

# Ventura County Contracting Practices

## Summary

The principal agency for contracting and technical oversight of contracting for Ventura County is the Procurement Services Department (“Procurement”) of the General Services Agency (GSA). The Grand Jury has concluded that GSA Procurement provides the proper oversight to the contracting processes and, through effective management controls and adherence to professional values, embodies the principles of good governance.

## Background

Presentations to the Grand Jury (the “Jury”) by the Ventura County GSA Administrative Services Department highlighted that Ventura County routinely contracts for goods and services.

Of particular interest to the Jury were the types and amounts of services contracted by the county in light of the number of potential layoffs due to budget cuts. The Jury was interested in whether the county contracted for services which could be performed by county employees, what criteria would be considered when deciding whether to contract out for services versus performing the services with in-house employees, and what the process is for selection of contractors.

## Methodology

This inquiry centered on services, particularly office and professional services. The Jury obtained contract information from officials at GSA, the Health Care Agency, the Sheriff’s Department, the Probation Agency, and other county organizations that regularly contract for services. Several contracts were reviewed, applicable state and county regulations were reviewed, and contract-specific questions were asked of the contracting agencies as well as GSA, County Counsel, and the County Executive Office (CEO).

Procurement provided a comprehensive presentation on county contracting processes and provided all requested documentation, background information, and answers to specific questions of the Jury.

In particular, the Jury looked at the procedures for development of service contracts, the process for development and approval of sole source service contracts, and review and approval procedures for contracts over \$100,000.

## Findings

### Authority

**F-01.** The Ventura County Board of Supervisors (the “Board”) has statutory

authority to bind the county to contracts. The Board is required to make policy decisions on all acquisitions within the county.

**Delegation of Purchasing Authority**

- F-02.** The Board has statutory authority to delegate the ministerial function of carrying out acquisition policies. Government Code section 25502.5 allows a purchasing agent to bind the county for service contracts that do not exceed \$100,000. Ventura County Ordinance No. 4084 states that, except as otherwise provided by law, only a designated purchasing agent has the power to bind the county to contracts.
- F-03.** Service contracts over \$100,000 require Board approval of the terms of the contract and the obligation of funds.
- F-04.** A CEO’s analyst assigned to contract review advises in the evaluation and approval of contracts over \$100,000. There is a shared responsibility among Procurement, County Counsel, and the contracting agency to ensure the contract is complete and that funds are appropriately identified.
- F-05.** Once in place, the receiving agency administers contract performance with advice and assistance from Procurement as requested.

**Organization**

- F-06.** GSA Administrative Services Department maintains a staff for the procurement of goods and services. The county spent approximately \$578,400 in the fiscal year 2002-2003 for contract administration.
- F-07.** Procurement contracts countywide for office supplies and copier services, and Procurement shares responsibility for contracts for other commodities with county agencies and departments.
- F-08.** GSA oversees more that \$60 million in contracted goods and services each year. Over the past five years, service contracts have averaged 24 percent of that amount.

**Commodities or “Goods”**

- F-09.** The term “goods” refers to commodities, or products and materials.
- F-10.** Goods are typically obtained by purchase order through Procurement.
- F-11.** Procurement publishes a “Vendor Guide for Procurement Services,” which describes the contracting policies, location, hours of operation, ethical considerations, requirements for contractors, as well as the procedures for quotations and bids.
- F-12.** Procurement maintains a website for purchase and bidding information and is in the process of installing an on-line vendor registration to assist contractors.

**Services**

- F-13.** “Services” are defined as labor, time, or effort by a contractor not involving the

delivery of a specific product; however, delivery of reports is considered incidental to the required service performance.

- F-14.** Services include professional services but exclude employment agreements or collective bargaining agreements.
- F-15.** Ventura County contracts for security, janitorial, landscaping, pest control, engineering, medical and many other types of services.
- F-16.** Service contracting decisions are made based on a variety of factors. These factors may include:
- Requirements for special skills or expertise not available in the organization
  - Shortage of staff or hiring authority for a particular task
  - Frequency of need for the service, where hiring to satisfy a short-term or one-time need would be wasteful
  - Immediate need for service that might leave no time for hiring and training staff to meet the need
  - Cost and budget impacts of contracting decisions
- F-17.** Purchasing agents in Procurement have general oversight responsibility for contracts let by county agencies other than GSA.
- F-18.** Contract review and approval through Procurement will determine whether the contract satisfies statute, regulation, and policy.

### **Non-Competitive Procurements**

- F-19.** Non-competitive (sole source) procurements are allowed under certain specific conditions:
- When an item is available via another public entity's contract
  - When formal competition has failed
  - When the procurement is made from another unit of government
  - Where procurement of a used item is advantageous
  - Where compatibility is the overriding consideration
  - For public utilities
- F-20.** Presently, Ventura County maintains 17 sole source contracts awarded through GSA with a total value of over \$3.72 million (see Attachment I).
- F-21.** Sole source acquisitions for information systems support and development account for approximately 74 percent of sole source contract costs. Specialized requirements for emergency and response communication systems account for 22 percent. Family counseling services and hazardous waste services represent two percent and one percent of the sole source contract costs, respectively.

- F-22.** Of the 17 sole source contracts, seven are services supporting Information Systems Department projects for a total cost of \$2,265,200. Another three sole source contracts allocate \$330,890 to integrate the Sheriff's Department and District Attorney's office with the county's criminal justice system.
- F-23.** The primary reasons for sole source contracts in the county are failure of formal competition due to unique skill requirements and compatibility with existing systems or practices.
- F-24.** The sole source contracts for information systems, which require unique skills and compatibility with existing systems, are the direct result of technical and management decisions made in years past.

### **Administration and Communication**

- F-25.** Considerable communication and coordination are required in order to function as an effective intermediary between government agencies and private contractors.
- F-26.** Procurement provides information and advice to vendors and potential vendors of goods and services. Documentation communicating the responsibilities and limitations on the authority of the county is provided to vendors.
- F-27.** Procurement and GSA maintain extensive record-keeping and management oversight to administer the county's contracts.

### **Conclusions**

- C-01.** The county has adequate contracting procedures and controls in place, and by all indications, understands and follows these procedures. (F-01, F-02, F-03)
- C-02.** Appropriate communication and consistent application of the regulations appear to assure good relations and the delivery of expected services. (F-06, F-07, F-08)
- C-03.** Acquisition of services requires a more complex decision process than most "goods" acquisitions. (F-13, F-14, F-15)
- C-04.** Documentation provided to vendors through both printed brochures and the Internet appears clear and accurate. (F-26)
- C-05.** County decisions to use contract services appear to be based on sound business decisions. There are sufficient controls and processes in place to determine that services are generally contracted according to the letter and the spirit of published acquisition policies and procedures. (F-16, F-27)
- C-06.** Procurement provides oversight and advisory assistance to those agencies administering their own contracts. (F-17)
- C-07.** Highly technical service contracts present the greatest challenges with regard to identifying and controlling reasonable activities and expenditures. (F-18)
- C-08.** Countywide policy decisions on information systems have a long-term impact on county contracting decisions. Technical decisions made in the past can

obligate the county to high-cost sole source contracts for years. (F-21, F-22, F-23, F-24)

- C-09.** The county’s 17 sole source contracts were awarded only when county resources could not be used. (F-19, F-20, F-23, F-24)

**Recommendation**

- R-01.** The county review the information systems policies and practices to determine best overall design, development and maintenance strategy with the purpose of reducing long-term costs.

**Response**

<b>Recommendation</b>	<b>R-01</b>
<b>Response Required From:</b>	
Ventura County Board of Supervisors	<b>X</b>

**Commendation**

The laws, regulations, and practices governing contracting can be complex, and their administration requires significant knowledge and coordination. While researching this topic, the Jury was impressed with the professionalism and knowledge displayed by GSA Administrative Services’ management and staff. GSA demonstrates excellent accounting and records management combined with the ability to recognize and address cost and performance trends and react appropriately to ensure the county receives the required services at the optimal cost.

## Attachment I. Sole Source Contracts Summary FY 2003-2004

Ventura County Sole Source Contracts Summary						
FY 2003-2004						
Contract Number	Vendor Number	Start Date/ End Date	Department	Type	P.O. Amount	Information Systems
4768	952944459	07/01/2003 06/30/2004	VCP	Family Counseling	\$94,628.35	No
4757	841248002	11/04/2003 ....	SHERIFF	Provide Mobile Data Frontline and Reporting Software	\$778,567.57	Special Req'ment
4756	574300361	09/01/2003 06/30/2004	DA	Provide Project Manager	\$29,250.00	Yes
4753	330631217	10/15/2003 12/31/2003	AUD	Software Design Consulting	\$60,000.00	Yes
4745	770425124	10/06/2003 06/30/2004	SHERIFF	System Testing	\$73,840.00	Yes
4743	870412185	09/16/2003 ...	HSD	Software Enhancement	\$45,605.00	Yes
4737	951519378	08/29/2003 06/30/2004	PH	Internet based system to monitor local emergency	\$43,200.00	Special Req'ment
4720	954871470	09/15/2003 12/31/2003	AUD	Professional Services	\$64,000.00	Yes
4718	396090019	07/01/2003 06/30/2004	HMI	Provide hazardous material/waste svc	\$40,000.00	No
4717	447343357	08/21/2003 12/31/2003	ISD	Provide analysis, design development	\$52,200.00	Yes
4700	770453765	08/15/2003 06/30/2004	SHERIFF	Labor to custom develop software	\$227,800.00	Yes
4695	540856778	07/24/2003 11/28/2003	ISD	Implementation Service	\$65,000.00	Yes
4692	330631217	07/01/2003 06/30/2004	ISD	Software Maint. Support	\$814,000.00	Yes
4691	382007430	07/01/2003 06/30/2004	ISD	Software Maint. Support	\$320,000.00	Yes
4690	770453765	07/01/2003 06/30/2004	ISD	Software Maint. Support	\$694,000.00	Yes
4689	980182865	07/01/2003 06/30/2004	ISD	Software Maint. Support	\$160,000.00	Yes
4688	770464556	07/01/2003 06/30/2004	ISD	Software Maint. Support	\$160,000.00	Yes
<b>Total Sole-Source Contracts</b>					<b>\$3,722,090.92</b>	