

# State of Procurement

Virginia is a national leader.....

- National Association of State Procurement Officials (NASPO) (50 state procurement directors) recognize Virginia as one of the best
- eVA, the Commonwealth's statewide electronic procurement program, is recognized nationally (NASPO) and internationally (Canada, UK, European nations) as one of the best and recognize Virginia as a pioneer in the field

# State of Procurement

Virginia is a national leader cont'd.....

- Pew Center on the States recognized Virginia Procurement as one of two states buying smarter (May 2010)
- Achievement of Excellence in Procurement Award received eight times from eight private and public procurement associations for excellence in innovation, professionalism, productivity, leadership, and e-procurement. Virginia #1 in 2005 and 2007 of all states competing
- The Virginia Institute for Procurement is the benchmark for other states' procurement professional development and certification programs

# State of Procurement

Numerous other awards received.....



Achievement  
of Excellence  
In Procurement

# State of Procurement

Virginia has strong ethical process.....

- Fair, open, honest with equal access to procurement opportunities for all (Code of Virginia 2.2-4300(C) )
- Virginia procurement received Grade “A” for integrity from the Center for Public Integrity (March 2012)
- Procurement professionals strive to treat all vendors the same without favoritism
- Other states view Virginia as having strong ethical procurement

# State of Procurement

Virginia practices continuous improvement.....

- Report of the Governor's Task Force on Procurement Assessment was last procurement study conducted (1999)
- Proactive in seeking and implementing best practices
- Just a few examples of DGS/DPS best practices implemented since last study:
  - Best Value Procurement (best value and best price)
  - Reverse Auctions as a method of procurement
  - Small purchase threshold increased to \$100,000
  - Strategic Sourcing and Spend Management - - 2<sup>nd</sup> state to implement
  - Technology – eVA Vendor Mobile App - - 1<sup>st</sup> state to implement

# ***State of Procurement***

Procurement operations generate efficiency and savings and are transparent and accountable.....

- Transparency & Accountability
  - **\$35 billion spend** publicly visible to purchase item level
- Statewide Leveraged Contracts
  - **\$40 million savings** annually
- eVA Commonwealth's Statewide Electronic Procurement Program
  - **\$368 million savings** since program start; currently **\$30 million savings** annually from reduced cost of goods and services
  - **\$11 million savings annually** from electronic versus manual purchasing administrative efficiency
  - **\$millions saved** through reducing duplication of procurement systems and related costs

# State of Procurement

## How we got here.....

- The Virginia Public Procurement Act (VPPA) was put in place as a result of a major criminal procurement scandal in the early 1980's and has served the Commonwealth well.
- Prior to the VPPA, state and local government procurement was “ad hoc” as there was no standard
- Each jurisdiction had complex, arcane, and multiple versions of procurement rules that discouraged competition and raised costs to businesses which were passed on to the jurisdiction.
- The VPPA was based upon the American Bar Association (ABA), Section of Public Contract Law, Section of State and Local Government Law, Model Procurement Code

# State of Procurement

Where we are.....

- VPPA creates transparent, competitive, and reliable procurement processes by which billions of dollars in public funds are expended through contracts with private sector businesses
- Recent legislation has exempted various public bodies from the VPPA under the premise that it would allow for greater efficiency and cost effectiveness
- Subsequent changes to the VPPA now only are applicable to non-exempt entities
- These decisions on a micro basis may have merit, but it has created an imbalance may result in increased costs to non-exempt agencies



# State of Procurement

## Procurement System Imbalance

- Impacts include:
  - increased resource cost and complexity of contracts for agencies and vendors
  - confusion for vendors due to multiple and disparate rules resulting in less friendly environment to conduct Commonwealth business
  - fractured efficiency of cooperative contracting such that one public body cannot use another public body's contract without expending resources to bring it in compliance with laws
  - created duplication of contracts resulting in less aggregated spend higher prices, and increased contract award and administration costs

# State of Procurement

- No Consequences for Violations
- Small Business Set-Aside Preference should be examined for improvement
- No central procurement oversight making achievement of enterprise cost savings and efficiencies difficult