



## Bill Draft 2017-PA-2: DOA Efficiency/PED.

2017-2018 General Assembly

Committee:  
Introduced by:  
Analysis of: 2017-PA-2

Date: May 18, 2018  
Prepared by: Kiernan McGorty  
Committee Counsel

**OVERVIEW:** *Draft 2017-PA-2 would implement the recommendations of the Program Evaluation Division regarding opportunities to improve the efficiencies of the State's Administrative Services as set forth in its report entitled, "Opportunities Exist to Improve the Efficiencies of the State's Administrative Services, 2018-04 (April 2018)."*

**CURRENT LAW:** The Department of Administration (DOA) acts as the business manager for North Carolina State government and provides internal services and programs for State departments. DOA oversees operations such as construction, purchase and contracts for goods and services, a centralized motor fleet, acquisition and disposition of real property, and auxiliary services, including parking, mail services, facility maintenance, and police protection for State government property.

Session Law 2017-57 directed the Program Evaluation Division (PED) to evaluate the efficiency of the divisions and administrative activities of DOA and to provide recommendations to reduce division costs. PED identified opportunities to improve operational efficiencies in six divisions of DOA.

**BILL ANALYSIS:** **Section 1** of the bill requires DOA to do the following:

- Procure a contract management system for State agency administered contracted services;
- Implement a new requirement for State agencies to obtain a 10% reduction from the annual value of each contract as a condition of awarding an amendment that extends the length of the contract;
- Reduce the inventory of State-owned passenger motor vehicles that are under the management of the Department by 5%; and
- Report annually on prior fiscal year results and on performance targets for the upcoming fiscal year for each identified performance measure set out in the PED report.

**Section 2** of the bill requires the Legislative Services Office to assign an appropriate division of the General Assembly or to contract with a vendor to do the following:

- Propose guidelines for determining employee office space usage requirements for each State-owned and leased office facility;
- Conduct a business case analysis to reduce facility management costs and generate additional revenue through the sale or lease of the Old Revenue Building;
- Conduct a business case analysis to consider expanded use of contracted facility management services;
- Conduct a business case analysis based on the Department of Revenue's document scanning pilot to explore potential savings through increased utilization of electronic mail scanning; and
- Conduct a business case analysis to increase revenue receipts from State-owned parking facilities, including consideration of leasing underutilized employee spaces and visitor spaces.

John Turcotte  
Director



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919-301-1393

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The assigned division or the contracted vendor must report any recommendations to the Joint Legislative Oversight Committee on General Government by December 1, 2019.

**Section 3** of the bill directs the Office of the State Auditor to conduct a performance audit to identify alternatives to reduce outgoing mail service cost and report its findings to the Joint Legislative Oversight Committee on General Government by June 30, 2019.

**Section 4** of the bill amends G.S. 143-55 to require that all requisitions for purchases of items available through Statewide term contracts must be made through NC E-Procurement, unless specifically authorized by the Secretary of Administration.

**EFFECTIVE DATE:** This bill would become effective when it becomes law.

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2017**

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**BILL DRAFT 2017-PA-2 [v.7]**

**(THIS IS A DRAFT AND IS NOT READY FOR INTRODUCTION)  
05/21/2018 10:16:48 AM**

Short Title: DOA Efficiency/PED.

(Public)

Sponsors:

Referred to:

1 A BILL TO BE ENTITLED  
2 AN ACT RECOMMENDING IMPROVED EFFICIENCIES OF THE STATE'S  
3 ADMINISTRATIVE SERVICES, AS RECOMMENDED BY A PROGRAM  
4 EVALUATION DIVISION REPORT.

5 The General Assembly of North Carolina enacts:

6 **SECTION 1.** The Department of Administration shall do the following:

- 7 (1) By December 1, 2018, report to the Joint Legislative Oversight Committee on  
8 General Government on the status of the Department's procurement of a  
9 contract management system for State agency administered contracted  
10 services. The Department shall report every six months thereafter until the  
11 implementation of the contract management system has been completed.  
12 (2) By December 1, 2018, implement a new requirement for State agencies to  
13 obtain a ten percent (10%) reduction from the annual value of each contract  
14 as a condition of awarding an amendment that extends the length of the  
15 contract.  
16 (3) By June 30, 2019, reduce by five percent (5%) the June 30, 2018, inventory  
17 of State-owned passenger motor vehicles that are under the management of  
18 the Department of Administration.  
19 (4) By December 1, 2018, and each December 1 thereafter, report to the Joint  
20 Legislative Oversight Committee on General Government and the Fiscal  
21 Research Division on (i) prior fiscal year results for each identified  
22 performance measure set out in Program Evaluation Division Report No.  
23 2018-04, Opportunities Exist to Improve the Efficiencies of the State's  
24 Administrative Services, and (ii) performance targets for the upcoming fiscal  
25 year.

26 **SECTION 2.** The Legislative Services Office shall assign an appropriate division  
27 of the General Assembly or contract with a vendor to do the following:

- 28 (1) In consultation with the Department of Administration, propose guidelines for  
29 determining employee office space usage requirements for each State-owned  
30 and leased office facility, and make recommendations to ensure that the  
31 Department has valid and reliable information to enforce the space usage  
32 requirements. In making recommendations under this subdivision, the  
33 assigned division or the contracted vendor shall consider the feasibility of  
34 requiring each State agency to enter the office space requirements and facility



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location of each of its employees into the Integrated HR/Payroll System, or the State's payroll system that supersedes the current system.

- (2) Conduct a business case analysis to evaluate alternatives to reduce facility management costs and generate additional revenue through the sale or lease of the Old Revenue Building located at 2 South Salisbury Street, Raleigh, North Carolina.
- (3) Conduct a business case analysis of facility management services performed by the Department of Administration, including consideration of expanded use of contracted facility management services.
- (4) Conduct a business case analysis that uses the results from the document scanning pilot study performed by the Department of Revenue to explore potential savings through increased utilization of electronic mail scanning for incoming mail to State agencies.
- (5) Conduct a business case analysis on available opportunities to increase revenue receipts from State-owned parking facilities, including consideration of increasing utilization of unreserved employee spaces and leasing underutilized employee spaces and visitor spaces to public and private entities.
- (6) Each business case analysis conducted under this subsection shall include, at a minimum, each of the factors identified in Program Evaluation Division Report No. 2018-04, Opportunities Exist to Improve the Efficiencies of the State's Administrative Services. The assigned division or the contracted vendor shall report on any recommendations for proposed legislation to the Joint Legislative Oversight Committee on General Government by December 1, 2019.

**SECTION 3.** The Office of the State Auditor shall conduct a performance audit to identify alternatives to reduce outgoing mail service costs, and report its findings to the Joint Legislative Oversight Committee on General Government by June 30, 2019.

**SECTION 4.** G.S. 143-55 reads as rewritten:

**"§ 143-55. Requisitioning by agencies; must purchase through sources certified.**

(a) Unless otherwise provided by law, where sources of supply have been established by contract and certified by the Secretary of Administration to the said departments, institutions and agencies as herein provided for, it shall be the duty of all departments, institutions and agencies to make requisition ~~or issue orders on forms to be prescribed by the Secretary of Administration, through NC E-Procurement~~ for purchases required by them upon the sources of supply so certified, and, except as herein otherwise provided for, it shall be unlawful for them, or any of them, to purchase from other sources than those certified by the Secretary of Administration. ~~One copy of such requisition or order shall be furnished to and when requested by the Secretary of Administration.~~ Requisitions from sources of supply established by contract and certified by the Secretary of Administration shall not be made using any other method except NC E-Procurement, including purchase cards or purchase orders, unless specifically authorized by the Secretary of Administration.

(b) Expired. "

**SECTION 5.** This act is effective when it becomes law.