

BUTTE COUNTY GRAND JURY REPORT 2008/2009
BUTTE COUNTY DEPARTMENT OF GENERAL SERVICES
CONTRACT ADMINISTRATION DIVISION

SUMMARY

The 2008/2009 Butte County Grand Jury reviewed the operations of the Department of General Services (DGS), with special attention focused on the administration of Contracts and Purchasing Policies of the County.

The DGS is a large department responsible for contracts, the purchase of supplies, equipment, and services provided to the County. The DGS Director identified an immediate need for the reorganization of the Contracts Administration Division (CAD) and the rewriting of the Contracts/Purchasing Policy and Procedure Manual (hereafter referred to as the Manual) used for the issuance of contracts. A new Contracts Manager has been assigned to revise the Manual and develop a contract process that all departments will follow. The initial deadline for revising the Manual was October, 2008. Due to the overwhelming workload caused by the aftermath of the 2008 fires, that timeline was extended to the spring of 2009.

In the process of review, the Grand Jury observed that:

The DGS Director and the Contracts Manager had been working collaboratively to provide the much needed update of contract issuing procedures and the Procedures Manual.

The Director and Manager are to be commended for their optimistic enthusiasm and desire to bring the County Contract Division up to its optimum level of efficiency. By standardizing contract language, establishing contract protocols and centralizing contract information, the Division can streamline the contracts system and eliminate financial waste to the County.

The common goal of this Division is to secure and maintain a centralized location and procedural system for the issuing, processing, and tracking of county contracts.

BACKGROUND

According to the contract structure of Butte County there are many forms of contracts, most of which have strictly enforced language sets used by the departments to contract for their needs, or for revenue producing services, or relationships outside the County. Additionally, there are Memoranda of Understanding between county departments, and other governmental jurisdictions and entities. There are also more obscure documents, such as "letter contracts" and "untitled contracts," such as the untitled contract with the Department of Fish & Game for delivery of wildlife to various Butte County entities.

In November of 2007, the Board of Supervisors directed the DGS to consolidate the County's contract administration under DGS. The Contracts Division had not been reviewed by the

Grand Jury within the past ten years, thus the panel chose to look into the process by which contracts are issued and managed. The goals of the review were as follows:

- To learn how the Contract Administration Division was organized and managed
- To assess the immediate needs of the Contracts Division
- To promote immediacy and efficiency in the creating of a new Contracts/
Purchasing
- Procedure Manual within a given timeline

APPROACH

The Grand Jury's review included:

- A complete review of the current "Contracts/Purchasing Policy and Procedure Manual"
- Two formal interviews with the Director of DGS
- Two formal interviews with the Contracts Manager
- A formal interview with one member of the Board of Supervisors
- A formal interview with two members of the Department of Employment and Social Services

DISCUSSION

The lack of standardization and consistency in the language of the Manual makes it very confusing and difficult for vendors or contractors to bid on a contract. This often discourages contractors from bidding. Thus, a contract may not receive competitive bids.

Without competitive bidding the County may end up paying more money for the contracted service, while receiving a lower quality of workmanship.

The contracts manager is only able to devote part of one day a week to work on the update of the manual. This is extending its completion date. The County could possibly save time and money by hiring a person to work solely on that project.

There is a need to have all contracts in a centralized location where they can be electronically accessed, reviewed, and tracked through to completion. There has also been discussion of adding an electronic contract processing module to the County database. The module does not exist at this time, however, its development and implementation would dramatically improve the current mode of hand-carrying a paper version from department to department, which results in a lengthy, four to six week process. An electronic contract processing module would save valuable time and County resources.

In 2007/2008 there were 1,072 contracts issued. Because of this volume, it is apparent that two people cannot effectively oversee all of the contracts without sufficient personnel to process them.

If all departments followed the same standardized contract language and performance measures, it would eliminate time consuming reviews by County Counsel.

FINDINGS

- F1. The Department Director and the Contracts Manager are acutely aware of the overwhelming need to rewrite the outdated Contracts/Purchasing Policy and Procedure Manual, for the purpose of centralizing information, creating easier access, saving time, and most importantly, saving revenue for the County.
- F2. There is a lack of standardization and consistency in the County's contract language.
- F3. There is a lack of electronic transmission, approval, management and tracking of contracts.
- F4. The DGS is not always involved before contracts are issued by individual departments.
- F5. There is an immediate need for the Manual to be completed and approved by the Board of Supervisors.
- F6. There is no timeline for approval at each step in the ratification of a contract. Presently, it takes four to six weeks for contract approval.

RECOMMENDATIONS

- R1. A dedicated clerical position should be tasked with the compilation of the new contracts Manual.
- R2. Develop standardized, write-protected, department-specific templates for use in the majority of contractual relationships, eliminating lengthy, individual document review.
- R3. An electronic processing program specific to expediting the contract process needs to be developed and implemented as soon as possible.
- R4. Each department seeking a contract for goods or services should work collaboratively with DGS, utilizing the aforementioned templates, and implementing a streamlined electronic contract process.
- R5. The new Manual should be reviewed and approved with any appropriate modifications by the Board of Supervisors as soon as completed.
- R6. Procedures should be established to enhance the expediency and efficiency of the contract approval process.

REQUEST FOR RESPONSES

Pursuant to Penal Code Section 933.05, the Grand Jury requests responses as follows:

Butte County Department of General Services Director

Butte County Board of Supervisors

The governing bodies indicated above should be aware that the comment or response of the governing body must be conducted subject to the notice, agenda and open meeting requirements of the Brown Act.

Reports issued by the Civil Grand Jury do not identify individuals interviewed. Penal Code Section 929 requires that reports of the Grand Jury not contain the name of any person, or facts leading to the identity of any person who provides information to the Civil Grand Jury. The California State Legislature has stated that it intends the provisions of Penal Code Section 929 prohibiting disclosure of witness identities to encourage full candor in testimony in Civil Grand Jury investigations by protecting the privacy and confidentiality of those who participate in any Civil Grand Jury investigation.