



# **Risk Based Approach to Delegation and Oversight**

*Financial Management Advisory Council*

*Presented by Becci Riley*

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# *Intent of Procurement Reform*

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

RCW 39.26.005



# Delegation of Authority

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## RCW 39.26.090(5)

Have authority to delegate to agencies authorization to purchase goods and services. The authorization must specify restrictions as to dollar amount or to specific types of goods and services, **based on a risk assessment process developed by the department.** Acceptance of the purchasing authorization by an agency does not relieve the agency from conformance with this chapter or from policies established by the director. **Also, the director may not delegate to a state agency the authorization to purchase goods and services if the agency is not in substantial compliance with overall procurement policies as established by the director.**



# 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



# Delegation of Authority Policy

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



# Pilot Participants

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



# *Risk Assessment Pilot*

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- **Business Objective**
  - Properly assess agency strengths and weaknesses as it relates to procurement activities and develop a risk level for each agency.
  - Determine appropriate delegation level for each agency
  - Provide meaningful oversight



# Framework Benefits

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- Both uniform in terms of an implementation model, *and* provides for differentiation in individual agency structure and risk profile;
- A mechanism for agencies to demonstrate, quantitatively, the degree of strength in their procurement program;
- Enables DES to function as consultants and focus on 4 primary functions:
  - Develop state-wide contracts (per current practice)
  - Validate and verify agency's self-assessment (as to their level of risk)
  - Work with high risk agencies
  - Provide routine procurement services for agencies unable to mitigate critical risks



# Framework Benefits

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- Can be replicated for other state services/oversight responsibilities
- Provide much sharper focus of resources to high risk activities and encourages agency-led mitigation and innovation
- Requires agencies confirmed as low-risk report of non-conforming (or sentinel) events



# Pilot Timelines

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



# Questions

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**Visit the Procurement Reform Website at**

<http://des.wa.gov/about/pi/ProcurementReform/Pages/default.aspx>

