

# County of Santa Clara

Office of the County Executive

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(ENDORSED)  
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BY Brianne Huelbig DEPUTY



**Date:** August 13, 2024  
**To:** Greta S. Hansen, Chief Operating Officer  
**From:** Matthew Hada, Director of Procurement <sup>ds</sup> *MH*  
**Subject:** Responses to the Santa County Civil Grand Jury’s Final Report, “No Single Source of Truth”

The Santa Clara County Civil Grand Jury’s Final Report, “No Single Source of Truth: County of Santa Clara Countywide Procurement” contained multiple findings and recommendations that require a response from the County of Santa Clara (County), consistent with the provisions of California Penal Code § 933.05. This memorandum contains the response from County Administration.

### ***Finding 1***

*The County cannot find accurate contract information in a timely manner. This hinders the County Executive’s Office in decision making, prevents procurement cooperation that could save money, and unnecessarily wastes many hours of effort.*

### **Response to Finding 1**

The County agrees with the finding.

### ***Recommendation 1a***

*The County should investigate other counties or similar organizations to find out if and how they solved the problem of finding up-to-date contract information in a timely manner. This recommendation should be implemented by December 31, 2024.*

### **Response to Recommendation 1a**

The County agrees with the recommendation, and it has already been implemented. The County conducted surveys of other public entities in 2019 and 2023 to determine which enterprise resource planning (ERP) systems and/or applications they are using, the pros and cons with their systems, and whether they are considering alternative systems or application solutions.

### ***Recommendation 1b***

*The County should develop a plan for a countywide contract-search system. This should include estimated annual cost savings from using the system as well as the estimated implementation cost. This recommendation should be implemented by March 31, 2025.*

Board of Supervisors: Sylvia Arenas, Cindy Chavez, Otto Lee, Susan Ellenberg, S. Joseph Simitian  
County Executive: James R. Williams

Adopted: 08/13/2024

**Response to Recommendation 1b**

The recommendation has not yet been implemented but will be implemented in the future. Countywide contract-search system functionality is partially met through the County's current use of Ariba and would be fully met once the County fully implements one contract management system Countywide. Before committing to one system, County staff are taking steps to determine whether the County should continue using Ariba or instead procure a different system.

After assessing the market for contract management system vendors, the County issued a Request for Information (RFI) in July 2024 to a selected list of vendors whose systems appear to have the requisite functionality. If the County decides to implement the contract management system module from the current Procure-to-Pay system, Ariba, no Request for Proposals (RFP) will be initiated. However, if the County decides to procure a different solution, a subsequent RFP may be initiated for a recommendation for a plan by March 31, 2025.

***Recommendation 1c***

*The County should evaluate the cost and benefits of using outside expert resources to plan, select components for, and develop a countywide contract-search system. This recommendation should be implemented by June 30, 2025.*

**Response to Recommendation 1c**

The recommendation requires further analysis. As part of the County's plan to determine next steps for implementing a Countywide contract management system, County staff will determine whether consultants or other resources are needed to assess and implement such a system. This assessment will be completed by November 30, 2024.

***Finding 2***

*The County saves multiple, sometimes inconsistent, copies of contract information on department storage devices and multiple procurement systems. This makes it difficult for the County to find accurate, up-to-date, information.*

**Response to Finding 2**

The County agrees with the finding.

***Recommendation 2a***

*The County should define where the most up-to-date contract information is located so that a countywide contract-search system can find that information. This recommendation should be implemented by December 31, 2024.*

**Response to Recommendation 2a**

The recommendation has not yet been implemented but will be implemented in the future. The County's plan to eliminate inconsistent contract information is to centralize all countywide contracts within a contracts management system that will be identified through the processes described within responses to Recommendations 1a, 1b, and 1c.

***Recommendation 2b***

*The County should create a plan to eliminate inconsistent contract information. This recommendation should be implemented by March 31, 2025.*

**Response to Recommendation 2b**

The recommendation has not yet been implemented but will be implemented in the future. The most up-to-date contract information will be located in a centralized Countywide contract management system. The contract management system will be the record of source for subsequent Countywide contract-search processes and information. A decision for a new contract management system will be determined through the processes described within responses to Recommendations 1a, 1b, and 1c.

***Finding 3***

*Due to the absence of a uniform contract search system, County departments are not able to learn if other departments already have contracts that are relevant to their needs and, thus, are not able to take advantage of cooperative opportunities. Further, if the County had a publicly accessible contract-search system, other government entities could use that resource to partner with the County on cooperative procurement opportunities to the benefit of the County.*

**Response to Finding 3**

The County partially disagrees with the finding. While the County does not have a uniform contract search system for professional services contracts managed by departments, County departments do have visibility to all Countywide contracts for goods and related services via the internal County Procurement SharePoint site and contracts reports. Work is ongoing to simplify the comprehensive contract reports and have contracts information and search more transparent for County departments. Departments are also able to identify and take advantage of existing agreements via communication and support from the County Decentralized Procurement Division and Office of Countywide Contracting Management (OCCM), which was recently integrated within the Procurement Department.

In addition, the centralized procurement and management of contracts for goods and related services ensures that the County avoids redundant, unnecessary, or uncoordinated solicitations for these commodities. Moreover, by requiring all departments to report RFPs and Request for Grant Applications (RFGAs) to the Board via the Master Acquisition List, the County reduces inefficiencies in the sourcing and contracting for professional services.

While a publicly accessible contract search system would assist other government entities in accessing contracts already established by the County, neighboring jurisdictions may access the report of upcoming solicitations produced for the Board of Supervisors at each meeting to identify potential cooperative sourcing opportunities. The County also intends to implement a formal advance acquisition planning process to further identify opportunities for internal consolidation of solicitations where there are shared needs, as well as potential opportunities to partner with other governmental entities for cooperative purchases.

***Recommendation 3***

*The County should discuss cooperative procurement methods, such as contract piggybacking, with potential government partners and ask the potential government partners to provide their requirements for a countywide contract-search system accessible to them. This recommendation should be implemented by December 31, 2024.*

**Response to Recommendation 3**

The recommendation requires further analysis. Since the County intends to have its “countywide contract search system” to be a part of its Countywide contract management system or Procure-to-Pay system, the County will consult with other jurisdictions to determine if this recommendation is feasible, with recommendations to be implemented by December 31, 2024.

***Finding 4***

*Multiple departments in the County do not have a department policy for contractor evaluations and do not evaluate contractor performance. This violates the Policy Manual guidelines and could lead to departments making a poor choice of contractor.*

**Response to Finding 4**

The County agrees with the finding. Board of Supervisors Policy Manual Section 5.4.5.5—Monitoring, Administration, and Evaluation of Contracts—establishes the minimum requirements for contractor performance management; departments may have additional requirements depending on funding source and other considerations.

The County’s hospital system has a required (CMS/Center for Medicare & Medicaid Services Certification) contractor evaluation system with monthly audits. Additionally, the County’s Social Services Agency (SSA) has a robust contract performance monitoring procedure that includes an internal performance monitoring process through review of monthly or quarterly vendor reports, fiscal monitoring, vendor site visits, and corrective actions procedures with technical support provided by the agency. The hospital system and SSA account for a substantial share of the County’s contracts. Several other departments and agencies in the County also have a policy or established process to manage vendor performance, where regulated by law, funding source, or administrative direction; however, there is not a consistent and uniform Countywide contractor evaluation template or contractor performance evaluation process for those departments that lack their own.

While there is not a consistent and uniform Countywide contractor evaluation template or contractor performance evaluation process for departments that lack their own, contracting staff will routinely be reminded of Board policy and administrative guidelines requirements to monitor and evaluate vendor performance through procurement and contracting stakeholder groups such as the Procurement Liaison Collaborative (PLC) and the Countywide Contracting Workgroup (CCW).

***Recommendation 4***

*The County should provide employees with a contractor evaluation template that includes criteria such as overall satisfaction, quality, cost-effectiveness, and timeliness. The County should provide guidelines*

*for County employees that explain when and how to evaluate a contractor and how to use the contractor evaluation template. This recommendation should be implemented by December 31, 2024.*

#### **Response to Recommendation 4**

The recommendation has not been implemented but will be implemented in the future. The County will develop and implement minimum vendor evaluation requirements, an evaluation template, and guidelines by June 30, 2025. Developing a template and its requirements must be done in consultation with County Departments since many departments already have vendor evaluation, monitoring, and reporting requirements specific to their funding sources and/or regulatory agencies. The County will need to develop a Countywide approach for other contract types while avoiding unnecessary or duplicative efforts.

#### ***Finding 5***

*The County does not have a countywide mechanism to store and share contractor evaluations making it impossible for departments to view other departments' evaluations.*

#### **Response to Finding 5**

The County agrees with the finding.

#### ***Recommendation 5a***

*The County should develop a short-term plan for a simple countywide system for storing and sharing contractor evaluations. This recommendation should be implemented by December 31, 2024.*

#### **Response to Recommendation 5a**

The recommendation requires further analysis, which will be completed by a future date. Long-term plans for storing and sharing contractor evaluations depend on the results of the County's determination of whether it will continue with its current contract management system or procure for a new system. This decision will be made by November 30, 2024. If the decision is to procure a new system, the County will also implement an interim solution.

#### ***Recommendation 5b***

*The County should develop a long-term plan for an integrated procurement and evaluation system that requires employees to enter an evaluation for appropriate contracts. This recommendation should be implemented by March 31, 2025.*

#### **Response to Recommendation 5b**

The recommendation requires further analysis, which will be completed by a future date. Long-term plans for storing and sharing contractor evaluations depend on the results of the County's determination of whether it will continue with its current contract management system or procure for a new system. This decision will be made by November 30, 2024. If the decision is to procure a new system, the County will also implement an interim solution.

***Finding 6***

*Multiple County departments with professional service contracts manage their procurement process using custom spreadsheets instead of using a procurement system. This leads to the County having multiple inconsistent copies of contract data and makes it difficult to measure county-wide procurement performance.*

**Response to Finding 6**

The County agrees with the finding.

***Recommendation 6***

*The County should develop a plan for the implementation of one or more procurement systems that the departments must use instead of custom spreadsheets. The procurement system(s) should improve efficiency, help automate the procurement of professional service contracts, and allow integration with existing procurement and financial systems. This recommendation should be implemented by December 31, 2024.*

**Response to Recommendation 6**

The recommendation has not been implemented but will be implemented in the future. As indicated above, the County is in the process of determining whether to continue with its current contract management system or procure a new system, and the timeline for implementation will be a multi-year effort.

***Finding 7***

*County departments cannot practically measure procurement contract lead times. The County has no way of determining if a department performing its own procurement consistently fails to establish contracts in a timely manner.*

**Response to Finding 7**

The County agrees with the finding.

***Recommendation 7***

*The County should establish contract lead time targets and require all departments with procurement employees to use a procurement system that makes it practical to track contract lead times. This recommendation should be implemented by December 31, 2024.*

**Response to Recommendation 7**

The recommendation has not been implemented but will be implemented in the future. The County agrees that it is important to establish targets for, to monitor, and to continuously improve sourcing/contract cycle times. The County intends to implement a new eSourcing systems platform that will allow monitoring and reporting on sourcing/contract cycle times. Critical to monitoring and improving sourcing/contract cycle times is the implementation of a new electronic sourcing platform and determining whether the County will utilize the current or procure for a new contract management system. In responses to prior findings and recommendations, the County described its process for selecting a countywide contract management

system. A new eSourcing Platform will allow for structured Countywide procurement project management and communication to streamline strategic sourcing processes and reduce contract cycle times.

These tools should also be capable of producing reports to analyze cycle times, identify any common bottlenecks in County processes, and produce useful data to inform departments' planning and decision making. However, it is impractical to establish a uniform set of sourcing/contracting cycle time requirements because: a) the methods and complexity of sourcing events differ depending the commodity or service that is being sought; b) similarly, the type of commodity or service acquired will influence the type of contract required; c) departments' timing needs vary for each procurement; and, d) additional process factors impact cycle times.

### ***Finding 8***

*Most employees engaged in procurement do not know about the County's procurement performance goals.*

### **Response to Finding 8**

The County agrees with the finding.

### ***Recommendation 8***

*The County needs to inform all County employees involved in procurement of the procurement of the performance goals and make clear how their individual performance connects to department and countywide goals. This recommendation should be implemented by October 31, 2024.*

### **Response to Recommendation 8**

The recommendation has not yet been implemented but will be implemented by the recommended time frame. The County will report Procurement Department performance goals to employees through quarterly PLC and CCW meetings but will increase efforts to communicate goals and expectations to staff involved in procurement, along with Department/Agency executives.

Discussions with both PLC and CCW relative to new Procurement Department performance goals will be conducted on a quarterly basis effective October 31, 2024.

### ***Finding 9***

*The County does not track procurement performance measures of individual departments involved in procurement. The County cannot evaluate the performance of those individual departments.*

### **Response to Finding 9**

The County agrees with the finding.

### ***Recommendation 9***

*The County needs to monitor individual department performance using procurement measures such as contract lead time, competitiveness of solicitations, and cost savings. This recommendation should be implemented by December 31, 2024.*

**Response to Recommendation 9**

The recommendation has not been implemented but will be partially implemented by June 30, 2025. However, many aspects of implementation will depend on how quickly the County can implement its new eSourcing platform and Countywide contract management system.

***Finding 10***

*The County does not have a Countywide strategic procurement plan to address the long-standing issues of finding contracts in a timely manner, eliminating data consistency issues, measuring performance, evaluating contractors, and the choice of procurement systems.*

**Response to Finding 10**

The County agrees with the finding.

***Recommendation 10***

*The County should develop a countywide strategic procurement plan with objective performance measures that encompass all County departments, offices, and agencies. The countywide strategic procurement plan should address the long-standing issues of finding contracts in a timely manner, eliminating data consistency issues, evaluating contractors, and the choice of procurement systems. This recommendation should be implemented by March 31, 2025.*

**Response to Recommendation 10**

The recommendation has not been implemented but will be implemented in the future. The County Procurement Department is currently developing a Countywide procurement strategic plan that includes areas relative to people, technology, and processes that will address mitigating those long-standing issues pertaining to contracts—Compliance, Cycle Time, Cost Savings, and Customer Satisfaction—by March 31, 2025.

***Finding 11***

*The County has made minimal progress in implementing procurement technology over the last decade because the County failed to make this a priority.*

**Response to Finding 11**

The County partially disagrees with the finding. The County deployed core components of a procure-to-pay system (SAP/ARIBA) in 2015/2016. All County departments and agencies currently have access and utilize Ariba to purchase goods and related services; however, the County has not fully deployed select modules (e.g., sourcing, vendor information, and performance management), nor has the County fully configured the system for use in professional services contracting.

***Recommendation 11***

*The County should evaluate if it has the appropriate talent and resources to develop and implement a countywide technology plan to address the procurement shortfalls. This recommendation should be implemented by December 31, 2024.*



### **Response to Recommendation 11**

The recommendation requires further analysis. The County will evaluate and determine if consultants and/or other resources will be necessary after its contract management system RFI and determination of whether there is an alternative system solution to the current SAP/Ariba Contract Management system. This analysis will be completed by November 30, 2024.