NO SINGLE SOURCE OF TRUTH:
County of Santa Clara
Countywide Procurement

2023-24 Santa Clara County
Civil Grand Jury

June 7, 2024

TABLE OF CONTENTS

GLOSSARY AND ABBREVIATIONS

Board	The County of Santa Clara's five-member elected Board of Supervisors that establishes policies to address issues affecting the day-to-day operation of County government and is responsible for approving the County's budget.
California Public Records Act (CPRA)	Laws that state "access to information concerning the conduct of the people's business is a fundamental and necessary right of every person in this state" (Cal. Gov. Code section 7921.000 et seq.) This is to give access to public information that enables residents to monitor the functioning of their government. There are legal exemptions, primarily regarding the public's right of privacy and the need for efficient and effective government.
Contract	An agreement between two parties. An expenditure contract results in the County paying money. A revenue contract results in the County receiving money.
Contractor	An individual or organization that undertakes a contract to provide materials or labor to perform a service or do a job.
Cooperative Procurement	When two or more public agencies identify a common need and combine their requirements into a single solicitation.
County Executive's Office	The Office of the County Executive's primary function is to oversee the preparation and administration of the County budget. The office also coordinates the activities of other departments to ensure the effective accomplishment of the Board of Supervisors' directions and policies. The office works to resolve differences among departments and ensure that the County of Santa Clara government operates harmoniously.
Countywide Procurement	A term used in this report to represent the procurement of goods and services by all County departments.
Fiscal Year (FY)	The County of Santa Clara's fiscal year begins July 1 and ends June 30 of the following year.
Goods	Tangible items such as furniture and office supplies.

Memorandum of Understanding (MOU)   An agreement that may involve no financial transfer.

Non-Professional Services   Non-technical or non-consultant services that provide support to and facilitate department operations, including but not limited to laboratory services, courier services, maintenance and repair services, laundry services, and printing services. Non-professional services may be rendered with or without the furnishing of goods and materials.

Performance Measure   A quantifiable evaluation of an agency's work. Performance measures are based on data and determine whether an agency or activity is achieving its objectives, and if progress is being made toward achieving policy or organizational goals.

Piggybacking on a Contract   Using an existing contract to acquire the same commodities or services at the same or lower price.

Procurement   An umbrella term that includes purchasing, identifying needs, selecting vendors/contractors, establishing payment terms, and managing vendor/contractor relationships.

Procurement Group   A term used in this report to represent a team involved in procurement. County departments may have one or more procurement groups.

Professional Services   Any technical or consultant services that provide support to and facilitate department operations and the governmental functions of the County administration/management, program management, or innovation.

Purchase Order   An acquisition contract issued by a buyer to a seller, indicating types, quantities, and agreed prices for goods and/or services.

Requisition   A document generated by a County of Santa Clara department and sent to the entity responsible for the procurement to initiate the purchase of goods and/or services. A requisition may outline details of requested materials, their quantity, and/or a timeframe related to specific jobs or contracts.

Solicitation   The act of requesting goods and/or services from a vendor through a competitive bidding process.

Sourcing   A process for identifying and assessing potential suppliers as well as selecting and engaging with an appropriate supplier who offers the best value.

Strategic Plan   A document used to communicate an organization's goals, the actions needed to achieve those goals, and all the other critical elements developed during the planning exercise.

Supplier   A business partner that sells goods to an organization.

Vendor   An individual or entity that sells finished goods to customers, establishing long-term relationships and recurring business.

SUMMARY

The County of Santa Clara (County) has longstanding deficiencies in the way it manages countywide procurement. The County has difficulty finding procurement contracts for services in a timely manner. This makes it difficult for the County to find previous contracts awarded to a specific contractor before negotiating a new contract with that contractor. The County utilizes a decentralized procurement model for service contracts that allows individual County departments to create and manage their own contracts. Most County departments store contracts on their own department storage device and use spreadsheets to track their contract information. These County departments update the County's financial system, called SAP, when a contractor requires payment. Consequently, SAP often has out-of-date contract information. The County has two versions of the contract information—one version in SAP and one version on department storage devices.

When negotiating a new contract or evaluating a new contract proposal, the County would like to know about a contractor's past performance. The County frequently fails to evaluate contractor performance, has no uniform contractor evaluation template, and no agreed method of sharing contractor evaluations.

During the last decade, the County has made little progress in automating and unifying procurement processes. The Procurement Department manages the procurement of all County goods and has successfully used a procurement automation system, called Ariba, since 2014. The County has failed to introduce a procurement automation system for departments procuring services. Introducing a procurement automation system for services would help solve the problems of finding contracts and having multiple, inconsistent copies of contract data.

The County provides little active management of countywide procurement. The County has no countywide strategic plan, no technology roadmap, and fails to set measurable objectives.

BACKGROUND

This section discusses the County departments performing and involved in procurement, relevant legal and policy guidelines, governance, the procurement systems used, and the countywide committees relevant to procurement.

The County Organization

The County currently employs more than 23,000 people and manages a budget of over $11 billion (County of Santa Clara, November 1, 2022). The County purchases billions of dollars of goods and services annually. These purchases enable the County to fulfill its mission of serving the needs of its approximately two million residents. Two of the County's core values are upholding fiscal responsibility and encouraging innovation and flexibility (County of Santa Clara County News Center, n.d.).

The County provides public services that the city, state, and federal governments do not. Consequently, the County provides a patchwork of unrelated services, such as transportation, hospital care, and the jail system, which have little in common. These diverse services support specific residents with specific needs and offer their own unique challenges.

The County has independent service-oriented departments, such as Parks and Recreation, the Social Services Agency, and Roads and Airport, that employ workers with specialized knowledge, manage their own operations, and purchase their own goods and services. The County also has supporting departments and agencies, such as the Finance Agency, the Procurement Department, and the Employee Services Agency, which handle functions for the entire County.

Figure 1 shows the County organization. Voters elect the Board of Supervisors (Board) and some County positions, such as the County Sheriff. The Board appoints a County Executive to manage the County's operations. The County Executive has a duty to deliver efficient, effective services to the public, and develop the County budget (County Charter, Section 404). The County Charter further requires the County Executive to "coordinate the work of all offices and departments, both elective and appointive, and devise ways and means whereby efficiency and economy may be secured in the operation of all offices and departments."

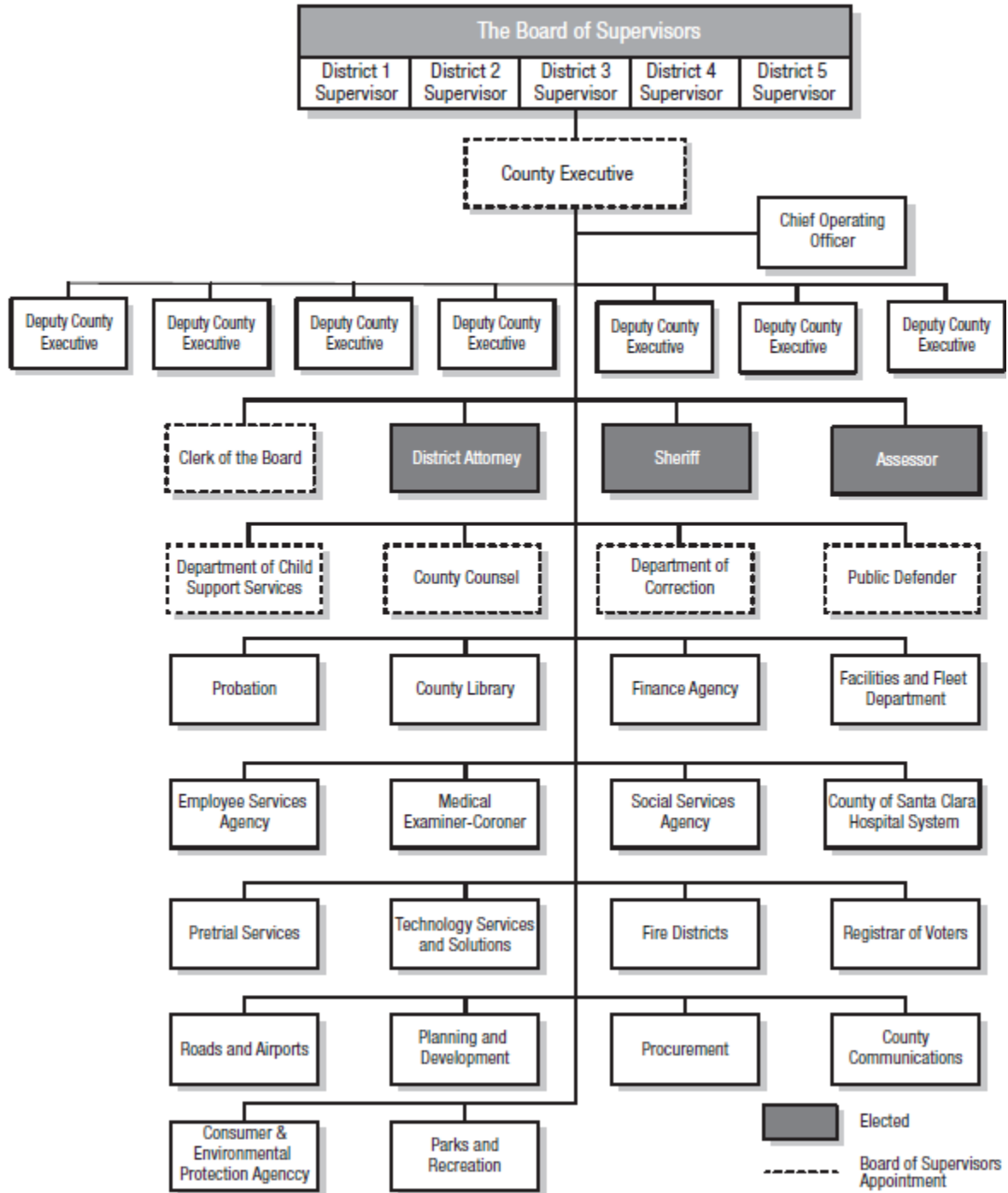## COUNTY OF SANTA CLARA
ORGANIZATION CHART

Figure 1: County Organization Chart. Source: 2022 County Government Handbook

The Office of the County Executive

The Office of the County Executive (County Executive's Office) supports the County Executive and shares the responsibility to oversee countywide operations. The County's mission statement states:

> The Office of the County Executive provides support to the County's Board of Supervisors, the County's various organizations, and to the residents and businesses of the County of Santa Clara. The Office ensures the implementation of legislative mandates and Board policies, while providing analytical support, strategic planning, policy analysis, and budgetary oversight for the County organization. (County of Santa Clara, Our Mission, n.d.)

In recent years, the County Executive's Office has expanded significantly and directly oversees approximately 42 of its own divisions with approximately 680 staff members (County of Santa Clara, July 13, 2023).

The County Executive's Office provides an example of an individual department managing its own procurement. The County Executive's Office has a Contracts Unit that manages its service contracts. The Contracts Unit has approximately eight staff members. County Executive's Office divisions generally identify their own service needs, prepare scopes of work and vendor/contractor evaluation criteria, develop a final agreement and budget, and monitor contract performance. Meanwhile, the Contracts Unit oversees the solicitation process, contract execution, and preparation of contract amendments for the County Executive's Office.

The Finance Agency

The Finance Agency has countywide responsibility for accounting, disbursements, treasury and investment, internal auditing, and accounting systems management. The Finance Agency employs approximately 100 staff members. The Finance Agency pays vendor and contractor invoices.

Technology Service and Solutions

Technology Service and Solutions (TSS) provides countywide information technology solutions and employs approximately 900 staff members. TSS manages technology purchases, implements technology systems, and integrates software systems.

County of Santa Clara Health System

The County of Santa Clara Health System has over 12,000 staff and includes the County's Hospital System (Hospital System). The Hospital System employs more than 8,000 staff members and has multiple specialized procurement groups.

The Social Services Agency

The Social Services Agency (SSA) provides basic safety net and protective services to vulnerable children, families, and adults and employs approximately 3,000 staff members. Approximately 10 full-time staff members handle procurement, and additional staff handle non-expenditure contracts and agreements.

The County's Hybrid Procurement Model

The County uses a hybrid procurement model with centralized and decentralized procurement (see Figure 2). The Procurement Department provides centralized procurement by acting on behalf of other departments. The Procurement Department establishes and administers contracts for countywide goods, related services, and non-professional services. For example, the Procurement Department negotiated a contract with Staples to provide office supplies. The Procurement Department and Staples agreed to the pricing of specific office supplies. They created a special Staples website that offers agreed office supplies. Individual County departments navigate to that special Staples website and purchase items such as pens and notepads.

Individual County departments establish and administer their own professional service contracts in a decentralized manner. County departments may request assistance from the Procurement Department or may work independently.

The Civil Grand Jury could not determine how many decentralized procurement staff are currently employed by the County. KPMG LLP, a Delaware limited liability consulting company, reviewed County procurement in 2016. A KPMG report stated that the County had 55 full-time central procurement staff members and 155 full-time decentralized procurement staff members (County of Santa Clara, December 2016).

The County awards approximately 50% more decentralized contracts than centralized contracts. The decentralized and centralized contracts have similar total values (see Figure 2 provided by the Procurement Department).

COUNTY PROCUREMENTOVERVIEW (as of June 30, 2023 – FYE23)

Hybrid Procurement Business Model
(2,511 contracts, Value at $6.34B, and Spend: $820.84M) *

Centralized Procurement	Decentralized Procurement

• Procurement Department acquires goods and related services and non-professional services on behalf of all County Departments/Agencies.
 	
• Contracting Units:
  ✓ Technology Solutions
  ✓ Facilities, Office & Institutions Operations (FOIO)
  ✓ Medical/Patient Care
  ✓ Contracting Support and Minor Public Works
  ✓ Decentralized
	• Agencies and Departments independently acquire professional services. Procurement serves as an advisor.
	
	• Examples: Health and human services, construction, consulting services, physicians, psychologists, architects, and engineers

# of Active Contracts: 928 **Contract Value:** $ 3.31B **Contract Spend:** $ 176.75M	**# of Active Contracts:** 1,583 **Contract Value:** $ 3.03B **Contract Spend:** $ 644.08M

*Not inclusive of one-time purchase orders

Figure 2: County Procurement Overview Fiscal Year End 2023 (FYE23). Source: Procurement Department Hybrid PRC_FY23 Results.

The Procurement Department

The Procurement Department awards and administers contracts for countywide goods and non-professional services. Other departments purchase goods and non-professional services under the terms of the agreed contracts. The Procurement Department employs approximately 90 staff members.

The Procurement Department has department units (referred to as contracting units in Figure 2 and shown in Figure 3). The Business Technology Solutions unit configures and manages the procurement systems. The Medical/Patient Care unit assists the hospitals with procurement. The Decentralized Unit assists other County departments. The Centralized Unit (shown only in Figure 3) has the most staff members and procures goods and related services.

Figure 3 shows the organization of the Procurement Department (shown in blue) and the Office of Countywide Contracting Management (OCCM). In 2017, the County hired its first Chief

Procurement Officer (CPO). The County states "the Chief Procurement Officer provides oversight to all County procurement and contracting efforts to ensure the County can obtain the best value in the procurement of goods and services to meet its objectives" (County of Santa Clara, May 22, 2020). The CPO oversees the Procurement Department and OCCM. The most recent CPO left the position in mid-2023. OCCM and the Procurement Department provide governance by reviewing and approving five-year contract extensions and non-competitive solicitations respectively.
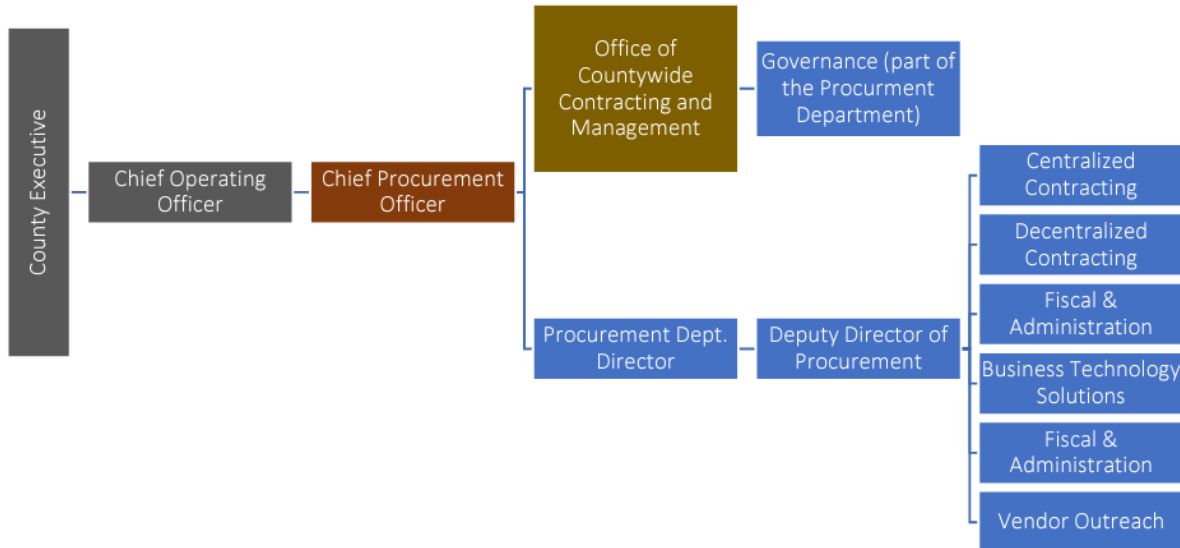

Figure 3: Procurement and OCCM Organization. (County of Santa Clara, August 27, 2021)

OCCM

The OCCM employs approximately eight staff members focused on countywide procurement issues. OCCM has many responsibilities, including:

- Countywide procurement training and the development of countywide procurement guidelines.
- Maintaining countywide procurement guidelines.
- Encouraging countywide adherence to the guidelines, although OCCM lacks the ability and authority to enforce them.

Legal and Policy Requirements for Procurement

The legal and policy requirements governing the County's procurement activities are prescribed by law as well as in Chapter 5 of the Board Policy Manual (Policy Manual) and the Procurement Department's internally published guidelines. These policies cover broad subject areas such as the competitive bidding process, authority, responsibilities of the County's Procurement Department, and purchasing dollar limits, among others.

Section 5.4 of the Policy Manual sets forth the policy requirements for contracting activities in the County, stating:

> These policies reflect the Board's commitment to:
> - Establishing an open and competitive process for individuals and organizations that do business with the County.
> - Ensuring fairness and equal access to business opportunities in the County.
> - Promoting the most cost-effective use of taxpayer dollars and County resources in its contracting and solicitation processes.
> - Increasing social and environmental awareness and responsibility and environmental sustainability in the County (County of Santa Clara, 2022).

Procurement Steps

County departments needing goods and/or services usually follow these steps (see Figure 4):

1. The department creates and sends a requisition to a procurement group. The County has many procurement groups such as the Procurement Department and the County Executive's Office Contracting Unit. The requisition may outline details of requested materials, their quantity, and/or a timeframe related to specific jobs or contracts.
2. The procurement group solicits the goods and/or services from vendors usually through a competitive bidding process. The solicitation process is often referred to as "sourcing."
3. The procurement group and department select the vendor, supplier, or contractor; obtain contract authorization; and award the contract.
4. The procurement group or department creates a purchase order indicating types, quantities, and agreed prices for goods and/or services.
5. The vendor sends an invoice detailing delivered goods and/or services and requesting payment.
6. The Finance Agency pays the invoice after appropriate invoice approval.

Some departments delay the creation of a purchase order until after they receive the invoice. These departments effectively swap steps 4 and 5. A procurement group should provide a timely response to a department's requisition. The contract lead time—the time between requisition and contract award—commonly measures a procurement group's performance.
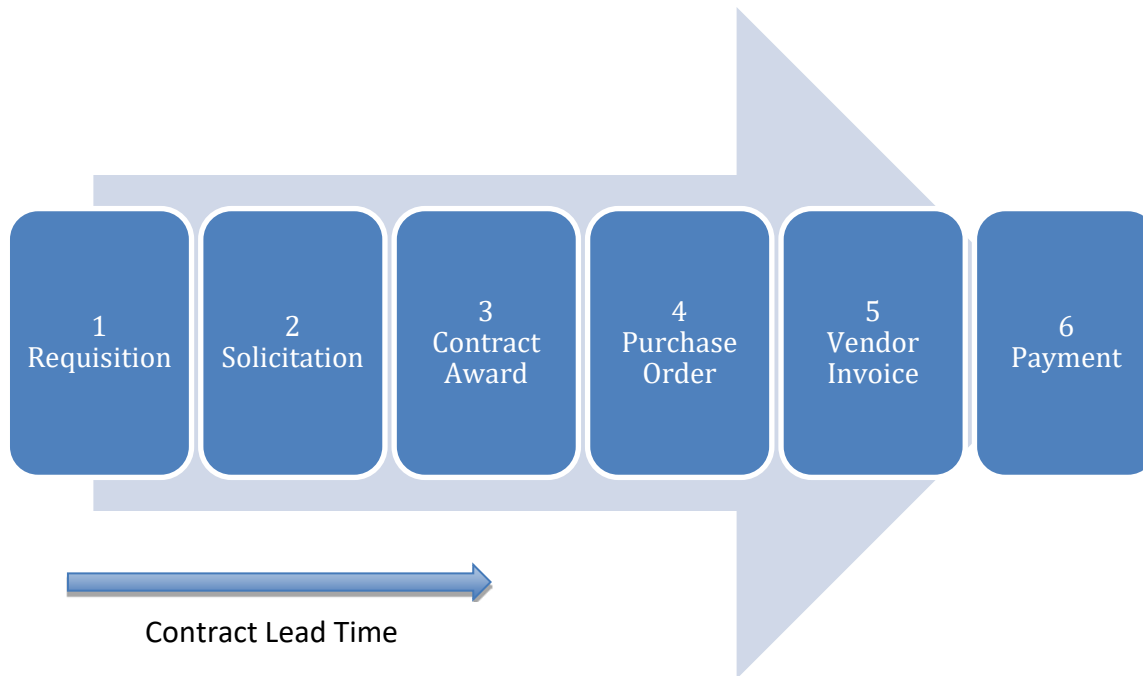
Figure 4: Procurement Steps

Procurement Contract Authorization

County contracts require multiple levels of authorization including:
- The Board or the Procurement Department providing final authorization.
- OCCM approving contract extensions that exceed five years.
- The Procurement Department approving non-competitive contracts.
- The Office of the County Counsel (County Counsel's Office) approving contracts for form and legality.

The County uses the DocuSign eSignature approval system. DocuSign provides temporary access to contracts without providing long-term contract storage.

Procurement Governance

The Board has multiple oversight committees consisting of Board Supervisors and County staff that receive semi-annual departmental reports. The Procurement Department and OCCM send reports to the Finance and Government Oversight Committee (FGOC). Other departments send their reports to their respective oversight committees (see Figure 5). These oversight committees report back to the Board and do not provide active management of the County departments. None of the oversight committees receive a comprehensive report that covers all countywide procurement. The oversight committees periodically request management audits.

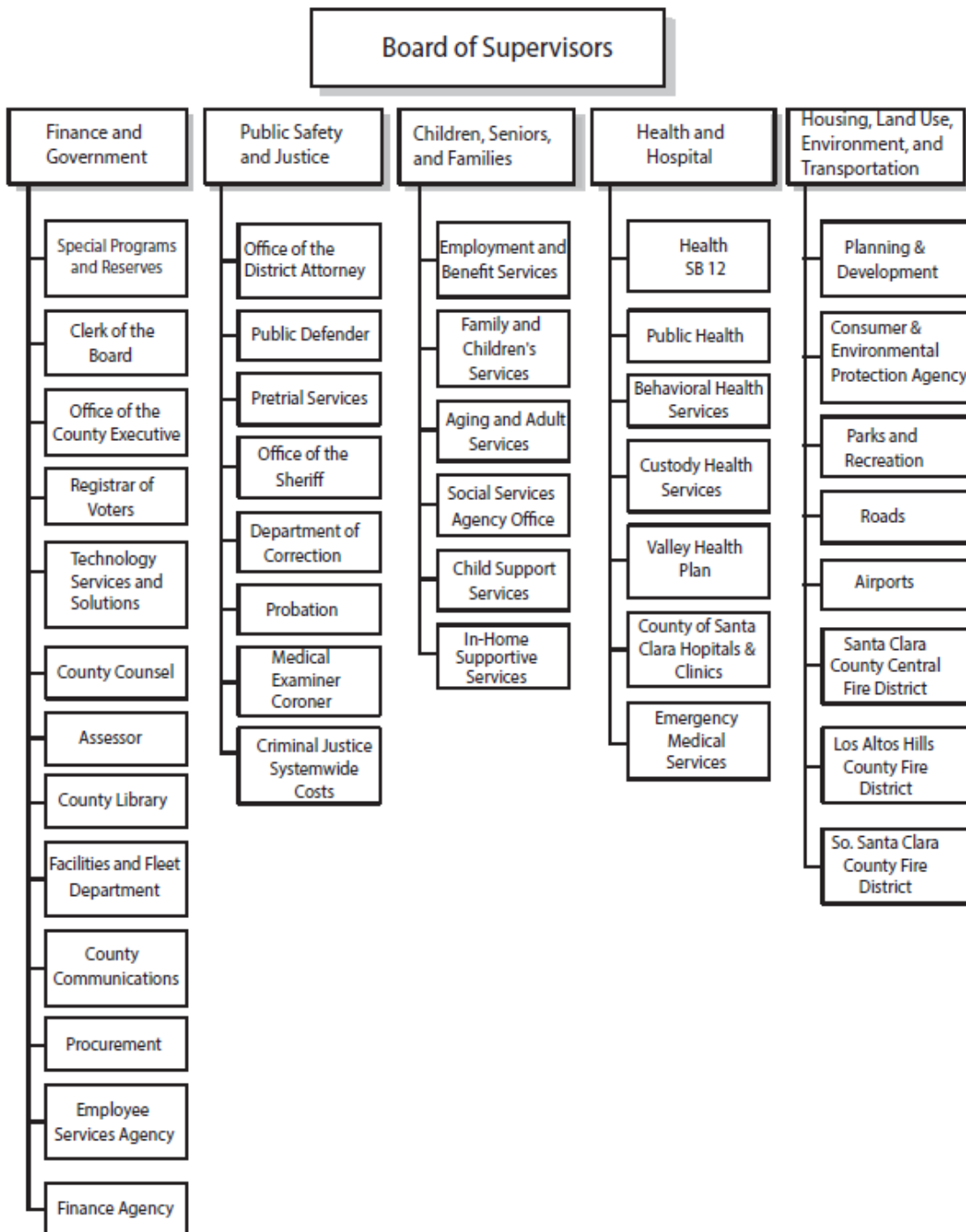## County of Santa Clara - Board Policy Committee Structure

Figure 5: Board Policy Committee Structure. Source: 2022 County Government Handbook

Management Audits

Management auditors published the report "Management Audit of the County of Santa Clara Procurement Department" (2021 Management Audit). The 2021 Management Audit describes the auditor's investigation of the Procurement Department that took place between 2018 and 2021 (County of Santa Clara, August 27, 2021). The 2021 Management Audit determined:

- The County had no effective means for measuring procurement lead times (the times taken to complete procurements).
- Detailed analysis of email and other records showed that the County frequently failed to meet procurement lead time targets.
- Board contracts had substantial errors. The departments that create contracts frequently failed to upload the contracts to the County's SAP financial system. These departments stored the contracts on their own storage devices.

The 2021 Management Audit further states:

> The County's financial system, SAP, has a purchase requisition form. The Procurement Department practice requires the form to be completed before Procurement Department staff assist client departments with their request. However, based on our 10 sampled cases, we observed that client departments frequently submit the requisition form well after official planning for a procurement has begun and in one instance, after the bid was posted online.

Management auditors published the report "Management Audit of the County of Santa Clara County Office of the County Executive" (2023 Management Audit). The 2023 Management Audit describes the auditor's investigation of the County Executive's Office that took place in 2023 (County of Santa Clara, July 13, 2023). The 2023 Management Audit states: "The Office of the County Executive has historically existed to carry out the core responsibilities of the County Executive, but the Office is now largely focused on specific (rather than countywide) operations and programs."

The 2023 Management Audit further determined:

- The County Executive's Office had gaps in its contract record keeping.
- The contract information stored in SAP had substantial errors.

Procurement Systems

The County employs several computer systems that help automate procurement.

Periscope

Periscope promotes open and fair procurement by offering solicitations on its website, which can be accessed through a "Current Solicitations" page on the County website (County of Santa Clara, Current Solicitations, n.d.). The Periscope sourcing system has a database of more than 1,000 vendors and assists with contract solicitation. Vendors interested in working for the County can register with Periscope.

Ariba

Ariba offers procure-to-pay functionality. The procure-to-pay process involves requisitioning, sourcing, purchasing, receiving goods or services, verifying invoices, and paying suppliers. The procure-to-pay process integrates purchasing and accounts payable systems to create greater efficiencies.

Ariba automates invoice handling, eliminates manual errors, and automates three-way checking. Vendors send electronic invoices that Ariba processes automatically. Three-way checking ensures that the contract, invoices, and deliverables match. Ariba provides Software as a Service (SaaS)— a cloud-based solution—that makes it easy for employees to access and minimizes the County's reliance on the IT department.

A computer process transfers Ariba information to SAP at night.

SAP

The County uses SAP as a financial system. SAP has many optional functions supported by modules. The County uses the SAP Materials Management module (SAP MM) to provide limited procurement support. Employees enter purchase orders into SAP, and the Finance Agency pays the purchase orders. The Civil Grand Jury learned the County plans to update SAP to have SaaS capability by the end of 2024. This will make it easier for employees to access and reduce the County's reliance on the IT department.

PMM

County Health System employees use the Allscripts Supply Chain Solution system, previously known as the Pathway Materials Management System (PMM). Employees still refer to this system as PMM. PMM allows hospital employees to monitor medical supplies inventory and replenish supplies.

Symplr

The Symlpr Contract system can help hospitals and health systems manage contracts. Some county hospital procurement groups use the Symplr Contract system to store procurement contracts.

Countywide Committees

The Enterprise Resource Planning Subcommittee

An Enterprise Resource Planning (ERP) system integrates an organization's functions. The County would like to have one integrated computer system that supports the main functions of finance, human resources, budgeting, procurement, and asset management. An integrated computer system typically presents a common look and feel, requires a single user account, provides links between components, and gives authorized users access to all appropriate functions.

The County created an ERP Subcommittee in 2021, which continued the work of an earlier subcommittee and worked in conjunction with the Information Technology Governance Committee (ITGC) committee. The ERP Subcommittee charter states:

> The mission of the ERP Governance Sub-Committee (GSC) is to be the custodians of the County ERP strategy and recommend investments to the ITGC that are in alignment with the ERP strategy and with County interests. (County of Santa Clara, June 2022)

The ERP and ITGC subcommittees make recommendations to the County Executive. The Civil Grand Jury learned that the ITGC recently changed its name to the IT Strategy Committee (ITSC).

The ERP subcommittee consists of director-level representatives from the targeted function areas of finance, human resources, budgeting, procurement, and asset management. Figure 6 shows the business components of these targeted functions. The procurement function includes systems for purchasing, inventory management, strategic sourcing, contract management, compliance management, and solicitations.
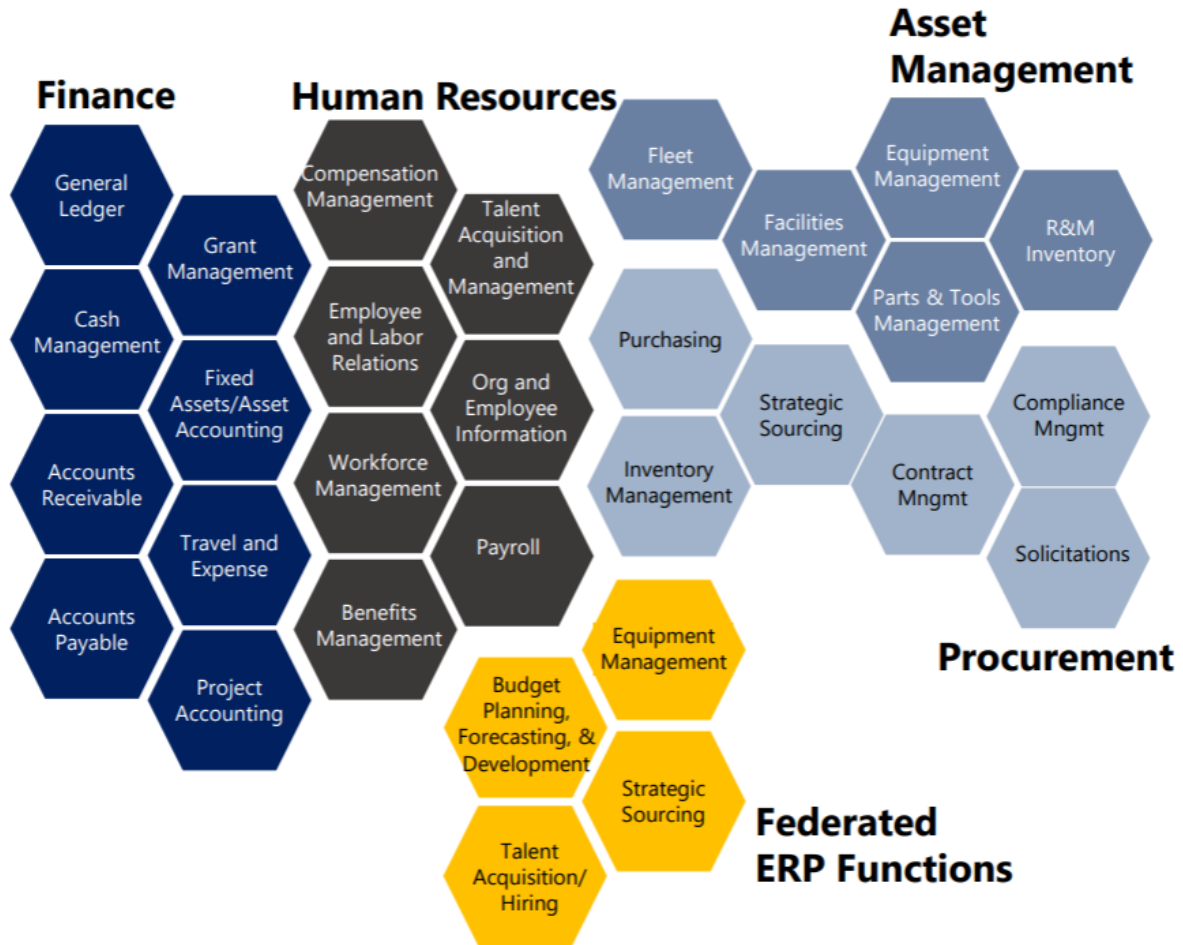
Figure 6: Business Capability Example. Source: ERP Sub Committee Update August 16, 2023

The ERP subcommittee meets once per quarter and helps set priorities for TSS. The ERP subcommittee currently focuses on end-of-life system replacement.

Countywide Contracting Workgroup

In 2020, OCCM established a Countywide Contracting Workgroup with representatives from the following large and small departments:

- Procurement Department.
- County Executive's Office.
- TSS.
- Facilities and Fleet.
- SSA.
- Probation Department.
- Office of the Sheriff.
- Valley Medical Center.

- Valley Health Plan.
- Behavioral Health Services Department.
- Public Health Department.
- The Office of the County Counsel.
- The Office of Budget and Analysis.

The intent of this working group is to leverage collective expertise from contracting managers across the County's varied business lines to standardize, document, and refine contracting policies and processes.

Procurement Liaison Collaborative

OCCM manages Procurement Liaison Collaborative meetings where hundreds of employees meet monthly to discuss countywide procurement issues. The 2021 Management Audit states:

> This group was developed by the Procurement Department to disseminate information and standardize training for staff from client departments who regularly managed or coordinate procurement activities. In our survey of County agencies/ departments we found that staff from 10 out of the 19 County agencies/departments that responded stated that they did not clearly understand the steps necessary to request and complete a purchase within the County. While this a subjective survey response, it is alarming in the instances when it came from County staff designated as the procurement liaisons and experts for their department. Despite the intentions of the Procurement Liaison Collaborative, it had not eliminated the confusion stemming from the prior lack of the Administrative Guidelines.

METHODOLOGY

The Civil Grand Jury conducted more than 20 interviews and reviewed more than 100 documents. The reviewed documents include dozens of documents related to the County's procurement processes, 20 County contracts, two management audit reports, eight years of Procurement Department and OCCM reports to the FGOC, more than 12 Civil Grand Jury reports from other counties, and information from more than 12 procurement websites of other counties.

INVESTIGATION

Countywide Procurement Issues

The County has recently begun tackling a structural deficit that it expects to grow over the next several years. The County's News Center reports, "The FY 2023-24 budget closes a $120 million funding gap by eliminating roughly 600 vacant positions and utilizing a combination of one-time solutions, such as the use of reserves and delaying projects" (County of Santa Clara, June 15, 2023). Thus, the County is seeking ways of reducing costs by improving efficiency in all areas, including procurement.

The Civil Grand Jury investigated the efficiency of countywide procurement and learned the following main issues:
- County employees have problems finding up-to-date contract information.
- County employees do not create and share contractor performance evaluations.
- The County has been slow to improve procurement.
- The County does not require departments to use a procurement system and allows them to rely on a word processing application, email, and custom spreadsheets.
- The County does not use performance measures and does not have a procurement strategic plan.
- The current organization of procurement makes change difficult.

This report discusses each of these ideas.

The Need For a System That Can Search For Contracts

Timely Access to Contract Information
In today's information age, digital information stored on networked computer storage devices provides widespread access. People expect to access digital information in seconds. Sadly, the County's procurement information systems do not provide timely access to contract information.

Finding contract information takes considerable time. The Board and the County Executive's Office reported multiple incidents where it took several days to find the contracts associated with a specific contractor. The 2023 Management Audit states: "[w]hen auditors requested documents such as [Administration Department of the County Executive's Office] contracts and policies and procedures, Administration had to survey each division and collect this information over a period exceeding one month."

County employees need timely access to contract information. The County Executive's Office needs contract information to efficiently fulfill its responsibility of managing the County budget. Departments requiring a new service should know if the County has already established a contract

to provide that service. Employees creating reports for the Board and the public need access to contract information.

The County could operate more efficiently by reducing the hours employees spend looking for contracts. The California Public Records Act (CPRA) (Cal. Gov. Code section 7920.000 et seq.) requires that the County respond to a request for records within 10 calendar days (but may be extended by 14 days), and to provide access to records that are not exempt from the CPRA or privileged. Servicing CPRA requests for contracts takes employees many hours. The County also publishes an Active Contract List report on its website every month (County of Santa Clara, Active Contracts, n.d.). This website report provides a summary of currently active expenditure contracts. Employees spend many hours contacting multiple countywide departments to create this website report.

Employees frequently need to access the contract document because systems like SAP and Ariba do not include detailed information, such as the description of the deliverables, financial obligation, payment terms, and contract termination details.

Limited Access to Distributed Contract Information
The County stores contract information on multiple computer systems with limited access. The County stores contracts using SAP, Ariba, PMM, Symplr, and individual department storage devices. If an employee wants to conduct a complete search, they must gain access to each system and issue system-specific search commands. Each system has a different user authentication process and different commands. No one has access to all these systems. Also, departments with locally stored contracts usually do not want to share the contents of their storage devices.

The Need for a Single Source of Truth
The County has multiple, inconsistent copies of contract information. The County frequently has two sources of contract information—two sources of truth. Many departments keep and use contract information on their department's storage device. A second copy of the information exists in the County's SAP repository. Departments prefer to use their local copies. They may not upload an awarded contract to the County's repository in SAP until several months later. Consequently, SAP may have outdated information, and SAP users do not know if SAP has the correct information.

County departments do not use SAP for multiple reasons. Some departments find SAP inconvenient and lack incentive to use it. One department stores contract information on its own storage device to ensure that no unauthorized person can accidentally or intentionally change it. Figure 7 illustrates how a County department may use SAP. In this example, the department takes the following steps:
1. In January, the department awards a contract to a contractor. The department stores the awarded contract on its department device. Other departments cannot access the first

department's storage device. The other departments must use SAP to search for and view contracts. Countywide SAP users cannot find the contract in SAP.

2. In February, the contractor submits an invoice. The department creates a purchase order within SAP. The department attaches the previously awarded contract to the purchase order. Two copies of the contract now exist—one on the department storage device and one in SAP. Countywide SAP users can now view the contract stored in SAP.

3. In March, the department amends the contract. The department stores the amendment on its department storage device. Countywide SAP users can still see the original contract, but they do not know that an amendment exists.
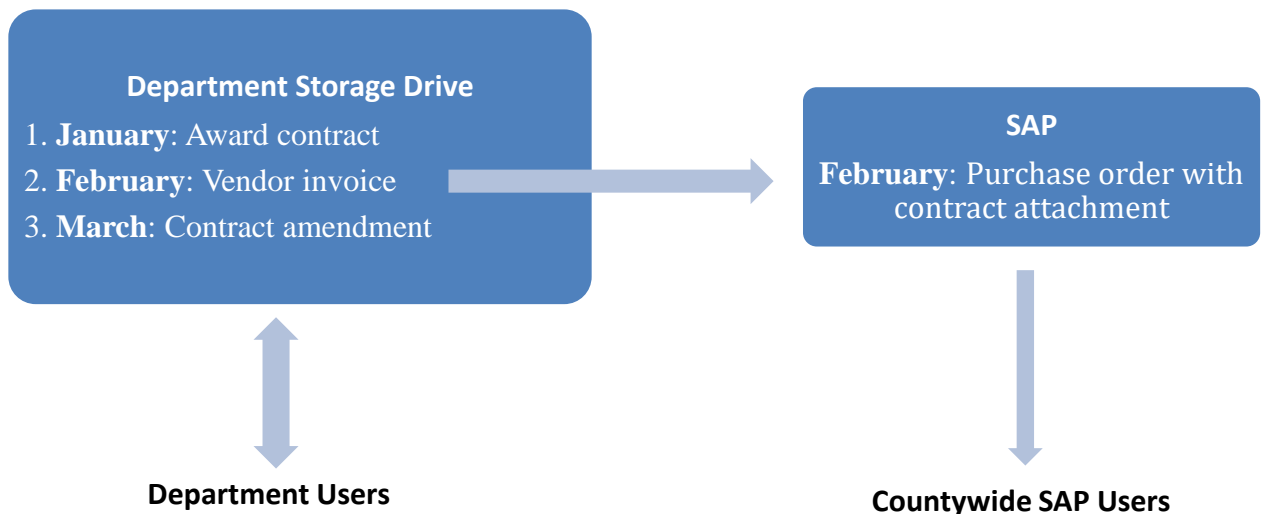
Department Storage Drive
1. **January**: Award contract
2. **February**: Vendor invoice
3. **March**: Contract amendment

SAP
February: Purchase order with contract attachment

Department Users

Countywide SAP Users

Figure 7: Two Sources of Truth for one Contract Observed for a County Department

The County does not have a system that can search for contracts and report accurate information in a timely manner—a contract-search system. If the correct contract information resides on a department's storage device, a contract-search system should search the department's storage device. The County does not need to have a single repository for contract information. Distributed data can enhance reliability and security. The contract-search system needs to recognize the most up-to-date, accurate information. For example, the contract-search system could recognize that contracts stored on a specific department's storage drive should override any SAP information.

The Procurement Department primarily stores the contract and contract information in Ariba for goods contracts. Additionally, they need to store some of the same contract information in SAP so the Finance Agency can process payments and generate financial reports. A computer process transfers data between Ariba and SAP each night. SAP receives a summary of Ariba information and creates SAP purchase orders. Ariba receives budget authorization from SAP. Consequently, many contracts have both an Ariba contract identifier and an SAP contract identifier. System users see different contract information in Ariba and SAP because SAP has only a summary of the Ariba

information. A County employee may use SAP to see total department spending and Ariba to see goods invoices.

Unintentional Data Redundancy

The term "data redundancy" refers to keeping multiple copies of the same information. Intentional data redundancy has multiple benefits. For example, organizations need to keep copies of information for backup purposes. Unintentional data redundancy can arise because of poor system design. Unintentional data redundancy inevitably leads to data inconsistency, which can provide an organization with unreliable and/or meaningless information. Egnyte, a cloud storage and file-sharing service, states:

> Data redundancy is when multiple copies of the same information are stored in more than one place at a time. This challenge plagues organizations of all sizes in all industries and leads to elevated storage costs, errors, and compromised analytics. A typical example of this is customer information that is replicated across departments' separate systems (e.g., finance, marketing, sales). (Egnyte, January 7, 2022)

The County has inconsistent contract information because employees maintain a local copy of the information and update SAP with a subset of the information in an ad hoc manner. The County could avoid this problem if each department maintained its own contract information in only one system and relied on automated computer processes to update SAP in a consistent manner. An automated computer process would eliminate manual copying errors. Using an overnight computer process would ensure that SAP has information that is no more than one day out of date.

An Existing Contract-search System

The County of San Diego Purchasing and Contracting website has a contract-search system, called "Buynet," which allows members of the public and San Diego County employees to quickly search for and view contract information, contracts, and contract amendments. Buynet requires no training and makes it easy for anyone to find contract information.

Anyone with a computer browser and internet connection can access Buynet at the County of San Diego's Contract Search Tool website. Clicking on the contract search button brings up the information shown in Figure 8. Users can search for contracts using many criteria, including supplier name, requesting department, category, and keywords.

DPC Contracts Library

Contracts awarded as of March 1, 2015 are published through this content library. Search results may contain awarded contracts after July 1, 2014. If you cannot find a contract or wish to obtain contract documents before July 1, 2014, please contact the Department of Purchasing & Contracting at: 858-505-6367. To search for Solicitations that have been posted to BuyNet, please click here.

Term Contracts Expiring in the Next Year. To see a list of term contracts expiring over the next year, please click here. This list of expiring term contracts is provided as reference only. Contracts may end before the listed date. Not all ending contracts will be rebid or may be rebid with an amended scope.

Find Specific Documents

Contract Number:
Solicitation #:
Category:
Supplier Name:
Project Title:
Contract Date From: To:
County Department:
Contract Value Min $:   Max $:
Buyer Name:

OR

Search Document Content

Keywords Search: Keywords Search will ignore any other specified search criteria

Search   Reset

Figure 8: The County of San Diego Contract-search System

For example, a user could search for the word "tree" and see the information shown in Figure 9. Buynet indicates that more than 350 contracts contain the word "tree," and it lists the first 350 items over several pages. Clicking on a pdf icon displays the associated contract. Clicking on a green plus sign icon displays more information about the contract.

The County of San Diego developed Buynet to provide an unchanging user interface for County of San Diego employees, suppliers, vendors, contractors, and the public. The County of San Diego

continues to change the behind-the-scenes commercial systems that provide the underlying functionality.

The County of Santa Clara could operate more efficiently if it had a contract-search system like Buynet.

Figure 9: Results of a Keyword Search in Buynet

Similar Problems in Other Counties

The County might be able to learn from other counties and government organizations with similar issues. The County could utilize product evaluations, specifications, and possibly development costs for a system like Buynet.

In 2021, the Monterey County Civil Grand Jury reported that the County of Monterey had problems finding contracts (2020-2021 Monterey County Civil Grand Jury Report). County of Monterey officials told its civil grand jury that it would take months to fulfill the civil grand jury's contract request. In that report, the Monterey County Civil Grand Jury made 12 recommendations, including one that stated, "[e]stablish and fully implement a system that provides online real-time access to all Monterey County contract information that meets the unique needs of individual departments." Follow-up reports do not indicate if the County of Monterey has implemented the recommendations.

Contract Consolidation and Cooperative Procurement
Departments can save significant time and money by using the same vendor/contractor for similar work. Many vendors/contractors will accept a lower price for a higher value contract. The County spends less time and effort by soliciting a single contract.

The Procurement Department secures substantial cost savings for the County by managing group purchasing organization (GPO) contracts. GPO contracts helps nationwide healthcare providers — such as hospitals, nursing homes, and home health agencies — realize savings and efficiencies by aggregating purchasing volume and using that leverage to negotiate discounts with manufacturers, distributors, and other vendors. The Procurement Department uses word-of-mouth communication to consolidate goods contracts.

Before soliciting a new contract, departments should know about related County contracts, both existing contracts and in-progress solicitations. County departments can ask the Procurement Department if they know of similar contracts, but using a contract-search system could provide a quicker and more reliable solution.

For example, Department 1 may want professional video editing services, and may consider conducting market research and inviting vendors/contractors to bid on a contract. Department 2 (in this example) has already conducted market research for similar services and selected the best vendor using competitive procurement. Department 1 may be able to save significant time and money by "piggybacking" on the efforts of Department 2.

Cooperative procurement between departments saves time, effort, and money. The Institute for Public Procurement (NIGP), a leadership alliance of the most important professional purchasing organizations around the country, recommends procurement cooperation. The article "5 Reasons Cooperative Purchasing is on the Rise" states:

> Cooperative purchasing is growing like crazy. In GovWin's recent report "Top 3 Strategies for Optimizing State and Local Government Sales," they project national cooperative sales to grow from $45 billion in 2019 to $61 billion in 2025. (Armstrong, August 25, 2021)

The 2017-2018 San Mateo County Civil Grand Jury Report "Cooperative Purchasing—A Roadmap To More Effective City Procurement" advocated procurement cooperation between the

County of San Mateo and the cities within it. Similarly, a public contract-search system would make it easier for the cities within the County of Santa Clara and government partners to cooperate with the County.

Employees have difficulty finding in-progress solicitations. Departments are supposed to create contract requisitions within SAP before they start the solicitation of services. Unfortunately, some departments fail to create contract requisitions. The County displays in-progress solicitations on its website using Periscope. An employee might try to search SAP and Periscope for in-progress solicitations. An ideal contract-search system would have the ability to search for in-progress solicitations from SAP, Periscope, and any other systems with requisitions and solicitations.

A contract-search system would enable more department-to-department cooperative procurement. Extending the capabilities to cover contract requisitions and solicitations would have added benefits.

Non-expenditure Contracts and Agreements
The County stores expenditure contracts—those contracts resulting from procurement—in systems like SAP and Ariba. The County does not utilize a system to store other agreements, such as Memorandum of Understanding (MOU) agreements, and revenue contracts. The County Executive's Office maintains a list of its own MOUs and revenue contracts in a spreadsheet. The 2023 Management Audit states, "[a]uditors discovered contracts and no-cost MOUs for multiple CEO [County Executive's Office] divisions that were not included in CEO Administration's central contracts log, as well as incorrectly recorded contract information."

A contract-search system should ideally provide access to both expenditure and non-expenditure contracts and agreements.

Contract-search System Requirements
An ideal contract-search system would provide access to accurate, countywide, contract information and contract documents. This contract-search system should have the following requirements:
- User-friendly, requiring little or no training.
- Provide immediate information access without requiring a login.
- Hide the complexities of systems like Ariba and SAP.
- Hide the details of where the information resides.
- Access department storage devices if they provide the most accurate information.
- Provide a consistent, unchanging user interface as the County changes the underlying systems.
- Support access by County employees and, ideally, the public.
- Not disclose confidential information to unauthorized users.

The contract-search system could also have the following optional features:
- Support searches for non-expenditure contracts and agreements.
- Support searches for solicitation documents, such as requisitions.

Sharing Contractor Performance Evaluations

Members of the public frequently use product and service reviews, evaluations, and ratings. Online retailers, newspapers, product researchers, and critics provide reviews and ratings of restaurants, movies, hotels, automobiles, appliances, and many other things. Hospitals, ride-share companies, travel companies, and many other organizations frequently ask customers to evaluate or rate their services.

The County has multiple solicitation methods and evaluation criteria. The County normally evaluates contract proposals using price and weighted qualitative criteria (e.g., experience, project management approach, recommended solutions, corporate strength, and fiscal solvency) (County of Santa Clara, May 2021). The County should consider using contractor evaluations as one of its qualitative criteria.

The County cannot take full advantage of contractor evaluations because it does not always evaluate contractor performance and does not have a system to share evaluations. Consequently, a department cannot easily find out how a contractor performed on past County contracts. A department could engage a contractor who performed poorly for another department or miss the opportunity to engage a contractor with an outstanding performance record. Thus, the County may fail to reward contractors for good performance and hold them accountable for poor performance.

Section 5.4.5.5 of the Policy Manual discusses Monitoring, Administration, and Evaluation of Contracts. The Policy Manual states:

> Agencies/Departments must also document their performance evaluations of contractors. The retention period for this documentation should [be] the same as the retention period for the subject contract. These performance evaluations may be used by Agencies/Departments to evaluate the propriety of entering into contract extensions or future agreements with the same contractor.

Multiple interviewees stated that their department does not evaluate contractors consistently. The 2023 Management Audit states:

> Finally, while the Board Policy Manual mandates documented performance evaluations of contractors, at least 13 CEO Divisions reported that they do not have formal evaluation processes. The Office of County Contracting Management (OCCM) also has no mechanism of centrally recording existing evaluations to assess the viability of these contractors in the future.

Board Policy recognizes that County departments have different concerns, and one solution may not fit everyone. For example, hospital employees care about clinical effectiveness, while other departments may care about environmental friendliness. One department may need to evaluate specific products as opposed to a contractor, goods supplier, or contract. Leaving contractor evaluation process guideline decisions to a department has a downside: it leads to non-uniform, difficult-to-compare evaluations, and department inaction.

All evaluation systems face the same issue of dealing with different types of services. Common evaluation methods include giving star ratings for overall satisfaction, cost-effectiveness, timeliness, and quality.

Departments currently have no incentive to follow the Policy Manual requiring contractor evaluation. No one holds the departments accountable for failing to meet the requirement. The County has not provided an evaluation template or a system for entering and sharing contractor evaluations.

Evaluating contractor performance would incentivize them thus awarding more business to good performers.

Contractor Evaluation System Requirements

An ideal evaluation system would interface with other County systems. Creating a well-integrated evaluation system may prove too difficult in the immediate future. Such a system could have the following features:

- Provide links between evaluations, contractors, and contracts. For example, someone viewing an evaluation should be able to click on items to bring up the contract and contractor information.
- Ensure that contractors have an appropriate evaluation.
- Provide a standard method for entering evaluations.
- Provide search capability allowing users to:
    o See evaluations of a specific contractor.
    o See evaluations of contractors providing similar services.
- Augment the solicitation system so it can offer advice about relevant contractor ratings.

The County should also consider a less-integrated system—a short-term solution—with the following features:

- A stand-alone system that allows employees to enter a contract name/identifier, a contractor name/identifier, and an evaluation.
- A system with the same search capabilities as the ideal system.

Many commercial database management systems could provide the less-integrated system functionality described above.

The Pace of Procurement Improvement

Employee Input

The Civil Grand Jury learned that County staff are disappointed about the slow pace of countywide procurement improvements. The County's procurement system technology has changed little since the purchase of Ariba 10 years ago. The County has done little to promote the use of Ariba, and most departments continue to work without using any procurement system. Consequently, the County continues to face the same issues—employees cannot find contract information, the County has multiple copies of inconsistent contract information, and the Board contract information stored in SAP has errors.

Technology and Leadership Changes

The County purchased SAP in 2001 as a finance system. The County did not purchase the procurement module for storing contracts. In 2014, the County purchased its first procurement system, Ariba, and has successfully used it for goods procurement. In 2017, the County purchased the Periscope sourcing system, previously known as Bidsync. In 2021, seven years after purchasing Ariba, SSA started an Ariba pilot program but decided not to use Ariba.

Employees also expressed concerns about the frequency of leadership changes. The County has hired two CPOs, one in 2017 and one in 2020. The CPO has the responsibility to provide countywide procurement oversight. The first CPO did not want to promote countywide use of Ariba. The company that owned the SAP system had bought Ariba's parent company and had overstated its ability to integrate the two systems. The second CPO wanted to promote countywide use of Ariba but had difficulty convincing departments to use it. After the departure of the second CPO, Deputy County Executives (DCEs) with little procurement experience have taken over the CPO's management responsibility. Figure 10 summarizes these issues.

Date	Event
2001	Purchased SAP as a finance system without purchasing the contracts module.
2014	Purchased Ariba as a procurement system and subsequently used Ariba for goods procurement in a successful pilot.
2017	Purchased Periscope for vendor/contractor sourcing.
2017	Hired the first CPO.
2020	Hired the second CPO.
2021	SSA started a pilot program to use Ariba for service contracts.
2023	SSA decided not to use Ariba.
2023	A first DCE took over CPO management and later a second DCE took over.

Figure 10: Technology and Leadership Changes in the County

Procurement Progress

The Procurement Department and OCCM have made progress in the past decade (see Figure 11). In 2015, the County created OCCM to provide countywide training and manage the countywide procurement guidelines. In 2016, the County hired KPMG consultants to assist in the restructuring of procurement. KPMG tested countywide procurement employees and found a serious lack of procurement knowledge. Many department personnel working on procurement spent less than 25% of their time on procurement. The Procurement Department and OCCM responded by developing training materials and have since trained thousands of countywide employees. For example, in 2021, the County trained 517 employees in electronic procurement (e-procurement), Periscope, purchasing card (p-card) policy, cost savings, and cost avoidance.

The Procurement Department has reduced the vacancy rate from 35% in 2020 to 6% in 2023.

The Procurement Department has addressed many of the 2021 Management Audit recommendations.

OCCM has successfully engaged with departments, and hundreds of countywide procurement employees attend monthly Procurement Liaison Collaborative meetings to share procurement ideas. OCCM conducts vendor training.

The County acquired O'Connor Hospital and St. Louise Regional Hospital in 2019 and the 2020 COVID-19 outbreak disrupted normal procurement operations. The newly acquired hospitals, with their own procurement staff, have since partially integrated their operations with the County.

Date	Achievements and Events
2015	Initial staffing of the new OCCM, training, and policy implementation started.
2016	KPMG consultants tested employees and found a serious lack of procurement knowledge.
2019	OCCM initiated a vendor outreach program to enhance competition and ensure best value.
2019	The County acquired three hospitals with their own procurement practices.
2020	COVID-19 pandemic disrupted many County activities.
2020	35% vacancy rate in Procurement Department.
2021	Management auditors published a Procurement Department audit.
2021	New procurement training "Procurement Academy" provided ongoing training for county employees.
2021	517 employees trained in e-procurement, Periscope, p-card policy, cost savings and cost avoidance.
2022	386 employees trained in procurement/contract management.
2022	616 employees trained.
2022	Procurement Department vacancy down to 10%.
2023	Procurement Department vacancy down to 6%.
2023	151 employees trained in procurement and contracting.
2023	Management auditors published an Executive Office audit.

Figure 11: Procurement Department & OCCM Achievements/Events

The Need for Countywide Procurement Systems

The County has difficulty maintaining consistent, up-to-date, contract information because some departments prefer to store information locally without using a procurement system appropriately. Using a countywide procurement system can also automate work, reduce errors, provide more uniformity, and, ultimately, save money. A procurement system also offers a gateway to more productivity improvements. For example, having a procurement system makes it easier to evaluate contractor performance and measure internal procurement efficiency automatically.

Department Use of Procurement Systems
The Civil Grand Jury could not determine how many procurement groups exist in the County.

The Procurement Department successfully uses Ariba. All interviewees said Ariba works well for the procurement of goods and related services. The Procurement Department also manages the SAP MM module, and its Decentralized Unit uses SAP when assisting other departments.

The Finance Agency uses SAP and Ariba to pay vendors and contractors.

Some procurement groups in the Hospital System use PMM, some use SAP, and some procurement groups store contracts in Symplr. None of the interviewees could say how many procurement groups exist in the Hospital System.

Some departments do not use a procurement system. They use a word processing program to create contract documents, store the contract documents on a department storage device, and often distribute them using email. They use spreadsheets to track progress, record purchase orders and contract information, and keep track of document locations. They use SAP only to enter purchase orders, often when a vendor/contractor requests payment with an invoice. Sometimes, they ask the Finance Agency or Procurement Department to create the SAP purchase order.

SSA used the Figtree procurement system until 2022. Staff tried using Ariba in a pilot program and decided not to use it. They currently do not use a procurement system.

The Civil Grand Jury could not get a clear number of how many groups and people work on procurement countywide. Figure 12 summarizes the staffing and systems observed by the Civil Grand Jury to be in use by the Procurement Department, the County Executive's Office, SSA, and the Hospital System.

Department	Approximate Number of staff	System Used
Procurement Department	90	Mainly Ariba and Periscope.
The County Executive's Office (inclusive of its divisions)	680 total with 8-10 in the Contracts Unit	Contracts stored on a department storage device. Purchase orders in SAP.
Social Services Agency	3,000 total with 10 handling procurement	Used Figtree until 2022. Used Ariba as a pilot. Contracts held on a department storage device. Purchase orders in SAP.
Hospital System	More than 8,000 total with multiple procurement groups	Multiple systems outlined below.
Hospital System Procurement Group-1	8-10 staff members	Does not use a procurement system. Contracts held in Symplr. Sends contracts as email. attachments to the Finance Agency.
Hospital System Procurement Group-2	3 staff	Uses PMM and SAP.

Figure 12: A Sample of Departments and Their Procurement Systems

Is SAP a Countywide Solution?

SAP provides good support for finance processes but does not support procurement well or automate procurement steps. The County uses SAP to manage purchase orders rather than contracts.

Procurement personnel expect a purchase order to represent a contract. When a user creates an SAP purchase order, the user uploads attachments to the purchase order. The attachments typically include the contract, the legislative file (a summary document reviewed and approved by the Board), and contract amendments.

Unfortunately, some departments create multiple purchase orders for the same contract. In some cases, staff create a new purchase order at the start of each year. In other cases, staff create a new purchase order after a vendor fulfills the previous purchase order. SAP users cannot easily tell which and how many purchase orders refer to a specific contract. SAP keeps track of payments made from each purchase order, so users cannot easily tell how much the County has paid against a contract.

The active contract list on the County website may show incorrect information for service contracts stored in SAP. The software that creates the active contract list assumes that each SAP purchase order represents a different contract and that the purchase order expiration date indicates if the contract has expired. Interviewees with detailed knowledge of SAP said that no one knows how many active County expenditure contracts exist.

The 2021 Management Audit explains why the SAP data is inaccurate (see pages 38 and 39 of "Section 3: Improving Monitoring of Board Contracts"). It states:

> Board contracts, unlike other types of contracts in SAP, are often entered as individual purchase orders for each year of the contract, rather than starting with an entry for the contract as a whole. This leaves the data entry for Board Contracts subject to variation. Namely, SAP does not offer the same control for entries recorded as purchase orders as it does for entries recorded as contracts.

The 2021 Management Audit further explains that the creation of annual purchase orders makes it difficult to determine if a contract has expired. Employees enter an expiration date for a purchase order. The contract and the purchase order expiration dates have different meanings. The 2021 Management Audit also points out that employees often fail to update the purchase order expiration date when they extend the contract. Figure 13 illustrates the issues. Department 1 first creates a purchase order for 2022 and later creates a purchase order for 2023. The purchase orders have different expiration dates. Department 2 creates its own purchase order and enters a third expiration date. The contract may have a different expiration date, August 31, 2023, in this example.

SAP cannot determine the actual contract expiration date and cannot send a message warning of the contract expiration.

Event	Purchase Order Expiration Date	Actual Contract Expiration Date
Department 1 creates a 2022 purchase order	December 31, 2022	August 31, 2023
Department 1 creates a 2023 purchase order	December 31, 2023	August 31, 2023
Department 2 creates a purchase order	June 30, 2023	August 31, 2023

Figure 13: Examples of Purchase Orders Using the Same Contract

The 2021 Management Audit estimated that 25% of Board contracts had incorrect expiration dates in SAP. The 2021 Management Audit explains the consequences of failing to monitor the expiration:

> When this occurs, it reduces the County's ability to effectively review the contract's performance and consider if an alternative contract or solicitation is needed. As a result, we expect contracts are more often extended without consideration or short-term measure such as departments renting emergency equipment are taken to meet urgent needs when a contract unexpectedly expires.

The 2021 Management Audit states:

> About half of the County's contracts are solicited, selected, and managed by the user departments, with the contracts and any amendments approved directly by the Board of Supervisors. These "Board contracts" are recorded in the County's financial system, SAP, by their user departments, and stored in parts of the system run by the Procurement Department. We identified significant errors and omissions in the SAP entries. Incorrect entries into SAP caused 25% of active contracts to report as inactive in SAP.

The Procurement Department has recently accepted responsibility for approving Board contract amendments. This allows the Board to spend less time approving these amendments. Procurement Department interviewees had concerns about the accuracy of Board contract information stored in SAP. Estimates of the number of Board contract errors vary. One person estimates that 30% of Board contracts have errors such as missing amendments. Another person said as many as 80% of Board contracts may have errors.

Is Ariba a Countywide Solution?

Many County users interviewed by the Civil Grand Jury believe Ariba is unsuitable for professional service contracts. However, other users believe Ariba might support professional service contracts if there were better Ariba training and configuration.

SSA has an experienced procurement group that understands the benefits of a good procurement system. SSA tried using Ariba but decided to discontinue using it. The Civil Grand Jury's investigation did not reveal a written report summarizing the findings of the pilot. The Civil Grand Jury learned of the following problems:

- Ariba is too complicated. Some of the County's community-based organization service providers cannot create the electronic invoices processed by Ariba.
- Ariba was designed to support units of goods. Ariba automatically checks if the County has received the correct number of goods. Service contracts have deliverables with complex acceptance criteria.
- Service contracts may involve payment by the hour with a limit on the number of hours. Contractors need not spend the maximum number of hours. Ariba expects contractors to provide the specified number of hours and signals an error if they do not.
- Ariba has too many unnecessary steps that slow down the procurement staff.
- Ariba contacted the people providing authorization in the wrong sequence because the people entering authorization names lacked appropriate training.
- Experienced Ariba users should have provided the pilot program training.
- The pilot program started at the busiest time of the year.

PMM Issues

Some hospital employees use the PMM system to manage the medical supplies inventory. To purchase goods using the contracts negotiated by the Procurement Department, hospital employees enter a goods requisition into PMM and later enter a purchase order into PMM. The hospital employees may attach a copy of the contract to the PMM goods requisition to make the hospital's approval process easier. After entering information into PMM, the hospital employees manually enter a second purchase order with the same information into SAP for payment. Staff would prefer that they did not have to enter the same information twice and would like the County to automate this; if automated this could reduce costs for the County.

The County seems confused about whether a computer process automates the transfer of information from PMM to SAP. The 2021 Management Audit states in the background section on page 8:

> Another system that works with SAP is the County Health System's Allscripts Supply Chain Solution (previously known as Pathway Materials Management System (PMM) system). The System's departments use the Allscripts Supply Chain Solution to manage their procurement processes. It connects to and reconciles with SAP. Like Ariba, it does not send detailed transaction-level records to SAP, only summary information.

The County should consider implementing a computer process to automate the transfer of information from PMM to SAP.

Procurement System Requirements

The County needs to decide how many different procurement systems to use and how well-integrated they are with other County systems. In an ideal world, the County would utilize a single procurement system well-integrated with the ERP components shown in Figure 6. That seems impractical in the foreseeable future. At a minimum, procurement systems must interface with the financial systems.

Using a single procurement system throughout the County would produce many benefits, including simplifying procurement operations and training. Unfortunately, a single system may not meet all the County's requirements. Some departments might need to make uncomfortable changes to their procurement processes if forced to use a prescribed countywide system. Changing to a single procurement system would present significant challenges. All departments would want to participate in planning such a change and reach an agreement. Major changes take time. Transitioning from the current system to a new system requires keeping both systems in place for some time.

Using multiple procurement systems throughout the County also has benefits, such as allowing the County to use the best, most appropriate products where needed. Introducing a new procurement system would require careful consideration of system and data integration issues.

Departments should use a procurement system that allows the County to measure contract lead times. The County needs procurement systems that handle goods, professional services, inventory control, solicitation, and contract search. The County also needs to support the storage and search of non-expenditure contracts and agreements. Figure 14 summarizes the procurement system requirements for the different users under current County processes.

Requirement	Users
Goods procurement	The Procurement Department.
Professional Service procurement	Other departments.
Supply chain and inventory management	Some hospital groups.
Solicitation	Most departments, vendors, and the public.
Non-expenditure contract and agreement management	Some departments.
Contract search	Government partners, County departments, vendors, and the public.

Figure 14: Procurement System Requirements

The Need for a Better Use of Performance Measures

Performance Measures
Organizations improve performance by applying three readily understood steps:
- Define the process.
- Measure process performance.
- Improve the process.

The Rand Corporation discusses this issue in the report "Define-Measure-Improve" (Dumond, 2000). An organization should measure overall performance, individual department performance, and individual employee performance. With this information, the organization can identify weak links and provide accountability. An organization should set performance goals for departments and related goals for employees. Employees need to understand how their individual goals contribute to the overall target.

Current Use of Performance Measures
The Procurement Department has reported performance to the County Executive's Office since 2018. APPENDIX 1: 2022-2023 Procurement Report entitled Measures of Success shows three performance measures:
1. The number of competitively awarded contracts.
2. Cost savings and improvements through negotiated contractual agreements.
3. Countywide staff and vendor professional training.

The report provides some information about centralized and decentralized procurement. It does not show the performance of individual County departments.

Lack of Management Guidance and Oversight
Interviews showed that the employees engaged in procurement did not know about the County's procurement performance goals. Performance goals have little value if the relevant staff aren't actively striving to achieve them.

The Civil Grand Jury found little evidence of the County Executive's Office taking an active role in managing countywide procurement. The County Executive's Office hasn't set countywide procurement objectives or produced a countywide strategic plan. The County Executive's Office hasn't taken an active role in solving the technology problems of finding contracts and providing contract information consistency. The County Executive's Office hasn't taken an active role in encouraging departments to use a procurement system instead of spreadsheets.

The County Executive's Office mission statement and the County Charter say that the County Executive's Office has a duty to provide countywide oversight. The 2023 Management Audit

states: "The Office of the County Executive has historically existed to carry out the core responsibilities of the County Executive, but the Office is now largely focused on specific (rather than countywide) operations and programs" (County of Santa Clara, July 13, 2023).

The Procurement Department and OCCM provide a written progress report to the Board's FGOC every six months. The FGOC meets in open session and does not have time for an in-depth review. The Board uses management auditors to provide an in-depth review every few years. The Procurement Department's FGOC reports often focus on their progress in meeting the auditor's recommendations.

Other than the Procurement Department, departments with their own procurement groups provide written reports to different Board oversight committees. The Board receives limited information about the progress of countywide procurement. The OCCM tries to provide the FGOC with a summary of countywide procurement progress but has limited knowledge.

The Need to Measure Contract Lead Times

The County needs to solicit and award contracts in a timely manner, but the County has no practical means for measuring this. In 2018, departments reported concerns about contract lead times, the time needed to solicit and award contracts. As a result, the Board asked management auditors to investigate. "Section 1: Improving Procurement Timelines" of the 2021 Management Audit discussed contract lead times and stated:

> The Procurement Department had no information system or manual tracking process from which to assess. Instead, we used a case-study method to derive our understanding. Based on our review of all emails, communications, and records related to the case studies, completion of these procurements took between 77 and 786 days, well exceeding the "goal" periods the Procurement Department subsequently published in 2021. Without a tracking system, management lacks the information it needs to identify and solve process problems that cause delays.

The Procurement Department has not implemented the tracking system recommended by the management auditors and does not measure contract lead times.

Departments, other than the Procurement Department, have the same problem of being unable to measure contract lead times. The County needs all countywide procurement employees to use a procurement system that captures procurement event dates, such as the requisition and contract establishment dates. Capturing these event dates makes it possible to determine the contract lead time.

The Need for a Strategic Procurement Plan

Countywide Procurement Planning Needs

A Harvard Business School article states, "[s]trategic planning is the ongoing organizational process of using available knowledge to document a business' intended direction. This process is used to prioritize efforts, effectively allocate resources, align shareholders and employees with the organization's goals, and ensure those goals are backed by data and sound reasoning" (Cote, October 6, 2020).

A countywide procurement strategic plan should include the following procurement-specific elements:

- A list of prioritized procurement issues and how to address them.
- A list of objective performance measures with future targets for every department.
- A technology roadmap that includes system addition, replacement, and upgrades.

The County's Current Plans

The County does not currently have a strategic procurement plan. The County needs a strategic procurement plan because of the complex, long-standing issues that it has not addressed. Given that the procurement is conducted by departments across the County, the County Executive's Office should provide strategic planning for the County.

In May 2023, the Board requested that the County Executive's Office produce a report relating to a strategic work plan:

> At the request of Supervisor Arenas, the Board directed Administration to provide an off-agenda report to the Board on date uncertain relating to a strengths, weaknesses, opportunities, and threats (SWOT) analysis and strategic work plan that details how efficiencies are being created in the Procurement Department. (County of Santa Clara, May 8, 2023)

The response from this off-agenda report stated that this plan was in process (County of Santa Clara, August 16, 2023). This is the last update the Civil Grand Jury has been able to find.

TSS has responsibility for purchasing and implementing technology solutions including procurement technology. TSS published a FY 2024-2026 TSS strategic plan (County of Santa Clara, July 13, 2023) which lacks detail. The TSS strategic plan does not mention the words procurement, purchasing, or contract. The TSS plan says the County will make progress by:

1. Establishing and implementing an enterprise resource planning (ERP) modernization strategy.
   a. Create strategy to guide the prioritization of ERP projects and initiatives.
2. Upgrading key ERP systems.

a. Key ERP systems will be upgraded, replaced, and/or modernized. This includes the financial systems, human resource systems, budgeting system, work force management systems, and supply chain systems.

The ERP subcommittee focuses on the long-term goal of a countywide ERP system and the short-term goal of replacing end-of-life systems. The ERP subcommittee has decided to update SAP, but interviewees did not know of a plan involving procurement. The ERP subcommittee sent a survey to nationwide organizations about their use of ERP systems. The survey asked general questions such as "what ERP systems do you use." The survey failed to ask more useful, pointed questions about procurement such as "do you have a problem finding contracts in a timely manner".

Several County groups, including TSS and OCCM, have evaluated commercial procurement products. Those evaluations provided short-term recommendations and did not produce a strategic procurement plan.

The Procurement Department held a planning meeting in October 2023 as the first step in creating a strategic plan. The department hoped to produce a strategic plan covering the next three to five-plus years and an operational plan for the next year. The strategic planning meeting focused on compliance, improving contract lead times, savings costs, and client satisfaction. The strategic planning meeting mentioned technology problems briefly. Unfortunately, the department has not been able to complete either plan.

Creating a procurement plan for the County is difficult for the following reasons, which need to be addressed:

- The decentralized organization makes it difficult to reach an agreement. Departments operate differently and have different priorities. Meeting with countywide departments consumes considerable resources.
- Recent technology recommendations from TSS and the ERP committee have largely omitted procurement.
- The Finance Agency has stated that it will continue using SAP. This makes it more difficult to solve the problems of finding contracts, data consistency, and having the correct expiration dates in SAP.
- Many departments cannot easily determine performance measures such as contract lead times. This makes it difficult to set measurable goals.
- The Procurement Department has had leadership changes, and the current organizational structure is under review.

The Organization of Procurement

Santa Clara County's organization and reporting structure makes it difficult to enact changes. The County relies on TSS to purchase and implement technology solutions. Countywide departments compete for TSS resources. Departments with competing needs find it hard to agree to change.

County employees generally favor decentralized procurement. There is a belief that individual County departments need to manage their own projects and need to utilize procurement employees with department-specific knowledge. Some staff, with experience in a centralized procurement organization, believe centralized procurement is more efficient than a decentralized organization.

Multiple Civil Grand Juries have investigated the question of centralized versus decentralized procurement.

- The 2013-2014 County of Orange Civil Grand Jury report "Improving The County of Orange Government's Multi-Billion Dollar Contracting Operations" discusses the benefits of centralized and decentralized procurement organizations. The report recommends the County of Orange adopt a decentralization strategy.
- The 2015-2016 County of Orange Civil Grand Jury report "Procurement Big Budget, Low Priority" again recommends the County of Orange adopt a decentralization strategy.
- The 2015-2016 Humboldt County Civil Grand Jury report "Best Practices in Purchasing/Procurement " recommends centralizing procurement and combining it with a new finance department. The report discusses a position paper from the National Institute of Governmental Purchasing (NIGP): "The Institute for Public Procurement on the Meaning of Procurement Authority and the Importance of its Effective Delegation and Use." The position paper recommends centralized procurement as a procurement best practice.
- The 2018-2019 Nevada County Civil Grand Jury report "Nevada County Request for Proposal and Procurement Practices" states, "The County has entrusted procurement to 'generalist' buyers rather than to certified procurement professionals."

Private sector organizations sometimes use matrix management, an organizational structure in which some individuals report to more than one supervisor or leader. Organizations often use matrix management when they need to temporarily reassign employees to different projects or departments. Having employees report to both a central procurement department and a separate County department would help unify procurement processes and enable countywide procurement management and countywide procurement reporting. Matrix management makes it easy for organizations to balance the workload by reassigning employees to overworked departments.

The County should consider organizational changes that include more centralization of procurement, including options like combining finance and procurement into one department with common goals, giving the County Executive's Office more responsibility for countywide procurement, and using a matrix management reporting structure.

A Comparison with Another County

The County could benefit by surveying other counties about their experiences solving specific problems and changing technology. For example, the County should look for solutions to the issues of finding contracts and sharing contractor performance evaluations.

The County of San Diego's procurement practices may provide helpful insights on how the County can address its deficiencies. The County of San Diego has a similar budget, $8 billion (County of San Diego, June 27, 2023) as compared to $11 billion for the County of Santa Clara. The County of San Diego has a larger population, 3 million people (County of San Diego, Demographics, n.d.) compared to 2 million in Santa Clara County. One missing attribute is that the County of San Diego does not have a County-run hospital system.

Managing a Technology Change
The Civil Grand Jury learned the following information regarding the County of San Diego's procurement practices, which the Civil Grand Jury contrasts with the County's processes:

- The County of San Diego hired the Gartner consulting firm to provide expertise in evaluating procurement systems. Gartner routinely evaluates software solutions as a business. It offers procurement system evaluation reports and consulting services.
- An outside IT contractor developed specifications, participated in the procurement system selection process, developed the web interface, and developed integration software. The contractor also helped manage the transition to a new system. Using an outside IT contractor with expertise allowed the County of San Diego to fully staff the project appropriately. The County of Santa Clara uses TSS to implement technology solutions. The ERP and ITGC committees prioritize TSS work.
- The County of San Diego stores all contracts in Ariba, and only in Ariba. Unlike the County of Santa Clara, the County of San Diego has one copy of its contracts. The County of San Diego uses the Ariba contract storage module and does not use the Ariba procurement modules.
- The County of San Diego has integrated its sourcing system, from Ivalua, with Ariba and Oracle. Ariba provides contract management and Oracle provides financial management. The County of San Diego can automatically transfer awarded contracts from Ivalua to Ariba. In contrast, the County of Santa Clara has a standalone sourcing system.

- Every County of San Diego contract has a single contract identifier produced by a single system. In contrast, many County of Santa Clara contracts have both an Ariba contract identifier and an SAP contract identifier.
- Many vendors and contractors initially complained about having their contracts made public but acquiesced after the County of San Diego insisted on creating an atmosphere of transparency.
- Having a centralized procurement organization, with the Purchasing and Contracts Department reporting to the Finance Director, made it easy for the County of San Diego to reach an agreement and get approval to change the system. In contrast, the County of Santa Clara has a largely decentralized procurement organization with many departments wedded to different procurement software and processes, complicating agreements. The County of Santa Clara Finance Agency has goals and priorities that don't include procurement.

Contract Lead Time Reporting

The County of San Diego Purchasing and Contracts Department routinely publishes reports with objective performance data. Figure 15 shows part of a report and compares lead time targets against achieved performance for different contract actions. In the column on the right, the figure shows the 2022-2023 adopted plan goals and the new 2024-2025 goals. For different types of procurement, the figure shows the total number of actions, the median time, and the percentage of actions that met the goal.
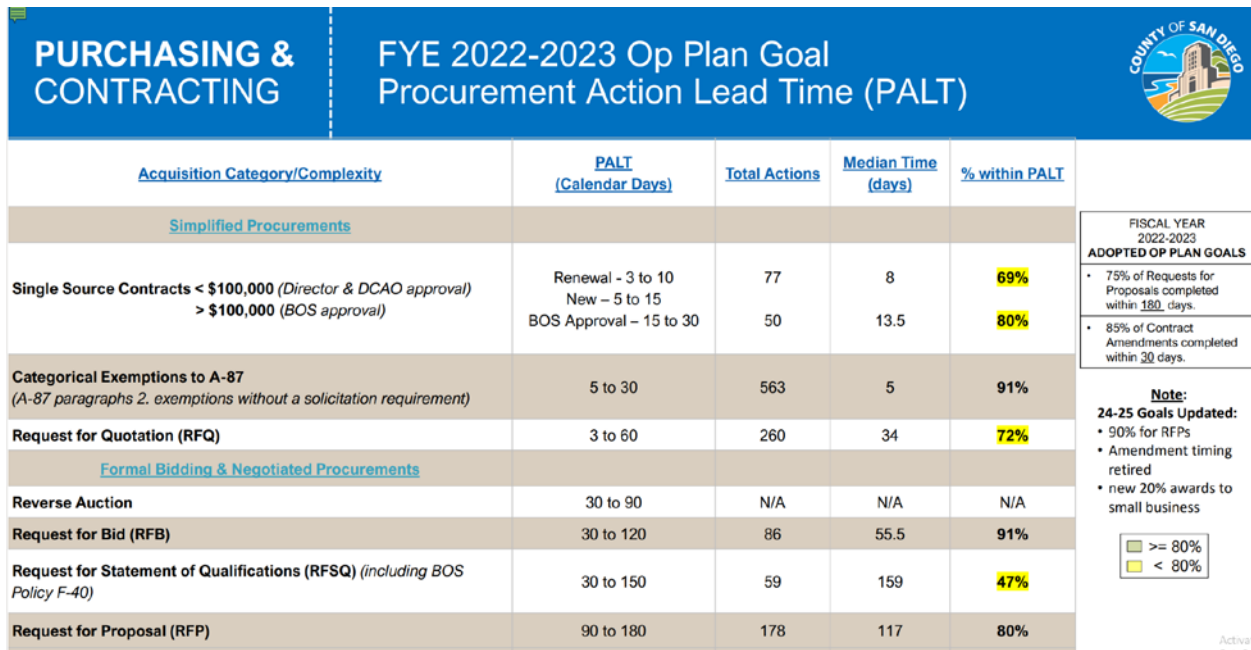

Figure 15: County of San Diego Contract Lead Times. Source: San Diego Purchasing and Contracts Department Performance Metrics 2022-2023 Fiscal Year End

Plans and Objectives

The County of San Diego publishes comprehensive two-year operational plans with detailed objectives. One section of the 2022-2024 operational plan discusses Finance and General Government Groups. This section has detailed plans for 20 groups, including the Purchasing and Contracting Department. The Purchasing and Contracting Department plan, starting on page 596, lists achievements, specific objectives, and 11 performance measures (County of San Diego, n.d.).

Figure 16 summarizes differences between the County of Santa Clara and the County of San Diego. The County of San Diego:

- Has a contract search system that gives the public almost instant access to unredacted contracts.
- Stores a single copy of the contract and has consistent contract information.
- Routinely evaluates contractors and shares evaluations with County of San Diego employees.
- Reports and has targets for contract lead times and other performance measures.
- Has a comprehensive procurement plan.

The County of San Diego partially attributes its success to having a central Purchasing and Contracting Department that reports to the Finance Director. The County of San Diego has made excellent technological progress by hiring outside experts.

Issues	County of Santa Clara	County of San Diego
Timely access to contracts	No, it may take days	Yes, in seconds
Public internet access to contracts	No	Yes, through Buynet
Number of copies of contract information	Multiple	One
Shared contractor evaluation	No	Yes, and testing automated evaluation of contractor performance
Number of performance measures	3	11
Measurement and reporting of contract lead time	No	Yes
Procurement organization	Hybrid with decentralized	Centralized
Relationship with Finance	None	Subordinate
Technology Supplier	TSS	An outside contractor
Confidentiality of Contracts	Sometimes	Never
Published procurement plan	No	Yes

Figure 16: A Comparison of the Counties of Santa Clara and San Diego

CONCLUSION

The County faces some difficult, long-standing, complex, technical, and organizational procurement issues. The County stores multiple, sometimes inconsistent, copies of contract information on different computer systems, which makes it difficult to find accurate, up-to-date information in a timely manner. County departments may use one or more procurement systems or simply rely on their own custom spreadsheets to track procurement progress, which makes it impossible to measure procurement performance consistently countywide. Without performance measures, the County cannot provide objective performance targets, monitor performance improvements, and hold departments accountable for performance.

The County has made little progress in addressing the technology issues and needs of countywide procurement. The County's hybrid procurement model, with many departments performing their own procurement, makes it difficult to plan and reach countywide agreements. The County Executive's Office has not made procurement issues and improvement a priority and has not provided the necessary leadership to enact change. The County has no strategic plan for countywide procurement.

The County should investigate the use of and development of a system to search for countywide contracts and contract information. The County of San Diego has such a system, which provides for quick, reliable searches and models transparency. A contract-search system has the potential to save County employee time thus saving money.

A contract-search system should provide an easy-to-use interface that requires no training, and no authentication to access it. The easy-to-use interface should hide underlying complexities, such as where the information resides. The contract-search system should allow the County to later change the underlying procurement components without affecting the users.

The Policy Manual mandates that departments evaluate contractor performance and share their evaluations. The County should provide guidelines for creating contractor evaluations and provide a system for sharing them. In the short term, the County could use a simple system based on existing database technology. In the long term, the County should consider an integrated system that combines procurement and evaluation. An integrated system could require employees to enter evaluations as appropriate.

The County does not appear to have the existing talent and/or resources to dedicate to the technological solutions necessary to address the deficiencies in the current procurement systems. The County should seek outside, expert help to study the technical and organizational issues. The outside help should assist the County in developing a strategic plan. The strategic plan should provide a technology roadmap, define any organizational changes, and lead to a single source of truth.

FINDINGS AND RECOMMENDATIONS

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.

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.

Recommendation 1b

The County should develop a plan for a countywide contract-search system. This plan 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.

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.

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.

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.

Recommendation 2b

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

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 procurement 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.

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.

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.

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, 2014.

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.

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.

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.

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.

Recommendation 6

The County should develop a plan for the implementation of one or more procurement systems that 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.

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.

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.

Finding 8

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

Recommendation 8

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

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.

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.

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.

Finding 11

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

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.

REQUIRED RESPONSES

Pursuant to California Penal Code section 933(b) et seq. and California Penal Code section 933.05, the 2023-24 Santa Clara County Civil Grand Jury requests responses from the following governing body:

Responding Agency	Findings	Recommendations
The County of Santa Clara	1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11	1a, 1b, 1c, 2a, 2b, 3, 4, 5a, 5b, 6, 7, 8, 9, 10, 11

APPENDIX 1: 2022-2023 Procurement Performance Report

The 2022-2023 Procurement Performance Report discusses three performance measures:
- Increase Number of Competitively Awarded Contracts.
- Cost Savings and Improvements through Negotiated Contractual Agreements.
- Countywide Staff and Vendor Professional Development & Training.

Measures of Success

Fiscal Year 2022 - 2023

PROCUREMENT DEPARTMENT

DEPARTMENT	PROCUREMENT DEPARTMENT						
BUDGET UNIT	118						
CONTACT PERSON	Matthew Hada, Director of Procurement Andrea Contreras, Financial & Administrative Services Manager						
MEASURE 1 TITLE	**Increase Number of Competitively Awarded Contracts**						
STATUS	Continuous – Published in FY2023 Recommended Budget						
DESCRIPTION (GOAL)	Procurement Department will work to increase the number of competitively awarded contracts from fifty-nine percent (59%), which represented 92% of the contract value of competitively awarded contracts as accomplishment in FY2022, to ninety-five percent (95%) by end of FY2023. Note: starting from FY2023, the reported percentage is based on the count and the contract value of competitively awarded contracts. Prior to FY2023, the reported percentage was only based on the count of competitively awarded contracts. Also, starting from FY2023, standard Purchase Orders are included in the report.						
FREQUENCY OF DATA COLLECTION	Annually – Fiscal Year (FY)						
REPORTING PERIOD	FY 2019-2023						
OUTCOME/RESULTS	In FY2023, Procurement Department awarded 1,130 contracts, valued at $305.5M. 53% of the contracts were competitively awarded based on the contract count and 62% of the contracts were competitively awarded based on the contract value. Out of 1,130 contracts awarded, 195 were Master Contracts, 97 GPO (Group Purchasing Organizations) Contracts, 175 Service Agreements, and 663 Standard Purchase Orders (Singular Contracts)						

	FY2018 Actual	FY2019 Actual	FY2020 Actual	FY2021 Actual	FY2022 Actual	FY2023 Actual	
Centralized Procurement – Good and Related Services (Master Contracts)							
# of New Contracts	139	111	146	154	121	195	
Value	$140.7M	$83.9M	$181.2M	$378M	$1.08B	$239.8M	
Percentage of Competitively Awarded	57%	64%	61%	64%	56%	67% (Contract Count)	68% (Contract Value)
Centralized Procurement – Vizient Contracts (GPO Contracts)							
# of New Contracts	N/A	N/A	N/A	121	111	97	
Percentage of Competitively Awarded	N/A	N/A	N/A	90%	95%	88% (Contract Count, no Contract Value for GPO Contracts)	
Decentralized Procurement – Service Agreements							
# of New Service Agreement	215	143	185	144	180	175	
Value	$13.1M	$92.6M	$10.6M	$9M	$11.3M	$15.5M	

Percentage of Competitively Awarded	30%	41%	56%	45%	38%	39% (Contract Count)	42% (Contract Value)
Notes	In FY2023, **70** Service Agreements were awarded as Single Source, **three** were awarded as Sole Source, **28** were approved but exempt due to contracting with other inter-governmental agencies, and **five** were approved based on the Board of Supervisors' vendor selection and Budget Inventory Item.						
Centralized Procurement – Standard Purchase Orders (Singular Contracts)							
# of New Standard pOs	N/A	N/A	N/A	N/A	N/A	663	
Value	N/A	N/A	N/A	N/A	N/A	$50.1M	
Percentage of Competitively Awarded	N/A	N/A	N/A	N/A	N/A	48% (Contract Count)	40% (Contract Value)

Starting from FY2023, the reported percentage is based on the count and the contract value of competitively awarded contracts. Prior to FY2023, the reported percentage was based on the count of competitively awarded contracts.

Starting from FY2023, Standard pOs are included in Measure 1: Competitively Awarded Contracts

MEASURE 2 TITLE	Cost Savings and Improvements through Negotiated Contractual Agreements
STATUS	Continuous – Published in FY2023 Recommended Budget
DESCRIPTION (GOAL)	Procurement Department promotes the use of negotiations in non-competitive and competitive contract awards to realize tangible cost savings and contractual enhancements to benefit the County. Cost savings and other improvements to contracts continue to be tracked and reported. The Department targets to capture $45M in cost savings by the end of FY2023.
FREQUENCY OF DATA COLLECTION	Annually – Fiscal Year (FY)
REPORTING PERIOD	FY2019-2023
OUTCOME/RESULTS	In FY2023, Procurement Department captured negotiated savings of $28.7M which represents about 10% in cost savings of the total contract value.

	FY2019 Actual	FY2020 Actual	FY2021 Actual	FY2022 Actual	FY2023 Actual
Cost savings through negotiated contractual agreements	$32.6M	$63.4M	$49.4M	$46.5M	$28.7M

MEASURE 3 TITLE	**Countywide Staff and Vendor Professional Development & Training**
STATUS	Continuous
DESCRIPTION	Procurement Department tracks the number of trainings and instances of professional development for countywide staff and the vendor community, with an anticipated outcome of achieving a progressive competitive business culture to secure high-quality services and commodities at the best possible pricing.
FREQUENCY OF DATA COLLECTION	Annually – Fiscal Year (FY)
REPORTING PERIOD	FY2019-2023

OUTCOME/RESULTS	FY2019 Actual	FY2020 Actual	FY2021 Actual	FY2022 Actual	FY2023 Actual
Countywide Staff					
Professional development trainings provided	20	10	17	78	25
# of attendees attending professional development trainings	482	224	588	1,147	2,085
# of department attended trainings	27	29	102*	252*	48
Vendors					
Vendor community trainings conducted	26	10	12	33	84
# of vendors attended community trainings	35	47	12	126	1,143
# of vendor outreach email campaigns	21	52	28	21	35
# of vendors targeted	231,811	822,508	72,252	1,165,951	1,215,416

The Figure of # of departments that attended trainings above is tracked by the number of departments that attended each training throughout the fiscal year, not a unique count of departments.

REFERENCES

Bibliography

2013-2014 Orange County Grand Jury Report. "Improving The County of Orange Government's Multi-Billion Dollar Contracting Operations." (https://www.ocgrandjury.org/sites/jury/files/2023-07/Contracting_Report061614.pdf). Accessed February 27, 2024.

2015-2016 Humboldt County Civil Grand Jury Report. "Best Practices in Purchasing/Procurement." (https://humboldtgov.org/DocumentCenter/View/55512/6---Best-Practices-in-PurchasingProcurement?bidId=). Accessed February 27, 2024.

2015-2016 Orange County Grand Jury Report. "Procurement Big Budget, Low Priority." (https://www.ocgrandjury.org/sites/jury/files/2023-07/2015-2016_GJ_Final_Report.pdf). Accessed February 27, 2024.

2017-2018 San Mateo County Civil Grand Jury Report. "Cooperative Purchasing—A Roadmap To More Effective City Procurement." (https://www.sanmateo.courts.ca.gov/system/files/city_procurement.pdf). Accessed February 28, 2024.

2018-2019 Nevada County Civil Grand Jury Report. "Nevada County Request for Proposal and Procurement Practices." 2019. (https://www.nevada.courts.ca.gov/system/files/1819-fin-requestforproposalandprocurementpractice.pdf). Accessed February 27, 2024.

2020-2021 Monterey County Civil Grand Jury Report. "An Examination of Monterey County Contracting and Purchasing Practices." (https://www.co.monterey.ca.us/home/showpublisheddocument/102106/637572041754800000). Accessed February 28, 2024.

2022 Santa Clara County Civil Grand Jury Report. "Garbage In, Garbage Out: Santa Clara County Public Contract Data." (https://www.scscourt.org/court_divisions/civil/cgj/2022/Garbage%20In,%20Garbage%20Out%20-%20Santa%20Clara%20County%20Public%20Contract%20Data.pdf). Accessed May 20, 2024.

Armstrong, Mike. "5 Reasons Cooperative Purchasing is on the Rise." August 25, 2021. (https://www.comparecoops.com/5-reasons-cooperative-purchasing-is-on-the-rise). Accessed February 27, 2024.

Cote, Catherine. "Why Is Strategic Planning Important?" Harvard Business School Online. October 6, 2020. (https://online.hbs.edu/blog/post/why-is-strategic-planning-important). Accessed February 28, 2024.

County of Santa Clara. "Board of Supervisors Policy Manual." 2022. (https://boardclerk.sccgov.org/governing-documents/board-supervisors-policy-manual). Accessed February 27, 2024.

County of Santa Clara. "Board of Supervisors–- Budget Workshop." May 8, 2023. (https://sccgov.iqm2.com/Citizens/FileOpen.aspx?Type=12&ID=9703&Inline=True). Accessed February 27, 2024.

County of Santa Clara. "County Charter." 2024. (https://boardclerk.sccgov.org/governing-documents/county-charter). Accessed February 20, 2024.

County of Santa Clara. "County Supervisor and Board Vice President Susan Ellenberg's Statement on Hiring of James Williams." November 1, 2022. https://d4.santaclaracounty.gov/news/press-release/county-supervisor-and-board-vice-president-susan-ellenbergs-statement-hiring. Accessed May 24, 2024.

County of Santa Clara. "KPMG Report: SCC—Professional Development Survey Analysis V10." December 2016. No URL.

County of Santa Clara. "Management Audit of the County of Santa Clara Office of the County Executive." July 13, 2023. (https://board.sccgov.org/sites/g/files/exjcpb936/files/document/ceo-audit-rpt-2023-07-13.pdf). Accessed February 20, 2024.

County of Santa Clara. "Management Audit of the County of Santa Clara Procurement Department." August 27, 2021. (https://board.sccgov.org/sites/g/files/exjcpb936/files/document/Management-Audit-Procurement-Department-082721.pdf). Accessed February 28, 2024.

County of Santa Clara. "Our Mission." Office of the County Executive. n.d. (https://countyexec.sccgov.org/our-mission). Accessed February 28, 2024.

County of Santa Clara. "County of Santa Clara Chief Procurement Officer Appointed." May 22, 2020. (https://news.santaclaracounty.gov/news-release/county-santa-clara-chief-procurement-officer-appointed-0). Accessed February 28, 2024.

County of Santa Clara. "Current Solicitations." Procurement Department. n.d. (https://procurement.sccgov.org/doing-business-county/current-solicitations). Accessed February 28, 2024.

County of Santa Clara. "Santa Clara County Board of Supervisors Approves 2023-24 Budget." June 15, 2023. (https://news.santaclaracounty.gov/news-release/santa-clara-county-board-supervisors-approves-2023-24-budget). Accessed February 28, 2024.

County of Santa Clara. "Active Contracts." Procurement Department. n.d. (https://procurement.sccgov.org/doing-business-county/active-contracts). Accessed February 28, 2024.

County of Santa Clara. "2024-2026 IT Strategic Plan." Technology Services and Solutions. July 13, 2023. (https://it.santaclaracounty.gov/it-strategic-plan-fy24-26). Accessed February 28, 2024.

County of Santa Clara. "Procurement Department's Response Regarding Strategic Workplan Initiatives." August 16, 2023. (https://eservices.sccgov.org/OffAgenda/Home/ViewFile/1007). Accessed June 4, 2024.

County of Santa Clara County News Center. "Core Mission and Core Values." n.d. (https://news.santaclaracounty.gov/about-us/county-mission-and-core-values-evergreen-news). Accessed February 28, 2024.

County of San Diego. "Adopted Operational Plan Fiscal Years 2022–23 And 2023–24." Finance and General Government Group. n.d. (https://www.sandiegocounty.gov/content/dam/sdc/auditor/pdf/adoptedplan_22-24_fg3.pdf). Accessed February 28, 2024.

County of San Diego. "Contract Search System." Purchasing and Contracting. n.d. (https://www.sandiegocounty.gov/content/sdc/purchasing.html). Accessed February 28, 2024.

County of San Diego. "County of San Diego Budget 2023-2025." June 27, 2023. (https://engage.sandiegocounty.gov/budget). Accessed February 28, 2024.

County of San Diego. "Demographics." n.d. (https://www.sandiegocounty.gov/hhsa/statistics_demographics.html). Accessed February 28, 2024.

County of San Diego. *"Performance Metrics 2022-2023 Fiscal Year End."* Purchasing and Contracts Department. n.d. No URL.

Dumond, John. "Define-Measure-Improve." Rand Corporation. 2020. (https://www.rand.org/pubs/research_briefs/RB3020.html). Accessed February 28, 2024.

Egnyte. "What Is Data Redundancy?" January 7, 2022. (https://www.egnyte.com/guides/governance/data-redundancy). Accessed February 28, 2024.

Gartner. Home page. n.d. (https://www.gartner.com/en). Accessed February 28, 2024.

Institute for Public Procurement. "Cooperative Procurement and Cooperative Purchasing Programs." n.d. (https://www.nigp.org/our-profession/cooperative-purchasing-programs). Accessed April 4, 2024.

NIGP: The Institute for Public Procurement. "Procurement Authority In Public Entities." 2014. (https://www.nigp.org/resource/position-papers/Procurement%20Authority%20in%20Public%20Entities%20Position%20Paper.pdf?dl=true). Accessed February 27, 2024.

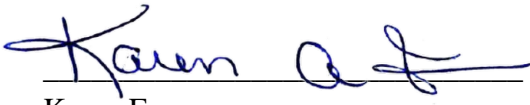NIGP: The Institute for Public Procurement. "Cooperative Procurement and Cooperative Purchasing Programs." n.d. (https://www.nigp.org/our-profession/cooperative-purchasing-programs). Accessed February 28, 2024.

National Cooperative Procurement Partners (NCPP). Home page. n.d. (https://www.ncppassociation.org/). Accessed February 28, 2024.

County of Santa Clara Internal Reports and Documents:

- "2022-2023 Procurement Performance Report." Procurement Department. n.d.
- "Governance Sub-Committee Charter Enterprise Resource Planning." June 2022.
- "Hybrid PRC_FY23 Results." Procurement Department. n.d.
- "Procurement Administrative Guidelines." v1.0 5.25.2021. May 2021.
- 2022 County Government Handbook.pdf. n.d.
- ERP Sub Comm Update - 8-16 v3.120-MO.pdf. August 16, 2023.

This report was **ADOPTED** by the 2023-24 Santa Clara County Civil Grand Jury on this 7th day of June, 2024.

Karen Enzensperger
Foreperson