



OKLAHOMA CORPORATION COMMISSION
Signing Agenda May 9, 2024

OCCAA, Brandy Wreath and Agency Response to Commissioner Posted Questions

OCCAA Brandy Wreath is proud to present the work of the Oklahoma Corporation Commission's team as it relates to compliance with the Central Purchasing Act and their high ethical standards.

NOTE ON SAI SINGLE AUDIT REPORT

It is important to note that Agencies are still mandated to use **State Use Vendor** contracts per the Central Purchasing Act. Agencies are also still to use the contracts negotiated by OMES for services currently in place. There has been no recommendation by State Auditor Inspector (SAI) to cease agency work under OMES contracts.

OCC does not currently have any new-to-OCC vendors that were added to the statewide contract as a result of the OMES move to rolling contracts, see detailed explanation below. The Rolling Solicitation Vendor List utilized by OMES for OCC contracted vendors included all vendors already in use on existing projects, or previously used on existing systems, at the time OMES changed its contracting process and prior to June 2022.

OCC already has a standing policy and core principle to stay compliant with the Central Purchasing Act and to maintain the highest standards when dealing with public funds.

BASIC DESCRIPTION OF OCC PURCHASING PROCESS:

OCC utilizes strict internal purchasing procedures, approved by OMES, along with the OMES Statewide Accounting Manual, State P/Card procedures, and Oklahoma statutes, as well as Procurement Information Memorandums (PIMS) and other information gleaned from the National Institute of Governmental Purchasing (NIGP), OMES trainings and newsletters relevant to best purchasing practices when procuring goods and services. The order of prioritization is listed below:

1. **State Use Vendor** mandatory contracts. (For example, Galt)
2. Statewide contracts, whether mandatory or non-mandatory as authorized by OMES Central Purchasing 74 O.S. § 85 (For example, MyCG)
3. Competitive bid procedures 74 O.S. § 85.7. (For example, Well Plugging)
4. Oklahoma Correctional Industries 57 O.S. § 549.1. (For example, furniture)

Every purchase at OCC is originated by the Division making the request. It then routes to Finance to ensure the amounts are in budget and checks for the appropriateness of the purchase and for compliance. Purchases are then routed to the OCCAA queue for approval. The CPO then takes the final step of verifying reasonableness and legal compliance prior to making the purchase.

Contracts follow a contracting checklist with all levels of the agency involved from the beginning to increase transparency and compliance. The checklist includes the Division, Agency CPO, Finance, OCCAA, and General Counsel. This ensures contracts consider technical, financial, and legal requirements.

IT related items must route through OMES-ISD for approval. OCC has retained in-house experts to ensure all recommendations from Divisions and OMES can be vetted prior to acceptance.
(Computers, software, etc)

OCC utilizes the Laserfiche program to document every step of the process and to retain all supporting documentation in the same flow. This assists during audits as PeopleSoft does not incorporate the supporting documentation for P/Card transactions. This system did away with old paper processes that relied on document retention for audits and compliance reviews.

OCC was extremely cautious regarding funds being requested from federal grants related to COVID. For example, OCC received \$135,461 in COVID funding. Of that, \$59,468 was used for protective personal equipment and \$75,993 was for time coded directly in PeopleSoft on Covid efforts. This was aided by OCC's previous efforts to move to positive, bi-weekly pay. OCC did not make any capital expenditures with COVID dollars.

OCC AND AUDITS

OCC has contracted with the SAI for embedded auditing services since 2012. The audit scope for each period is set based on SAI's regularly performed risk analysis. OCC has spent \$1,746,042 for agency performance and PST financial statement and performance audits through SAI since 2012. Separate audits are performed for OUSF.

OCC has had 17 different auditing firms or review boards since 2007 engaging in:

- ✓ 34 Financial Statement Audits
- ✓ 14 Operational (Compliance) Audits
- ✓ 39 Performance Audits
- ✓ 51 Federal Grant Reviews

Currently, SAI is conducting a performance audit of OCC Central Processing and division revenue reconciliations to review OCC's compliance with previous audit recommendations. There is also a statewide HR-related audit related to the implicit rate subsidy for health insurance underway through an SAI contracted firm, Finley & Cook. SAI is also conducting the audits of the OUSF program. The Transportation Division also has an active contract with Bridge Enterprise Solutions who are working on process review and recommendations.

As demonstrated by the numbers above, for more than a decade, we've welcomed SAI, and numerous other entities, to uncover any opportunities for improvement and help us be responsible stewards of taxpayer dollars.

POSTED AGENDA ITEM QUESTIONS/RESPONSE

Question 1: Since he became OCC Director of Administration, has the OCC engaged any hires or vendors or incurred any expenditures under any of the Statewide Contract pilot programs referenced by the State Auditor above (especially the “Rolling Request for Proposal (RFP)” / “Rolling Solicitations” programs)?

If so, please explain each specific hire/expenditure in detail.

Response: OCC has contracted with eight vendors under the existing OMES-established rolling solicitation process for SW132, SW133, SW1025, and SW1050. All vendors, with the exception of Ground Water Protection Council which was originally created as a sole source to modify the agency’s existing RBDMS application, were on competitively bid statewide contracts previous to being transferred to a rolling solicitation during their multi-year renewal phase. All contracts, other than Galt, the State Use Vendor for temporary employees, did not expend any federal funds. The pricing model submitted during the competitive bid process, prior to the rolling solicitation, remained in effect.

VENDOR	FY19	FY20	FY21	FY22	FY23	FY24	TOTAL	Type
Ground Water Protection Council-Active	\$0	\$101,577	\$8,440	\$0	\$0	\$224,143	\$334,160	RBDMS- Previous Sole Source
Inceed LLC	\$0	\$0	\$0	\$0	\$82,480	\$28,560	\$111,040	OMES Contractor OCC required move to FTE.
MiPro Consulting LLC-Active	\$0	\$0	\$0	\$0	\$176,866	\$177,034	\$353,900	Oracle Support-Case, Division databases Long Term State Vendor
MyConsulting Group Inc-Active	\$1,788,559	\$4,385,487	\$5,021,042	\$7,162,539	\$7,021,758	\$3,558,815	\$28,938,200	Agency Enterprise System Long Term State Vendor
Mythics Inc	\$0	\$0	\$675,987	\$240,711	\$11,500	\$0	\$928,198	Oracle Support-Case, Division databases Long Term State Vendor
United Data Technologies Inc	\$0	\$0	\$52,785	\$152,342	\$25,800	\$0	\$230,927	Allota – Reporting Support Contracted
Bridge Enterprise Solutions-Active	\$0	\$0	\$0	\$0	\$19,135	\$168,344	\$187,479	Transportation Operations Support Long Term State Vendor
Galt Foundation-Active	\$646,324	\$462,706	\$383,409	\$679,800	\$540,733	\$167,628	\$2,880,600	Temporary Employees (Included Covid Cleaners) STATE USE VENDOR

Question 2: If so, did any of these pilot program hires/vendors/expenditures replace others that had been hired/purchased under a prior competitive bidding process?

Response:

Hires: Galt has been the Statewide vendor for temporary employment services for decades, therefore, they did not replace another vendor due to the contracting changes.

Vendors: All IT-related vendors previously under competitive bid contracts were in place prior to the change and therefore, they were simply renewed as a rolling solicitation under the original competitive bid process.

Expenditures: Not applicable.

Question 3: If so, were any of these pilot program hires/vendors/expenditures either more expensive or less qualified than those they replaced?

Response: Not applicable.

Question 4: If so, has the OCC had any problems with any of these pilot program hires/vendors/expenditures or received any complaints about them?

Response: Yes. OCC required OMES to stop using contract-to-hire vendors for OCC projects. One vendor has had issues with OMES, but nothing that is related to, or impactful to, OCC's projects.

Question 5: If so, were any of these pilot program hires/vendors/expenditures engaged/incurred under programs/contracts funded with federal grant dollars?

Response: The only rolling solicitation that was paid for with any grant funding was the Galt Foundation temporary employment contract. That original contract was competitively bid and was renewed as a rolling solicitation. The amount of this expenditure by OCC related to its expenditure of federal funds does not rise to the level for inclusion in the Federal Single Audit. Regardless, this expenditure is included on all federal funding reported to the state legislature and federal agencies and is subject to review by the embedded SAI auditor contracted with OCC, OMES, and the audit team from the federal agency issuing the grant. In addition to being on statewide contract, Galt is also designated as a *State Use Vendor* as defined by statute and OCC is required by law to use this vendor for the services it provides.

Question 6: If so, who at OMES had any involvement in or knowledge of these pilot program hires, what role did they play in selecting the hires/vendors/providers or influencing the terms of the contracts, and what (if any) written authorization did they give?

Response: The State Purchasing Director and Chief Information Officer both have the statutory authority to determine methods of procurement under 74 O.S. § 85.7 and 62 O.S. § 34.11.1.H respectively. As OCC is not involved in actual contract negotiations, OCC cannot appropriately respond to this question. OCC initiates the process by completing a Statement of Work (SOW), with deliverables, developed in collaboration with OCC's OMES CTO and those SOWs are priced per OMES negotiated contracts pursuant to the statutes above. A few SOWs did result in discounted rates from the original OMES negotiated amounts.

OMES had, as listed below, hired contract employees for OCC when the OCCAA had specifically requested OMES FTEs. OCC disallowed OMES adding additional contracted replacements and again clarified the agency did not support the OMES practice of replacing a vendor performing excellent work with a different vendor. OCC was, at the time, attempting to bring basic maintenance in-house to OMES and transfer the knowledge base from our existing vendor. This effort was unsuccessful, and OCC is again relying on contracted support.

Question 7: If so, did anyone at OCC question or offer an opinion as to whether or not any of these pilot program hires met the state’s competitive bidding requirements per 74 O.S. § 85.7?

Response: Explicit statutory authority over state procurement methods is given to the State Purchasing Director and Chief Information Officer. If OCC staff would have witnessed any significant pricing deviations to previous competitively bid vendors, those concerns would have been escalated to OMES Leadership and SAI before entering into such a contract.

OCC did push back on the use of newly contracted programmers (Inceed) when OCC was attempting to bring some IT support in-house to OMES. OCCAA Wreath made clear to OMES the agency wanted FTE-based support and would not accept replacing one contracted vendor with another. The amount paid to Inceed was approved only because OMES had put the contractor in place before OCC was made aware they were, in fact, an OMES “temp to hire”. When OCC became aware of the activity, the previously stated position was reiterated to fully clarify any further expenditure of this type would not be approved at this time.

Question 8: To the best of your knowledge, were any OMES employees appointed to the OCC, or employees/vendors selected by OMES for appointment to the OCC, hired under any of the Statewide Contract pilot programs referenced above by the State Auditor?

Response: See response above related to the OMES Inceed contract.

Question 9: As it prepares its fiscal year 2025 budget, does the Commission anticipate any additional contracting or purchasing under any of the Statewide Contract pilot programs or otherwise outside the parameters of the Central Purchasing Act? If so, please explain in detail.

Response: OCC intentionally restricts all purchases to adhere with the Central Purchasing Act, the Statewide Accounting Manual, the Office of Administrative Rules, and OCC’s Internal Purchasing Procedures. OCC will continue to procure services, as required, through **State Use Vendor** mandatory contracts, OMES statewide contracts (mandatory and non-mandatory) for services managed and approved by the State Purchasing Director and the State CIO as well as through state competitive bidding procedures and Oklahoma Correctional Industries.

OCC will continue to use competitively bid RFPs and best procurement practices whether the purchase is for a federal grant program service contract, such as well plugging vendors, or state funded projects. These expenditures include any new projects undertaken where multiple vendors can perform the work. OCC is blessed to have two Level II Certified Procurement Officers on staff. This represents their commitment to make every expenditure using the highest possible standards, regardless of the minimum standards allowed. OCC’s diligent adherence to the statutes and its internal purchasing procedures and practices resulted in a spending limit increase for the agency of \$150,000 for purchase orders and \$25,000 for P/card transactions.

Currently Anticipated for RFP in FY2025:

- ✓ IFTA/IRP Replacement
- ✓ IJJA Well Plugging 3rd Party Administrator
- ✓ IJJA Well Plugging Vendors

The OCC, and OCCAA Wreath, have a long history of demanding competitive bidding and best value services. More than a decade ago, the OCCAA, in his former role as Public Utility Division Director, insisted competitive bidding requirements be applied to expenditure reimbursement sought from the Oklahoma Universal Services Fund which saved ratepayers millions of dollars and increased quality internet services to Oklahoma's schools, libraries, and healthcare facilities. The state legislature turned this practice into law in 2016.

Question 10: Since he became OCC Director of Administration, has anyone at OCC or OMES involved with Commission hiring, contracting or purchasing disclosed any conflicts of interest or engaged in any related-party transactions? Is he aware of any conflicts of interest or related-party transactions that were not disclosed in advance? If so, please explain in detail.

Response: OCC maintains a strict internal policy against conflicts of interest. This policy goes beyond just contracting to include conflicts related to regulatory duties and hiring practices. OCC's HR team increased its focus on the Conflict-of-Interest Disclosure form as of last year by implementing required tracking through annual updates from all OCC personnel.

Additionally, OCC recently updated its hiring practices to establish a system that prevents potential conflicts of interest that were inherent in previous hiring processes. These changes include required disclosure of previous relationships with candidates and major updates to the interview process to ensure legal compliance. The OCC also has a written policy against family members of the OCCAA or HR being eligible for employment, in addition to major improvements of the agency's anti-nepotism policy for all personnel. OCC has also greatly improved the background check process and has added an internal investigations group for when allegations arise.

The OCC CPO Level II ensures that all statutes, policies, and procedures mandated by OMES Central Purchasing regarding conflicts of interest are adhered to and implemented in OCC's internal purchasing procedures and applied to all relevant purchases.

“WE ARE OCC!” #GoBeKind