



COLORADO

Office of the State Controller

Department of Personnel
& Administration

1525 Sherman St.
Denver, CO 80203

June 27, 2014

House Committee on Business, Labor,
Economic, and Workforce Development

Senate Business, Labor and Technology
Committee

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Dear Ms. Williams and Ms. Tochtrop:

Background

The General Assembly of the State of Colorado passed Senate Bill 07-228, now codified as CRS §§ 24-102-205, 24-102-206, 24-103-601, 24-103.5-101, and 24-105-102, mandating implementation of a statewide-centralized system to improve tracking and management of State contracts and achieve greater public transparency. Over the past year (2012), the Contract Management System (CMS) did not undergo any significant upgrades or modifications by either the Governor's Office of Information Technology (OIT) or the vendor.

Reporting Highlights

In general, 2013 State contracting was consistent with the trends in personal services contracts and dollars spent since reporting began in 2009. During 2013, the State entered into 1,475 personal services contracts, including 68 sole source contracts or 4.6% of the total. The State rated 693 contracts that expired last year with over 99% of those contracts rated as standard or above; only 3 contracts (0.4%) were rated as below standard. During 2013, the public website for State contracts was visited 4,197 times.



CMS Records as of December 31, 2013

CMS had 48,476 records for 24 State agencies since the inception of the system in July 2009, which does not include Institutions of Higher Education (IHE) and the Department of Health Care Policy and Financing (HCPF), as they are exempted from this report. Of this amount, 40,483 records are for either non-personal services contracts or personal services contracts under \$100,000, which includes 14,506 modifications (amendments), 10,254 contracts under \$100,000, 8,435 purchase orders under \$100,000, 3,282 non-personal services contracts, 14 contracts exempt from the State's Procurement Code, and 3,992 master task order contracts.

The remaining amount of 7,993 records are personal services contracts over \$100,000, defined by the Office of the Attorney General (OAG) to include: grants, information technology contracts, task orders, interagency agreements, intergovernmental agreements, construction, professional, and purchased services agreements (reportable personal services contracts).

Given that only 7,993 of 48,476 records, or 16.5% of CMS records, are required to be included per legislation, it is apparent that State agencies are using CMS for overall contract tracking and management, and not merely for statutory compliance.

This report is based on CMS records as of December 31, 2013 with a report run date of June 24, 2014.

Personal Services Contracts

The 7,993 personal services contracts entered into since July 2009 have a total value of \$13.2 billion, including amounts added through contract modifications. During 2013, agencies entered into 1,475 reportable personal services contracts with a total value of \$1.9 billion.

Of the cumulative amount of records, three Colorado departments (Transportation, Human Services, and Public Health and Environment) account for 61.4% of these contracts and 54.1% of the total value

Of the cumulative amount of records, there were 1,348 construction contracts, which account for 16.9% of personal services contracts over \$100,000 and 22.6% of the total value.

See Tables 1-1, 2-1 and Exhibits A1, A2 and A3.

Vendor Performance Ratings

Agencies rate vendor performance at the completion of the contract, defined as the full life of the contract including extensions. Per statute, evaluation and rating assignment must occur within 30-days of the completion date. Any contracts with a completion date of December 31, 2013 may not have a rating until January 31, 2014, which is outside of the January 1, 2013 to December 31, 2013 reporting period.

Agencies rate vendor performance as Below Standard, Standard, and Above Standard.

Of the 7,993 personal services contracts, 3,436 (43.0%) have expired and are rated, while the remaining 4,557 (57.0%) are continuing or not yet rated.

For the 3,436 personal services contracts that were rated, 3059 (89.0%) were rated as Standard, 332 (9.7%) Above Standard, and 45 (1.3%) Below Standard.

The 45 contracts rated as Below Standard were issued by 10 agencies: the Department of Transportation (21), the Department of Public Health & Environment (13), the Department of Natural Resources (2), the Department of Human Services (2), Colorado Governor's Energy Office (2), the Department of Public Safety (1), the Department of Local Affairs (1), the Division of Homeland Security and Emergency Management (1), the Department of Corrections (1), and the Governor's Office of Information Technology (1). The primary reason reported by the agencies for assigning a low rating was failure to complete the project and non-adherence to the tasks assigned in the contract scope of work.

Of the 7,993 personal services contracts, 1,348 (16.9%) are construction contracts. For construction contracts, 520 (38.6%) have expired and are rated, while the remaining 828 (61.4%) are continuing or not yet rated.

For the 520 construction contracts that were rated, 416 (80.0%) were rated as Standard, 97 (18.7%) Above Standard, and 7 (1.3%) Below Standard.

See Tables 1-1, 2-1 and Exhibits B1 and B4.

Sole Source Contracts

Of the 7,993 personal services contracts, 1,475 (18.5%) were entered into during calendar year 2013. Of that amount, 68 (4.6%), were sole source contracts. The total value of these sole source contracts was \$128.6 million, or 6.7%, of the contract value of all personal services contracts entered into from January 1, 2013 to December 31, 2013.

During calendar year 2013, twelve agencies had sole source contracts. The Department of Public Health & Environment with 25 sole source contracts, accounted for 36.8% of the total sole source contracts, and representing 29.1% of the contract value.

The total number of sole source contracts contained in CMS since July 1, 2009, is 368; 4.6% of reportable personal services contracts.

See Tables 1-1, 2-1 and Exhibit C3.

Solicitation/Selection Method

Of the 7,993 personal services contracts entered into from July 1, 2009 to December 31, 2013, the most common solicitation/selection methods were grant specific (1,423 contracts or 17.8% of the total), Invitation for Bid (1,017 contracts or 12.7% of the total), and Request for Proposals (953 contracts or 11.9% of the total).

See Exhibits D1 and D3.

Work Performance Location

Twenty-eight (28) reportable personal services contracts were awarded to contractors who are performing some percentage of work outside of Colorado.

Seven (7) agencies awarded these contracts as follows: Department of Human Services (6); Department of Public Health & Environment (2); Department of Regulatory Agencies (2); Department of State (2); Department of Transportation (14); Department of Labor & Employment (1); Office of Economic Development and Trade (OEDIT) (1).

Three of the CDOT contracts were awarded to contractors who are performing some percentage of the work outside the United States. All are for remote project management and/or information technology assistance. One OEDIT contract was awarded to a contractor who is performing management assistance work outside the United States.

See Exhibits E1 and E3

Public Website

On the Public Website, any member of the public can search for contracts by State agency, vendor, contract date, contract amount, vendor selection method, number of State positions created, location where the work was performed, and/or vendor performance rating. See <http://contractsweb.state.co.us/> Information is posted automatically onto the public website when certain conditions are met: 1) the total dollar amount exceeds \$100,000; 2) 30-days have passed from the entered performance start date; and 3) the contract type selected is either, personal services, construction, or intergovernmental. To date, 7,020 of the 7,993 records are available on the public website and during calendar year 2013, this site was visited a total of 4,197 times with 64.4% directed by search engines such as Google. Additionally, 18.4% were viewed as direct traffic (visitor typed in the CMS website address) and 17.2% directed through other referring websites (such as the State's transparency website).

Now entering into its fifth year as Colorado's first and only agency-wide Contract Management System, CMS continues to achieve a high level of success. This success has been possible due to the support of all the State agencies, the Governor's Office of Information Technology and the Office of Contract Administration in the Office of the State Controller. Questions concerning this report should be directed to my office.

Sincerely,



Robert Jaros, CPA, MBA, JD
Colorado State Controller

Attachments:

Colorado Contract Statistics at a Glance - Table 1-1
Colorado Contract Statistics at a Glance - Table 2-1
Explanation of Exhibits