EVALUATION OF CONTRACTS IN STATE GOVERNMENT
OFFICE OF STATE PROCUREMENT

PERFORMANCE AUDIT SERVICES

Issued November 15, 2023

LOUISIANA
LEGISLATIVE
AUDITOR

LOUISIANA LEGISLATIVE AUDITOR
1600 NORTH THIRD STREET
POST OFFICE BOX 94397
BATON ROUGE, LOUISIANA 70804-9397

LEGISLATIVE AUDITOR
MICHAEL J. "MIKE" WAGUESPACK, CPA

FIRST ASSISTANT LEGISLATIVE AUDITOR
BETH Q. DAVIS, CPA

DIRECTOR OF PERFORMANCE AUDIT SERVICES
KAREN LEBLANC, CIA, CGAP, MSW

PERFORMANCE AUDIT MANAGER
KRISTA BAKER-HERNANDEZ, MPP, CIA, CGAP, CRMA

AUDIT TEAM
JODIE DEBETAZ, MA, CIA, CGAP

November 15, 2023

The Honorable Patrick Page Cortez,
  President of the Senate
The Honorable Clay Schexnayder,
  Speaker of the House of Representatives

Dear Senator Cortez and Representative Schexnayder:

This report provides the results of our audit of the Office of State Procurement (OSP). The purpose of this report was to provide information on state agency contracts, and to determine whether OSP is meeting its goal to provide quality and timely services to its user agencies.

We found that, between fiscal years 2016 and 2022, OSP was responsible for reviewing and approving 440,783 contracts totaling $44.6 billion. The number and total value of these contracts varied widely by state agency, with the Medical Vendor Administration (Medicaid), Office of Group Benefits, and Office of Public Health combined having the highest dollar amount of professional, personal, consulting, and social services (PPCS) contracts at $24.3 billion.

State law allows OSP to delegate authority to state agencies to enter into contracts below a certain amount or that meet other criteria. Between fiscal years 2016 and 2022, agencies used this delegated purchase authority (DPA) for 14,677 contracts totaling approximately $3.3 billion. However, OSP does not have a process to monitor agencies to ensure they don't exceed their DPA.

We also found that, in fiscal year 2022, the average time for OSP to complete the Request for Proposals (RFP) process was 286 days, which is higher than the office's internal goal of 232 days. In addition, OSP does not routinely track how long an RFP spends at each individual review point so it cannot easily identify where delays occur.

We found, too, that OSP uses multiple data systems and applications to manage its procurement activities, which creates inefficiencies in the process. OSP officials agreed a single platform to perform all procurement activities would be more efficient, but said they have limited control over the state's eProcurement system.

Best practices recommend evaluating contract vendors on an annual basis. However, state law only requires agencies to evaluate contract vendors at the end

of the contract. We found OSP does not review evaluations or work with agencies to ensure evaluations contain the information necessary to adequately document a vendor's performance and comply with the intent of state law. According to OSP, it is the agency's responsibility to monitor its contracts and to ensure the vendor is meeting contract requirements.

Additionally, we found that employee turnover at OSP may be affecting the efficiency of the procurement process because inexperienced analysts are not as familiar with state procurement rules and regulations. According to OSP, training can take up to a year, particularly for RFP team members. Between fiscal years 2016 and 2022, turnover ranged from 13.0% to 21.2%.

The National Association of State Procurement Officials says that customer service to agency stakeholders and training and certification are among the top 10 priorities in state procurement. The state agencies we surveyed as part of our audit reported that OSP could improve its communication and the training it provides to user agencies.

The report contains our findings, conclusions, and recommendations. I hope this report will benefit you in your legislative decision-making process.

We would like to express our appreciation to the Office of State Procurement and other state agencies for their assistance during this audit.

Respectfully submitted,

Michael J. "Mike" Waguespack, CPA
Legislative Auditor

MJW/aa

OSPCONTRACTS

Louisiana Legislative Auditor
Michael J. "Mike" Waguespack, CPA

Evaluation of Contracts in State Government Office of State Procurement

Introduction

This report provides updated information from our 2015 audit report[1] on the number and value of contracts for fiscal years 2016 through 2022, and evaluates the Office of State Procurement's (OSP) oversight over professional, personal, consulting, and social services (PPCS) state agency contracts. OSP was created by Act 864 of the 2014 Regular Legislative Session, which consolidated the Office of Contractual Review (OCR) and the Office of State Purchasing. Among the goals of consolidation was to minimize duplication and to increase efficiency of procurement activities. We conducted this audit to update information provided in our 2015 audit and to evaluate OSP's processes and the consolidation's impact on the efficiency of the procurement process regarding PPCS contracts. The focus of this audit was due, in part, to feedback we obtained about OSP's service delivery through a survey of state agency staff. While 22.5% of respondents agreed or strongly agreed that procurement is more efficient since the consolidation, 30.6% disagreed or strongly disagreed with this statement.[2]

> OSP's mission is "to establish and administer competitive, cost-effective purchasing opportunities and contracts for goods and services required by state agencies."
>
> **Source**: FY 23 Executive Budget Supporting Documents.

Overview of OSP. OSP is the chief regulatory agency over all procurement activities, including PPCS contracts.[3] The agency's main role includes procuring goods and services for state executive branch agencies through: issuing contracts for needed items; regulating requests for proposals (RFPs) and contracts for professional and complex services; and processing bids and other requisitions for commodities, goods, and services not covered

> Between fiscal years 2016 and 2022, OSP had oversight over 440,783 contracts valued at $44.6 billion.
>
> **Source**: Prepared by legislative auditor's staff using LaGov data.

---

[1] Approval and Tracking of Contracts in State Government, May 2015
[2] The remaining 46.8% of respondents reported that they "Neither agreed or disagreed" with the statement that procurement is more efficient since the consolidation of OCR and OSP.
[3] In accordance with Louisiana Revised Statute (La. R.S.) 39:1566, the Director of the Office of State Procurement may delegate authority to state agencies for the approval of PPCS contracts. OSP oversees contracts that exceed each agency's delegated purchase authority (DPA).

by annual contracts. OSP reviews and approves PPCS contracts in accordance with the requirements established in state law.[4] These requirements include whether the necessary statutory authority exists, whether sufficient monies for payment of services exist, whether the user agency has a plan for monitoring the services to be provided, and whether the prospective contractor is current in the filing and payment of all tax returns owed to the state and collected by the Department of Revenue.

Some types of contracts are not subject to OSP oversight. These include contracts that are executed under an agency's delegated purchase authority (DPA), statutory exemptions, and contracts which fall under the requirements of Title 38 (public works and improvements) and Title 48 (roads and bridges) of the Louisiana Revised Statutes.

Staffing and Budget. Prior to consolidation, the Office of State Purchasing had approximately 40 staff and the Office of Contractual Review had seven staff. After consolidation, OSP transferred procurement staff from state agencies and added these to the 47, resulting in a total of 96 employees. In fiscal year 2022, OSP had 99 dedicated classified employees with a total budget of $12.3 million. Organizationally, OSP is set up in teams which work towards five core functions: RFPs, commodity purchases, professional contracts, blanket orders/one-time buys, and analytics. Appendix C summarizes the roles of each team.

To conduct this audit, we conducted a survey of agency staff[5] involved in the procurement process to obtain information regarding agency satisfaction with various aspects of OSP's processes and allow for agency input about strengths and weaknesses within OSP. We also conducted interviews of OSP staff and user agencies, observed OSP's data systems, and researched best practices.

The objectives of this audit were:

1. **To provide information on state agency contracts.**

2. **To determine whether the Office of State Procurement is meeting its goal to provide quality and timely services to its user agencies.**

Our results are summarized on the next page and discussed in detail throughout the remainder of the report. Appendix A contains OSP management's response, Appendix B contains our scope and methodology, Appendix C contains a summary of OSP team responsibilities, Appendix D contains a summary of categorical delegation of purchase authority, and Appendix E contains the delegated purchase authority amounts for state agencies.

---

[4] La. R.S. 39:1624(A)

[5] We sent the survey to 211 agency staff that work directly with OSP in procurement activities. However, the survey was forwarded within some agencies to additional staff that had experience in working with OSP. While we do not know the exact total number of survey recipients, 116 responses were received.

Executive Summary

Overall, we found the following:

Objective 1: To provide information on state agency contracts.

- **Between fiscal years 2016 and 2022, Louisiana paid $47.8 billion towards 456,618 contracts. Of this amount, OSP was responsible for reviewing and approving $44.6 billion (93.4%). While OSP is responsible for the review and approval of agency, consulting, governmental, personal, professional, and social services contracts, and cooperative endeavor agreements, several types of contracts do not require OSP review or approval.** The Medical Vendor Administration (Medicaid), Office of Group Benefits and the Office of Public Health had the highest dollar amount of PPCS contracts totaling $24.3 billion.

- **State law allows OSP to delegate authority to state agencies to enter into contracts that are below a certain amount or meet other criteria. Between fiscal years 2016 and 2022, agencies used their delegated purchase authority (DPA) for 14,677 contracts totaling approximately $3.3 billion. However, OSP has not established a process to monitor agencies to ensure they do not exceed their DPA.** Failure to identify agencies that are not compliant with their assigned DPA potentially subjects the state to additional risk.

Objective 2: To determine whether the Office of State Procurement is meeting its goal to provide quality and timely services to its user agencies.

- **In fiscal year 2022, the average time to complete the Request for Proposals (RFP) process was 286 days, which is higher than OSP's internal goal of 232 days. In addition, OSP does not routinely track the amount of time an RFP spends at each individual review point so it cannot easily identify where delays historically occur during the approval process.** Survey respondents and agencies we spoke with reported dissatisfaction with the amount of time it takes to go through the RFP process and get an approved contract.

- **OSP uses multiple data systems and applications for the management of its procurement activities, which creates inefficiencies in the process for OSP and state agencies.** OSP agrees that a single platform to perform all procurement activities would be more efficient but states that it has limited control over the state's eProcurement system.

- **While best practices recommend evaluating contract vendors on an annual basis, state law only requires agencies to evaluate contract vendors at the end of the contract. Establishing processes to review vendor performance over the course of a contract and ensuring evaluations contain adequate information can help to address vendor issues as they arise.** OSP noted that evaluations of vendor performance are usually vague and only indicate whether vendor performance is satisfactory or unsatisfactory, and are not typically used in decision making.

- **Employee turnover in OSP may be impacting the efficiency of the procurement process as inexperienced analysts are not as familiar with state procurement rules and regulations. According to OSP, training can take up to a year, particularly for RFP team members. Between fiscal years 2016 and 2022, turnover at OSP ranged between 13.0% and 21.2%.** According to OSP, internal turnover is an issue, due to analysts leaving to work in the private sector or other state agencies for higher pay.

- **According to the National Association of State Procurement Officials,[6] customer service to agency stakeholders and training and certification are among the top 10 priorities in state procurement. Agencies reported that OSP could improve in regard to its communication and training provided to user agencies. Of the summary comments provided in response to our survey, 50.0% of respondents noted that communication and training were areas where OSP could improve.** OSP does not have formal processes for receiving and responding to feedback from state agencies regarding its procurement services. While OSP develops necessary training, it does not have a process to ensure all applicable state agency staff receive the training.

Our findings and our recommendations are discussed in more detail in the sections below.

---

[6] NASPO is a non-profit public procurement association made up of the directors of the central purchasing offices in each of the 50 states, the District of Columbia and the territories of the United States.

Objective 1: To provide information on state agency contracts

OSP administers the procurement of equipment, goods, supplies, and services needed by state agencies and is responsible for maintaining standards, and for conducting the review and technical approval of state contracts, including PPCS contracts, needed by state agencies. Of the 26 different contract types categorized in the LaGov system, OSP is responsible for the administration of ten of them, which include agency contracts, governmental contracts, and grants agreements, in addition to PPCS contracts and state purchasing agreements. Between fiscal years 2016 and 2022, OSP was responsible for review and approval of 440,783 state contracts valued at $44.6 billion.

Between fiscal years 2016 and 2022, Louisiana paid $47.8 billion towards 456,618 contracts. Of this amount, OSP was responsible for reviewing and approving $44.6 billion (93.4%). While OSP is responsible for the review and approval of agency, consulting, governmental, personal, professional, and social services contracts, and cooperative endeavor agreements, several types of contracts do not require OSP review or approval.

Certain contract types do not fall under the oversight of OSP, including contracts governed by Title 38 (public works and improvements) and Title 48 (roads and bridges) of the Louisiana Revised Statutes, and contracts that fall within agencies' delegated purchase authority (DPA). Exhibit 1 lists types of contracts, whether OSP is required to approve each type, and the total number and dollar amount of these contracts for fiscal years 2016 through 2022. As shown in Exhibit 1, OSP did not have oversight over 15,835 (3.5%) of 456,618 total contracts. These contracts accounted for $3.2 billion (6.6%) of the $47.8 billion in total contract costs.

5

	Exhibit 1 Contract Types Summarized by OSP Oversight, Number and Amount Fiscal Years 2016 through 2022				
LaGov Service Type	**OSP Oversight?**	**Number of Contracts**	**% of Contracts**	**Amount**	**% of Total Amount**
Building Rentals and Leases	No	2,293	0.5%	$261,179,309	0.5%
Capital Outlay Construction	No	366	0.1%	767,823,746	1.6%
Major Repair Construction	No	224	0.0%	14,096,192	0.0%
Major Repair Design	No	18	0.0%	309,181	0.0%
Memorandum of Understanding	No	28	0.0%	15,488,740	0.0%
Miscellaneous Contract	No	6,123	1.3%	547,641,790	1.1%
Non-Contract Payments	No	421	0.1%	29,964,843	0.1%
Non OSP-Professional Contract Grants Agreement	No	1,309	0.3%	198,782,490	0.4%
Non-OSP-Professional Contract Consulting Contract	No	3,787	0.8%	1,036,802,840	2.2%
Non-OSP-Professional Contract Cooperative Endeavor Agreement	No	170	0.0%	93,702,325	0.2%
Non-OSP-Professional Contract Other Capital Outlay Facility Planning	No	17	0.0%	520,815	0.0%
Non-OSP- Professional Contracts	No	476	0.1%	79,527,876	0.2%
Owner/Contractor Bid	No	506	0.1%	100,501,433	0.2%
Owner/Contractor Non-Bid < 25,000	No	16	0.0%	289,644	0.0%
Owner/Contractor Non-Bid > 25,000	No	44	0.0%	4,240,045	0.0%
Owner/Designer Selection Board	No	37	0.0%	13,815,439	0.0%
Total No OSP Approval Required		**15,835**	**3.5%**	**$3,164,686,708**	**6.6%**
Agency Contract	Yes	1,086	0.2%	$1,203,525,398	2.5%
Consulting Contract	Yes	4,658	1.0%	24,887,049,209	52.1%
Cooperative Endeavor Agreement	Yes	1,195	0.3%	2,276,894,273	4.8%
Governmental Contract	Yes	1,416	0.3%	461,268,833	1.0%
Grants Agreement	Yes	692	0.2%	20,045,085	0.0%
Other Type Contract	Yes	3,127	0.7%	868,658,911	1.8%
Personal Contract	Yes	588	0.1%	39,089,453	0.1%

Professional Services Contract	Yes	4,026	0.9%	879,974,370	1.8%
Social Services Contract	Yes	3,174	0.7%	2,854,118,280	6.0%
State Purchasing Agreements*	Yes	420,821	92.2%	11,137,882,181	23.3%
Total OSP Approval Required		**440,783**	**96.5%**	**$44,628,505,993**	**93.4%**
Total Contracts		**456,618**	**100.0%**	**$47,793,192,701**	**100.0%**
*State purchasing agreements refers to purchases for goods and services including, but not limited to, office supplies and equipment, food, telecommunications, staffing, etc. **Source**: Prepared by legislative auditor's staff using LaGov data and information provided by OSP.					

As shown in the exhibit above, state purchasing agreements accounted for 92.2%, or 420,821 of the 456,618 contracts, which accounted for $11.1 billion, or 23.3% of the $47.8 billion in state contracts between fiscal years 2016 and 2022. These agreements are under OSP oversight and handled by OSP purchasing staff. These can include routine purchases for materials such as office supplies or equipment.

The number and total value of contracts varies widely by state agency. The Medical Vendor Administration (Medicaid), Office of Group Benefits and the Office of Public Health had the highest dollar amount of PPCS contracts totaling $24.3 billion. Exhibit 2 summarizes the top ten agencies by total contract amount.

Exhibit 2 Top 10 Agencies by Total Amount of PPCS Contracts Fiscal Years 2016 through 2022		
Agency	**Number of Contracts**	**Value**
Louisiana Department of Health –Medical Vendor Administration	158	$13,526,075,020
Division of Administration – Office of Group Benefits	22	$10,060,515,216
Louisiana Department of Health – Office of Public Health	1,100	$749,600,406
Governor's Office of Homeland Security and Emergency Preparedness (GOHSEP)	253	$729,377,781
Division of Administration – Office of Technology Services	223	$527,503,411
Department of Children and Family Services -Office of Children/Family Services	1,059	$372,494,444
Louisiana Department of Health – Office of Behavioral Health	217	$361,736,434
Governor's Office - Coastal Protection & Restoration Authority (CPRA)	1,229	$309,804,446
Department of Education - State Activities	1,412	$263,964,554
Department of Youth Services – Office of Juvenile Justice	297	$216,849,560
Source: Prepared by legislative auditor's staff using LaGov data.		

Contract amounts also vary by vendor. For example, nine of the top 10 vendors with the highest dollar value in PPCS contracts are the Medicaid Managed Care Organization contracts or contracts for the Office of Group Benefits. Exhibit 3 shows the top 10 vendors by the total contract values for fiscal years 2016 through 2022.

Exhibit 3 Top 10 PPCS Vendors by Total Contract Value Fiscal Years 2016 through 2022		
Vendor Name	**Number of Contracts**	**Value**
Louisiana Health Service & Indemnity	2	$6,145,000,000
Medimpact Healthcare Systems	4	$3,649,289,300
Louisiana Healthcare	1	$3,648,356,745
United Healthcare of Louisiana	1	$2,633,862,038
Community Care Health Plan	2	$2,341,470,199
Amerihealth Caritas Louisiana, Inc.	1	$1,868,208,112
Aetna Better Health Inc., Louisiana	1	$1,306,823,395
MCNA Insurance Company	2	$1,221,268,992
Deloitte Consulting, LLP	16	$276,636,512
Vantage Health Plan, Inc	4	$224,600,000
Source: Prepared by legislative auditor's staff using LaGov data.		

State law allows OSP to delegate authority to state agencies to enter into contracts that are below a certain amount or meet other criteria. Between fiscal years 2016 and 2022, agencies used their DPA for 14,677 contracts totaling approximately $3.3 billion. However, OSP has not established a process to monitor agencies to ensure they do not exceed their DPA.

According to state law,[7] the state Chief Procurement Officer may delegate authority as deemed appropriate within the limitation of state law and state procurement regulations. Under this delegation, agencies are able to enter into contracts without having to go through OSP for approval or review. OSP allows for delegation of authority within certain dollar limits based on the knowledge of the agency staff and training.

OSP has established a standard DPA of $5,000 for contracts, but some agencies have higher amounts. OSP has established set limits that

---

[7] La. R.S. 39:1566

contracts must be below to meet an agency's delegated purchase limit. These limits vary by agency and range from $5,000 to $50,000.[8] In addition, eighteen agencies have categorical delegated authority which gives them unlimited[9] or a higher purchase authority. These delegations are subject to certain requirements, as they are only able to be used for certain purposes, and must use assigned templates. Appendix D summarizes the agencies with categorical delegated authority and allowable purposes and Exhibit 4 summarizes the total amount of contracts entered into through agencies' delegated purchase authority, including categorical delegations, between fiscal years 2016 and 2022.

Exhibit 4
Value of Delegated Purchase Authority Contracts
Fiscal Years 2016 through 2022
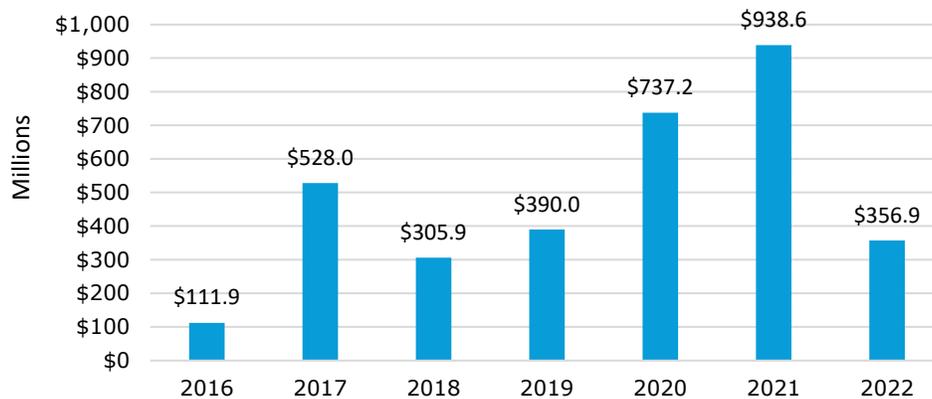
Source: Prepared by legislative auditor's staff using data contained in OSP annual reports.

In response to our survey, 40 (35.4%) of 113 respondents[10] noted that their agency's delegated purchase authority was not sufficient to meet their needs. Appendix E shows the delegated purchase authority for each agency.

OSP does not currently have a process to determine whether an agency enters into contracts that exceed its DPA. Previous LLA audits identified agencies that entered into contracts outside of their DPA without approval from OSP. For example, LLA financial audits of the Department of Veteran's Affairs in 2019 and 2021 revealed that the agency entered into contracts, such as a contract for $25,000, which exceeded its $2,000 DPA, without prior approval from OSP. In addition, a 2016 LLA audit of the Louisiana Department of Wildlife and Fisheries found that payments to seven vendors were artificially divided to fall below the agency's DPA. According to OSP, an agency is responsible for obtaining OSP's approval for contracts above its DPA.

---

[8] Except in instances where a contract falls under an agency's categorical delegation.
[9] These contracts must be for the purpose associated with the categorical delegation.
[10] Not all survey respondents answered every question, therefore totals may differ from 116 throughout.

Agencies that secure contracts through their DPA report these contracts and the associated amounts to OSP on an annual basis. However, because these annual reports are submitted to OSP after the agencies approve and enter into these contracts, OSP noted that reviews to ensure that agencies have obtained required approvals for contracts that exceed the agency's authority would add little value. OSP reported that they may be able to run reports in LaGov which would allow for review of agency contracts that appear irregular or for multiple contracts to a single vendor with amounts under the agency's DPA. Since one of OSP responsibilities is to review contracts that exceed an agency's DPA for compliance with the Procurement Code,[11] failure to identify agencies that are not compliant with their assigned DPA potentially subjects the state to additional risk.

Recommendation 1: OSP should develop and implement a review process to identify contracts that show irregularities or multiple contracts to a vendor that fall just within an agency's DPA to help ensure compliance with Louisiana's Procurement Code.

Summary of Management's Response: OSP agrees with this recommendation and stated that it recognizes the need to audit procurements done within an agency's DPA, but would require additional positions to staff an audit section. See Appendix A for OSP's full response.

Recommendation 2: OSP should consider implementing a more comprehensive review of agencies with a history of noncompliance with its DPA. This could include a removal of or reduction in the DPA, increased reporting to OSP, or other actions as deemed appropriate by OSP management.

**Summary of Management's Response:** OSP agrees with this recommendation and stated that agencies with a history of noncompliance or ratifications should have its DPA scrutinized. Agencies with personnel changes should also have their DPA reviewed to determine if it should be reduced or eliminated. See Appendix A for OSP's full response.

---

[11] Chapter 17 of Title 39 of the Louisiana Revised Statutes.

Objective 2: To determine whether the Office of State Procurement is meeting its goal to provide quality and timely services to its user agencies.

Overall, OSP can improve the efficiency of its operations by minimizing duplication of tasks, more thoroughly evaluating approval timeliness, and evaluating user agency concerns. Survey respondents noted a need for consistency, training, and better communication. Improved efficiency of operations can lead to higher levels of satisfaction, both within OSP and its user agencies. Exhibit 5 summarizes the roles and responsibilities of OSP and user agencies in the professional, personal, consulting, and social services (PPCS) procurement process.

Exhibit 5
Flow Chart of OSP and Agency Responsibilities in PPCS Processes
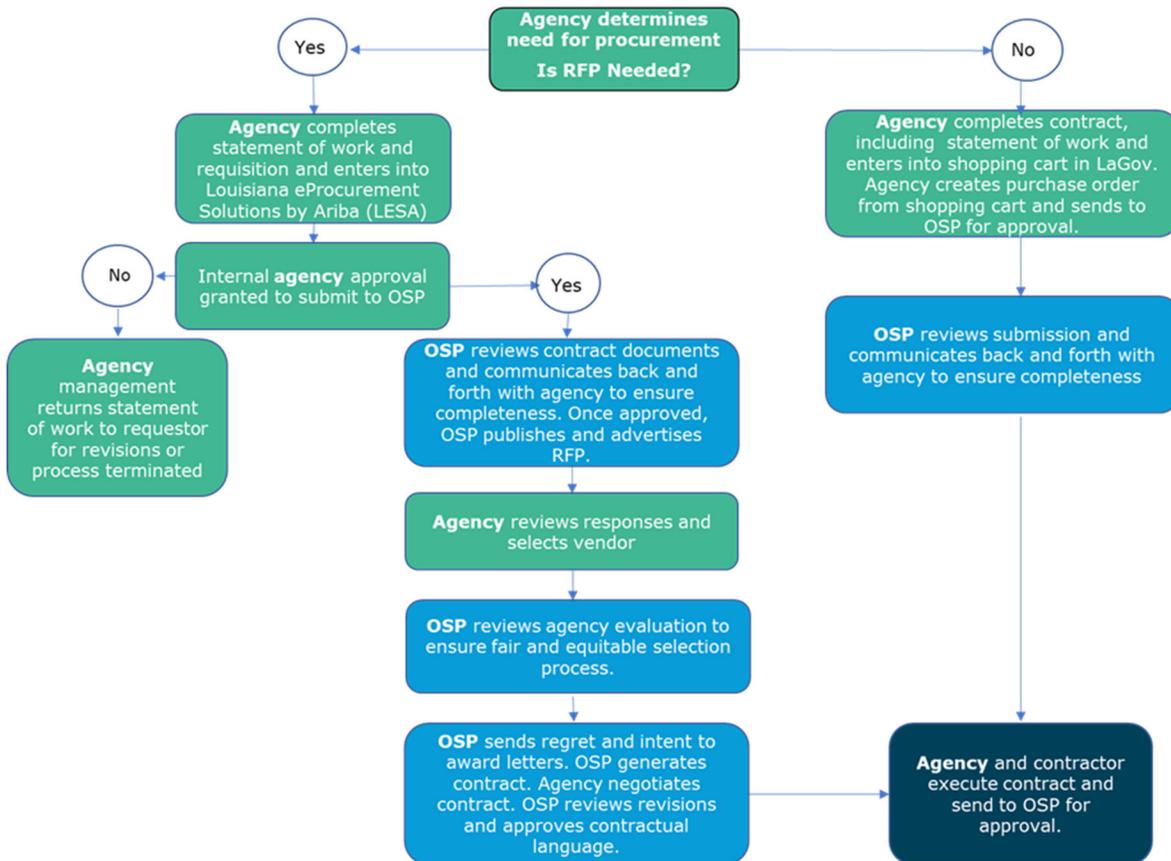
Source: Prepared by legislative auditor's staff using information provided by OSP.

In fiscal year 2022, the average time to complete the RFP process was 286 days which is higher than OSP's internal goal of 232 days. In addition, OSP does not routinely track the amount of time an RFP spends at each individual review point so it cannot easily identify where delays historically occur during the approval process.

Timely contract review and approval is important as state agencies use contracts to plan and execute projects, provide services to constituents, and meet federal regulations. However, in order to be executed properly and meet necessary state laws and regulations, contracts and RFPs must go through multiple layers of review which can make timely approval difficult. Therefore, it is important to track the approval process at each step to identify any steps that may be slowing the process.

Survey respondents and agencies we spoke with reported dissatisfaction with the amount of time it takes to go through the RFP process and get an approved contract. While survey respondents generally reported satisfaction with the approval process for professional services contracts, some respondents were not satisfied with the timeliness of the RFP process. Staff at one agency noted that because the RFP process is so time consuming they have to begin the process again halfway through the three-year term of the original contract.[12] As one respondent noted, "Over the past few years, it has become harder to predict the time needed for OSP to review and approve RFPs and some purchases, and project planning for end users can be frustrating." Exhibit 6 shows survey respondents satisfaction with the RFP process.

Exhibit 6 Summary of Satisfaction with RFP Process		
Rating	**Number of Responses**	**Percentage**
No experience with RFP process	33	29.7%
Dissatisfied	30	27.1%
Neither satisfied or dissatisfied	19	17.1%
Satisfied	17	15.3%
Very Dissatisfied	10	9.0%
Very satisfied	2	1.8%
Total	**111**	**100.0%**
Source: Prepared by legislative auditor's staff using data obtained in a survey of state agencies.		

---

[12] According to OSP, they send notification to agencies to begin the RFP process 18 months prior to contract expiration.

According to internal OSP data, the average time to complete the entire RFP process for fiscal year 2022 was 286 days, down from 300 days in fiscal year 2021. OSP's goal in its strategic plan for the completion of RFPs is 232 days. Survey respondents noted frustration with OSP's review process and the multiple layers of review involved. For example, one respondent said that the review process "…can take 4-6 weeks and then if there is one small change, they repeat the whole process over in [Louisiana eProcurement Solutions by Ariba] (LESA).[13] This is inefficient." According to OSP's RFP team, one of the most difficult parts of the RFP process for them is to get a scope of work from the agency that is not too restrictive nor too broad.

> **State Agency Employee Survey Comment (October 2022)**
>
> "Sometimes it takes as long as 2 years to get a contract from an RFP. In the meantime, we have to keeping executing additional emergency contracts to continue to perform our agency's duties. Someone here really did quit over the RFP Process."

While OSP tracks how long a RFP takes to be approved, it does not routinely track the amount of time a RFP spends at each individual review point so it cannot easily identify where delays historically occur during the approval process. There is often a great deal of back and forth between OSP and the user agency, as well as the time the RFP is reviewed by other agencies, such as the Department of Revenue.[14] For example, OSP may send an RFP back to the agency to make changes to the statement of work or the Department of Revenue may need to ensure that potential vendors do not have tax liens. These may take a day, a week or longer to complete and send back to OSP. However, OSP does not track such individual review/approval points. Instead, OSP begins tracking contract/RFP approvals when the contract/purchase order documents are received in their office,[15] and according to OSP, it tracks five phases of the RFP approval process: Approval to publish, publication, concurrence, agency negotiation, and contract approval. However, this information does not identify the specific delay points in the approval process.

According to OSP, they implemented the LESA system because it allows them to view information related to an RFP's current status, but to track individual milestones in the approval process would be a manual process. Tracking the amount of time that a RFP spends at each individual review point is important because various agencies and survey respondents noted different places in the approval process they believe hold up the approval process but we could not verify these claims based on OSP information provided to us during fieldwork.[16] OSP noted that a redesign of the LESA reporting system went live in July 2023, and as a

---

[13] LESA is a system that OSP uses for the handling and approval of RFPs.

[14] Depending on the contract/RFP, approvals from other state agencies, such as Division of Administration, Office of the Attorney General, or Department of Revenue, may be required.

[15] OSP manually enters approvals into a procurement dashboard and when a contract is approved, it is saved to an archive file.

[16] During fieldwork, we requested from OSP information that captured review/approval milestones for RFPs. OSP indicated that it only tracked the five phases of the RFP approval process but they could determine reviews/approvals for individual RFPs manually, if needed. However, during the reporting process, OSP informed us that they have collected such information for RFPs going back to November 2020, but do not yet have a reporting tool to track this information.

result, it has the ability to view more detailed information regarding approvals through manual review. They are in the process of developing a reporting module in LESA that they hope to have operational no later than June 2024, which will allow OSP to develop a report showing these individual milestones. However, until OSP can access detailed review/approval milestones information, it cannot easily identify where delays historically occur and work to correct them in order to speed up the RFP approval process.

> **Recommendation 3:** Using review/approval data, OSP should actively track the amount of time RFPs spend at individual review points. This would provide OSP with more information to identify areas of inefficiency and allow for better management of the procurement process.

> **Summary of Management's Response:** OSP disagrees with this recommendation and states that it currently tracks the individual steps in the RFP process, and noted that the ability to see these individual review points was a driving factor in OSP's decision to move RFPs to LESA. OSP stated that information gathered from this tracking was used in the redesign of the RFP process that went live July 1, 2023. See Appendix A for OSP's full response.

> **LLA Additional Comments:** LLA requested information from OSP on individual RFP approval/review points in order to analyze the amount of time RFPs spend at individual review points multiple times during the audit process. OSP informed LLA that it does not track this information. However, during reporting, OSP showed us that it can manually pull the individual review points such as agency approvals for a RFP, but it does not currently track this information.

OSP uses multiple data systems and applications for the management of its procurement activities which creates inefficiencies in the process for OSP and state agencies.

OSP uses three separate data systems and two applications for the processing of its procurement activities. LaGov is the central system where all contracts and purchase orders are entered for financial processing. While purchasing activities without an RFP are handled exclusively in LaGov, those procurement activities that require an RFP must be processed through additional systems and applications. Exhibit 7 summarizes the data systems and applications used by OSP.

Exhibit 7		
Summary of Data Systems and Applications Used by OSP*		
Data System	**Purpose**	**Used by Which Agencies**
LaGov	Serves as the financial system of record for the state. Agencies start procurement process by entering a shopping cart into LaGov, while RFP information is entered on the purchase order following contract negotiation.	All Executive Branch agencies, with exception of Higher Education
Doc Tracking	Part of the LaGov system where agencies enter information related to procurement activities, such as RFP documents. Doc Tracking was an attempt by OTS to replicate ProAct functionality within LaGov. However, DocTracking lacks the capabilities OSP needs to efficiently manage the RFP process.	All Executive Branch agencies, with exception of DOTD and Higher Education, use DocTracking for non-RFP contracts. Only CPRA currently uses Doc Tracking for RFPs.*
ProAct	Data system used for processing of all procurement activities, including RFPs. ProAct contains all contract documents and attachments. Financial information must be entered into LaGov for payments to be processed.	Currently, DOTD and Higher Education. Higher Education only uses ProAct for RFPs.
LESA	LESA was implemented in October 2020 for the handling and approval of RFPs. According to OSP, use of LESA allows for OSP to see all parts of the approval process.	All Executive Branch agencies, with exception of Higher Education and CPRA.
LaPac	LaPac is a bulletin board style data application where agencies and vendors can view open RFPs.	All Executive Branch agencies
*OSP reported that contract information is contained in Doc Tracking through agency use of LaGov. The Office of Technology Services noted that the plan is to transition DOTD to Doc Tracking once adjustments to the system are complete. **Source:** Prepared by legislative auditor's staff using information from OSP and OTS.		

According to OSP management, most of the procurement functions were previously performed through ProAct. Currently, only DOTD and Higher Education are still using ProAct.[17] All procurement activities that require an RFP must go through LESA for the entry and approval of the RFP, even though LaGov has the capability to store RFP documents and track approvals. Once an RFP is advertised, it is listed in LaPac, where users can check the status of the RFP and vendors can view open proposals. Once the contract is negotiated, it is entered into LaGov for payment.

OSP staff stated that LaGov does not contain the capabilities needed to efficiently manage the RFP process. Because LaGov is the financial system of record

---

[17] DOTD still uses ProAct because it has its own central procurement department and is subject to some exemptions from OSP. Higher Education does not fall under the requirements of a centralized procurement agency so it is not required to use LESA.

for the state, contract documents must be entered into LaGov for payment to be completed. For this reason, all procurement transactions must be entered into LaGov, even if another system is used. According to OSP, information does not transfer over to LaGov automatically, but has to be manually entered into LaGov. Depending on the contract type, this information is either entered in to LaGov by the state procurement analyst or agency staff.

The use of multiple systems and applications for the management of state procurement activities complicates the process and may create confusion among state agency staff which creates inefficiencies. Because systems are not linked to LaGov, duplicate entry is required in order for vendors to be paid. OSP agrees that a single platform to perform all procurement activities would reduce inefficiencies, including duplicate entry, but stated that it does not have complete control over the state's eProcurement systems.

> **Recommendation 4:** OSP should consider the development of a single platform to streamline the number of data systems used to perform its day to day activities, and to eliminate duplicate entry of contract and procurement information.

> **Summary of Management's Response**: OSP agrees with this recommendation and stated that it intends to work with the Office of Technology Services to move to a single platform to efficiently procure goods and services. See Appendix A for OSP's full response.

While best practices recommend evaluating contract vendors on an annual basis, state law only requires agencies to evaluate contract vendors at the end of the contract. Establishing processes to review vendor performance over the course of a contract and ensuring evaluations contain adequate information can help to address vendor issues as they arise.

Contract monitoring and documenting vendor performance is an essential part of the contracting process to ensure vendors comply with contract terms. Best practices[18] regarding government contracting strongly recommend interim assessments as part of good contract management. For those contracts that exceed 18 months, interim assessments should be conducted at least every 12 months. However, it is recommended that these are prepared and discussed with the contractor every six months, or more often if there are performance problems. While these assessments give contractors the opportunity to correct problems

---

[18] Office of Federal Procurement Policy, Office of Management and Budget report dated May, 2000 -- "Best Practices for Collecting and Using Current and Past Performance Information"

before they jeopardize contract completion, they also provide current performance information that other agencies can use in selecting vendors for similar contracts.

State law[19] only requires agencies to prepare an evaluation of contract performance within sixty days after contract completion. This evaluation is to include the following:

1. Agency official(s) responsible for monitoring and final acceptance of contract deliverables;

2. Contract, contract amount, contract cost basis, and contract timetable (including both proposed and actual initiation and completion dates);

3. Any contract modifications;

4. A listing of contract deliverables and whether these are satisfactorily and timely completed;

5. An itemization of any complications encountered during the contract; and

6. An assessment of the utility of the contract deliverables.

While OSP provides training on ongoing contract management to its user agencies, according to OSP management, vendor evaluations are only submitted at the end of the contract period for PPCS contracts as required by state law.[20] For those contracts secured through an RFP, these contracts are additionally required by state law[21] to include performance measurements and a monitoring plan. Because multi-year contracts with options to renew at the end of the contract term are common, it is important that contract monitoring is performed on a regular basis.

OSP noted that evaluations of vendor performance are usually vague and only indicate whether vendor performance is satisfactory or unsatisfactory, and are not typically used in decision making. OSP does not review evaluations or work with agencies to ensure evaluations contain information necessary to adequately document a vendor's performance and comply with the intent of state law. According to OSP, the responsibility falls on the agency to monitor the contracts and to ensure that the vendor is meeting contract requirements.

> **Recommendation 5:** OSP should work with agencies to ensure that contract evaluations contain all elements, as required by statute. In particular, evaluations should include any complications encountered during the life of the contract and the utility of the contract deliverables.

---

[19] La. R.S. 39:1569.1
[20] A complaint form is also available for agencies to use when issues arise with a vendor, but there is due process before a vendor can be debarred.
[21] La. R.S. 39:1595 (B)(10)

Summary of Management's Response: OSP agrees with this recommendation and stated that it has developed a new evaluation form that better aligns to statutory requirements, but has not yet mandated its use. It intends to educate state agencies and begin to enforce its use. See Appendix A for OSP's full response.

Matter for Legislative Consideration: The Legislature may wish to consider adding language to existing legislation that requires agencies to provide more specific information related to contract performance to OSP over the course of a contract.

Employee turnover in OSP may be impacting the efficiency of the procurement process as inexperienced analysts are not as familiar with state procurement rules and regulations. According to OSP, training can take up to a year, particularly for RFP team members. Between fiscal years 2016 and 2022, turnover at OSP ranged between 13.0% and 21.2%.

Employee turnover can have a negative impact on an organization as it costs time and money to train new staff. Turnover also results in a loss of institutional knowledge which can lead to decreased quality of services provided and a decrease in efficiency as it takes many hours, depending on the job, for a new hire to obtain the same knowledge of previous staff. Given that OSP is the chief regulatory agency over procurement activities in the state, it is important that its staff are "experts" in the applicable state laws and regulations governing these activities in order to provide consistent and accurate guidance to state agencies when reviewing contracts and throughout the RFP process. OSP's analysts are the first line of contact for agencies in the procurement process as they are the staff that actually conduct the reviews of contracts and RFPs and works with the agency throughout the process. Their assistance is key to optimal efficiency for agencies.

In our survey of agency staff, respondents expressed frustration regarding turnover within OSP and working with inexperienced analysts. When asked what aspects of the procurement process could be improved, some

respondents stated better training of OSP staff because of the large turnover at the agency. Some respondents noted inconsistencies in the review process among analysts while others noted they have had to take matters to OSP's upper management as a result of OSP staff that are not knowledgeable of procurement processes. Limited knowledge and experience of the analyst can add delays to the procurement process and strain relationships with the vendor. As one respondent noted, "The contract review process takes weeks or months when it seems like it should take days. It's putting a strain on our relationships with contractors and consultants."

> **State Agency Employee Survey Comments (October 2022)**
>
> "It can be frustrating when working with an OSP SPA [analyst] with little to no experience to procure something that should be straight forward [but] results in numerous conversations with upper management [thus] slowing down the process."
>
> "My former designated OSP rep for RFP's created training scripts and [could] also walk you through items in LaGov by phone. I've had three others since and they are not capable."

Consistent with agency responses, the National Association of State Procurement Officials (NASPO) released a top 10 list of state procurement priorities in 2023. The highest priority was assigned to talent management and succession planning. This includes recruiting and retaining skilled procurement professionals, remote work capacity, succession planning, and talent management strategies.

Between fiscal years 2016 and 2022, turnover at OSP ranged from 13.0% to 21.2% with a majority of staff leaving analyst positions. Of the 101 employees that separated from employment between fiscal years 2016 and 2022, 55 (54.5%) of these were at the analyst level. In addition, the highest percentage of employee turnover occurred within the RFP team (25.7%). OSP employees noted that employee turnover is detrimental, particularly to the RFP team, because the time for an analyst to become fully trained can be anywhere from six months to a year. One survey respondent suggested, "In order to combat negative effects of turnover, consider what policies and procedures are in place to have historical knowledge transferred to new employees."

Best practice information from Business.com noted that when turnover exceeds 15%, agencies should consider an evaluation of compensation and agency culture. Turnover at OSP exceeded 15% in both fiscal years 2018 and 2022, with turnover rates of 18.5% and 21.2%, respectively. Exhibit 8 shows the number of OSP analyst separations relative to overall staff separations for fiscal years 2016 through 2022.

Exhibit 8
Number of OSP Analyst Separations by Year
Fiscal Years 2016 through 2022
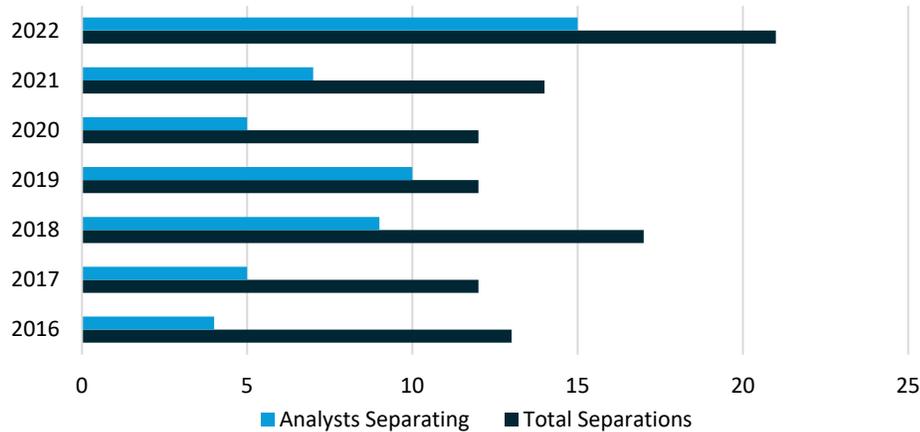
Source: Prepared by legislative auditor's staff using data obtained from LaGov.

According to OSP's RFP team, internal turnover is an issue, due to analysts leaving to work in the private sector or other state agencies for higher pay. Job stress was also reported to be a factor. OSP also reported a decrease in the number of applications it receives. According to OSP, it is moving towards standardization of training provided to its employees. Continued standardization of training would improve consistency in the procurement process and reduce inefficiency and frustration of agency staff. As one respondent noted, "Various analysts request different information/edits for the same service type contracts."

Recommendation 6: OSP should continue its standardization of staff training to ensure consistency of OSP operations and review processes.

Summary of Management's Response: OSP agrees with this recommendation and stated that it intends to continue to use standardized training to ensure consistency of operations and review processes. See Appendix A for OSP's full response.

According to the National Association of State Procurement Officials, customer service to agency stakeholders and training and certification are among the top 10 priorities in state procurement. Agencies reported that OSP could improve in regard to its communication and training provided to user agencies. Of the summary comments provided in response to our survey, 50.0% of respondents noted that communication and training were areas where OSP could improve.

In NASPO's top 10 priorities for state procurement, customer service to agency stakeholders was listed as priority number four, and training was listed as NASPO's sixth priority. Customer service includes responsiveness to agency stakeholder's needs, compliance with service level agreements and maintaining trust and high satisfaction levels. Training includes promoting training and certification programs that elevate the procurement profession and develop skillsets for the future.

Of survey respondents, 24 (20.7%) of 116 reported that OSP needs to improve its communication with user agencies. One agency noted that an area for improvement is "Communication and timely response to issues; and an outline as to all documents needed for each specific type of contract." Another agency noted that OSP needs "more communication in regards to when things change to the templates."

OSP does not have formal processes for receiving and responding to feedback from state agencies regarding its procurement services. Implementing a formal customer feedback loop would help OSP adjust and improve its delivery of procurement services. It would also provide user agencies with an opportunity to discuss needs for additional training or clarification. According to OSP officials, feedback is provided on a regular basis via email, phone calls, and the OSP help desk, but OSP does not collect this feedback; therefore, it cannot review the feedback collectively and adjust its processes accordingly. Although OSP reports that they meet regularly with LDH and DOTD, it does not collect overall feedback periodically through user surveys or meetings with all user agencies.

Agencies also do not have a consistent primary contact at OSP because, according to OSP, its primary contact at each agency is based on who is the requestor on a shopping cart or purchase order. Only 10.6% of survey respondents stated that they had a central contact at OSP for all matters, with 27.4% saying they had no central contact at OSP with whom they interact. In addition, 45.0% of survey respondents said that they have had to escalate matters to OSP management due to issues with a particular contract. OSP management noted that

agencies should have a regular contact for non-competitive PPCS contracts, and that a help desk is available for questions and assistance.

Training issues were noted to be a concern by 34 (29.3%) of 116 survey respondents, with 23 (19.8%) reporting that they have never received any training. Effective training of agency staff that work directly with OSP in procurement activities is an essential step in developing an efficient procurement process. Regular training of agency staff regarding OSP's procurement processes and multiple data systems is necessary to ensure institutional knowledge of processes and increased efficiency in state procurement. OSP currently provides training to user agencies through a variety of platforms.[22] OSP also noted that it has a training box where agency staff can request training. When asked where OSP could improve its processes, one respondent noted, "Changes to processes and procedures should be communicated clearly to agencies before the change is required (or as soon as possible)."

While OSP develops necessary training, it does not have a process to ensure all applicable state agency staff receive the training. According to OSP management, there is a central training coordinator that issues training programs to the agencies via a listserv. OSP communicates to the agencies when trainings are "rolled out" and the agency is responsible for disseminating this information to the appropriate staff. OSP states that it is impossible to know all agency staff involved with each aspect of procurement and to impose requirements on all involved. However, it does not benefit OSP or agencies if OSP develops trainings but there is no process in place to ensure that all applicable agency staff receive them, especially trainings related to new processes or systems.

When we reviewed training by type received, of our 116 respondents, we found that 70 (60.3%) noted that they received training through policies/ procedures/manuals and 66 (56.9%) respondents noted that their training was provided via webinar. Exhibit 9 summarizes agency responses related to types of training provided.

---

[22] One area where OSP cannot provide training is in regard to LaGov, as this is handled through OTS.

Exhibit 9
Types of Training Provided to Agency Staff
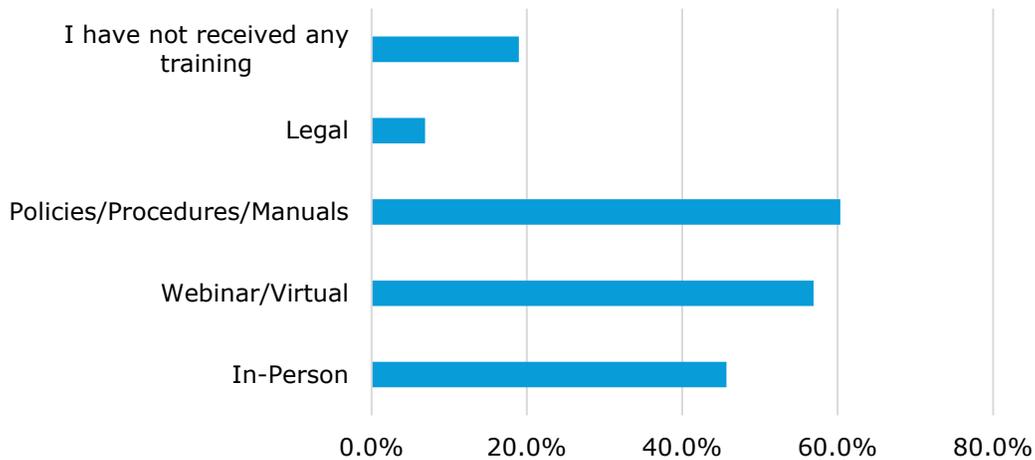
Source: Prepared by legislative auditor's staff using data obtained in a survey of state agencies.

Recommendation 7: OSP should develop and implement formal, consistent mechanisms to collect feedback for the various services it provides and create a customer complaint/feedback repository so that it can analyze this information in order to adjust its service delivery.

Summary of Management's Response: OSP agrees with this recommendation and stated that it has begun researching Customer Relationship Management Systems that would allow it to collect and analyze feedback. See Appendix A for OSP's full response.

Recommendation 8: OSP should develop a collaborative process to work with state agencies to ensure that appropriate staff have received necessary training or communications, including when new requirements, templates, or software are implemented.

Summary of Management's Response: OSP agrees with this recommendation and stated that it is looking into ways to ease the process for agency staff to sign up for targeted email lists, such as training notifications. OSP is also exploring placing training opportunity notifications more prominently on the OSP website. See Appendix A for OSP's full response.

APPENDIX A: MANAGEMENT'S RESPONSE

JOHN BEL EDWARDS
GOVERNOR

JAY DARDENNE
COMMISSIONER OF ADMINISTRATION

November 8, 2023

Michael J. "Mike" Waguespack, Legislative Auditor
Louisiana Legislative Auditor
P.O. Box 94397
Baton Rouge, La 70804-9397

RE: Audit Title: Evaluation of Contracts in State Procurement
        Audit Report Number: 40210031

Dear Mr. Waguespack:

Please accept this letter as the Office of State Procurement's (OSP) official response to the referenced findings and recommendations presented as a result of a recent performance audit of contracts in state government. We appreciate the time that LLA spent with OSP staff attempting to learn the very detailed and complex issues faced by our office. However, it is evident that some of the information presented in the report results from a misunderstanding of procurement processes and laws.

Introduction: *While 22.5 percent of respondents agreed or strongly agreed that procurement is more efficient since the consolidation, 30.6 percent disagreed or strongly disagreed with this statement.*

- OSP is a control agency responsible for regulatory review and approval of agency procurement actions. This will naturally lead to some friction between agency personnel and OSP.

- Furthermore, it is unclear whether a definition of efficiency was provided to survey respondents. Procurement would be at its most efficient in the absence of statutes, rules, and regulations. However, procurement with no constraints would clearly be against the public interest. The purpose of the Louisiana Procurement Code is to provide for increased public confidence in processes of public procurement and to ensure fair and equitable treatment of all people involved in the State's procurement system.

Staffing and Budget.

- OSP would like to point out that the centralization resulted in 49 positions being transferred to OSP from state agencies, not 49 employees. Many agencies moved their most experienced and knowledgeable procurement staff into other positions within their agency.

1201 N. THIRD STREET ✚ SUITE 2-160 ✚ P.O. BOX 94095 ✚ BATON ROUGE, LOUISIANA 70804-9095 ✚ (225) 342-8010
FAX (225) 342-9756
OSP HELP DESK EMAIL: DOA-OSP-HELPDESK@LA.GOV
DOA-PROFESSIONAL CONTRACTS HELPDESK EMAIL: DOA-PCHELPDESK@LA.GOV
VENDOR INQUIRY EMAIL: VENDOR_INQ@LA.GOV
AN EQUAL OPPORTUNITY EMPLOYER

A.1

- OSP is an ancillary agency and receives no general fund appropriation. Most of OSP's total budget of $12.3 million is funded through self-generated means of finance.

Recommendation 1: *OSP should develop and implement a review process to identify contracts that show irregularities or multiple contracts to a vendor that fall just within an agency's delegated purchase authority to help ensure compliance with Louisiana's Procurement Code.*
- OSP agrees with this recommendation.
- OSP recognizes the need to audit agency procurements done within the agency's delegated purchase authority (DPA). To perform this review, OSP will require additional positions to staff an audit section. OSP intends to work with the administration and legislature to request the additional positions needed.

Recommendation 2: *OSP should consider implementing a more comprehensive review of agencies with a history of noncompliance with its DPA. This could include a removal of or reduction in the DPA, increased reporting to OSP, or other actions as deemed appropriate by OSP management.*
- OSP agrees with this recommendation.
- Agencies with a history of noncompliance or ratifications should have their DPA scrutinized. Additionally, when agencies experience personnel changes OSP should review the agency's DPA to determine if it should be reduced or eliminated. This additional responsibility could be fulfilled by the additional positions mentioned in OSP's response to Recommendation 1.

RFP Process.
- The derogatory quotes used in the LLA report are unfair and not reflective of the survey results. Nine percent (9.0 %) of survey respondents stated they were very dissatisfied with the RFP process. However, this is the group that LLA chose to highlight with direct quotes.
- The RFP process is often a long and cumbersome undertaking. This is not unique to the State of Louisiana. For example, the State of Maryland lists the expected RFP timeframe to be 12 to 18 months. (See section 3.5.1 Timelines https://procurement.maryland.gov/mpm-3-pre-solicitation/)
- Agencies reported dissatisfaction with the timeliness of the RFP process. However, a timely RFP process requires a partnership between OSP and agency staff. Lack of responsiveness from agency staff and inadequate scopes of work provided by agency staff often result in delays in the RFP process.
- OSP began a phased approach to completely managing the RFP process in October 2018. Prior to this, agencies managed their own RFPs using inconsistent processes with disparate results and timeframes, with limited assistance and oversight from OSP. A key milestone in the phased approach was the introduction of LESA in 2020. Agencies were on-boarded to LESA in cohorts through 2023. With the introduction of LESA, OSP has been able to introduce a standardized process to reduce the total cycle time. This is evident in the 14-day reduction in the average time to complete the RFP process between fiscal year 2021 and fiscal year 2022.

- The report did not address the volume or complexity of RFPs managed by OSP. At any given time, there are an average of 80 RFPs in OSP's pipeline. Included in this are some of the highest risk and highest value procurements in state government, such as those for the LDH Managed Care Organizations (MCO) and the Office of Group Benefits.

Recommendation 3: *Using review/approval data, OSP should actively track the amount of time RFPs spend at individual review points. This would provide OSP with more information to identify areas of inefficiency and allow for better management of the procurement process.*
- OSP disagrees with this recommendation.
- OSP currently tracks the amount of time RFPs spend at individual review points. The ability to track individual steps in the RFP process was a driving factor in OSP's decision to move RFPs to LESA. Information gathered from this tracking was used in the redesign of the RFP process that went live July 1, 2023.
- OSP continues to look for ways to make information more accessible, such as our current effort to create more LESA reports.

Recommendation 4: *OSP should consider the development of a single platform to streamline the number of data systems used to perform its day to day activities, and to eliminate duplicate entry of contract and procurement information.*
- OSP agrees with this recommendation.
- OSP introduced LESA to modernize RFP procurement, as LaGov SRM did not allow for functionality such as asynchronous electronic evaluation and online document reviews. OSP intends to work with OTS to move to a single platform that provides all of the advanced features needed to efficiently procure goods and services.

Recommendation 5: *OSP should work with agencies to ensure that contract evaluations contain all elements, as required by statute. In particular, evaluations should include any complications encountered during the life of the contract and the utility of the contract deliverables.*
- OSP agrees with this recommendation.
- OSP developed a new evaluation form that better aligns to statutory requirements. The form was published to the OSP website in February 2020. Some agencies are using the new form, but OSP has not yet mandated its use.
- OSP intends to educate state agencies about the new form and begin to enforce its use.

Recommendation 6: *OSP should continue its standardization of staff training to ensure consistency of OSP operations and review processes.*
- OSP agrees with this recommendation.
- OSP intends to continue to use standardized staff training to ensure consistency of OSP operations and review processes.

Recommendation 7: *OSP should develop and implement formal, consistent mechanisms to collect feedback for the various services it provides and create a customer complaint/feedback repository so that it can analyze this information in order to adjust its service delivery.*
- OSP agrees with this recommendation.

- OSP recognizes the need to receive and operationalize customer feedback. OSP has begun researching Customer Relationship Management (CRM) systems that would allow OSP to collect and analyze feedback. However, there are challenges involved in developing a CRM system, such as cost, staff training, developing new procedures, and identifying frivolous comments.
- OSP remains committed to providing excellent customer service to our customers and is constantly looking for opportunities to improve.

Recommendation 8: *OSP should develop a collaborative process to work with state agencies to ensure that appropriate staff have received necessary training or communications, including when new requirements, templates, or software are implemented.*
- OSP agrees with this recommendation.
- State agencies experience high turnover, making identifying training gaps for individual agency staff quite difficult.
- OSP is looking into ways to make it easier for agency staff to sign up for targeted email lists, such as training. This would ensure that agency staff receive the training notification emails that OSP regularly sends. OSP is also exploring placing training opportunity notifications in a more prominent place on the OSP website.

While OSP believes that most of the recommendations presented by the LLA are appropriate for improving the operations of this office, OSP has struggled for several years to fully staff the office. OSP currently has 11 open positions that we have not been able to fill with qualified, experienced applicants. Implementing all of the recommendations would result in the need for additional positions within OSP that would add to our current staffing struggles. Due to the current, ongoing situation that we find ourselves in, OSP has had to make policy decisions on where to best allocate our current limited staffing resources.

OSP appreciates the efforts made by LLA and our staff remains available to discuss these matters with any reader of the report to attempt to clarify any of the issues presented.

Sincerely,

Tom Ketterer
Director
Office of State Procurement

cc: Barbara Goodson, Deputy Commissioner
        Randy Davis, Assistant Commissioner for Policy and Personnel
        Felicia Sonnier, Deputy Director of State Procurement
        Anthony Hamilton, Internal Audit Manager for DOA

APPENDIX B: SCOPE AND METHODOLOGY

This report provides the results of our performance audit of the Office of State Procurement. We conducted this performance audit under the provisions of Title 24 of the Louisiana Revised Statutes of 1950, as amended. This audit covered fiscal years 2016 through 2022. Our audit objectives were:

1. **To provide information on state agency contracts.**

2. **To determine whether the Office of State Procurement is meeting its goal to provide quality and timely services to its user agencies.**

We conducted this performance audit in accordance with generally-accepted *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We obtained an understanding of internal control that is significant to the audit objective and assessed the design and implementation of such internal control to the extent necessary to address our audit objectives. We also obtained an understanding of legal provisions that are significant within the context of the audit objectives, and we assessed the risk that illegal acts, including fraud, and violations of applicable contract, grant agreement, or other legal provisions could occur. Based on that risk assessment, we designed and performed procedures to provide reasonable assurance of detecting instances of noncompliance significant to those provisions.

To answer our objectives, we performed the following audit steps:

- Reviewed Louisiana state laws regarding procurement.

- Interviewed staff from OSP and its various teams about their duties and responsibilities.

- Obtained and reviewed OSP policies and procedures, strategic plan, and annual reports.

- Interviewed staff from four Executive branch agencies for feedback regarding OSP.

- Obtained a list of agency contacts from OSP and surveyed procurement personnel that work regularly with OSP to gather feedback and concerns.

- We sent a survey to 211 agency staff that work directly with OSP in procurement activities. However, we were notified on multiple occasions that the survey was forwarded within some agencies to additional staff that had experience in working with OSP. While we do not know the exact total number of survey recipients, 116 responses were received.

- Met with Office of Technology Services (OTS) to determine most appropriate LaGov report that summarizes contract use in Louisiana.

- Using the PO Basic LaGov data report, summarized contracts by agency, amount, type, and vendor.

- Worked with OTS staff to obtain and analyze data of contracts and purchase orders, including approval milestones and amendments.

  - We met with OSP staff to review supporting information related to timeliness milestones and determined that the data would not be sufficient to appropriately identify delays in the approval process, due to multiple approvals being grouped under a single milestone.

- Because the OTS data file was limited by the "go live" date in Document Tracking, not all amendments were present in the OTS file.

  - In order to gather information regarding OSP's approval of contract amendments, such as documentation of justification for amendment and increase/decrease in contract amount, we reviewed the supporting documentation for a targeted selection[23] of 10 contract amendments from a cross-section of state agencies and amendments with various percentages of increases/decreases from the original contract amount.

- Obtained and analyzed OSP staffing information from LaGov for fiscal years 2016 through 2022.

- Conducted best practices research on procurement operations, including the National Association of State Procurement Officials (NASPO) Contract Administration Best Practices Guide.

- Conducted best practices research on staffing and employee turnover.

- Provided OSP with our results to review for accuracy and reasonableness, and incorporated its feedback throughout the report.

---

[23] Files were reviewed based on targeted selection and not statistical sampling; therefore, resulting information should not be generalized across all contract amendments.

APPENDIX C: OSP TEAMS AND RESPONSIBILITIES

Team	Responsibilities
RFP	Review initial draft of RFP; approve publication of RFP; assist agencies with the evaluation of RFPs and review agency award recommendations; and make recommendations to ensure that contracts meet necessary requirements.
Commodity Purchases	Work with agencies to develop, solicit, and evaluate statewide and agency specific contracts; review and approve documentation for sole source and proprietary procurements, monitor contract usage; review and approve change orders entered by agencies.
Professional Contracts	Review contracts submitted by state agencies for professional, personal, consulting, and social services contracts; review and approve documentation for sole source and emergency procurements; approve and report on contracts; review and approve cooperative endeavor agreements in accordance with Executive Orders.
Blanket Order/One Time Buy	Review requests from agencies for service/maintenance agreements, blanket orders, and one-time purchases; work with agencies to develop useful bid specifications; solicit and evaluate bids for equipment, supplies, or services; award bids and establish purchase orders; and process renewals, change orders, and proprietary procurements.
Analytics	Audit and verify contract usage reports; run and analyze spending information for category management by the commodity teams; calculate interagency billing for state agency customers; and perform all OSP reporting, including tracking and reporting of performance indicators.
Source: Prepared by legislative auditor's staff using information provided by OSP.	

APPENDIX D: SPECIAL CATEGORICAL DELEGATIONS OF PURCHASE AUTHORITY (DPA)

Agency	Types of Contracts	DPA Limit
Office of the Governor - Coastal Activities	Cooperative endeavor agreements with federal, state, and local governmental entities to implement coastal restoration plans specifically budgeted for in the Annual Plan approved by the Legislature.	Unlimited
Division of Administration - Community Development Block Grant	Between local governments within the state for the purposes of public facilities improvements, housing rehabilitation or economic development under the Public Law 93-383 regardless of dollar amount.	Unlimited
Coastal Protection and Restoration Authority	Approve the agreement between the Department of the Army and CPRA for the Louisiana Coastal Area Section 7006(e)(1) Ecosystem Restoration Projects Study. In addition to the contribution of initial sums of $11.8 million, approve any subsequent contribution of funds required under the subject contract, and to approve any other contracts with the Corps of Engineers to conduct similar feasibility studies.	Unlimited
State Treasurer	Line item Appropriations specific to each fiscal year.	Unlimited
Department of Economic Development	Workforce Development & Training Program; the Economic Development Award Program; & the Port Development Program; Coastal Wetlands Planning, Protection, and Restoration Act New Orleans District Corps of Engineers projects for performing operation & maintenance.	Unlimited
	Certain Louisiana Fast Start Program training programs with individual values less than $250,000 for a 12-month period.	$250,000
Department of Public Safety	Approve federal subgrants entered into by the LA Highway Safety Commission with law enforcement agencies, state agencies, or other governmental entities (Does not include private safety advocate organizations).	$50,000
Department of Natural Resources	Cooperative endeavor agreements with local government for Parish Coastal Wetlands Restoration Program and Parish Local Coastal Program.	Unlimited
	Cost share agreements between DNR and the federal government for the purpose of implementing certain Coastal Restoration and Water Resources Projects.	Unlimited

Agency	Types of Contracts	DPA Limit
	Feasibility studies with the Department of the Army, New Orleans District, Corps of Engineers	Unlimited
Louisiana Workforce Commission	Incumbent Worker Training Program, Job training Partnership Acts, and Workforce Investment Act	Unlimited
	Community Services Block Grant 42 designated community action agency subgrants	Unlimited
Department of Wildlife and Fisheries	Cooperative Endeavor Agreements with up to 1,100 oyster leaseholders to perform hurricane related rehabilitation work on oyster beds and shrimp grounds.	Unlimited
Louisiana State University - Baton Rouge	Subaward/subcontract template for use by LSU Ag Center for issuance of subawards with private funds.	Unlimited
University of New Orleans	Approval to user federal and private subcontract templates.	Unlimited
LSU Medical Center Health Sciences Center Shreveport	Approval of subcontracts of research grants/contracts from either National Institute of Health or federal sources where subcontracts are specifically proposed and authorized under the grant.	Unlimited
LSU Medical Center Health Sciences Center New Orleans	Approval of subcontracts of research grants/contracts from either National Institute of Health or federal sources where subcontracts are specifically proposed and authorized under the grant.	Unlimited
Pennington Biomedical Research Center	Subaward/subcontract template for federally or privately funded research subgrants.	Unlimited
Southern University	Subaward/subcontract template for federally or privately funded research subgrants.	Unlimited
Louisiana Tech University	Federally funded research contracts for subgrants of federally funded research grants to institutions of higher education.	Unlimited
University of Louisiana – Monroe	Specific speaking engagements.	$100,000
Board of Regents (BOR)	Enables BOR to internally manage federal grants, federal funds distribution agreements, and agreements funded through the Louisiana Education Quality Trust Fund.	Unlimited
Source: Prepared by legislative auditor's staff using information provided by OSP.		

APPENDIX E: DELEGATED PURCHASE AUTHORITY (DPA) AMOUNTS BY AGENCY

Department	Agency	DPA for Contracts
Executive Department	Executive Office (Governor's Office)	$5,000
	Office of Indian Affairs	$5,000
	Office of Inspector General	$5,000
	Mental Health Advocacy Service	$5,000
	Louisiana Tax Commission	$20,000
	Division of Administration	$5,000
	Office of Coastal Protection and Restoration	$5,000
	Governor's Office of Homeland Security and Emergency Preparedness	$5,000
	Department of Military Affairs	$20,000
	Facility Planning and Control	$20,000
	Louisiana Public Defender Board	$20,000
	Louisiana Stadium and Exposition District	Exempt per AG Opinion 83-741
	Board of Tax Appeals	$5,000
	Louisiana Commission on Law Enforcement	$5,000
	Office of Elderly Affairs	$5,000
	Louisiana State Racing Commission	$20,000
	Office of Financial Institutions	$5,000
Department of Veterans Affairs		$5,000
Secretary of State		$20,000
Attorney General		$20,000
Lieutenant Governor		$20,000
Office of the State Treasurer		$20,000
Public Service Commission		$5,000
Department of Agriculture and Forestry		$20,000
Department of Insurance		$20,000
Department of Economic Development		$20,000
Department of Culture, Recreation, and Tourism	Office of the Secretary	$20,000
	Office of the State Library of Louisiana	$20,000
	Office of State Museum	$20,000
	Office of State Parks	$20,000
	Office of Cultural Development	$20,000
	Office of Tourism	$20,000

Department	Agency	DPA for Contracts
	New Orleans City Park Improvement Association	$5,000
Department of Transportation and Development		$5,000
Department of Public Safety and Corrections	Department of Corrections	$5,000
	Department of Public Safety	$5,000
	Office of Juvenile Justice	$5,000
Louisiana Department of Health	Jefferson Parish Human Services Authority	Exempt per AG Opinion 97-220
	Florida Parishes Human Services Authority	Exempt per AG Opinion 97-220
	Capital Area Human Services District	Exempt per AG Opinion 97-220
	Developmental Disabilities Council	$5,000
	Metropolitan Human Services District	Exempt per AG Opinion 97-220
	Medical Vendor Administration	$5,000
	Medical Vendor Payments	$5,000
	Office of the Secretary	$5,000
	South Central Louisiana Human Services Authority	Exempt per AG Opinion 97-220
	Northeast Delta Human Services Authority	Exempt per AG Opinion 97-220
	Office of Aging and Adult Services	$5,000
	Louisiana Emergency Response Network Board	$5,000
	Acadian Area Human Services District	Exempt per AG Opinion 97-220
	Office of Public Health	$5,000
	Office of Behavioral Health	$5,000
	Office for Citizens with Developmental Disabilities	$5,000
	Imperial Calcasieu Human Services Authority	Exempt per AG Opinion 97-220
	Central Louisiana Human Services District	Exempt per AG Opinion 97-220
	Northwest Louisiana Human Services District	Exempt per AG Opinion 97-220
Department of Children and Family Services		$5,000
Department of Natural Resources		$5,000
Department of Revenue		$5,000
Department of Environmental Quality		$5,000
Louisiana Workforce Commission		$20,000
Department of Wildlife and Fisheries		$5,000

Department	Agency	DPA for Contracts
Department of State Civil Service		$20,000
Higher Education[24]	LSU System	Exempt per LSU Code autonomy
	LSU Baton Rouge	Exempt per LSU Code autonomy
	LSU Alexandria	Exempt per LSU Code autonomy
	LSU Medical Center Health Services Center New Orleans	<$50,000/year
	LSU Eunice	Exempt per LSU Code autonomy
	LSU Shreveport	Exempt per LSU Code autonomy
	LSU Ag Center	Exempt per LSU Code autonomy
	LSU Paul M. Hebert Law Center	Exempt per LSU Code autonomy
	Pennington Biomedical Research Center	Exempt per LSU Code autonomy
	LSU Medical Center Health Services Center Shreveport	<$50,000/year
	Southern University System	<$50,000/year
	University of Louisiana System	<$50,000/year
	University of New Orleans	<$50,000/year
	Nicholls State University	<$50,000/year
	Grambling State University	<$50,000/year
	Louisiana Tech University	<$50,000/year
	McNeese State University	<$50,000/year
	University of Louisiana Monroe	<$50,000/year
	Northwestern State University	<$50,000/year
	Southeastern Louisiana University	<$50,000/year
	University of Louisiana at Lafayette	<$50,000/year
	Louisiana Community and Technical College System	$20,000
	Office of Student Financial Assistance	$20,000
	Board of Regents	$20,000
	Louisiana Universities Marine Consortium	$20,000
Special Schools and Commissions		$5,000
Louisiana Department of Education	State Activities	$20,000
	Subgrantee Assistance	$20,000
	Recovery School District	Exempt per R.S. 17:1990(c)[25]

---

[24] LSU system and related campuses are exempt from OSP oversight as noted in Title 34, Part XIII, Chapter 3 of the Louisiana Administrative Code (The University Pilot Procurement Code).
[25] This law gives the Recovery School District the same authority and autonomy afforded to city, parish, and local public school systems regarding the procurement of services, including PPCS contracts.

Department	Agency	DPA for Contracts
	Special School District	$20,000
LSU Health Care Services Division		$20,000
Other Requirements	Local Housing of State Adult Offenders (Department of Corrections)	$5,000
	Local Housing of State Juvenile Offenders (Office of Juvenile Justice)	$5,000
	Louisiana Economic Development Debt Service and Commitments	$20,000
	Louisiana Department of Agriculture and Forestry Pass-Through Funds	$20,000
Ancillary Appropriations	Office of Group Benefits	$5,000
	Office of Risk Management	$20,000
	Louisiana Property Assistance Agency	$5,000
	Louisiana Federal Property Assistance Agency	$5,000
	Prison Enterprises	$5,000
	Patient's Compensation Fund	Exempt per R.S. 40:1231.4[26]
	Office of Technology Services	$50,000
	Division of Administrative Law	$20,000
	Office of State Procurement	$5,000
	Office of Aircraft Services	$5,000
	Department of Environmental Quality Municipal Facilities Revolving Loan Fund	$5,000
Boards and Commissions		$5,000
Source: Prepared by legislative auditor's staff using information provided by OSP.		

---

[26] The Patient's Compensation Fund is held in trust as a private custodial fund for the use, benefit, and protection of medical malpractice claimants and the fund's private health care provider members.