

December 24, 2012

Procurement Reform implementation update

Effective January 1, 2013, all procurement and contracting activities will be governed by chapter 39.26 RW. The Department of Enterprise Services has begun to roll out the policies and requirements that must be in effect on that first day. Other policies and best practices will continue to roll out during the first half of 2013. Until all the policies and best practices are established, the old policies and procedures can be used as guidance as you embark on procurements in the new year.

The time to review, draft, send out for comments, review comments and make changes was far greater than anticipated. But these policies have benefitted tremendously from all of the input and questions received on the draft policy recommendations. We fully expect to continue to refine the policies, requirements and best practices as they are put into operation by state agencies and higher education and we learn about successes and failures. In the spirit of continuous process improvement and LEAN practice we have tentatively scheduled for July 1, 2013, the initiation of a Phase 2 Procurement Reform Policy Refinement Project. In order to prepare for this project we encourage you all after January 1, 2013 to continue to submit questions and concerns about the procurement reform final policies to DESprocurementreform@des.wa.gov the procurement reform email box. We will be using all questions and concerns received after January 1 2013 as the begin point for the Phase 2 Procurement Reform Refinement Project.

Policy Sequence

In order to meet the January 1, 2013 deadline for the implementation of procurement reform, certain replacement policies have been identified that must be put in place prior to that date. Those policies that will be posted by January 1, 2013 are:

1. Delegation of purchasing and contracting authority (interim pending agency procurement and contracting risk assessment) – Letters sent to agencies
2. Sole source contracts
3. Emergency contracts
4. Direct buy purchases
5. Protest and complaint

Best Practices

Many pages of best practice suggestions have also been received and are being organized into best practices along with modifications to the many systems involved with procurement reform. Many more are expected once these initial policies are put into operation by state agencies and higher education. We encourage you all to continue to submit after January 1, 2013 best practice suggestions to

DESprocurementreform@des.wa.gov the procurement reform email box. The best practices that will be rolled out beginning January 2013 are:

1. Competitive processes
2. Best value
3. Best and Final Offer
4. Procedures for terminating contracts for cause and other reasons
5. Electronic signatures
6. Electronic bid submittal

The Purchasing Manual and other former procurement resources will be marked *archived*; however will remain available for use as guidance until best practices can be published and new training can be scheduled. In addition, until further notice agencies shall continue to report best buy incidents through the established best buy reporting system.

Website update

The Procurement Reform website will be updated frequently over the next few weeks to replace draft policy documents with final policy documents as soon as they become available for publishing. We will send an email notice when the Procurement Reform Web Page has been updated to help you stay current.

Risk Assessment Project

Initial delegation authority letters sent to state agencies inform agencies of the need for a procurement risk assessment to finalize the procurement authority for their agency. Several state agencies will be leading the procurement risk assessment by participating in the Procurement Risk Assessment Pilot Project:

Group 1	Group 2	Group 3
Department of Social and Health Services	Department of Transportation	Department of Enterprise Services
Department of Health	Department of Early Learning	Health Care Authority
State Investment Board	State Board for Community and Technical Colleges	State Parks and Recreation Commission
University of Washington	Evergreen State College	Olympic Community College
	Office of Minority and Women's Business Enterprises	Department of Labor and Industries

The pilot agencies will come together, approximately twice a month for the first four months to:

- Develop the pilot charter and determine how the pilot will operate
- Determine the success criteria for the pilot
- Finalize the risk matrix and factors to be assessed
- Conduct the assessments and reach agreement with each agency on their risk assessment
- Develop delegation based on the risk assessment
- Develop a regulatory framework based on the risk assessment

After the initial work is completed, the pilot agencies will meet once a month to discuss the progress of the pilot. At the end of the year, the DES and the participants will issue a report on the pilot, including an assessment of recommended changes. A risk assessment tool roll out schedule for all of state government will be developed.

This is an estimated schedule overview. The final work breakdown structure and project schedule will be developed by the pilot agencies.

- Early 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
- Late January 2013 Conduct the assessments and reach agreement on agency risk level,
- February 2013 Determine level of each pilot agency delegation and oversight
- Early March 2013 DES & pilot agencies start operating with their delegation and oversight authorities
- Late March 2013 start monthly meetings between DES and pilot agencies to 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 develop a statewide schedule and begin procurement risk assessment implementation with all non-pilot state agencies

Next Steps

- Enterprise Services publishes additional procurement reform policy recommendations
- Enterprise Services publishes additional procurement reform final policies
- Enterprise Services publishes procurement best practices including electronic signatures
- Enterprise Services responds to agency requests for additional procurement authority
- Enterprise Services finalizes and publishes the draft rules for vendor debarment

For more information

Roselyn Marcus, Contracts & Legal Services Assistant Director (360) 407-8569
roselyn.marcus@des.wa.gov

After January 7, 2013

Servando Patlan, Procurement Reform Manager (360) 407-9390,
servando.patlan@des.wa.gov