

Report on Contracts

Department: Department of Finance and Administration

Secretary: Larry W Walther

The purpose of this report is to prompt an analysis of contracts and contract expenditures within each Department and assist in the formulation of a report to the Governor on how to achieve greater efficiency (cost savings) and effectiveness as it relates to this topic. An analysis of *contract management* should consider all relevant factors including the number of vendors, staffing, contract management process, approach to negotiation, and other barriers/challenges associated with the contracting. This analysis should take a holistic approach to developing plans to deliver efficiency and effectiveness improvements. **The report template includes sections for three projects for your convenience. This number is not a goal or target. You may add or delete boxes for as many projects as you submit.**

ACTION PLAN FOR PROJECT 1:

1. Project Title: Review of Service Level Agreement
 - 1.1. Brief description of project, goal, and action plan.
 - 1.1.1. The Department is reviewing service level agreements within information contracts to:
 - 1.1.1.1. Reduce some levels of the agreements when legally allowable.
 - 1.1.1.2. Analyze current warranty support vendor contracts for utilization.
 - 1.1.1.3. Review the use of Microsoft Premier contract through Software House International Corporation (SHI).
 - 1.1.1.4. Review other information technology contracts for opportunities when legally allowable.
 - 1.2. Identify any additional resources required for the implementation and success of this plan.
 - 1.2.1. No additional resources are needed for this project due to our existing shared services model. Current staff will be performing the review and making recommendations.
 - 1.3. Are there any anticipated costs associated with the plan? Does your current budget have sufficient funds to cover all anticipated costs?
 - 1.3.1. The success of this project will lead to cost savings, no additional budget or funds are required. Work will be performed by current staff. Savings could potentially be reinvested in DFA wide initiatives.
 - 1.4. How will you measure the success and results of your plan? Include forecasts of cost savings, efficiencies achieved, etc.
 - 1.4.1. The success of this project will be measured by comparing fiscal year 2020 information technology expenditures to fiscal year 2021. Any savings will need to be adjusted due to contracts that were moved to other cabinet departments due to transformation. Total savings are unknown until the review is complete.
 - 1.5. What is the implementation timeline and key action steps for this plan? How will you track progress?
 - 1.5.1. Complete the review and analysis of the contracts by fiscal year end 2020.
 - 1.5.2. Implementation of any contract modifications are dependent upon the necessary changes and the terms of the current contract.
 - 1.5.2.1. When legally allowable, changes will be made during the contract period. Changes identified that cannot be made to current contracts will be included in the next contract awarded.

1.6. Identify any obstacles to the implementation and success of this plan.

1.6.1. Contract limitations could impact the potential savings.

1.7. How could Department of Transformation and Shared Services provide support to the Department?

1.7.1. The Department will request assistance from the Department of Transformation and Shared Services Office of State Procurement with any contract adjustments or renewals that are needed on information technology services contracts due to this project. We will also be requesting assistance from Department of Transformation and Shared Services Office of State Procurement regarding the modification of current contracts that will need to be transferred to new cabinet agencies.

ACTION PLAN FOR PROJECT 2:

2. Project Title: Review of Wireless Services

2.1. Brief description of project, goal, and action plan.

2.1.1. The Department is currently reviewing wireless billing and usage to determine areas where services can be reduced or eliminated.

2.2. Identify any additional resources required for the implementation and success of this plan.

2.2.1. No additional resources are required for this implementation plan. Current staff will be utilized to review and provide guidance on future decisions.

2.3. Are there any anticipated costs associated with the plan? Does your current budget have sufficient funds to cover all anticipated costs?

2.3.1. There are no anticipated costs associated with this plan. This plan will create savings.

2.4. How will you measure the success and results of your plan? Include forecasts of cost savings, efficiencies achieved, etc.

2.4.1. Savings will be measured by comparing fiscal year 2019 wireless expenditures to fiscal year 2021. This will allow for a more accurate review and full fiscal year comparison of expenditures versus only 5 months of data since plans will not be modified until January 2020. Any savings will need to be adjusted due to contracts that were moved to other cabinet departments due to transformation. Total savings are unknown until the review is complete.

2.5. What is the implementation timeline and key action steps for this plan? How will you track progress?

2.5.1. Review of current wireless billing and usage will be completed by December 2019.

2.5.2. Changes made in wireless plans will be completed in January 2020.

2.5.3. Progress will be tracked by reviewing the bills month to month.

2.6. Identify any obstacles to the implementation and success of this plan.

2.6.1. There are no obstacles to the implementation or success of this plan.

2.7. How could Department of Transformation and Shared Services provide support to the Department?

2.7.1. The Department will request assistance from the Department of Transformation and Shared Services Office of State Procurement in regards to the State Contract for wireless services.

ACTION PLAN FOR PROJECT 3:

3. Project Title: Heating and Cooling Efficiency for the Ledbetter Building

3.1. Brief description of project, goal, and action plan.

3.1.1. The Department has identified a project to improve energy efficiency involving the heating and cooling of the print/mail facility at Revenue Division. The facility is currently using an outdated HVAC split system. The intent is to use the current chill/hot water system used in the Ledbetter Building to heat and cool this area. In 2017, a new cooling tower was installed that is large enough to cover both the Ledbetter Building and the print/mail facility. The Department can build on existing infrastructure for this project.

3.2. Identify any additional resources required for the implementation and success of this plan.

3.2.1. The Department will need to work with an architect to draw up plans and with Transformation and Shared Services Division of Building Authority to establish a contract for the project to be completed

3.3. Are there any anticipated costs associated with the plan? Does your current budget have sufficient funds to cover all anticipated costs?

3.3.1. Costs involved will be for the work needed. The estimated cost is \$100,000. That includes vendor and architect fees. The Department has sufficient budget and funds to cover this project.

3.4. How will you measure the success and results of your plan? Include forecasts of cost savings, efficiencies achieved, etc.

3.4.1. The success will be measured by energy savings by comparing costs before and after installation. If installation is completed in fiscal year 2020, then a comparison of expenses would be made between fiscal years 2020 and 2021. Actual cost savings will occur in 18-24 months which is the estimated time of energy savings that is needed to cover the initial outlay.

3.5. What is the implementation timeline and key action steps for this plan? How will you track progress?

3.5.1. Time frame is approximately 6 months from the point an architect is contacted.

3.5.1.1. Notify on call architect of the need and requirements of the project.

3.5.1.2. A Method of Finance form will be completed and submitted to the Department of Finance and Administration Office of Accounting. This will then require approval by the Arkansas Legislative Council Review Committee prior to plan submission to Transformation and Shared Services Division of Building Authority.

3.5.1.3. Architect completes the plan for the project and submits the plans to Transformation and Shared Services Division of Building Authority for approval.

3.5.1.4. Transformation and Shared Services Division of Building Authority approves the plan and will place the project out for bid.

3.5.1.5. Transformation and Shared Services Division of Building Authority open the bids and awards the contract.

3.5.1.6. The vendor performs the demolition of the HVAC split system and install the necessary components to utilize the chill/hot water system.

3.6. Identify any obstacles to the implementation and success of this plan.

3.6.1. No known obstacles.

3.7. How could Department of Transformation and Shared Services provide support to the Department?

3.7.1. Transformation and Shared Services Division of Building Authority will assist in the approval of the plan and awarding of the contract.

Additional thoughts/comments: