



Washington State
DEPARTMENT OF
ENTERPRISE SERVICES

Procurement Risk Assessment 2024 Project Plan

Business Drivers and Considerations

Business challenge

The Department of Enterprise Services (DES) has the statutory duty to delegate goods and services procurement authority to state agencies. Delegation of authority must be based on a procurement risk assessment (PRA) conducted by DES and specify restrictions on the dollar amount or specific types of goods and services that each agency may procure. After 10 years of using the same risk assessment model, stakeholders and DES staff agree that using the DES PRA Tool it is too cumbersome and time-consuming and needs to improve.

Background

DES conducted the 2016 risk assessment cycle from November 2015 until 2018. DES started the next cycle in 2019 but had to postpone it due to the response to COVID-19 procurement needs and competing priorities like developing the new enterprise Supplier Diversity Policy and Handbook. Eventually, the 2019 data became out of date and no longer relevant to assessing current procurement risk. Therefore, the DES Director suspended the 2019 risk assessment.

The PRA tool has 48 open-ended questions that focus on the following procurement risk areas: procurement needs, procurement staff, socioeconomic criteria, procurement policy compliance, spend, procurement process, contract management, and external audit. Agencies were required to provide narrative answers, which didn't fully capture the operational effectiveness of policy compliance and were time-consuming to collate and analyze.

Opportunity

DES is collecting feedback from agencies on an updated risk assessment process and tools at an enterprise procurement policy workshop on April 4, 2024. DES' goals are to more clearly define the new process and data collection tools, and how DES will analyze the information it collects in the assessment.

[DES.wa.gov](https://des.wa.gov)

Contracts & Procurement, Enterprise Procurement Policy Team

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Goals

The goals for the 2024 risk assessment are focused on adding value:

- 1) External risk assessment process improvement (from the customer's perspective)
- 2) Internal risk assessment process improvement (more efficient)
- 3) Clearly define and communicate the risk assessment so agencies will better understand the process and how DES will use the information it collects.
- 4) Better meet agency business needs, while balancing procurement risk, resulting in a reduced amount of additional delegation of authority requests.
- 5) Improve customer satisfaction with the process.

Approach

DES applied lessons learned from the past risk assessment cycles to revise the process and tools.

The DES Enterprise Procurement Policy Team will retire the PRA and Checklist Tools it used for the previous 10 years. In its place DES will use a new audit-based process. Contract audits will allow DES to assess agency compliance with procurement laws and policies in practice. DES will test an initial cycle of this new contract audit process:

Phase 1: Implementation

1. DES will staff the PRA team adequately to ensure a timely process.
2. The PRA team will conduct outreach to internal and external stakeholders regarding the new process and will provide all agencies:
 - A communication regarding the new PRA process.
 - The new Contract Audit Rubric.

Phase 2: 12-month process comprising four 3-month sprints



Figure 1. Phase 2: DES contract audit preparation

Using the Agency Contract Report, the PRA team will select 3-6 contracts per agency. The selection criteria are:

- Agency contracts that should have applied supplier diversity and environmental policies.
- Topics where the agency demonstrated, based on past practices/SAO findings/etc., a substantial lack of compliance with procurement laws and policies.
- High-profile procurements, such as high dollar value, high visibility, regulatory environment, type of commodity/service, complex procurements, etc.
- Solicitations that bidders protested.

The PRA team will pull data for the contracts selected for audit, in areas including:

- WEBS records for solicitation and contract documents
- WEBS small and veteran-owned business supplier data
- Agency Procurement Training Report
- Past agency audits containing procurement audit findings

The PRA team will request additional relevant data from the agency, including:

- Bid tabulations, if not available in WEBS
- Contract award documentation
- Agency website postings for evidence of compliance with sole source and supplier diversity requirements, etc.
- Applicable agency internal procedures for outreach plans, use of statewide contracts, and contract management processes related to supplier diversity
- Other data as needed

The PRA team will perform contract audits:

- **Enterprise procurement policy compliance:** Although the 2024 assessment will have an emphasis on supplier diversity and environmental policy compliance, DES will also review compliance with the other enterprise procurement policies and related laws.
- **Substantial compliance:** The assessment will include a compliance threshold for each policy. The level of compliance will inform the delegated authority action -- remain unchanged, increase, or decrease, which can be customized for each policy as it pertains to the mission and goals of an agency.
- Review compliance with all policies using the contract audit rubric. The rubric contains sections for each policy along with relevant requirements for that policy.

Example:

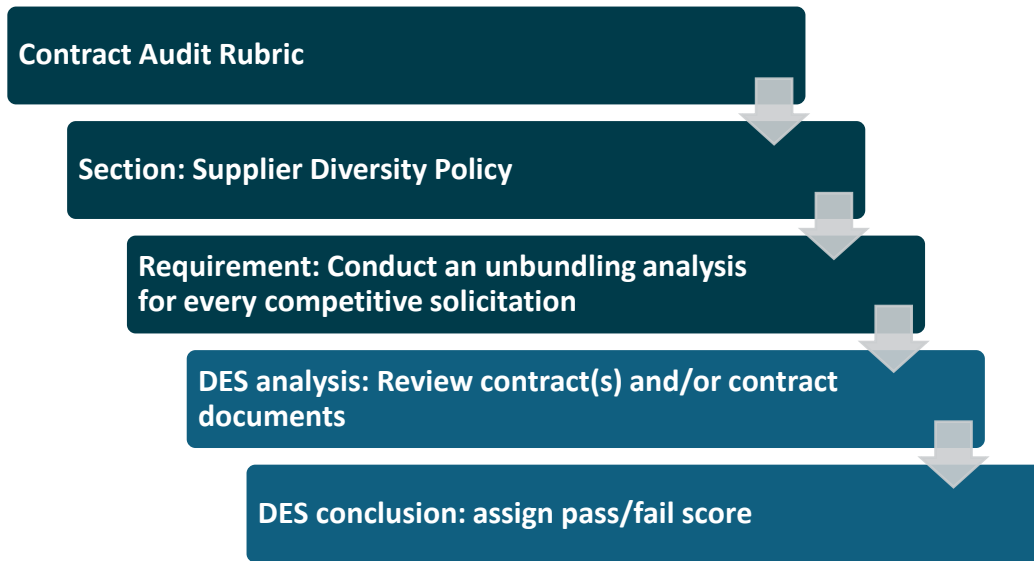


Figure 2. Example contract audit process.

- Once all contract audits are complete, the PRA team will calculate a pass/fail compliance score for each policy.

Table 1. Substantial Compliance Threshold for each DES Enterprise Procurement Policy

| Enterprise Procurement Policy | Substantial Compliance Threshold |
|---|----------------------------------|
| <u>DES-280-00 - Purchasing Preference for Products and Product Packaging That Do Not Contain Polychlorinated Biphenyls (PCBs)</u> | % TBD |
| <u>DES-090-09 - Purchases of Washington Grown Food</u> | % TBD |
| <u>DES-090-00 – Delegation of Authority</u> | % TBD |
| <u>DES-140-00 – Sole Source Contracts</u> | % TBD |
| <u>DES-EO 18-03</u> | % TBD |
| <u>DES-125-03 – Direct Buy Procurements/Purchases</u> | % TBD |
| <u>DES-265-00 - Electronic Products Purchasing Preference</u> | % TBD |
| <u>DES-255-00 - Recycled Content Purchasing Preference</u> | % TBD |
| <u>DES-70.95M.060-00 – Non-Mercury-Added Products Purchasing Preference</u> | % TBD |

| | |
|---|-------|
| <u>DES-310-00 - Purchasing Preference for Products That Do Not Contain Hydrofluorocarbons (HFCs)</u> | % TBD |
| <u>DES-190-00 - Using Goods and Services Procurement Bonds</u> | % TBD |
| <u>DES-130-00 – Emergency Procurements/Purchases</u> | % TBD |
| <u>DES-170-00 – Complaints and Protests</u> | % TBD |
| <u>DES-210-01 – Agency Contract Reporting</u> | % TBD |
| <u>DES-POL-090-06 Supplier Diversity</u> | % TBD |
| <u>DES-POL-DES-080-02 Contract Management</u> | % TBD |

- Assess compliance with all enterprise procurement policies using contract audits and high-level review matrix.
- Assign “pass/fail” for meeting the thresholds for each policy.
- The number of “pass/fail” will identify the delegated authority analysis results.

Table 2. Delegated Authority Analysis.

| Number of Policies in Compliance | DES Analysis | Risk Rating | Delegated Authority Change |
|---|--------------------------------|--------------------|---|
| All 16 | Model Agency | Low | Consider increase, if requested |
| 14-15 | Indicate areas for improvement | Medium-Low | Consider increase, if requested |
| 11-13 | Indicate areas for improvement | Medium-High | No change |
| 8-10 | Indicate areas for improvement | High | No change or decrease delegated authority |
| 7 or less | Require quarterly meetings | High-Suspended | Decrease or suspend delegated authority |

- Document findings using the Contract Audit Rubric.
- The risk rating will inform the delegated authority action.

DES will provide delegation authority letters to include:

- An offer for agencies with a Low or Medium-Low risk rating to request an increase in their delegation of authority for DES consideration.
- A summary of the agency’s procurement risk assessment analysis.
- Conditions as a result of the contract audits. DES will consider the 2024 analysis results in the next risk assessment to measure improvement.

DES may consider reducing an agency's delegated authority when it has a high-risk rating due to substantial noncompliance with procurement policies.

Phase 3: Follow-up

The PRA team will meet with designated agencies (those with conditions, high risk rating, etc.) each quarter.

Phase 4: Check, act, plan

DES will identify gaps and lessons learned from the 2024 risk assessment cycle and deploy strategies/training/etc. to mitigate any gaps.

- **Check:** Review internal process and customer satisfaction survey data, analyze the results, and identify lessons learned.
- **Act:** Take action based on lessons learned and implement process improvements.
- **Plan:** Develop the next iteration. The 2024 assessment will set a baseline for agencies' overall procurement compliance, identifying risk areas that may need follow up, and will test the process of contract auditing for successful outcomes.

Proposed Schedule

Table 3. Proposed PRA implementation schedule

| Task | Start Date | Completion Date |
|---|---------------|-----------------|
| PRA Phase 1 | February 2024 | 6/30/2024 |
| • Staff appropriately | February 2024 | 6/30/2024 |
| • Share approved PRA Process and Contract Audit Rubric with Agencies | June 2024 | 6/30/2024 |
| PRA Phase 2 | 7/1/2024 | 6/30/2025 |
| • Sprint 1 | 7/1/2024 | 9/30/2024 |
| • Sprint 2 | 10/1/2024 | 12/31/2024 |
| • Sprint 3 | 1/1/2025 | 3/31/2025 |
| • Sprint 4 | 4/1/2025 | 6/30/2025 |
| PRA Phase 3 | October 2024 | Ongoing |
| PRA Phase 4 | TBD | TBD |

Scope for 2024 risk assessment

What is in scope:

1. Procurement of goods and services, governed by RCW 39.26.
2. Contract audits performed by DES, with a focus on Supplier Diversity and Environmental Policies but will also assess high level compliance with all other enterprise procurement policies.
3. Reports from WEBS, Training, and Agency Contract Report.

What is not in scope:

1. Assessment of the agency's budget and financial processes
2. OMWBE inclusion plans
3. Institutions of higher education
4. Judicial branch agencies

Related projects and activities:

1. Requests for additional delegated authority
2. Drafting procurement-related policies
3. Procurement training modules
4. OMWBE's Annual Collection of Inclusion Plans
5. OneWashington Procure to Pay project
6. Protests

Project authorization

Executive sponsor:

Rebecca Linville, Acting Assistant Director

Contracts & Procurement, Department of Enterprise Services

Project sponsor:

Jaime Rossman, Deputy Assistant Director

Contracts & Procurement, Department of Enterprise Services

Stakeholders

- Procurement staff in the 105 Executive Agencies that previously completed the PRA
- Procurement staff of all other agencies that rely on DES procurement policies, procedures, and guidance
- State executive and financial managers

- Vendor community

Project Organization Structure

The DES policy team will conduct the initial draft of the process and tools. DES will provide each of the 105 participating agencies a copy of the proposed revised documents and invite them to a workshop on April 4, 2024, to discuss the new approach. Agencies can submit written feedback for two weeks following the workshop. The PRA team will then edit the documents and, unless the edited documents introduce new or extremely different content or processes, will present them to the DES Director for approval and use in the 2024 risk assessment.

Performance Measures

1. Stakeholder responses to post-risk assessment survey regarding improvements to process.
2. Agency compliance with overall enterprise procurement policies.
3. Reduction in additional delegation of authority requests.
4. Reduction in agency risk profiles.

Related links

- [RCW 39.26.080\(1\)](#)
- [RCW 39.26.090\(5\)](#)

Related policies

[Delegation of Authority - DES-090-00](#)

DES-090-00

This policy applies whenever an agency purchases or leases goods and/or services under Chapter 39.26 RCW. The goal is to provide each agency with authority that is tailored to fulfill the agency's mission.

Contact us

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