occur.

Use of BizNet for electronically submittal of bids: No

Challenging aspects of competitively bidding contracts: Consolidating and/or reconciling the disparate needs/requirements of 18 different institutions/agencies into the statewide RFPs and other sourcing vehicles. This contributes to longer-than-desired durations of an RFx process, especially in the case of large enterprise-wide sourcing.

Staff assigned to procurement: 24

Training of staff assigned to procurement: The venues of staff training include DAS State procurement training, SCSB-delivered trainings, semi-annual meetings of the system-wide procurement community, professional development programs of consortia, and also small-group and one-on-one trainings of staff at the individual colleges and universities.

Are the number of contracts reported correct and can be reconciled? No, form was not returned as a fillable and readable PDF, requires further information.

Are all contracts placed on the Portal? No.
Have appropriate Cost Effectiveness Evaluations (CEEs) been completed? **N/A**

Are contracts competitively bid (greater than 66%) and are waivers for non-competitive contracts appropriate? **No.**

Has a Cost Benefit Analysis been completed for a new privatization contract? **No.**

Is BizNet used to advertise contracts? **No.**

**Corrective Measures**

The following corrective measures are subject to review by the State Contracting Standards Board in 2019.

- Evaluate how your agency uses Cost Effectiveness Evaluations (CEE’s)

- Evaluate when your agency uses waivers as an exception to competitive bidding.

- Implement or improve interdepartmental training for all procurement staff.

- The Biznet Portal must be utilized in all procurement activities as required by Section 4e-13(c) of the Connecticut General Statutes.

- Implement or improve contracting transparency and results based outcomes as required by Section 4e-14 of the Connecticut General Statutes.
DAS Division of Construction Services

State Contracting Standards Board Tri-Annual Audit Compliance Report

This compliance report on the State Contracting Standards Board (the Board) 2017 Audit of FY 2016 contracting for the Department of Administrative Services - Division of Construction Services is provided in accordance with Section 4e-6 C.G.S.

The scope of the audit was severely limited by the Board having a single employee. To address and overcome the limitation of a single employee and to fulfill its responsibilities the Board created an Audit Work Group comprised of volunteer members of the Board to conduct the audit.

The Department of Administrative Services - Division of Construction Services is one of twelve agencies selected for audit in 2017.

- Department of Transportation
- Department of Social Services
- Department of Mental Health and Addiction Services
- Department of Children and Families
- State Department of Education
- Department of Correction
- Department of Administrative Services – Division of Construction Services
- Freedom of Information Commission
- Department of Economic and Community Development
- Higher Education
  - University of Connecticut
  - University of Connecticut Health Center
  - Board of Regents

For 2017 the Board's Audit Work Group created a self-audit questionnaire as the audit tool/instrument.

A review of the Department of Administrative Services - Division of Construction Services returned questionnaire notes the following.

Summary of Self-Assessment

Number of contracts: **329**

Number of contracts on State Contracting Portal: **Some, but not all. No number given.**

Number of contracts that were competitively bid: **64**

Number of contracts that were single sourced: **14**

Number of contracts that were sole sourced: **0**
DAS Division of Construction Services

Number of contracts less than $50k for goods and services: **Not applicable**

Number of contracts that met the definition of a privatization contract: **0**

Number of contracts that met the definition of a privatization contract and a cost benefit analysis were conducted: **0**

Number of contracts that required a cost effectiveness evaluation: **1**

Agency procurement standards: DAS-Division of Construction Services are derived from state statutes, C.G.S. 4b-91 to 4b-95, 4b-103 and 4b-24.

Evaluation team selection and composition: DAS Construction Panels are selected in compliance with C.G.S. 4b-56.

Use of BizNet for electronically submittal of bids: **Yes, but will also accept paper forms.**

Challenging aspects of competitively bidding contracts: **Most challenging aspect of competitively bidding construction contract is quality control and risk assessment for low bid contracts.**

Staff assigned to procurement: **6**

Training of staff assigned to procurement: **One-on-one mentoring.**

Process and Procedures reviewed

Are the number of contracts reported correct and can be reconciled? **No.**

Are all contracts placed on the Portal? **Some, but not all.**

Have appropriate Cost Effectiveness Evaluations (CEEs) been completed? **Only one CEE was conducted for a small cost contract. In contrast, the Department of Transportation conducted extensive CEEs on it contracts that are in similar in nature to those contracts administered by Department of Administrative Services – Division of Construction Services.**

Are contracts competitively bid (greater than 66%) and are waivers for non-competitive contracts appropriate? **The Department of Administrative Services – Division of Construction Services conducted competitive bidding in excess of 66% based upon the self-assessment, but there remains the issue of reconciliation of total contracts as described above. Copies of waivers were not provided. A request for waivers would be appropriate.**

Has a Cost Benefit Analysis been completed for a new privatization contract? **Not applicable.**
DAS Division of Construction Services

Is BizNet used to advertise contracts? Yes.

Corrective Measures

The following corrective measures are subject to review by the State Contracting Standards Board in 2019.

- Evaluate how your agency uses Cost Effectiveness Evaluations (CEE’s).
- Evaluate when your agency uses waivers as an exception to competitive bidding.
- Implement or improve interdepartmental training for all procurement staff.
- The Biznet Portal must be utilized in all procurement activities as required by Section 4e-13(c) of the Connecticut General Statutes.
- Implement or improve contracting transparency and results based outcomes as required by Section 4e-14 of the Connecticut General Statutes.
State Contracting Standards Board Tri-Annual Audit Compliance Report

This compliance report on the State Contracting Standards Board (the Board) 2017 Audit of FY 2016 contracting for the Department of Children and Families is provided in accordance with Section 4e-6 C.G.S.

The scope of the audit was severely limited by the Board having a single employee. To address and overcome the limitation of a single employee and to fulfill its responsibilities the Board created an Audit Work Group comprised of volunteer members of the Board to conduct the audit.

The Department of Children and Families is one of twelve agencies selected for audit in 2017.

- Department of Transportation
- Department of Social Services
- Department of Mental Health and Addiction Services
- Department of Children and Families
- State Department of Education
- Department of Correction
- Department of Administrative Services – Division of Construction Services
- Freedom of Information Commission
- Department of Economic and Community Development
- Higher Education
  - University of Connecticut
  - University of Connecticut Health Center
  - Board of Regents

For 2017 the Board’s Audit Work Group created a self-audit questionnaire as the audit tool/instrument.

A review of the Department of Children and Families returned questionnaire notes the following.

Summary of Self-Assessment

Number of contracts: **170**

Number of contracts on State Contracting Portal: 9

Number of contracts that were competitively bid: **121**

Number of contracts that were single sourced: 0
DCF

Number of contracts that were sole sourced: 49

Number of contracts less than $50k for goods and services: 22

Number of contracts that met the definition of a privatization contract: 0

Number of contracts that met the definition of a privatization contract and a cost benefit analysis were conducted: 0

Number of contracts that required a cost effectiveness evaluation: 0

Agency procurement standards: practices established by OPM’s standards, the agency’s written procedures, and State policies, statutes, and regulations.

Evaluation team selection and composition: Most POS contracts awarded through the RFP process are structured to result in at least one service provider in each of DCF’s six regions. We have one evaluation team in each region. Teams include Subject Matter Experts from the region, at least one consumer and the incumbents of two positions that exist in each region, the System Development Program Director and the Grants & Contracts Specialist. The latter position is part of the Fiscal department and is responsible for leading the team meeting and producing the evaluation summary. Membership minimum is 5.

Use of BizNet for electronically submittal of bids: No.

To clarify the answer to the above question, no one is assigned full-time to procurement. There are multiple staff who have some responsibility for procurement. Within the fiscal department, there are 6 Grants & Contracts Specialists, 1 Associate FAO, 1 Processing Technician, 3 Program Managers, and the FAM2 who currently serves as the agency’s Procurement Officer. A PowerPoint presentation has been developed and was used to train the managers initially. The Program Managers are responsible for training the other staff members who have a role in procurement. There is also training required for anyone who is asked to participate on an evaluation team.

Challenging aspects of competitively bidding contracts: N/A

Staff assigned to procurement: 0

Training of staff assigned to procurement: To clarify the answer question 10, no one is assigned full time to procurement. There are multiple staff who have some responsibility for procurement. Within the fiscal department, they are the 6 Grants & Contracts Specialists, 1 Associate FAO, 1 Processing technician and 3 Program Managers, and the FAM2 who currently serves as the agency procurement officer. A PowerPoint presentation has been developed and was used to train the managers initially. The Program Managers are responsible for training the other staff members
who have a role in procurements. There is also training required for anyone who is asked to participate on an evaluation team.

Process and Procedures reviewed

Are the number of contracts reported correct and can be reconciled? **No.**

Are all contracts placed on the Portal? **No.**

Have appropriate Cost Effectiveness Evaluations (CEEs) been completed? **N/A.**

Are contracts competitively bid (greater than 66%) and are waivers for non-competitive contracts appropriate? **Yes.**

Has a Cost Benefit Analysis been completed for a new privatization contract? **N/A.**

Is BizNet used to advertise contracts? **No.**

Corrective Measures

The following corrective measures are subject to review by the State Contracting Standards Board in 2019.

- Evaluate how your agency uses Cost Effectiveness Evaluations (CEE’s)
- Evaluate when your agency uses waivers as an exception to competitive bidding.
- Implement or improve interdepartmental training for all procurement staff.
- The Biznet Portal must be utilized in all procurement activities as required by Section 4e-13(c) of the Connecticut General Statutes.
- Implement or improve contracting transparency and results based outcomes as required by Section 4e-14 of the Connecticut General Statutes.
This compliance report on the State Contracting Standards Board (the Board) 2017 Audit of FY 2016 contracting for the Department of Developmental Services (DDS) is provided in accordance with Section 4e-6 C.G.S.

The scope of the audit was severely limited by the Board having a single employee. To address and overcome the limitation of a single employee and to fulfill its responsibilities the Board created an Audit Work Group comprised of volunteer members of the Board to conduct the audit.

The Department of Developmental Services is one of twelve agencies selected for audit in 2017.

- Department of Transportation
- Department of Social Services
- Department of Mental Health and Addiction Services
- Department of Children and Families
- State Department of Education
- Department of Correction
- Department of Administrative Services – Division of Construction Services
- Freedom of Information Commission
- Department of Developmental Services
- Department of Economic and Community Development
- Higher Education
  - University of Connecticut
  - University of Connecticut Health Center
  - Board of Regents

For 2017 the Board’s Audit Work Group created a self-audit questionnaire as the audit tool/instrument.

A review of the Department of Developmental Services returned questionnaire notes the following.

Summary of Self-Assessment

- Number of contracts: 194
- Number of contracts on State Contracting Portal: Agency responded some but not all
- Number of contracts that were competitively bid: 8
Number of contracts that were single sourced: 0

Number of contracts that were sole sourced: 186

Number of contracts less than $50k for goods and services: 0

Number of contracts that met the definition of a privatization contract: 14

Number of contracts that met the definition of a privatization contract and a cost benefit analysis were conducted: 0

Number of contracts that required a cost effectiveness evaluation: 14

Agency procurement standards: Individuals are allocated funding based on their level of need. Choice is a key component of the DDS system that empowers people to decide who and what supports are provided and the ability to make timely changes to the type of supports they receive. Individual participants and their families work with case managers on the specific details of their individual plan and may obtain services from a provider or by directly hiring support staff that are paid by a Fiscal Intermediary (FI). Providers have one consolidated contract with the department for residential and day services. Whenever a contract is required to be procured, DDS utilizes the "RFP Process for Selecting Qualified Providers for Participant Supports" procedure number I.G.PR.004. These procedures were modeled after the OPM Procurement Standards. This procedure applies to all Purchase of Service ("POS") contracts associated with new development and with the transfer of existing provider programs.

The Business Office Procurement Staff follow the DAS GL Standards and contracts.

These standards may be waived at the discretion of the Commissioner of the Department of Developmental Services in order to address emergency situations.

Business Office purchases made from consumer funds are not subject to the same procurement standards as purchases made with State funds.

Evaluation team selection and composition: The DDS Commissioner (or designee) selects a group of persons to conduct the RFP process. The RFP team usually consists of representatives from Resource Administration, Case Management, Finance, Administration, Information Technology, Waiver Unit, Government and/or Legal affairs depending on the nature of the request. All RFP’s that require the contractor to provide direct supports to participants with intellectual disabilities must include a self advocate and/or family member as well as a case management representative.
Business Office Bond Fund projects that are over $10,000 and not covered under a DAS contract are bid out on the State Contracting Portal. There is a public bid opening on the day and time that the bids are due and the results are forwarded to the PFE 1 and PFE 2 for evaluation.

Use of BizNet for electronically submittal of bids: Yes

Challenging aspects of competitively bidding contracts: Over the last few years, DDS has noticed a drop in the number of providers submitting qualified bids. This has required the department to request approval from OPM for a sole source for some of the RFP proposals because there was less than three bids. The lack of a diversified number of submissions has frustrated a number of the teams and has caused a delay in programming for individuals because the RFP had to be rebid.

The most challenging aspect of competitively procuring in our Business Office is having to rebid a project that was posted on the State Contracting Portal when no bids have been received or when the amount of the bids received are over the budgeted cost of the project.

Staff assigned to procurement: 17

Training of staff assigned to procurement: Purchase of Service (POS) Contracts and Personal Service Agreements (PSA) are developed, managed and monitored in the Regions and the central office of DDS. The Operations Center in DDS’s Central Office is responsible for processing and monitoring residential, day and Fiscal Intermediary POS and PSA contracts and for associated fiscal and policy issues involving private providers of service. All individuals that are part of an evaluation team receive a two hour training on contract procurement. All new Operation Center Contract Specialists staff are trained by the Operations Manager on contract development, amendment processes and fiscal reporting. Five procurement staff.

The Procurement staff in the DDS Business Office attend DAS training, CORE training and OSC training. They also receive training from experienced Procurement staff in the Agency. Twelve individuals trained as procurement staff.

Process and Procedures reviewed

Are the number of contracts reported correct and can be reconciled? Yes.

Are all contracts placed on the Portal? Some but not all.
DDS

Have appropriate Cost Effectiveness Evaluations (CEEs) been completed? Yes

Are contracts competitively bid (greater than 66%) and are waivers for non-competitive contracts appropriate? DDS claimed 8 contracts out of 194 competitively bid (8%).

Has a Cost Benefit Analysis been completed for a new privatization contract? Not applicable.

Is BizNet used to advertise contracts? Yes.

Corrective Measures

The following corrective measures are subject to review by the State Contracting Standards Board in 2019.

- Evaluate how your agency uses Cost Effectiveness Evaluations (CEE’s)
- Evaluate when your agency uses waivers as an exception to competitive bidding.
- Implement or improve interdepartmental training for all procurement staff.
- The Biznet Portal must be utilized in all procurement activities as required by Section 4e-13(c) of the Connecticut General Statutes.
- Implement or improve contracting transparency and results based outcomes as required by Section 4e-14 of the Connecticut General Statutes.
This compliance report on the State Contracting Standards Board (the Board) 2017 Audit of FY 2016 contracting for the Department of Economic and Community Development is provided in accordance with Section 4e-6 C.G.S.

The scope of the audit was severely limited by the Board having a single employee. To address and overcome the limitation of a single employee and to fulfill its responsibilities the Board created an Audit Work Group comprised of volunteer members of the Board to conduct the audit.

The Department of Economic and Community Development is one of twelve agencies selected for audit in 2017.

- Department of Transportation
- Department of Social Services
- Department of Mental Health and Addiction Services
- Department of Children and Families
- State Department of Education
- Department of Correction
- Department of Administrative Services – Division of Construction Services
- Freedom of Information Commission
- Department of Economic and Community Development
- Higher Education ○ University of Connecticut ○ University of Connecticut Health Center ○ Board of Regents

For 2017 the Board’s Audit Work Group created a self-audit questionnaire as the audit tool/instrument.

A review of the Department of the Department of Economic and Community Development returned questionnaire notes the following.

Summary of Self-Assessment

Number of contracts: 6

Number of contracts on State Contracting Portal: No. Only one contract went into the
DECD

RFP process. The RFP was posted to DAS portal. However, the same awarded contract was not posted to the DAS portal. The other current PSA contracts are all sole-sourced contracts. Hence, they are not posted in the state portal.

Subsequent to this survey, we found the one PSA contract that went into the RFP process posted to the DAS portal under Culture and Tourism rather than DECD.

- Number of contracts that were competitively bid: 1
- Number of contracts that were single sourced: 5
- Number of contracts that were sole sourced: 5
- Number of contracts less than $50k for goods and services. See attached listing of IT related vouchers beginning in 2016. The majority of our contracts are managed through statewide contracts or DAS. Number of contracts that met the definition of a privatization contract: 0
- Number of contracts that met the definition of a privatization contract and a cost benefit analysis were conducted: 0
- Number of contracts that required a cost effectiveness evaluation: N/A

Agency procurement standards: Office of Policy and Management procurement standards; DECD Contracting and Procurement Standards, revised 11/7/14; DAS Procurement Standards.

Evaluation team selection and composition: Per DECD procedures outlined in the DECD Contracting and Procurement Standards

Use of BizNet for electronically submittal of bids: No

Challenging aspects of competitively bidding contracts: N/A

Staff assigned to procurement: There are several DECD staff assigned to perform different tasks in the procurement process using CORE CT roles. However, combined efforts would only be equivalent to 3 FTE with the following functions: requester, reviewer/authorization and processor.

Training of staff assigned to procurement: A formal announcement of updated procurement procedures is communicated via e-mail to agency staff. Individual consultation is provided by Office of Finance and Administration (OFA) staff for program managers who may need assistance in creating a personal service agreement. Technical assistance is provided to staff, typically for the program managers, and by providing references to the Connecticut (DAS) procurement standards and the current agency procurement policies and procedures. Program staff discusses how to
DECD

operationalize and execute their contracts with their own department managers. Program managers work with OFA to determine the appropriate funding source, process the PSA requests for OPM approval and submit to the Attorney General. Payments and financial reports are requested from OFA. In addition, DAS is consulted as necessary.

Process and Procedures reviewed

Are the number of contracts reported correct and can be reconciled? **N/A.**

YES, see change in response above

Are all contracts placed on the Portal? **No.**

YES, as applicable

Have appropriate Cost Effectiveness Evaluations (CEEs) been completed? **No.**

**N/A, DECD has no privatization contract.**

Are contracts competitively bid (greater than 66%) and are waivers for non-competitive contracts appropriate? **No.**

YES, consistent with DECD original response.

Has a Cost Benefit Analysis been completed for a new privatization contract? **No.**

**N/A, DECD has no privatization contract.**

Is BizNet used to advertise contracts? **Yes.**

**NO, consistent with DECD original response.**

Corrective Measures

The following corrective measures are subject to review by the State Contracting Standards Board in 2019.
DECD

- Evaluate how your agency uses Cost Effectiveness Evaluations (CEE’s)
- Evaluate when your agency uses waivers as an exception to competitive bidding.
- Implement or improve interdepartmental training for all procurement staff.
- The Biznet Portal must be utilized in all procurement activities as required by Section 4e-13(c) of the Connecticut General Statutes.
- Implement or improve contracting transparency and results based outcomes as required by Section 4e-14 of the Connecticut General Statutes.
DMHAS

State Contracting Standards Board Tri-Annual Audit Compliance Report

This compliance report on the State Contracting Standards Board (the Board) 2017 Audit of FY 2016 contracting for the Department of Mental Health and Addiction Services is provided in accordance with Section 4e-6 C.G.S.

The scope of the audit was severely limited by the Board having a single employee. To address and overcome the limitation of a single employee and to fulfill its responsibilities the Board created an Audit Work Group comprised of volunteer members of the Board to conduct the audit.

The Department of Mental Health and Addiction Services is one of twelve agencies selected for audit in 2017.

- Department of Transportation
- Department of Social Services
- Department of Mental Health and Addiction Services
- Department of Children and Families
- State Department of Education
- Department of Correction
- Department of Administrative Services – Division of Construction Services
- Freedom of Information Commission
- Department of Economic and Community Development
- Higher Education
  - University of Connecticut
  - University of Connecticut Health Center
  - Board of Regents

For 2017 the Board’s Audit Work Group created a self-audit questionnaire as the audit tool/instrument.

Summary of Self-Assessment

Number of contracts: 600

Number of contracts on State Contracting Portal: None

Number of contracts that were competitively bid: Can’t open the box

Number of contracts that were single sourced: None

Number of contracts that were sole sourced: Can’t open the box
DMHAS

Number of contracts less than $50k for goods and services: None

Number of contracts that met the definition of a privatization contract: None

Number of contracts that met the definition of a privatization contract and a cost benefit analysis were conducted: None

Number of contracts that required a cost effectiveness evaluation: No response

Agency procurement standards: OPM Procurement Standards


Use of BizNet for electronically submittal of bids: yes

Challenging aspects of competitively bidding contracts: Limited staff – only 3 staff to do along with other duties

Staff assigned to procurement: 3-part time staff

Training of staff assigned to procurement: Staff reading OPM guidelines and other staff who have done it in the past

Process and Procedures reviewed

Are the number of contracts reported correct and can be reconciled? No – Unable to open box on form to determine numbers reported or if they reconcile

Are all contracts placed on the Portal? None

Have appropriate cost effectiveness evaluations (CEE) been completed? Responded “none” on the form but submitted four evaluations for review.

Are contracts competitively bid (greater than 66%) and are waivers for non-competitive contracts appropriate? Unable to open box on form for response

Has a cost benefit analysis been completed for a new privatization contract? None

Corrective Measures

The following corrective measures are subject to review by the State Contracting Standards Board in 2019.

- Evaluate how your agency uses Cost Effectiveness Evaluations (CEE’s)
DMHAS

- Evaluate when your agency uses waivers as an exception to competitive bidding.
- Implement or improve interdepartmental training for all procurement staff.
- The Biznet Portal must be utilized in all procurement activities as required by Section 4e-13(c) of the Connecticut General Statutes.
- Implement or improve contracting transparency and results based outcomes as required by Section 4e-14 of the Connecticut General Statutes.
This compliance report on the State Contracting Standards Board (the Board) 2017 Audit of FY 2016 contracting for the Department of Corrections (DOC) is provided in accordance with Section 4e-6 C.G.S.

The scope of the audit was severely limited by the Board having a single employee. To address and overcome the limitation of a single employee and to fulfill its responsibilities the Board created an Audit Work Group comprised of volunteer members of the Board to conduct the audit.

The Department of Correction is one of twelve agencies selected for audit in 2017.

- Department of Transportation
- Department of Social Services
- Department of Mental Health and Addiction Services
- Department of Children and Families
- State Department of Education
- Department of Correction
- Department of Administrative Services – Division of Construction Services
- Freedom of Information Commission
- Department of Economic and Community Development
- Higher Education
  - University of Connecticut
  - University of Connecticut Health Center
  - Board of Regents

For 2017 the Board’s Audit Work Group created a self-audit questionnaire as the audit tool/instrument.

A review of the Department of Corrections returned questionnaire notes the following.

Summary of Self-Assessment

Number of contracts: 61

Number of contracts on State Contracting Portal: Agency responded some but not all

Number of contracts that were competitively bid: 26

Number of contracts that were single sourced: 0
Number of contracts that were sole sourced: 35

Number of contracts less than $50k for goods and services: 9

Number of contracts that met the definition of a privatization contract: None

Number of contracts that met the definition of a privatization contract and a cost benefit analysis were conducted: None

Number of contracts that required a cost effectiveness evaluation: None

Agency procurement standards: State of Connecticut, Office of Policy and Management, Procurement Standards: For Personal Service Agreements and Purchase of Service Contracts; State of Connecticut, Department of Correction, Contracts Administration Unit and Purchasing Unit Desk Procedures; DOC Administrative Directives 3.3 and 3.13; and General Letter 71

Evaluation team selection and composition: Contracts Administration Unit: See Desk Procedures, page 24. Purchasing Unit: The unit manager selects staff assigned to the commodity group being bid, and an evaluation of submitted packages is reviewed and documented for final approval.

Use of BizNet for electronically submittal of bids: Yes

Challenging aspects of competitively bidding contracts: Contracts Administration Unit: Resources (time and staff)

Purchasing Unit: On the maintenance and engineering side of procurement, because we have older buildings with outdated equipment, some of our service/commodity purchases are of the sole source variety. The difficulty we have at times with DAS, even though we provide all the documentation requested by DAS and adhere to all the other requests from DAS, we at times have to wait significant periods of time for the standardization transaction to be approved. In most of the cases it is time sensitive that we get approval so we can proceed. The DOC cannot endanger the public, staff, inmates and visitors and at times that is the case while we wait. It takes a significant amount of time and effort to make, what should be simple, straight forward procurements.

An additional challenge is meeting the state's set-aside requirements when appropriate set-aside vendors are not available (an example is the state's contracted supplier of cleaning and paper goods, which is not a set-aside vendor. DOC spends a significant amount of money on these products annually, however due to the fact that there is only one vendor on contract for these products and that vendor is not a set-aside vendor, a large portion of DOC's annual expenditures cannot be counted against its set-aside obligation).
Staff assigned to procurement: 12

Training of staff assigned to procurement: All staff are trained in-house by Agency Purchasing and Contracts Professionals who have been in the field for several years. Staff are strongly encouraged, and at times mandated, to attend State Contracting Standards Board, Department of Administrative Services, and Office of Policy and Management sponsored classes, as well as CORE-CT training and Agency in-service training modules. However, training is not always available, nor is it always pertinent. A more comprehensive procurement training curriculum and certification process would be helpful as would statewide reference manuals/FAQs, job aids and templates.

Process and Procedures reviewed

Are the number of contracts reported correct and can be reconciled? Yes.
Are all contracts placed on the Portal? Some but not all.

Have appropriate Cost Effectiveness Evaluations (CEEs) been completed? DOC claimed no privatization contracts that require completion of CEEs.

Are contracts competitively bid (greater than 66%) and are waivers for non-competitive contracts appropriate? DOC claimed 26 contracts out of 61 competitively bid (42%). Copies of waivers were not provided. A request for copies of waivers is appropriate.

Has a Cost Benefit Analysis been completed for a new privatization contract? Not applicable.

Is BizNet used to advertise contracts? Yes.

Corrective Measures

The following corrective measures are subject to review by the State Contracting Standards Board in 2019.

- Evaluate how your agency uses Cost Effectiveness Evaluations (CEE’s)
- Evaluate when your agency uses waivers as an exception to competitive bidding.
- Implement or improve interdepartmental training for all procurement staff.
• The Biznet Portal must be utilized in all procurement activities as required by Section 4e-13(c) of the Connecticut General Statutes.

• Implement or improve contracting transparency and results based outcomes as required by Section 4e-14 of the Connecticut General Statutes.
This compliance report on the State Contracting Standards Board (the Board) 2017 Audit of FY 2016 contracting for the Department of Transportation (DOT) is provided in accordance with Section 4e-6 C.G.S.

The scope of the audit was severely limited by the Board having a single employee. To address and overcome the limitation of a single employee and to fulfill its responsibilities the Board created an Audit Work Group comprised of volunteer members of the Board to conduct the audit.

The Department of Correction is one of twelve agencies selected for audit in 2017.

- Department of Transportation
- Department of Social Services
- Department of Mental Health and Addiction Services
- Department of Children and Families
- State Department of Education
- Department of Correction
- Department of Administrative Services – Division of Construction Services
- Freedom of Information Commission
- Department of Economic and Community Development
- Higher Education
  - University of Connecticut
  - University of Connecticut Health Center
  - Board of Regents

For 2017 the Board’s Audit Work Group created a self-audit questionnaire as the audit tool/instrument.

A review of the Department of Transportation returned questionnaire notes the following.

Summary of Self-Assessment

Number of contracts: 2,552 - represents all DOT contracts in CORE

Number of contracts on State Contracting Portal: Some but not all

Number of contracts that were competitively bid: 282 (11%) - only the active low-bid construction contracts
Number of contracts that were single sourced: 74 – represents the contracts related to Emergency Declarations

Number of contracts that were sole sourced: 1,411 - represents the contracts
DOT has with municipalities, state universities and other state agencies

NOTE: Unaccounted for 785 contracts. No competitive bid assumed.

Number of contracts less than $50k for goods and services: Zero

Number of contracts that met the definition of a privatization contract: Zero

Number of contracts that met the definition of a privatization contract and a cost benefit analysis were conducted: Zero

Number of contracts that required a cost effectiveness evaluation: 73 completed

Agency procurement standards:

- Construction contracts are low bid pursuant to 13b-34, 13b-4(12)
- Consultants are selected pursuant to 13b-20(a-p)
- Construction-manager-at-risk and design-build pursuant to 13-a-95c
- Emergency declarations under the following:
  - Highways & Bridges - 13b-26(f)(2)
  - Rails - 13b-4d(a)(1)
  - Transit - 13b-4d(a)(2)
  - State or Federal Disaster - 13b-26(f)(1)

Evaluation team selection and composition: Appointed by the Commissioner

Use of BizNet for electronic submittal of bids: Yes

Challenging aspects of competitively bidding contracts: The time to complete the various required steps for competitive procurements challenges efficiency and causes delays in meeting the Departments core missions. This is an area where a statewide lean could be very beneficial (we would welcome the opportunity to participate).

Staff assigned to procurement: 21

- DOT Purchasing Office – 5 staff
- DOT Contracts Office – 7 staff
- DOT Agreements Office – 8 staff
- Consultant Selection Head – 1 staff

Training of staff assigned to procurement: Staff avail themselves of DAS, FHWA, FTA and internal DOT procurement training courses.
Process and Procedures reviewed

Are the number of contracts reported correct and can be reconciled?  All contracts reported are DOT contracts in CORE that have an “Approved” or “Open” status and have a term that has not expired. Reconciliation - 785 contracts are unaccounted for.

Are all contracts placed on the Portal?  Yes.

Have appropriate Cost Effectiveness Evaluations (CEEs) been completed?  Only 73 CEE’s are offered for 785 unidentified contracts.

Are contracts competitively bid (greater than 66%) and are waivers for non-competitive contracts appropriate?  Competitively bid is unclear, and not likely. The waiver process is not clear.

Has a Cost Benefit Analysis been completed for a new privatization contract?  No.

Is BizNet used to advertise contracts?  Yes.

Corrective Measures

The following corrective measures are subject to review by the State Contracting Standards Board in 2019.

- Evaluate how your agency uses Cost Effectiveness Evaluations (CEE’s)
- Evaluate when your agency uses waivers as an exception to competitive bidding.
- Implement or improve interdepartmental training for all procurement staff.
- The Biznet Portal must be utilized in all procurement activities as required by Section 4e-13(c) of the Connecticut General Statutes.
- Implement or improve contracting transparency and results based outcomes as required by Section 4e-14 of the Connecticut General Statutes.
This compliance report on the State Contracting Standards Board (the Board) 2017 Audit of FY 2016 contracting for the Department of Social Services is provided in accordance with Section 4e-6 C.G.S.

The scope of the audit was severely limited by the Board having a single employee. To address and overcome the limitation of a single employee and to fulfill its responsibilities the Board created an Audit Work Group comprised of volunteer members of the Board to conduct the audit.

The State Department of Education is one of twelve agencies selected for audit in 2017.

- Department of Transportation
- Department of Social Services
- Department of Mental Health and Addiction Services
- Department of Children and Families
- State Department of Education
- Department of Correction
- Department of Administrative Services – Division of Construction Services
- Freedom of Information Commission
- Department of Economic and Community Development
- Higher Education
  - University of Connecticut
  - University of Connecticut Health Center
  - Board of Regents

For 2017 the Board’s Audit Work Group created a self-audit questionnaire as the audit tool/instrument. A review of the Department of Social Services returned questionnaire notes the following.

Summary of Self-Assessment

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<thead>
<tr>
<th>Description</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of contracts</td>
<td>357</td>
</tr>
<tr>
<td>Number of contracts on State Contracting Portal</td>
<td>No Answer</td>
</tr>
<tr>
<td>Number of contracts that were competitively bid</td>
<td>42</td>
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<tr>
<td>Number of contracts that were single sourced</td>
<td>N/A</td>
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<tr>
<td>Number of contracts that were sole sourced</td>
<td>114</td>
</tr>
<tr>
<td>Number of contracts less than $50k for goods and services</td>
<td>N/A</td>
</tr>
</tbody>
</table>
DSS

Number of contracts that met the definition of a privatization contract: None

Number of contracts that met the definition of a privatization contract and a cost benefit analysis were conducted: None

Number of contracts that required a cost effectiveness evaluation: no response

Agency procurement standards: OPM procurement manual – The department also has its own procurement manual which has been approved by OPM – May vary from standard where not required i.e. recommended – only to be more flexible and efficient

Evaluation team selection and composition: Selected from program staff initiating the buy – one member of team will be from Division Financial services – Technical advisors may be used

Use of BizNet for electronically submittal of bids: yes, Biznet is used

Challenging aspects of competitively bidding contracts: small staff doing procurements, i.e. manager plus 3 staff – proper & timely planning of need to procure – selection of team members because this is in addition to their regular responsibilities

Staff assigned to procurement: Manager & 3 staff

Training of staff assigned to procurement: the use of OPM manual, department manual and by observing and doing – Senior staff are available to provide guidance – also take advantage of training offered by OPM, DAS & SCSB

Process and Procedures reviewed

Are the number of contracts reported correct and can be reconciled? **The numbers reported on the form do not reconcile**

Are all contracts placed on the Portal? **Question not answered**

Have appropriate cost effectiveness evaluations (CEE) been completed? **No response on the form however, 2 were submitted**

Are contracts competitively bid (greater than 66%) and are waivers for non-competitive contracts appropriate? **42 out of 357 were competitively bid**

Has a cost benefit analysis been completed for a new privatization contract? **None reported**

Corrective Measures
DSS

The following corrective measures are subject to review by the State Contracting Standards Board in 2019.

- Evaluate how your agency uses Cost Effectiveness Evaluations (CEE’s)
- Evaluate when your agency uses waivers as an exception to competitive bidding.
- Implement or improve interdepartmental training for all procurement staff.
- The Biznet Portal must be utilized in all procurement activities as required by Section 4e-13(c) of the Connecticut General Statutes.
- Implement or improve contracting transparency and results based outcomes as required by Section 4e-14 of the Connecticut General Statutes.
This compliance report on the State Contracting Standards Board (the Board) 2017 Audit of FY 2016 contracting for the Freedom of Information Commission is provided in accordance with Section 4e-6 C.G.S.

The scope of the audit was severely limited by the Board having a single employee. To address and overcome the limitation of a single employee and to fulfill its responsibilities the Board created an Audit Work Group comprised of volunteer members of the Board to conduct the audit.

The Freedom of Information Commission is one of twelve agencies selected for audit in 2017.

- Department of Transportation
- Department of Social Services
- Department of Mental Health and Addiction Services
- Department of Children and Families
- State Department of Education
- Department of Correction
- Department of Administrative Services – Division of Construction Services
- Freedom of Information Commission
- Department of Economic and Community Development
- Higher Education
  - University of Connecticut
  - University of Connecticut Health Center
  - Board of Regents

For 2017 the Board’s Audit Work Group created a self-audit questionnaire as the audit tool/instrument.

A review of the Freedom of Information Commission returned questionnaire notes the following.

Summary of Self-Assessment

Number of contracts: 0
Number of contracts on State Contracting Portal: 0
Number of contracts that were competitively bid: 0
Number of contracts that were single sourced: 0
Number of contracts that were sole sourced: 0
Number of contracts less than $50k for goods and services: 0
Number of contracts that met the definition of a privatization contract: 0
Number of contracts that met the definition of a privatization contract and a cost benefit analysis were conducted: 0
Number of contracts that required a cost effectiveness evaluation: 0
Agency procurement standards: practices established by OPM’s standards, the agency’s written procedures, and State policies, statutes, and regulations.

Evaluation team selection and composition: N/A Agency uses current State contracts as listed on the DAS contracting portal and purchase is approved by the Executive Director or DAS where required. Practices are established under OPM’s standards, the agency’s written procedures, and State policies, statutes, and regulations.
Use of BizNet for electronically submittal of bids: N/A
Challenging aspects of competitively bidding contracts: N/A
Staff assigned to procurement: 2
Training of staff assigned to procurement: CORE training, OPM Procurement Standards, DAS procurement website and the State Accounting Manual.

Process and Procedures reviewed

Are the number of contracts reported correct and can be reconciled? N/A.
Are all contracts placed on the Portal? N/A.
Have appropriate Cost Effectiveness Evaluations (CEEs) been completed? N/A.
Are contracts competitively bid (greater than 66%) and are waivers for non-competitive contracts appropriate? N/A.
Has a Cost Benefit Analysis been completed for a new privatization contract? N/A.
Is BizNet used to advertise contracts? N/A.
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Corrective Measures

No corrective measures required.
This compliance report on the State Contracting Standards Board (the Board) 2017 Audit of FY 2016 contracting for the State Department of Education (SDE) is provided in accordance with Section 4e-6 C.G.S.

The scope of the audit was severely limited by the Board having a single employee. To address and overcome the limitation of a single employee and to fulfill its responsibilities the Board created an Audit Work Group comprised of volunteer members of the Board to conduct the audit.

The State Department of Education is one of twelve agencies selected for audit in 2017.

- Department of Transportation
- Department of Social Services
- Department of Mental Health and Addiction Services
- Department of Children and Families
- State Department of Education
- Department of Correction
- Department of Administrative Services – Division of Construction Services
- Freedom of Information Commission
- Department of Economic and Community Development
- Higher Education
  - University of Connecticut
  - University of Connecticut Health Center
  - Board of Regents

For 2017 the Board’s Audit Work Group created a self-audit questionnaire as the audit tool/instrument.

A review of the State Department of Education’s returned questionnaire notes the following.

Summary of Self-Assessment

Number of contracts: 202

Number of contracts on State Contracting Portal: **Some, but not all.**

Number of contracts that were competitively bid: 25

Number of contracts that were single sourced: 0

Number of contracts that were sole sourced: 122
Number of contracts less than $50k for goods and services: 107

Number of contracts that met the definition of a privatization contract: 0

Number of contracts that met the definition of a privatization contract and a cost benefit analysis were conducted: 0

Number of contracts that required a cost effectiveness evaluation: N/A

Agency procurement standards: Yes, the procurement standards were attached to SDE’s submittal to the SCSB.

Evaluation team selection and composition: Evaluation teams are approved by the Chief of the Division. Evaluation teams include state employees of other state agencies and have utilized non-state employees.

Challenging aspects of competitively bidding contracts: The agency must rely on program/project staff to be engaged in bidding process. All contracts are to be reviewed by and approved by Legal Office prior to execution. Agency indicates that this is a time consuming process for its limited staff.

Use of BizNet for electronically submittal of bids: No.

Staff assigned to procurement: 4

Training of staff assigned to procurement: Staff are required to attend training as offered by various state agencies. It was noted that only one staff person was assigned to contracts out of the four.

Summary of any interviews or discussions with Agency procurement officials or higher level officials:

Chair Ahneman welcomed Kathleen Demsey, Chief Financial Officer of the State Department of Education and Attorney Peter Haberlandt, Director of Legal Affairs for the State Department of Education to the Audit Work Group meeting of December 8, 2107.

Chair Ahneman began by thanking Attorney Haberlandt for his letter of December 1, 2017 answering a list of questions posed by the Audit Work Group. Chair Ahneman asked Ms. Demsey and Attorney Haberlandt to respond to those questions orally and in their own words.

Ms. Demsey outlined the Connecticut Technical High School System (CTHS) and the so called side agreements between then Superintendent Torres and the Pita Group.

Ms. Demsey noted that she uncovered the side agreements at the end of the fiscal year upon discovering a payment to the Pita Group for $750,000. The SDE internal audit unit then provided a review of the Pita invoice documents.

Mr. Bertoline asked how these payments are processed and why didn’t red flags go up about the Pita payments. Ms. Demsey replied that the invoices filed by then Superintendent Torres referenced the Department of Administrative Services (DAS) master contract to make it look like they were in compliance with the master contract.

Mr. Rinker noted that the DAS master contract which includes the Pita Group is a time and effort contract and noted that the invoices had no time and effort to them. Mr. Rinker further asked if there
was any matching up of the invoices to the contract. Ms. Demsey responded not by the accounts payable staff but by the manager, in this case Superintendent Torres. Ms. Demsey described that the accounting person is responsible for making sure the payment is made from the appropriate funding source, that an appropriate active contract is referenced and that the appropriate manager signature is on the invoice confirming the receipt of services.

Attorney Haberlandt added the volume of transactions going through the fiscal office is quite significant. Ms. Demsey noted that they process approximately 60,000 transactions a year.

Chair Ahneman summarized that it was really up to the Superintendent to sign off and Ms. Torres was citing the master contract on the purchase orders, with the fiscal office not knowing if it was legitimate or not, but the documentation was consistent with requirements. Ms. Demsey and Attorney Haberlandt agreed.

Chair Ahneman asked if Ms. Torres had the ability and authorization to enter into side agreements. Ms. Demsey replied that the only people in the agency (SDE) authorized to enter into contracts were herself and the Commissioner. Attorney Haberlandt added that it there position that no one has the authorization to enter into a side agreement that is not a legal state contract.

Jean Morningstar summarized that the Pita agreement was not really even a formal side agreement but a misuse of a legitimate master contract.

Attorney Haberlandt noted that there are letters of agreement between Ms. Torres and the Pita Group but no formal contract. Attorney Haberlandt further noted that in all of the documentation on the Pita Group and Technical High Schools through the Superintendent, there is no awareness or reference to the master contract which Pita was part of. The place the master contract is cited is in the purchase orders from Superintendent Torres.

Mr. Bertoline asked if there was a way or a system to catch this type of activity, is the only control rest with the top person. Attorney Haberlandt does not believe that is the only control or chance to catch things. Attorney Haberlandt further stated that in this instance it would have been better to have caught it earlier. Attorney Haberlandt also noted the internal and external audits of SDE.

Mr. Bertoline noted the difficulty in catching someone who commits such an act, until the large end of fiscal year invoice Ms. Demsey refers to as the trigger for greater scrutiny. Ms. Dempsey stated that up to that point invoices for this transaction had averaged about $20,000.

Ms. Demsey discussed the fiscal training her unit provides to all managers in the Department of Education. Ms. Demsey discussed their open door policy and explained that her chief of fiscal services on any given day spends three quarters of it providing technical assistance to the managers in the Department. Ms. Demsey further explained the posting and availability of the Department’s rules and procedures on the internet.

Ms. Demsey offered in the matter of Superintendent Torres and the Pita Group, the individuals actively avoided seeking assistance from the fiscal staff.

Executive Director Guay asked Ms. Demsey if any document came to her in the Pita matter for her signature or approval. Ms. Demsey responded no. Mr. Guay followed up with a question on what is the Department doing in training to avoid an instance like the Pita Group and Superintendent Torres.
Ms. Demsey stated that they have sought assistance from Carol Wilson, (title) of the Department of Administrative Services to provide training to all the senior management in the Department. Ms. Demsey stated that training was followed up with further in house training provided by her Chief of Fiscal Services.

Ms. Demsey offered that she is not sure that there was anything she could have done to have caught the Pita matter earlier. Ms. Demsey followed that this was a situation in which people actively worked to deceive.

Executive Director Guay asked Ms. Demsey if they now have a mechanism in place to catch a problem like the Pita matter. Ms. Demsey stated they are working on it. Ms. Demsey referred to the work being done by the Departments internal audit unit and that the Department has engaged Whittlesey and Hadley, PC, CPA’s to perform a forensic audit.

Mr. Rinker speaking about the use of master contracts, recounts that someone has to create a scope of work, and asked who in the Department creates that scope of work and who reviews that scope of work. Mr. Rinker followed up by noting in the SDE letter that from a master contract you randomly select three vendors and how are three randomly selected.

Ms. Demsey responded that having DAS master contracts affords agencies the ability to purchase in a timely manner, but she noted, it is also incumbent upon the agency to follow the rules and procedures. According to Ms. Demsey, managers in SDE are tasks with creating the scope of work. Ms. Demsey further discussed the unique relationship the Connecticut Technical High Schools had with SDE. Noting the CTHS has its own Board, in which Dr. Torres brought the scope of work for approval.

Ms. Demsey noted that SDE had previously engaged the Pita Group off the master contract for work, thus they knew the Department’s procedures.

Jean Morningstar asked Ms. Demsey how the Pita and CTHS transaction should have worked.

Ms. Dempsey illustrated that Dr. Torres would have created a scope of work and engaged the Ms. Dempsey’s office to ensure it met the terms and the scope of the contract. If Dr. Torres had engaged her office, Ms. Dempsey stated they would have advised either to move to an RFP or interview at least three vendors from the master contract.

Chair Ahneman noted that the letters of agreement terms between the Pita Group and Dr. Torres were different than in the master contract.

Chair Ahneman asked Ms. Demsey that with the training now and place, what would happen if a manager tried to sign a secondary agreement. Ms. Demsey responded that the CTHS until such time as they are fully independent of the SDE are now following the SDE purchasing rules. Ms. Demsey also stated that prior to any payment her office is doing an extra review.

Attorney Haberlandt noted that it is possible theoretically for someone to enter side agreements and nobody be aware of it, if appropriate laws and processes are not followed.
Mr. Bertoline suggested to Ms. Demsey that she create some sort of mechanism for reporting suspected fraud. Attorney Haberlandt related that an individual did approach the SDE office of internal audit at the same time as Ms. Demsey’s discovery via the large end of year invoice.

Mr. Rinker offered that he is still troubled by a master contract with 42 vendors on it. Mr. Rinker further offered that the side agreements were the smoking gun, that if someone simply wanted to dummy up some invoices from a vendor on the master contract, no one would know they were improper invoices.

Chair Ahneman asked who has signing authority for contracts at SDE. Ms. Demsey responded that she and the Commissioner do. Chair Ahneman asked if Dr. Torres had the authority. Both Ms. Demsey and Attorney Haberlandt responded no.

Executive Director Guay spoke of his experience as an Executive Director for Board’s and asked what type of improvement the State Technical High School has made.

Ms. Demsey stated the Board has formed an audit subcommittee to watch the business functions more closely and are utilizing technical assistance through the SDE office of internal audit.

Mr. Rinker asked in the review of the matter has the Pita Group been interviewed. Ms. Demsey responded that the Department of Administrative Services performed the investigation into the Pita matter, but the State Department of Education has not.

Chair Ahneman noted that there was clearly a break down, was it a break-down of procurement or was it a break-down of audit and what can the State Contracting Standards Board do to assist SDE so this does not happen again.

Ms. Demsey responded that to the extent that individuals who are high enough in the organization can choose to not follow the processes and procedures, then there is only so much that can be done. Ms. Demsey added that the internal processes have been strengthened and will continue to be based upon results of the review by Whittlesey and Hadley, PC.

Attorney Haberlandt added, there a consequences to choices made. The Superintendent is no longer employed by the State and the contractor was terminated from the contract. Attorney Haberlandt further added that he hoped the deterrent factor will have some effect.

Mr. Bertoline asked if Ms. Demsey and Attorney Haberlandt to return and tell the Board the changes and improvements they have made and also provide the Board with the changes and improvements made so far.

Process and Procedures reviewed

Are the number of contracts reported correct and can be reconciled? **No.**

Are all contracts placed on the Portal? **Some, but not all.**
Have appropriate Cost Effectiveness Evaluations (CEEs) been completed? The State Department of Education claims that the statutory requirement for CEEs is not applicable to the Agency.

Are contracts competitively bid (greater than 66%) and are waivers for non-competitive contracts appropriate? The majority of State Department of Education’s contracts are not competitively bid. There also remains the issue of reconciliation of total contracts as described above. Copies of waivers were not provided. A request for waivers would be appropriate.

Has a Cost Benefit Analysis been completed for a new privatization contract? Not applicable.

Is BizNet used to advertise contracts? No.

Corrective Measures

The following corrective measures are subject to review by the State Contracting Standards Board in 2019.

- Evaluate how your agency uses Cost Effectiveness Evaluations (CEE’s)
- Evaluate when your agency uses waivers as an exception to competitive bidding.
- Implement or improve interdepartmental training for all procurement staff.
- The Biznet Portal must be utilized in all procurement activities as required by Section 4e-13(c) of the Connecticut General Statutes.
- Implement or improve contracting transparency and results based outcomes as required by Section 4e-14 of the Connecticut General Statutes.
UCONN HEALTH

State Contracting Standards Board Tri-Annual Audit Compliance Report

This corrected compliance report on the State Contracting Standards Board (the Board) 2017 Audit of FY 2016 contracting for the University of Connecticut Health Center (UCHC), is provided in accordance with Section 4e-6 C.G.S.

UConn is reported separately.

The scope of the audit was severely limited by the Board having a single employee. To address and overcome the limitation of a single employee and to fulfill its responsibilities the Board created an Audit Work Group comprised of volunteer members of the Board to conduct the audit.

The University of Connecticut Health Center is one of twelve agencies selected for audit in 2017:

- Department of Transportation
- Department of Social Services
- Department of Mental Health and Addiction Services
- Department of Children and Families
- State Department of Education
- Department of Correction
- Department of Administrative Services – Division of Construction Services
- Freedom of Information Commission
- Department of Economic and Community Development
- Higher Education
  - University of Connecticut
  - University of Connecticut Health Center
  - Board of Regents

For 2017 the Board’s Audit Work Group created a self-audit questionnaire as the audit tool/instrument.

Process and Procedures reviewed
A review of the University Of The Connecticut Health Center returned questionnaire notes the following.

Summary of Self-Assessment
Number of contracts: 1276

Number of contracts on State Contracting Portal: Agency responded some but not all

Number of contracts that were competitively bid: 212

Number of contracts that were single sourced: 0

Number of contracts that were sole sourced: 378

Number of contracts less than $50k for goods and services: 786

Number of contracts that met the definition of a privatization contract: None

Number of contracts that met the definition of a privatization contract and a cost benefit analysis were conducted: UCHC claimed N/A

Number of contracts that required a cost effectiveness evaluation: UCHC claimed N/A

Agency procurement standards: We follow UConn Health policies and procedures as well as the Connecticut statutes applicable to higher education. Our policies and procedures were sent to SCSB on 10/15/2015, as requested by Claudia Baio. We would be glad to provide another copy if needed.

Evaluation team selection and composition: Voluntary participation by subject matter experts.

Use of BizNet for electronically submittal of bids: Yes

Challenging aspects of competitively bidding contracts: UConn Health, like other academic medical centers, needs specialized goods and services to support it's patient care, education and research missions. There are many institutions in need of these specialized goods and services and few suppliers able to provide them. Given their market power, some of these suppliers are deterred from responding to UConn Health's formal procurement processes, which require them to fill out State forms and expose themselves to the costs and risks of State requirements and audits. They prefer to put their resources toward doing business with institutions with more flexibility and autonomy, which often compete with UConn Health for patients, students and research funding. As a result of these requirements and conditions, UConn Health, at times, experiences less supplier participation and higher prices than would be expected.

Staff assigned to procurement: 11.5 FTE

Training of staff assigned to procurement: Training is primarily designed and provided internally through formal training and informal mentoring. UConn Health employees
UCONN HEALTH

also attend State training (such as that provided by the SCSB) and belong to various professional organizations that provide professional development.

Are the number of contracts reported correct and can be reconciled? **Unable to reconcile.**

Are all contracts placed on the Portal? **Some but not all.**

Have appropriate Cost Effectiveness Evaluations (CEEs) been completed? **UCHC claimed not applicable.**

Are contracts competitively bid (greater than 66%) and are waivers for non-competitive contracts appropriate? **UCHC claimed 212 contracts out of 1,276 competitively bid (17%).**

Has a Cost Benefit Analysis been completed for a new privatization contract? **UCHC claimed not applicable.**

Is BizNet used to advertise contracts? **Yes.**

Corrective Measures

The following corrective measures are subject to review by the State Contracting Standards Board in 2019.

- Evaluate how your agency uses Cost Effectiveness Evaluations (CEE’s)
- Evaluate when your agency uses waivers as an exception to competitive bidding.
- Implement or improve interdepartmental training for all procurement staff.
- The Biznet Portal must be utilized in all procurement activities as required by Section 4e-13(c) of the Connecticut General Statutes.
- Implement or improve contracting transparency and results based outcomes as required by Section 4e-14 of the Connecticut General Statutes.
This corrected compliance report on the State Contracting Standards Board (the Board) 2017 Audit of FY 2016 contracting for the University of Connecticut (UConn), is provided in accordance with Section 4e-6 C.G.S.

UConn Health (UCHC) is reported separately.

The scope of the audit was severely limited by the Board having a single employee. To address and overcome the limitation of a single employee and to fulfill its responsibilities the Board created an Audit Work Group comprised of volunteer members of the Board to conduct the audit.

The University of Connecticut is one of twelve agencies selected for audit in 2017.

- Department of Transportation
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- Department of Children and Families
- State Department of Education
- Department of Correction
- Department of Administrative Services – Division of Construction Services
- Freedom of Information Commission
- Department of Economic and Community Development
- Higher Education
  - University of Connecticut
  - University of Connecticut Health Center
  - Board of Regents

For 2017 the Board’s Audit Work Group created a self-audit questionnaire as the audit tool/instrument.

Process and Procedures reviewed
A review of the University of Connecticut returned questionnaire notes the following.

Summary of Self-Assessment

Number of contracts: 4,373

Number of contracts on State Contracting Portal: Agency responded some but not all
Number of contracts that were competitively bid: **1,253**

Number of contracts that were single sourced: 0

Number of contracts that were sole sourced: **436**

Number of contracts less than $50k for goods and services: 9

Number of contracts that met the definition of a privatization contract: **None**

Number of contracts that met the definition of a privatization contract and a cost
benefit analysis were conducted: **None**

Number of contracts that required a cost effectiveness evaluation: N/A

Agency procurement standards: **UConn Purchasing Procedures. These were provided to SCSB on 06/30/16. UConn is glad to provide another copy if needed.**

Evaluation team selection and composition: **Voluntary participation by subject matter experts.**

Use of BizNet for electronically submittal of bids: **No**

Challenging aspects of competitively bidding contracts: **UConn, like other institutions of higher education, needs specialized goods and services to support education and research missions. There are many institutions in need of these specialized goods and services and few vendors able to provide them. Given their market power, these vendors are deterred from responding to UConn's formal procurement processes, which require them to fill out State forms and expose themselves to the costs and risks of State requirements and audits. They prefer to put their resources toward doing business with institutions with more flexibility and autonomy, that often compete with UConn. As a result of these requirements and conditions, UConn, at times, experiences less vendor participation and higher prices than would be expected.**

Staff assigned to procurement: **27 FTE**

Training of staff assigned to procurement: **Training is primarily designed and provided internally through formal training and informal mentoring. UConn also attends State training (such as that provided by the SCSB) and is a member of various professional organizations that provide professional development.**

Are the number of contracts reported correct and can be reconciled? **Unable to reconcile.**

Are all contracts placed on the Portal? **Some but not all.**
UCONN

Have appropriate Cost Effectiveness Evaluations (CEEs) been completed? **UConn claimed not applicable.**

Are contracts competitively bid (greater than 66%) and are waivers for non-competitive contracts appropriate? **UConn claimed 1253 contracts out of 4,373 competitively bid (29%).**

Has a Cost Benefit Analysis been completed for a new privatization contract? **UConn claimed not applicable.**

Is BizNet used to advertise contracts? **No.**

Corrective Measures

The following corrective measures are subject to review by the State Contracting Standards Board in 2019.

- Evaluate how your agency uses Cost Effectiveness Evaluations (CEE’s)
- Evaluate when your agency uses waivers as an exception to competitive bidding.
- Implement or improve interdepartmental training for all procurement staff.
- The Biznet Portal must be utilized in all procurement activities as required by Section 4e-13(c) of the Connecticut General Statutes.
- Implement or improve contracting transparency and results based outcomes as required by Section 4e-14 of the Connecticut General Statutes.
# Section 1 - Summary of Agency Contracts for Fiscal Year 2018

1. Total number of contracts for fiscal year 2018?  
   *This includes both new and renewed or extended contracts.*  
   *This includes any master contract utilized from DAS, and POS and PSA contracts.*  
   *(a + b of Section 1 should equal 1 here)*

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| a. | Of those contracts above how many were by competitive procurement?  
   *(The three methodologies of competitive procurement are competitively bid, best value selection and qualified based selection. Also includes on-call contracts.)* |
| b. | How many contracts above were not by competitive procurement? |
| i. | How many above contracts were sole sourced? |
| ii. | How many above were small purchase procedure contracts?  
   *(under $20,000)* |

2. Do the number of contracts in a and b above add up to the total current contracts in FY 2018 in 1. above?  
   i. If not why?
Section 2 - Privatization Contracts

1. How many of the total contracts reported in Section 1 (question 1) are privatization contracts as defined in Sec. 4e-1(21) C.G.S.?

2. How many of the total contracts reported in Section 1 (question 1) are privatization contracts issued post 1/1/2014?

   a. Of those privatization contracts how many had a Cost-benefit-Analysis and business case approved by the State Contracting Standards Board? If not, please explain below this section.

3. How many of the total contracts reported in Section 1 (question 1) are privatization contracts that have been entered into, renewed or extended since 10/1/2014, which required a cost-effectiveness-evaluation (CEE) filed with the Office of Policy and Management (OPM)? If a cost-effectiveness-evaluation (CEE) was not completed and filed in accordance with Sec. 4e-16(p) C.G.S., please explain why below this section.

From question 2a above. - Attach all completed Cost-Benefit Analysis and business cases.

From question 2a above. - Explain why a Cost-benefit-Analysis and business case was not presented to and approved by the State Contracting Standards Board here.

From question 3 above. - Attach all completed Cost-Effectiveness-Evaluations filed with the Office of Policy and Management.

From question 3 above. - Explain why a Cost-Effectiveness-evaluation was not completed.
Section 3 – POS or PSA Contracts

1. How many POS or PSA contracts received a waiver to competitive procurement? Please provide and attach the waiver(s).

2. Does the Agency have any program waivers?* If yes how many? Please provide and attach the waiver(s).

* A “program waiver” is different from a “sole source” procurement. With a sole source procurement, OPM gives an agency permission to select and negotiate with a single contractor to provide a service, without conducting a competitive procurement. With a program waiver, OPM gives an agency permission to select and negotiate with all its current contractors for a single program to provide a service, without conducting a competitive procurement.

Section 4 – Procurement staff and training

1. Do you use BizNet (The State’s Contracting Portal) to post all solicitations, all completed contracts and for contractors to submit forms electronically?

   a. If not please explain.

2. Who is the current appointed Procurement Officer for the Agency, per Section 4e-5 C.G.S.?

   a. How is the Procurement Officer trained?

3. How many staff are assigned to procurement for your agency?

   a. Full time employees.

   b. Part time employees (assigned to other duties).

   c. How is staff trained in procurement during the last fiscal year?
i. Choose all that apply (circle number)
   1. Formal training from outside the agency
   2. Formal in-house training
   3. On the job training
   4. Mentoring
   5. Other (please describe)

4. Please add any training suggestions.

**Section 5 – Accountability, transparency and results based outcomes**

Does the agency review contracts for accountability, transparency and results based outcomes as required by Section 4e-14 C.G.S.?

1. Does the agency have a statement of the statutory basis, or other basis, and the history of the contract and the need to contract out?

2. Does the agency have a description of how the contract fits within the strategic plan and goals of the agency and an analysis of the quantified objectives of the contracts?

3. Does the agency have a description of the contract's goals, fiscal and staffing data and the populations served by the contract?

4. Does the agency conduct evaluations at the end of the contract period? Such as data demonstrating the amount of service provided, the effectiveness of said contract, and the measurable impact on quality of life results for service recipients?

5. Does the agency have an analysis of internal and external factors positively and negatively impacting the change in quality of life outcomes over time of the contract?

6. Does the agency track the contract's administrative and other overhead costs?

7. Does the agency track and maintain any recommendations for improving the contract's performance.