



DEPARTMENT OF GENERAL SERVICES

Procurement Division • Executive Office

The Ziggurat • 707 Third Street, Second Floor • PO Box 989052 • West Sacramento, CA 95798-9052 • (916) 375-4400

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To All Procurement and Contracting Officers:

On Wednesday, March 26, 2003, the Bureau of State Audits (BSA) released the much anticipated report titled *Statewide Procurement Practices: Proposed Reforms Should Help Safeguard State Resources, but the Potential for Misuse Remains, Report 2002-112*. The report can be viewed by going to the BSA website address at www.bsa.ca.gov. The recommendations set forth in the report for strengthening the state's California Multiple Award Schedules (CMAS) program and the state's sole-source and emergency procurement practices closely parallel the Governor's Task Force Recommendations for Procurement Reform, which the Task Force submitted to the Governor on August 30, 2002 in response to Executive Order D-55-02.

The findings set forth in report 2002-112 underscore the kinds of inappropriate procurement and contracting practices that several agencies employed in the use of CMAS, Master Agreements, and non-competitively bid procurements and contracts ostensibly awarded in response to emergency requirements. The report also acknowledges, however, that the Department of General Services (DGS) has been in the process of implementing the Governor's Task Force recommendations, which are focused on eliminating abuses of these kinds of procurements and contracts. The DGS Management Memo 02-19, originally issued in August 2002 and now in its third revision, establishes strict procurement and contracting guidelines and controls, including clearly defined dollar limits and approval requirements.

In addition, the DGS Procurement Division has intensified its procurement and contracting oversight and audit activities to ensure that delegation holders are in full compliance with the requirements of Management Memo 02-19 as well as all of the state's procurement and contracting regulations and practices. The DGS is also in the process of developing a comprehensive training, professional development and certification program designed to ensure that state employees with procurement and contracting responsibilities are fully qualified to award procurements and contracts on behalf of the state.

As the Procurement and Contracting Officer for your organization, you have the pivotal role of ensuring that all procurement and contracting activities within your organization fully comply with the state's regulations and practices. I urge you to familiarize yourself with the BSA's Report 2002-112 and its recommendations in addition to the DGS Management Memo 02-19, Revision 3. I also urge you to become thoroughly familiar with the DGS Management Memo 03-04, *Use of California Multiple Award Schedule and Master Agreement for The Acquisition of Large-Scale Information Technology (IT) System Integration Projects*, and the DGS Management Memo 03-05, *Guidelines for Information Technology Procurement Plan (ITPP)*.

Our success in improving procurement and contracting is dependent upon a clear understanding among all state departments, commissions and boards that this is a collaborate effort. We must

work together with the single-minded objective of providing the citizens of California with the best services possible at the lowest costs obtainable through employing competitive bidding processes to the maximum extent required by law.

This will require our collective commitment to ensure that all of the state's procurement and contracting professionals become fully qualified, and that the highest levels of management in every department, commission and board ensure strict adherence to the state's procurement and contracting regulations and practices.

Sincerely,

Ralph Chandler
Deputy Director, Procurement Division
Department of General Services