



# Procurement Reform Overview

*Financial Management Advisory Council*

*Presented by Roselyn Marcus*

*February 28, 2013*

# Topics

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- A trip down memory lane
- Procurement Reform and its implementation
- Delegation of authority and its implementation
- Big initiatives under procurement reform
- Smaller changes to state procurements
- Rules that haven't changed
  - Questions



# What Happened in 2011?

- Fiscal Crisis = Government Reform
- ESSB 5931 – The reorganization of five agencies into three agencies and two new offices:

Before ESSB 5931	After ESSB 5931
Office of Financial Management	Office of Financial Management
Department of Personnel	Department of Enterprise Services
General Administration	Consolidated Technology Services
Department of Information Services	State HR Director
Department of Printing	Office of Chief Information Officer



# *Study Needed*

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## Section 105(2)

In order to effect reform and consolidation of procurement practices, the department shall review current state procurement practices, not including public works, and provide a report to the governor with procurement reform recommendations.



# *Study Requirements*

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- Review best practices and other state and federal government procedures.
- Review private sector procedures and model codes (American Bar Association).
- Seek input from stakeholders and interested parties.
- Submit a report by December 31, 2011.
- Submit draft legislation.



# *State Contracting Agency*

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## Prior Statutory Scheme:

- Chapter 39.29 RCW (OFM)
- Chapter 43.19 RCW (GA)
- Chapter 43.105 RCW (DIS/ISB)
- Chapter 43.78 RCW (Printer)



# *2012 – Procurement Reform is Born*

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- 2SHB 2452 - Signed March 30, 2012
- Combines 3 statutory chapters into one – Chapter 39.26 RCW
- Governs all state procurements for goods and services.
- Went into effect January 1, 2013



# *Intent of Procurement Reform*

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

RCW 39.26.005

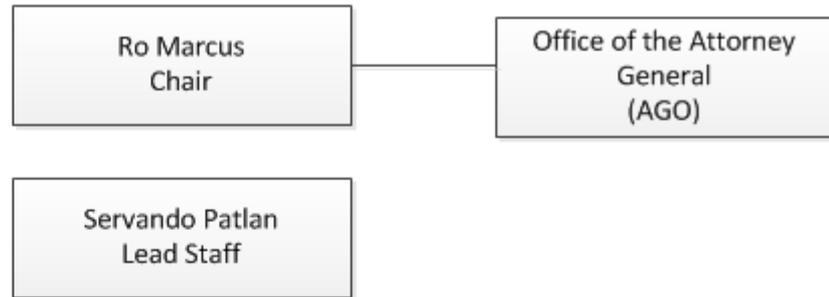


# Centralize Oversight

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- Department of Enterprise Services is required to develop policies for state contracting activities: RCW 39.26.080, 39.26.090, 39.26.180.
- Department of Enterprise Services is authorized to establish rules for state contracting activities: 39.26.090(11), 39.26.200.





**“Not a voting body, a vetting body”**

**Advisory Committee Members**

State Agencies  
Higher Education (University and SBCTC)  
Vendors or Vendor Groups  
Local Government Representatives  
Labor  
OMWBE or Ad Hoc Committee

**Work Groups**

Training  
Sole Source  
Award  
Debarment  
Transparency  
Procurement Management Guidelines  
Miscellaneous  
I.T. Procurement

# Guiding Principles

- The procedures and requirements must:

Be FAIR	Be COMPETITIVE
Be able to obtain FAIR and REASONABLE PRICES	Be ACCOUNTABLE & provide HIGH ETHICAL STANDARDS
Be TRANSPARENT	Be COST EFFICIENT & EFFECTIVE
Be TIMELY	Be FLEXIBLE
Be SIMPLIFIED	Be INNOVATIVE
PROMOTE SMALL BUSINESSES	SEEK BEST VALUE
NOT OVER REGULATE	EMPLOY BEST PRACTICES



# Initiatives

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- Transparency requirements under RCW 39.36.210
  - Collection of contract data
  - Posting of contract data
- Electronic world (or welcome to the 21<sup>st</sup> century)
  - Electronic submittal of bids under RCW 39.26.090(70)
  - Electronic signatures under RCW 39.26.180(1)(f)
- Small Business Initiatives
  - Sole source contracts and direct buy limits
  - Examine barriers to participation
  - Excessive insurance and bond requirements



# Other Changes

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- Bonds (RCW 39.26.190)
  - Protest bonds
  - Performance bonds
- Debarment (RCW 39.26.200)
  - Rulemaking in process
  - Comment period through March 25
  - Hearing scheduled March 18

