

PROGRAM EVALUATION DIVISION

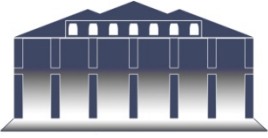
NORTH CAROLINA GENERAL ASSEMBLY

Project Profiles

Based on the information collected during a preliminary review of DHHS contracts, the Program Evaluation Division has identified two potential projects. The Joint Legislative Program Evaluation Oversight Committee may wish to consider including the first project, Use of Personal Services Contracts by State Agencies and Universities, as part of the Committee's 2013–15 Work Plan. The Joint Legislative Program Evaluation Oversight Committee may wish to refer the second project, Review of DHHS Processes for Procuring Non-Competitive Contracts, to the Office of the State Auditor.

Add to the JLPEOC 2013–15 Work Plan

Project Name		Use of Personal Services Contracts by State Agencies and Universities
Agency		All agencies and universities
Project description		This project will review all personal services contracts to determine the extent to which agencies contract with former employees, have multiple contracts with the same individuals, and circumvent state laws for the review and approval of consultant services when procuring these contracts. The Program Evaluation Division's preliminary review of DHHS non-competitively bid contracts found evidence that the department did not follow the consultant contracting procedures for personal services contracts that also involved consultant services. Furthermore, the Division found evidence that the Department of Administration's Division of Purchase & Contracts (P&C) does not routinely review and approve consultant services procured via personal services contracts because they do not appear to be receiving these prospective contracts from state agencies. Due to time constraints, this preliminary review did not determine the number of personal services contracts with former employees.
Potential cost savings/avoidance		This project may result in cost avoidance if state law is amended to provide greater scrutiny for personal services contracts with former state employees and for consultant services.
Feasibility issues	<ul style="list-style-type: none"> • Outside expertise • Data availability • Travel 	<ul style="list-style-type: none"> • No outside expertise will be required • PED will rely on data available from state sources: agencies, universities, the Office of State Budget and Management, P&C, and the state accounting system • Minimal travel required
Potential value to the State		Greater accountability and oversight of personal services contracts.



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Refer to the Office of State Auditor

Project Name	Review of DHHS Processes for Procuring Non-Competitive Contracts
Agency	Department of Health and Human Services
Project description	<p>The Program Evaluation Division has determined that DHHS appears to have improperly procured 143 non-competitive contracts from Fiscal Year 2009–10 through March 2014, including 21 contracts for consultant services. However, due to time constraints of the preliminary review, the Division was not able to determine the reason(s) for these occurrences. An audit or evaluation would review a sample of the non-competitively procured contracts (waiver of competition and consultant services) to better understand how and why the apparent failures occurred.</p>
Potential cost savings/avoidance	<p>This project is unlikely to result in any direct cost savings because the contracts being reviewed have already been executed. However, this project could result in a decline in the use of non-competitive procurement by DHHS, which may result in a lower cost to the State due to increased use of competitive bidding. In addition, when proposed contracts do not follow the proper review process, there is a greater chance that problems or flaws in the contract are not identified and corrected. Thus, greater compliance with required reviews for consultant services contracts and contracts where competition is waived could improve the quality of DHHS' procurement and save money through improved contracts.</p>
Feasibility issues <ul style="list-style-type: none"> • Outside expertise • Data availability • Travel 	<ul style="list-style-type: none"> • Will rely on data available from DHHS and the State accounting system • Minimal travel required
Potential value to the State	<p>Bringing accountability and transparency to the DHHS non-competitive procurement process. The findings and recommendations from this report may be applicable to other state agencies.</p>