

Why We Conducted This Audit

This report provides information on the number and value of contracts over 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 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 on the number and value of state contracts, 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.

What We Found

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,

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.

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 as shown in the exhibit.

Evaluation of Contracts in State Government

Office of State Procurement

What We Found (Cont.)

- 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 OSP 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 identify where delays historically occur during the approval process.

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.

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, 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.