



# Proposed Study Questions: DES/OFM Approach to Assessing Contracting Options

State of Washington Joint Legislative Audit and Review Committee

March 2017

## Why a JLARC study of the process to assess potential service contracts at the Department of Enterprise Services (DES)?

In 2011, the Legislature created the Department of Enterprise Services (DES) to provide cost-efficient, effective, and centralized services (ESSB 5931). DES provides purchasing, facility management, printing, mailing, training, parking, and other services to state agencies. The legislation also:

- Established a process managed by the Office of Financial Management (OFM) and DES to assess potential options where the private sector might provide services currently delivered by DES in-house.
- Directed the Joint Legislative Audit and Review Committee (JLARC) to audit the implementation of the contracting assessment process.



## Office of Financial Management (OFM) and DES share responsibility for the contracting assessment process

The law requires OFM and DES to conduct a contracting assessment process at the start of each biennium until June 30, 2018. The process specifies that the agencies identify services for outsourcing, collect and evaluate costs, procure services, implement and monitor contracts as appropriate, and report to the Legislature.

## Study Questions

JLARC will answer the following study questions to evaluate how OFM and DES have implemented the contracting assessment process:

1. How do DES and OFM identify and assess services for outsourcing, and is the process consistent with statute?
2. When outsourcing opportunities are pursued, does DES follow statute and best practices for developing, monitoring, and overseeing contracts?
3. Has the contracting assessment process led to either additional costs or savings for the state?

## Study Timeframe

Preliminary Report: January 2018

Proposed Final Report:

April 2018

## Study Team

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### More about the process for assessing service contract potential

The following diagram summarizes the assessment process established in statute. The process is not required after June 30, 2018.

#### 1. OFM inventories and assesses DES services

At the start of each biennium, OFM must:

- Create an inventory of DES services.
- Determine which services are available in the private sector and the potential for efficiency gains or savings.
- Select up to six services for soliciting contractors.

#### 2. DES and OFM decide whether to outsource services

- ◆ For each of the selected services, DES must use a procurement process to determine if a contract for the service would result in reduced costs and greater efficiency.
- ◆ Following the procurement, DES may:
  - Cancel the procurement if OFM determines the activity cannot be provided by the private sector at a reduced cost or greater efficiency.
  - Contract with one or more vendors to provide the service.

#### 3. DES and OFM monitor contracts

If DES contracts for services, it must work with OFM to establish a contract monitoring process. Elements must include performance, cost, and quality.

#### 4. OFM reports to the Legislature

OFM must provide biennial reports summarizing the results of this process.

### JLARC Study Process

