

**Targeted Assessment of the
Efficiency of the Administrative
Mechanism (AEAM) for
Program Year 32-Ryan White
Grant Year 2022/23 Report**

Submitted to:



LOS ANGELES COUNTY
COMMISSION ON HIV



Submitted by:



COLLABORATIVE
RESEARCH

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Acronyms Referenced Throughout Report

- **HRSA**-Health Resources and Services Administration (Washington D.C.)
- **CDC**-Centers for Disease Control and Prevention
- **LAEMA**-Los Angeles Eligible Metropolitan Area
- **RWPA**-Ryan White Part A
- **EHE**-Ending the HIV Epidemic
- **BOS**-Los Angeles County Board of Supervisors
- **DHSP**-Los Angeles County Division of HIV and STD Programs
- **Commission**-Los Angeles County Commission on HIV
- **AEAM**-Assessment of the Efficiency of the Administrative Mechanism
- **TPA**-Third-Party Administrator
- **RFA** – Request for Applications
- **CR**-Collaborative Research

Executive Summary

Introduction

The Assessment of the Efficiency of the Administrative Mechanism (AEAM) was commissioned by the Los Angeles County Commission on HIV to evaluate the administrative processes of Los Angeles County Division of HIV and STD Programs (DHSP) related to the Ryan White Grant Program Year 32 (2022/23). This assessment aims to identify strengths and areas for improvement within the current administrative mechanisms to ensure the timely and efficient delivery of services to people living with HIV (PLWH) and those at risk.

Methodology

The assessment utilized a comprehensive methodology that included:

- **Informative Research:** A review of best practices from other jurisdictions, academic literature, and policy documents to benchmark against successful administrative processes in other regions.
- **Key Informant Interviews:** Interviews with DHSP staff, HIV Commission members, and other stakeholders to gain in-depth insights into the current processes, challenges, and potential areas for improvement. These interviews were conducted between March 2024 and July 2024.
- **Survey Distribution and Data Collection:** A survey designed collaboratively by CR, DHSP, and Commission staff to gather quantitative data from Ryan White Part A (RWPA) Service Providers. The survey focused on contract execution timelines, service delivery, and fiscal support processes. Distributed via Survey Monkey in early June 2024, the survey achieved a high response rate through diligent follow-up.

Findings

- **Contract Execution Timelines:** The survey revealed significant variability in contract execution times, ranging from immediate execution to delays of up to 405 days. Key factors contributing to these delays included complex approval processes, partial awards requiring multiple rounds of approvals, and staffing shortages within procurement teams.
- **Service Delivery Challenges:** Providers reported that delayed contract execution and the administrative burden of complex processes hindered timely service delivery. Smaller agencies particularly struggled with these challenges, which were exacerbated by technical difficulties with the CaseWatch system.
- **Fiscal Support Processes:** Many providers experienced delays in reimbursement processing, often exceeding the required 30-day timeframe and extending to 45 or 60 days. These delays impacted providers' cash flow and financial stability. Although DHSP provided training and technical assistance, the effectiveness of this support varied, with some providers finding it insufficient or poorly tailored to their needs.
- **Positive Feedback and Resilience During COVID-19:** Despite the challenges, DHSP's adaptability and resilience during the COVID-19 pandemic were highlighted as positive aspects. The department managed to maintain service delivery and administrative functions smoothly during a critical period, ensuring that essential services were not interrupted. This adaptability was appreciated by many stakeholders and demonstrated DHSP's commitment to public health.

Recommendations

Primary Recommendation

- Explore the feasibility of using a Third-Party Administrator (TPA) for grant implementation to streamline administrative processes. A TPA could handle complex administrative tasks, reduce the

burden on DHSP and local service providers, and potentially lead to cost savings. The TPA model has shown promise in other regions for process simplification and efficiency.

Secondary Recommendations

- **Streamline Procurement Processes:** Reduce the number of Requests for Applications (RFAs) issued and consolidate them into fewer, larger RFAs. This approach would lessen the administrative burden on both DHSP staff and service providers, allowing for more efficient resource allocation.
- **Enhance Provider Support:** The reduced number of RFAs would result in being able to implement ongoing technical assistance and capacity-building programs for service providers, focusing on fiscal management and compliance. Tailored support would help providers navigate administrative requirements more effectively.
- **Revise Contract Language:** Include specific provisions in contracts to facilitate data requests for AEAM compliance. This change would streamline the data collection process and ensure adherence to federal grant requirements. Develop or share tracking files to ensure compliance of the AEAM about RFA release, contract execution dates and payment processing within 30-days.
- **Simultaneous Administrative Processes:** Ensure the completion of multiple administrative tasks concurrently to reduce overall processing time associated with the initial steps after the receipt of the Notice of Award. This approach would expedite contract execution and payment processing, ensuring timely delivery of services and reducing the financial burden for some subrecipients. Ensure each subrecipient identifies a single point of contact familiar with grant operations.

Conclusion

The recommendations provided aim to address the identified challenges and leverage existing strengths within DHSP's administrative mechanisms. Implementing these changes can enhance the efficiency and effectiveness of the Ryan White Part A program, ensuring a more streamlined and responsive framework for contracting and service delivery. By improving administrative processes, DHSP can better support service providers, reduce burdens, and enhance the overall delivery of services to PLWH and those at risk.

Scope of Work

CR's Scope of Work included the following responsibilities and deliverables:

1. Review the Operations Committee's PY 32 AEAM approach document and matrix of past AEAM themes and outcomes to tailor survey instruments to achieve desired outcomes of the AEAM. The Operations Committee has recommended the following areas for the 2022/23 AEAM:
 - a. Focus on identifying challenges to and identifying strategies to shorten and fast-track the contracting process.
 - b. Consider a very specific service category assessment.
 - c. Tailor questions on how the County is responding to homelessness among PLWH and those at risk.
 - d. The County demonstrated during the COVID response that a fast-track contracting process is possible, however the willingness by DPH and the CEO to allow expedited contracting for HIV and STD services remains very elusive for DHSP. This continues to be a problem with new grants.
2. Interview a defined number of key informants designated by the Operations Committee in consultation with CR staff.
3. Develop surveys to supplement and enhance the key informant interview process.
4. Attend and participate virtually in Operations Committee meetings, to be determined and as needed, prior to presentation of the final report to the Commission.
5. Prepare a final draft report with specific recommendations to expedite the contracting process for HIV and STD services.
6. Present a draft report to the Operations Committee and the final report to the full Commission, after incorporating the input and feedback of both bodies.
7. Complete AEAM report by July 2024.

Methodology

Introduction

The Assessment of the Efficiency of the Administrative Mechanism (AEAM) was commissioned by the Los Angeles County Department of HIV and STD Programs (DHSP) to evaluate the administrative processes related to the Ryan White Grant Program Year 32 (2022/23). The purpose of this assessment is to identify strengths and areas for improvement in the current administrative mechanisms to ensure timely and efficient delivery of services.

Informative Research

To contextualize the findings, a review of best practices from other jurisdictions and literature was conducted. This review included academic literature, policy documents, and reports from other local and national HIV programs. Best practices identified from this review include streamlined requests for applications, contracting processes, effective AEAM process management, and procurement modernization strategies.

Key Informant Interviews

To gain a comprehensive understanding of the administrative processes, key informant interviews were conducted with DHSP staff, HIV Commission and other stakeholders. These interviews were conducted via virtual meetings and in-person sessions from March 2024 to July 2024, with each session lasting between 60 to 90 minutes. The interviews focused on discussing the current processes for Request for Applications (RFA), contracting, budget allocation, and payment procedures, as well as identifying challenges and bottlenecks in the existing administrative mechanism.

Summary of Survey Responses

A survey was designed to gather quantitative data from Ryan White Part A Service Providers on their experiences and perceptions of the administrative mechanisms. The survey was developed by CR in collaboration with DHSP and HIV Commission staff, and included questions on contract execution timelines, service delivery, and fiscal support processes. The survey was distributed via Survey Monkey to all local Ryan White Part A Service Providers in early June 2024. Responses were collected and followed up with providers to ensure a high response rate, and a status update meeting was held with HIV Commission staff to review preliminary findings. Project status updates were provided at monthly Operations Committee meetings. Data from the interviews, surveys, and research were analyzed using qualitative and quantitative methods. Thematic analysis was applied to interview data, while survey data was analyzed using descriptive statistics. Primary data from interviews and surveys, and secondary data from case studies were utilized in this analysis. However, it is important to note that the analysis is limited by the response rate of the survey and the availability of comparable data from other jurisdictions.

Recommendations

The recommendations presented in this report were carefully formulated through a comprehensive analysis of the data collected from key informant interviews, surveys, and a thorough review of best practices. Our team systematically researched and evaluated best practices from other jurisdictions and relevant literature to develop targeted recommendations that address the identified challenges and leverage existing strengths within the current administrative mechanisms. These recommendations are designed to enhance the efficiency and effectiveness of DHSP's processes, ensuring a more streamlined and responsive administrative framework for contracting by the Los Angeles Ryan White Part A Grant Program.

Informative Research

CR started informative research regarding AEAM review components. CR conducted reviews of Ryan White Part A grantee's administrative policies and procedures from various grantees nationally. In addition, CR conducted interviews with other Part A areas about local processes in place to ensure local services were in place quickly upon receipt of the grant award.

Challenges with How Ryan White Funds are Administered from the Federal to Local Grantees:

The research identified some common themes throughout the review. The HRSA grant award is almost always awarded as a partial award. The grant award must be approved through the local County board approval process. The partial award makes it extremely difficult for local grant recipients to fund local services fully, thereby increasing the amount of administrative work at the local grant administrative agency. In addition, the budget establishment must also be approved through the local board process. These two board actions might not be able to be completed during the same meetings and these might take separate actions through formal board processes.

Distribution and Budget Approval Processes:

Local grant recipients must distribute specific allocated amounts of funding determined by the Planning Council based on service categories. This process must be conducted upon receipt of the notice of award (NOA) which results in this process needing to be completed for every partial award received from HRSA. DHSP conducts budget negotiations with the local service providers to ensure continuity of local services. Then, each funded amount must be put into a budget reviewed for allowable expenditures and approved in a contract at the County.

Local Level Grants Administration and Process:

The research and interviews identified best practices being conducted throughout the country. Grantees complete all formal bid processes at minimum one month before the new grant starts, which is March 1st annually. This encompasses the entire process to include issuance, bidders conference, responses received, verified and reviewed and scored by a neutral committee be completed by February 1st during years of competitive grant cycles. Grantees usually receive notice of a partial award by the end of January or beginning of February. It is important to note this process is contingent upon having an approved federal budget. Completing the process by the above timeline allows for the grantee's office to immediately commence the internal funding distributions process upon receipt of the NOA.

In addition, grantees often complete many parts of the local administrative process simultaneously to reduce the overall time it takes for local service providers to receive executed contracts. The Grantees make it an urgent priority to get the service allocations completed, simultaneously while budget negotiation meetings are scheduled. In addition, the grant acceptance and budget establishment processes are being completed. Contract templates are prepared and approved ahead of time when allowed by legal departments. Grantees often conduct budget and invoice training in advance of the NOA receipt for sub-recipients to reduce the time it takes to ensure local service provider's budgets are compliant with grant requirements. In addition, to understand the process of submitting timely accurate invoices so invoices can be paid timely. Grantees do not start tracking the required 30-day payment until they receive an accurate invoice to be processed.

It is best practice for grantees to prepare tracking summaries for payments since the 30-day payment is a grant requirement. The internal fiscal staff completed tracking files to include dates received, dates

reviewed, and dates processed through payment to ensure grant requirements are adhered to. This file is provided to the Planning Council committee responsible for reviewing the AEAM. In addition, grantee staff provided a tracking file with components related to the contracting process dates for each subrecipient including service categories for the AEAM review process. These two files are spot-checked with actual documents including invoices or contracts during the actual AEAM review for ease of checks and balances. The information can demonstrate if delays exist at the subrecipient level.

Once the additional grant award is received, the allocation, approved budget, and contracting processes are often completed again. The volume of work varies by how many service providers are in the local continuum of care, the number of service categories being funded, and the amount of funding impacts budget complexities or lengths depending on reimbursement methods. However, the grant award accounts account for administrative funding of 10% of award or a maximum of \$3,000,000 to support staff to perform administrative functions for grant requirements. Whereas the grant has a vast number of checks and balances associated with the award, there are appropriations allocated to complete these required functions. The Ryan White Part A grant is labor intensive requiring adequate staff to support the administrative requirements for compliance. Appropriate staffing is critical to ensuring funds are quickly distributed to local service providers for continuity of services, reducing the financial burden on service providers and grant compliance.

Los Angeles County Procurement Landscape:

On May 15, 2024, a report was released regarding the County of Los Angeles Procurement Modernization and Transformation project. Gartner Inc. group was selected by Los Angeles County on October 5th of 2023 to complete a review of the current modernization process that started in June of 2022. The review described below of the current modernization process was derived from a status update report of the current project to the Board of Supervisors and provides an illustration of the County's procurement process and challenges.

Gartner Inc group was identified as subject matter experts authorized to complete this review. The goal was to conduct a complete review of the progress being made of the county system and analyze the current state of the County's procurement systems, process and practices with the goal of modernizing and transforming the purchasing and contracting system. In addition, the analysis was to include recommendations using emerging technical and business process improvements and innovations to make the County's procurement of goods and services more efficient, effective and equitable across all departments.

This expansive review consisted of three Business Capability Model discovery sessions which included input from 46 County executives and procurement and contracting experts. In addition, there were over 100 documents reviewed. Overall, the systematic review covered procurement and contracting practices for 26 County departments. The Gartner Group met regularly with key stakeholders to provide regular status updates of the ongoing review.

Directly from the report, "the recommendation was summarized into the inefficiencies of the current procurement systems, processes and practices within the County are untenable." The Commission on Quality and Productivity proposed the following multi-pronged approach:

1. Centralized Authority: Establish a central, accountable department under the Board of Supervisors for efficient procurement.
2. Modernized Policies: Update County policies and advocate for broader state/federal reforms for a more efficient system.

3. Technology Integration: Implement emerging technologies in a phased approach for a streamlined procurement process.

In addition, the Commission on Quality and Productivity, recommends action steps for the Board to include:

- Modernization Initiative: Approve a comprehensive and rapid County-wide "source-to-settle" modernization plan.
- Departmental Alignment: Ensure all relevant departments (Internal Services Department (ISD), Auditor-Controller, County Counsel) actively support and contribute to the initiative.
- Centralized Management: Assign leadership, oversight, and coordination for the modernization initiative to the newly established central authority.

The Gartner report in **Appendix E** directly aligns with findings discussed throughout the key informant interviews as well as DHSP's Process Chart located in **Appendix D** that demonstrates the current process in place at the Department of Public Health.

Key Informant Interviews

The initial steps of CR were to complete key informant interviews of the HIV Commission and DHSP staff. The goal was to collect data on the current processes in place regarding the federally required Assessment of the Efficiency of the Administrative Mechanism (AEAM) for the Ryan White Part A grant. The Los Angeles County HIV Commission has the required responsibility to complete the review on the DHSP administrative processes. In addition, CR presented the approach of the AEAM review to the Operations Committee of the Commission.

The AEAM review consisted of the system review of requests for applications (RFAs), notice of awards (NOAs), approved budgets that align with the contracts, the timeliness of executed contracts and, lastly, payments processed and received by service providers within 30 days as required by the Notice of Award. This information needs to be collected and reported back to the Health Resources and Services Administration during the grant application or Program Submission report submissions. The HIV Commission as the neutral party must review the DSHP's processes and ensure the federal requirements of the grant implementation are being met as outlined in Notice of Award and the federal Office of Management and Budget (OMB) circulars.

The key informant interviews with HIV Commission staff consisted of general questions due to the Commission not participating in the procurement or contractual obligations of the grant administration. This meeting set the stage for the understanding of the roles and responsibilities of the local grant administration. There was a discussion about past AEAM's reviews. CR discussed conducting interviews with DSHP as well as surveys with the local service providers.

CR conducted two key informant interviews with DHSP. During the initial interview, general introductions were made as well as general process questions were discussed. CR was provided with a process map of the grant process developed by DHSP which is included in **Appendix D**.

During the second key informant interview, CR shared the interview questions and sought approval to move forward with the local service provider survey. The questions pertained to procurement and contracting processes and timeframes. These questions are detailed in **Appendix C**.

CR asked clarifying questions as it pertained to the detailed process map provided to outline the DHSP's procurement and contracting process from receipt of NOA timeframe. Highlights from the discussion include:

- There are various Board actions that take place throughout the procurement and contracting processes.
- Request for Applications (i.e., solicitations process) to seek service providers is a lengthy process taking 9 months to a year.
- DHSP starts the solicitations process in advance to accommodate the lengthy process, so this does not delay the process once the awards are received.
- Some local service providers take months to return contracts before they go to the County Board of Supervisors for approval.
- There are 5 procurement staff that support the Request for Applications (RFA) and contracting process that support the Part A grant award.
- There are vacancies among these procurement support positions, and they have not been fully staffed in years.
- All services categories are individually contracted by each service category.
- The periods for RFAs are three-year cycles with options to extend two one-year options.
- DHSP has been able to administer larger contracts for Ending the HIV Epidemic (EHE) funding through a third-party grant administrator.

- The RWPA procurement and contracting process in **Figure 1** illustrates a multifaceted process.

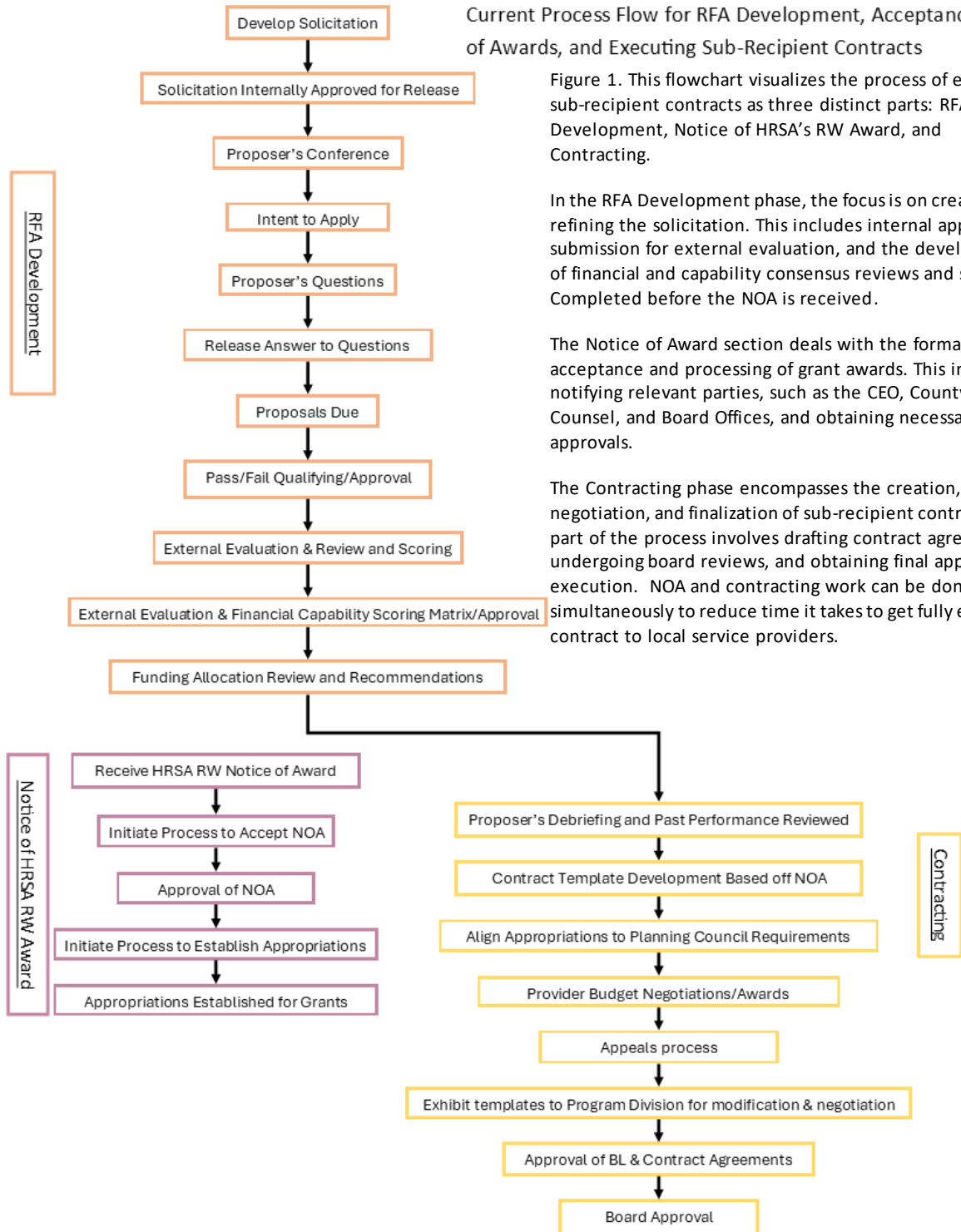


Figure 1. This flowchart visualizes the process of executing sub-recipient contracts as three distinct parts: RFA Development, Notice of HRSA’s RW Award, and Contracting.

In the RFA Development phase, the focus is on creating and refining the solicitation. This includes internal approvals, submission for external evaluation, and the development of financial and capability consensus reviews and scoring. Completed before the NOA is received.

The Notice of Award section deals with the formal acceptance and processing of grant awards. This includes notifying relevant parties, such as the CEO, County Counsel, and Board Offices, and obtaining necessary approvals.

The Contracting phase encompasses the creation, negotiation, and finalization of sub-recipient contracts. This part of the process involves drafting contract agreements, undergoing board reviews, and obtaining final approval for execution. NOA and contracting work can be done simultaneously to reduce time it takes to get fully executed contract to local service providers.

Summary of Survey Responses

The survey was designed to gather quantitative data from RWPA subrecipients on their experiences and perceptions of the administrative mechanisms. Developed by CR in collaboration with DHSP and Commission staff, the survey included questions on contract execution timelines, service delivery, and fiscal support processes. Distributed via Survey Monkey to all local RWPA subrecipients in early June 2024, responses were collected and followed up with providers to ensure a high response rate. A status update meeting was held with Commission staff to review preliminary findings. A list of the Survey Questions can be found in the appendix. This survey aimed to identify bottlenecks and areas for improvement within the administrative mechanisms to enhance the efficiency and effectiveness of service delivery. It should be noted the length of time it took the agency to return the required contractual documents to DHSP once the award letter was received was not asked by the survey.

Respondent	"Notice of Intent to Award" letter date based on the RFA your agency responded to.	Date your agency received a fully executed contract from DHSP.	Time from NOA to Executed Contract	Renewal?
1	6/28/2024	6/28/2024	0	Not specified
2	2/1/2022	2/1/2022	0	Y
3	2/8/2019	11/25/2019	290	Y
4	2/17/2021	10/12/2021	237	Y
5	8/27/2020	10/6/2021	405	Y
6	3/1/2024	3/1/2024	0	Y
7	6/19/2024	6/28/2024	9	Not specified
8	6/26/2024	6/26/2024	0	Not specified
9	3/14/2022	3/14/2022	0	Y
10	3/1/2022	4/4/2022	34	Y

Table 1 This table provides summary of responses to the survey regarding the timeline and renewal status of contracts awarded to various agencies by the Department of HIV and STD Programs (DHSP).

Table 1 above summarizes the responses to the survey administered to sub-recipient agencies. It lists the "Notice of Intent to Award" letter dates, the dates when each agency received a fully executed contract from DHSP, the time in days between the notice of award and the executed contract, and whether the contract was a renewal. The table indicates that the time from the notice of award to the executed contract can vary significantly, from 0 days to as many as 405 days. Additionally, while most entries specify whether the contract was a renewal, some agencies did not provide a date and are noted on the table as "Not specified." Survey responses indicating zero-day wait times observed in 2019 are not necessarily indicative of short times to contract, as they could have been due to automatic renewals or specific circumstances such as contracts taken over from another agency. This data highlights the variability in contract processing times and the frequent renewal of contracts among agencies that responded to the survey. In addition, this chart highlights a need for capacity building at the subrecipient staff level. There is often a delay between receiving a NOA and executing the contract due to the County Board approval process. The staff completing the survey were asked general questions about the Ryan White Part A administrative processes, which should be understood at the subrecipient level. The zero-day responses highlight a general knowledge gap. This lack of understanding of basic Ryan White Part A concepts made the survey results challenging to interpret due to inconsistencies in how the questions were understood.

Since the survey specified it was interested in new contracts, the limited sample size suggests that no Requests for Applications (RFAs) have been released since the onset of COVID-19. The responses do not correspond with the programmatic operations because, in 2021, medical specialty and linguistics services had an RFA release. Three survey participants who responded to RFAs released in 2019, 2020, and 2021

showed prolonged periods to execute contracts, with wait times extending to 237, 290, and 405 days, the reasons for which were not indicated by the survey respondents. Although emergency measures were embraced during the COVID pandemic, resulting in faster contract renewals and reduced administrative wait times, these emergency measures are no longer in use, leaving LA County without a sustainable approach to expedient contracting.

Content of follow up subrecipient interviews

Additional follow-up was conducted to gather more information on topics that emerged during the survey administration. One agency reported that they have not responded to an RFA for nearly a decade and their contracts have been continually renewed throughout that time. Concerns were also noted regarding the high number of RFAs to be required due to DHSP's practice of releasing RFAs for individual service categories, which creates substantial administrative burdens, particularly for smaller agencies now that the COVID-19 emergency declarations have concluded.

One of the critical questions in the survey addressed the timeliness of reimbursements, specifically about reimbursements being processed within 30 days as stipulated. The survey results show 6 out of 10 respondents indicated this requirement was not consistently met, with at least 2 respondents commenting that delays have extended beyond 30 days. For instance, one respondent noted reimbursements at times took 45-60 days to arrive, significantly impacting their cash flow and financial stability.

The process described by DHSP raised concerns about the high number of RFAs required when releasing RFAs for each individual service category, which would create substantial administrative burdens, particularly for smaller agencies now that the COVID-19 emergency declarations have concluded.

Additionally, feedback highlighted issues with CaseWatch, a software system used by DHSP. Many respondents found it difficult to use and felt it added to their administrative burden. Despite these challenges, some respondents acknowledged that DHSP attempted to provide training and technical assistance. However, the effectiveness of this support was mixed. While a few agencies reported that their needs were met, others felt the assistance was insufficient or poorly tailored to their specific challenges.

COVID-19 Impact and Positive Feedback

LA County declared emergency and began mass response to the COVID-19 pandemic on March 4, 2020. During COVID-19, staff reassignments within DHSP, as documented in past reports, significantly affected the ability to process contracts efficiently. The COVID-19 pandemic was a Public Health emergency which resulted in the Department of Public Health assuming the lead role for the County's overall emergency response. The local efforts were prioritized to managing the emergency to serve and protect the health and well-being of the County of Los Angeles citizens. This impact was felt across county, city, and agency levels. COVID-19 created an emergency in governmental contracting in LA County and administrative processes were expedited by the Board of Supervisors orders to secure the necessary services to respond to the emergency. The COVID-19 emergency led to several challenges, but it also highlighted some positive aspects of the DHSP and County processes. Despite these challenges, the Ryan White funded programs run by the LA County Department of HIV and STD Programs (DHSP) maintained functionality and responsiveness. These programs continued to get contracts approved, facilitated administrative needs, and provided services to clients with HIV throughout the pandemic. Positive feedback from interviews indicates that the DHSP's ability to adapt and maintain services during such a critical time was commendable. They managed to ensure that essential services were not interrupted, and administrative functions continued smoothly, even under unprecedented circumstances. This resilience and adaptability of the DHSP during the pandemic have been appreciated by many stakeholders, demonstrating the department's commitment to public health and the wellbeing of its clients. The processes and efforts undertaken during this period can serve as a foundation for improving future responses to similar crises and refining current procedures to ensure more efficient contract execution and service delivery.

Overall, the survey responses indicate that while DHSP has made efforts to support service providers,

significant improvements are needed in contract execution, reimbursement timeliness, and administrative support systems to reduce the burden on agencies and enhance program effectiveness.

Recommendations

Priority Recommendation:

An exploration of the feasibility of using a Third-Party Administrator (TPA) for grant implementation was conducted to identify potential benefits and challenges. The research aimed to understand how a TPA could streamline administrative processes and improve efficiency. A case study approach was used, including a detailed review of the United Way of Long Island's TPA model. This research highlighted key aspects of the TPA model, including process simplification, reduced administrative burden, and potential cost savings. A selected TPA would be required to be able to administer the financial volume and scale of an EMA's RWPA program.

A TPA might offer an alternative process to mitigate the ongoing and prolonged procurement issues described by AEAM survey participants and findings articulated in the Gartner report. This would also address the long-standing staffing issues with staffing vacancies in County positions that support DHSP with procurement and contracting administrative functions of the grant administration. The TPA selected would need to ensure efficient and effective hiring processes and demonstrate staff that have longevity and proven experience in managing complex projects.

Secondary Recommendation:

A more efficient and timely procurement process is crucial to ensure uninterrupted access to vital HIV services in Los Angeles County. The recommendations are based on the key informant interview, national reviews, service provider surveys, and the report on the County procurement systems.

Based on the information provided, the assessment of the efficiency of the administrative mechanism for procuring HIV services in Los Angeles County revealed key areas of improvement:

- Lengthy process: The current system involving multiple RFAs, contract awards, and processing of payments is considered overly bureaucratic and time-consuming outlined in **Appendix D**. This suggests room for improvement in streamlining steps to reduce the time before a payment can be paid for services rendered. The two areas of concern mentioned during the key informant interviews were having an executed contract and payments processed within 30 calendar days. The DSHP system operates within the structural deficiencies outlined in the County procurement report. In addition to, the long-standing procurement DHSP staffing deficiencies. The result is an understaffed DHSP procurement team implementing a complex procurement process.
- Uncertainty for providers and negative impact on programs: Delays in awarding contracts create uncertainty for some providers who rely on timely funding to deliver critical services. The contract delays result in delays in processing payments for services provided to the community. This suggests the inefficiency of the process is potentially impacting the overall goal of providing vital HIV services and creating an undue burden on some service providers awaiting executed contracts or payments.
- Inconsistency of RFAs due to COVID or other factors: There was mention that at least one provider has not responded to an RFA in roughly 10 years, this should be reviewed to understand the circumstance.
- Reorganization of the RFA process: Given the wide range of services offered and the need to issue an RFA approximately every three years, about four service categories require an RFA each year, depending on the current schedule. This entire process is complex and places a significant burden

on both the procurement system and local service providers. A recommendation is to combine the service category RFA processes to reduce the number of RFA's released and responded to by local subrecipients. This results in reduced internal and external burden. The combined RFA process maximizes common sections included in the RFA while acknowledging service category systems of service delivery and budgets need to be defined individually within a combined RFA. The time saved on reducing the number of RFA's can be utilized to improve the contract process and to provide technical assistance to subrecipients on Ryan White Part A administrative requirements, budget construction and invoice submissions. These two processes are complex due to the federal allowable cost requirements and verifying allowable expenses for reimbursement in comparison to the approved budget. Technical assistance can result in improving accuracy in completing an initial budget and submitting invoices correctly to reduce processing time. Payments can only be rendered for allowable costs included in invoices.

- Single Point of Contact (SPOC): Ensure each subrecipient has a single point of contact for grant-related administrative correspondence. This should be someone who is responsive to questions and knows the daily operations of the program and administrative functions. This contact information should be updated annually and a change of staff should be required to be reported to the recipient. Ensuring program continuity and responsiveness to programmatic needs like the AEAM review for program compliance.

Takeaways

Overall, the current administrative mechanism is challenged with lengthy processes, which negatively impact providers, and hinder program effectiveness. These ongoing challenges were identified in the Gartner Inc review of the County of Los Angeles Procurement Modernization and Transformation project included as **Appendix E**. It is highly recommended to reduce the volume of RFAs. DHSP should implement a combined RFA for all services or at a minimum a core and a support RFA. This process improvement aims to reduce the burden on procurement and contracting staff, who are already understaffed, as well as reduce the burden on local service providers. This would reprioritize staff time to focus on contracting implementation and processing payments in accordance with federal requirements, as well as providing technical assistance to providers on fiscal topics.

In addition, releasing only one or two RFAs every three to five years reduces the frequency burden on evaluators needed for the RFAs. This will allow for RFA tracking to be simplified. The combined RFAs would require DHSP to consolidate the current format into a combined RFA, other Part A grantees have consolidated their RFA processes with initial concerns from subrecipients, but have resulted in more efficient use of staff time over the long term. This would reduce the interaction with certain fiscal components identified as deficient in the Garner Inc. report.

RFA development should be started at least one year prior to the expiration of services in the current RFA. This is to ensure that eligible Part A clients have access to a robust service delivery system of care. The timely preparation of an RFA impacts contract execution and the timely processing of payments. This is a critical component since the emergency declaration for COVID has ended impacting procurement requirements.

The overall recommendation is to reduce the frequency of RFAs, lessen the burden on internal staff and shift their focus on sub-recipient technical assistance needs, and reduce the burden on local service providers by only requiring them to submit a proposal every three to five years. These efforts can free up staff time for internal and local service providers to focus on reducing contracting implementation times and improving budget development and approval processes. Additionally, provide an ongoing structure and capacity building/technical assistance program for new service providers to become Ryan White Part A service providers. In addition, to support sub-recipients with new staff having to learn the Ryan White

Part A requirements. The need for capacity building was highlighted with the subrecipient answers regarding the zero-day differential with the NOA and having an executed contract. The time saved can be reprioritized to sub-recipient capacity building on grant compliance.

While the Commission of HIV cannot be involved with procurement responsibilities to include RFAs, contracts and processing of payments, they must be able to ensure timely processes of RFAs and contracts. In addition, to ensure payments are processed within 30 calendar days per the CFR requirements. In order to ease the AEAM review, DHSP can create a tracking process with the required information for the AEAM submission to include RFA release dates, contract execution dates and invoices paid dates. These three documents can be submitted to the Commission upon completion of the grant year. In addition, these documents can be available for the Health Resources and Services Administration (HRSA) site visits to demonstrate compliance.

Recommendation Contract Language Inclusion:

Recommendation for DHSP to include language in the local service provider contracts to ease data requests pertaining to AEAM surveys and key informant interviews from the HIV Commission. The HIV Commission cannot adequately collect the federally requested information to report in the AEAM if the information gathering of procurement and contract information is unsuccessful. The language can be referred to in future requests tied directly to contractual obligations for ease of the HIV Commission.

A. 45-day contract requirement from Code of Federal Regulations (CRF)

45 CFR 75.305 (up to date as of 7/23/2024)
Payment.

45 CFR 75.305 (July 23, 2024)

This content is from the eCFR and is authoritative but unofficial.

Title 45 –Public Welfare

Subtitle A –Department of Health and Human Services

Subchapter A –General Administration

Part 75 –Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HHS Awards

Subpart D –Post Federal Award Requirements

Standards for Financial and Program Management

Authority: 5 U.S.C. 301; 2 CFR part 200.

Source: 79 FR 75889, Dec. 19, 2014, unless otherwise noted.

§ 75.305 Payment.

(a)

- (1) For States, payments are governed by Treasury-State CMIA agreements and default procedures codified at 31 CFR part 205 and TFM 4A-2000 Overall Disbursing Rules for All Federal Agencies.
- (2) To the extent that Treasury-State CMIA agreements and default procedures do not address expenditure of program income, rebates, refunds, contract settlements, audit recoveries and interest earned on such funds, such funds must be expended before requesting additional cash payments.

(b) For non-Federal entities other than states, payments methods must minimize the time elapsing between the transfer of funds from the United States Treasury or the pass-through entity and the disbursement by the non-Federal entity whether the payment is made by electronic funds transfer, or issuance or redemption of checks, warrants, or payment by other means. See also § 75.302(b)(6). Except as noted elsewhere in this part, HHS awarding agencies must require recipients to use only OMB-approved standard governmentwide information collection requests to request payment.

- (1) The non-Federal entity must be paid in advance, provided it maintains or demonstrates the willingness to maintain both written procedures that minimize the time elapsing between the transfer of funds and disbursement by the non-Federal entity, and financial management systems that meet the standards for fund control and accountability as established in this part. Advance payments to a non-Federal entity must be limited to the minimum amounts needed and be timed to be in accordance with the actual, immediate cash requirements of the non-Federal entity in carrying out the purpose of the approved program or project. The timing and amount of advance payments must be as close as is administratively feasible to the actual disbursements by the non-Federal entity for direct program or project costs and the proportionate share of any allowable indirect costs. The non-Federal entity must make timely payment to contractors in accordance with the contract provisions.
- (2) Whenever possible, advance payments must be consolidated to cover anticipated cash needs for all Federal awards made by the HHS awarding agency to the recipient.
 - (i) Advance payment mechanisms include, but are not limited to, Treasury check and electronic funds transfer and must comply with applicable guidance in 31 CFR part 208.

45 CFR 75.305(b)(2)(i) (enhanced display)

page 1 of 4

- (ii) Non-Federal entities must be authorized to submit requests for advance payments and reimbursements at least monthly when electronic fund transfers are not used, and as often as they like when electronic transfers are used, in accordance with the provisions of the Electronic Fund Transfer Act (15 U.S.C. 1693-1693r).
- (3) Reimbursement is the preferred method when the requirements in paragraph (b) cannot be met, when the HHS awarding agency sets a specific condition per § 75.207, or when the non-Federal entity requests payment by reimbursement. This method may be used on any Federal award for construction, or if the major portion of the construction project is accomplished through private market financing or Federal loans, and the Federal award constitutes a minor portion of the project. When the reimbursement method is used, the HHS awarding agency or pass-through entity must make payment within 30 calendar days after receipt of the billing, unless the HHS awarding agency or pass-through entity reasonably believes the request to be improper.
- (4) If the non-Federal entity cannot meet the criteria for advance payments and the HHS awarding agency or pass-through entity has determined that reimbursement is not feasible because the non-Federal entity lacks sufficient working capital, the HHS awarding agency or pass-through entity may provide cash on a working capital advance basis. Under this procedure, the HHS awarding agency or pass-through entity must advance cash payments to the non-Federal entity to cover its estimated disbursement needs for an initial period generally geared to the non-Federal entity's disbursing cycle. Thereafter, the HHS awarding agency or pass-through entity must reimburse the non-Federal entity for its actual cash disbursements. Use of the working capital advance method of payment requires that the pass-through entity provide timely advance payments to any subrecipients in order to meet the subrecipient's actual cash disbursements. The working capital advance method of payment must not be used by the pass-through entity if the reason for using this method is the unwillingness or inability of the pass-through entity to provide timely advance payments to the subrecipient to meet the subrecipient's actual cash disbursements.
- (5) Use of resources before requesting cash advance payments. To the extent available, the non-Federal entity must disburse funds available from program income (including repayments to a revolving fund), rebates, refunds, contract settlements, audit recoveries, and interest earned on such funds before requesting additional cash payments.
- (6) Unless otherwise required by Federal statutes, payments for allowable costs by non-Federal entities must not be withheld at any time during the period of performance unless the conditions of §§ 75.207, subpart D of this part, 75.371, or one or more of the following applies:
 - (i) The non-Federal entity has failed to comply with the project objectives, Federal statutes, regulations, or the terms and conditions of the Federal award.
 - (ii) The non-Federal entity is delinquent in a debt to the United States as defined in OMB Guidance A-129 "Policies for Federal Credit Programs and Non-Tax Receivables."
 - (iii) A payment withheld for failure to comply with Federal award conditions, but without suspension of the Federal award, must be released to the non-Federal entity upon subsequent compliance. When a Federal award is suspended, payment adjustments will be made in accordance with § 75.375.
 - (iv) A payment must not be made to a non-Federal entity for amounts that are withheld by the non-Federal entity from payment to contractors to assure satisfactory completion of work. A payment must be made when the non-Federal entity actually disburses the withheld funds to the contractors or to escrow accounts established to assure satisfactory completion of work.

- (7) Standards governing the use of banks and other institutions as depositories of advance payments under Federal awards are as follows:
 - (i) The HHS awarding agency and pass-through entity must not require separate depository accounts for funds provided to a non-Federal entity or establish any eligibility requirements for depositories for funds provided to the non-Federal entity. However, the non-Federal entity must be able to account for the receipt, obligation and expenditure of funds.
 - (ii) Advance payments of Federal funds must be deposited and maintained in insured accounts whenever possible.
- (8) The non-Federal entity must maintain advance payments of Federal awards in interest-bearing accounts, unless the following apply:
 - (i) The non-Federal entity receives less than \$120,000 in Federal awards per year.
 - (ii) The best reasonably available interest-bearing account would not be expected to earn interest in excess of \$500 per year on Federal cash balances.
 - (iii) The depository would require an average or minimum balance so high that it would not be feasible within the expected Federal and non-Federal cash resources.
 - (iv) A foreign government or banking system prohibits or precludes interest bearing accounts.
- (9) Interest earned amounts up to \$500 per year may be retained by the non-Federal entity for administrative expense. Any additional interest earned on Federal advance payments deposited in interest-bearing accounts must be remitted annually to the Department of Health and Human Services Payment Management System (PMS) through an electronic medium using either Automated Clearing House (ACH) network or a Fedwire Funds Service payment. Remittances must include pertinent information of the payee and nature of the payment in the memo area (often referred to as "addenda records" by Financial Institutions) as that will assist in the timely posting of interest earned on federal funds. Pertinent details include the Payee Account Number (PAN) if the payment originated from PMS, or Agency information, if the payment originated from ASAP, NSF or another federal agency payment system. The remittance must be submitted as follows:

For ACH Returns:

Routing Number: 051036706

Account number: 303000

Bank Name and Location: Credit Gateway—ACH Receiver St. Paul, MN

For Fedwire Returns*:

Routing Number: 021030004

Account number: 75010501

Bank Name and Location: Federal Reserve Bank Treas NYC/Funds Transfer Division New York, NY

(* Please note organization initiating payment is likely to incur a charge from your Financial Institution for this type of payment)

For International ACH Returns:

Beneficiary Account: Federal Reserve Bank of New York/ITS (FRBNY/ITS)

Bank: Citibank N.A. (New York)

Swift Code: CITIUS33

Account Number: 36838868

Bank Address: 388 Greenwich Street, New York, NY 10013 USA

Payment Details (Line 70): Agency Name (abbreviated when possible) and ALC Agency POC: Michelle Haney, (301) 492-5065

For recipients that do not have electronic remittance capability, please make check** payable to:

"The Department of Health and Human Services"

Mail Check to Treasury approved lockbox:

HHS Program Support Center

P.O. Box 530231

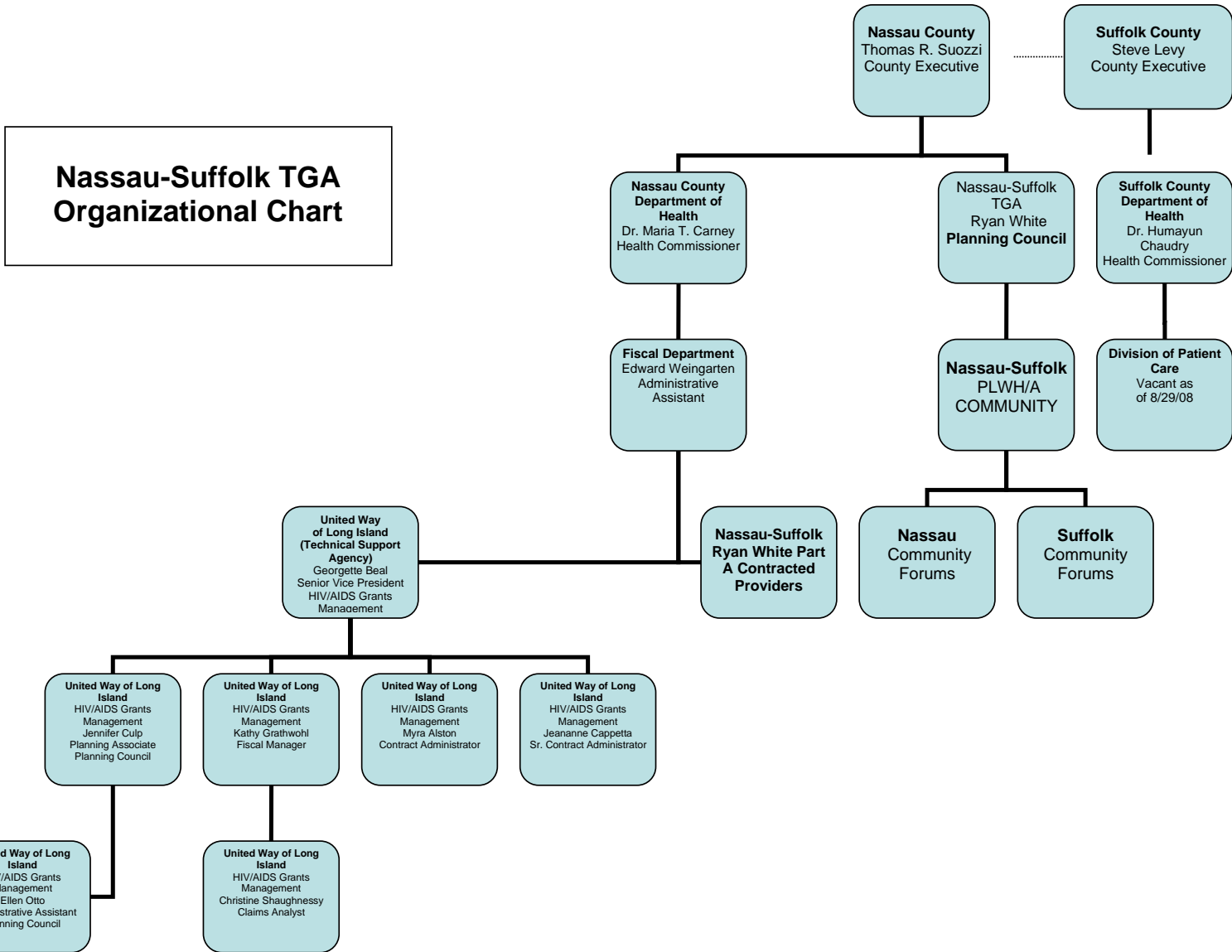
Atlanta, GA 30353-0231

(** Please allow 4-6 weeks for processing of a payment by check to be applied to the appropriate PMS account)

Any additional information/instructions may be found on the PMS Web site at <http://www.dpm.psc.gov/>.

[79 FR 75889, Dec. 19, 2014, as amended at 81 FR 3016, Jan. 20, 2016; 86 FR 2278, Jan. 12, 2021]

B. Nassau/Suffolk EMA Organizational Chart/3rd Party Administrator Sample Model



C. Subrecipient Survey

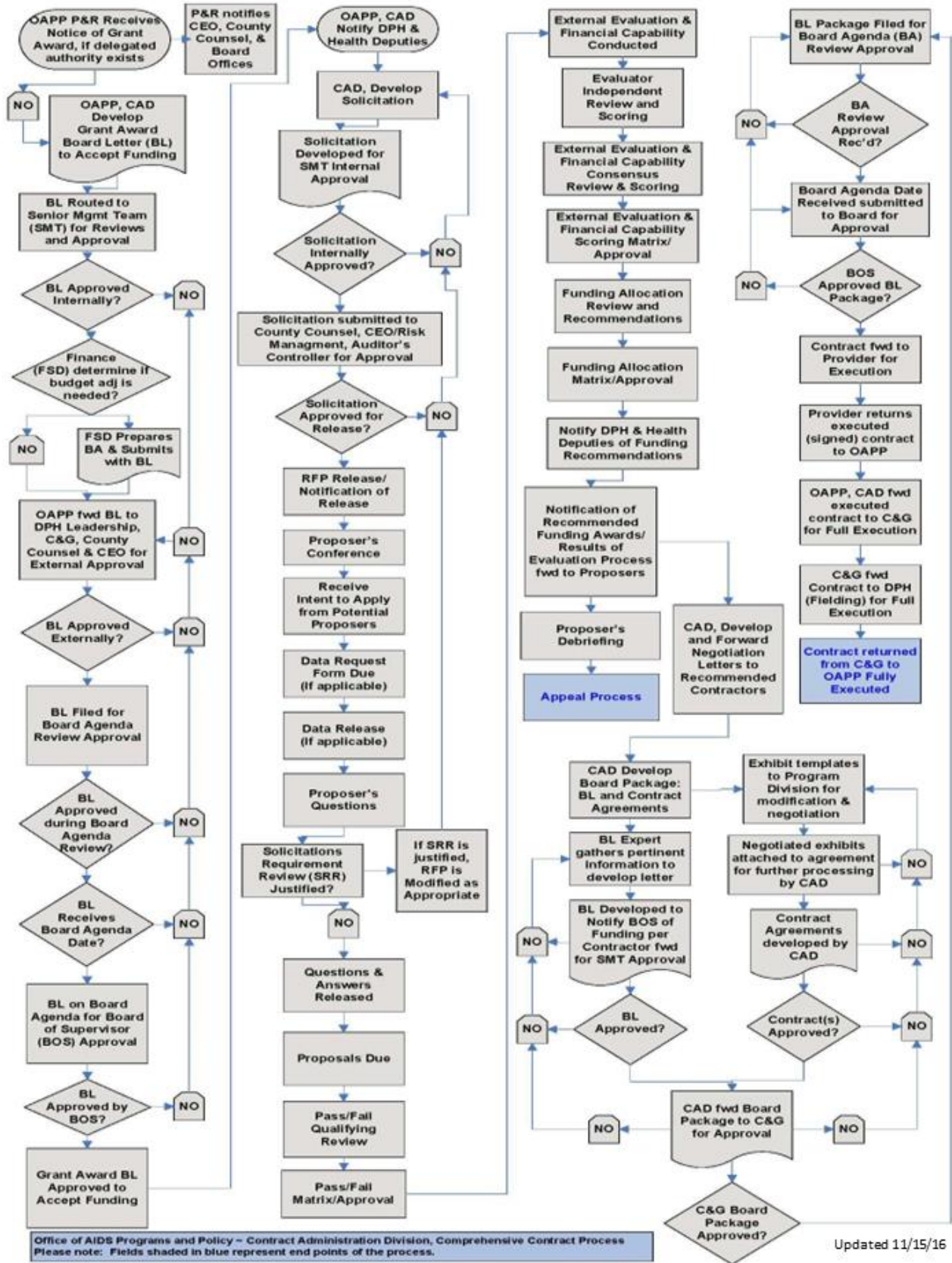
1. Name of Person Completing Survey and Title
2. Email address
3. Phone Number
4. Agency Name
5. What Ryan White Part A services were listed in the most recent DHSP RFA your agency applied for? (Not renewals)
 - Medical Care Coordination (Medical Case Management, including Treatment Adherence Services)
 - Nutrition Support (Medical Nutrition Therapy)
 - Mental Health Services
 - Oral Health Care
 - Outpatient/Ambulatory Health Services
 - Substance Abuse Services--Outpatient Care
 - Residential care facility for the chronically ill and transitional residential care facility (Housing Services)
 - Linguistic Services
 - Medical Transportation
 - Benefits Specialty Service (Non-Medical Case Management Services)
 - Outreach Services
 - Referral for Health Care and Support Services
 - Substance Abuse Services--Inpatient/Residential Care
 - Home Based Case Management (Home and Community Based Services)
 - Nutrition Support (Food Bank/Home Delivered Meals)
 - Other (please specify)
6. What was the DHSP RFA Number? (For Example: RFA 2019-009)
7. Please enter the DHSP RFA Release date. (Please enter: MM / DD / YYYY)
8. Please enter the DHSP RFA proposal/submission due date. (Please enter: MM / DD / YYYY)
9. Please enter the "Notice of Intent to Award" letter date based on the RFA your agency responded to. (Please enter: MM / DD / YYYY)
10. Please enter the date your agency received a fully executed contract from DHSP. (Please enter: MM / DD / YYYY)
11. For the grant period 2022 (3/1/22-2/28/23), did your agency receive reimbursements from DHSP within 30 days of submitting correct reimbursement requests?
 - Yes
 - No
 - Most of the time
 - Some of the time
 - If not, most of the time, some of the time, please explain.
12. For the grant period 2022 (3/1/22-2/28/23), were you notified by DHSP staff that your agency had to submit a reimbursement correction?
 - Yes
 - No
 - Most of the time
 - Some of the time
 - Other (If no, most of the time, some of the time, please explain)
13. Did your agency request training/technical assistance from DHSP during the 2022 grant period

(3/1/22-2/28/23)?

- Yes
 - No
 - What type of training/technical assistance did you request?
14. Did DHSP respond to your agency's request for training/technical assistance during the 2022 grant period (3/1/22-2/28/23)?
- Yes
 - No
 - What type of training/technical assistance did you receive?
15. Did the training/technical assistance meet your agency's needs?
- Yes
 - No
 - If no, please explain:
16. Please select all Ryan White Part A services your agency currently provides in your contract with DHSP?
- Medical Care Coordination (Medical Case Management, including Treatment Adherence Services)
 - Nutrition Support (Medical Nutrition Therapy)
 - Mental Health Services
 - Oral Health Care
 - Outpatient/Ambulatory Health Services
 - Substance Abuse Services--Outpatient Care
 - Residential care facility for the chronically ill and transitional residential care facility (Housing Services)
 - Linguistic Services
 - Medical Transportation
 - Benefits Specialty Service (Non-Medical Case Management Services)
 - Outreach Services
 - Referral for Health Care and Support Services
 - Substance Abuse Services--Inpatient/Residential Care
 - Home Based Case Management (Home and Community Based Services)
 - Nutrition Support (Food Bank/Home Delivered Meals)
 - Other (please specify)

D. Original flow as noted in 2016 AEAM Report

Diagram of steps in procurement process as generated by Chief of Planning at DHSP (note: references to OAPP are now DHSP)



E. County of Los Angeles Procurement Modernization and Transformation Board Motion (Final Report as of May 15, 2024) Executive Summary from Gartner Inc.



**Los Angeles County
Quality and Productivity Commission**

May 15, 2024

**County of Los Angeles
Quality and Productivity
Commission**

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William B. Parent

First Vice Chair

Will Wright

Second Vice Chair

Dion Rambo

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Huasha Liu

Marsha D. Mitchell

E. Scott Palmer

Jeffrey Jorge Penichet

Mark A. Waronek

Executive Director

Jackie T. Guevarra, CPA

Program Manager

Laura Perez

Program Support

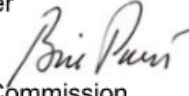
Ruben Khosdikian

EXECUTIVE OFFICE



BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

TO: Supervisor Lindsey P. Horvath, Chair
Supervisor Hilda L. Solis
Supervisor Holly J. Mitchell
Supervisor Janice Hahn
Supervisor Kathryn Barger

FROM: William B. Parent, Chair 
Quality and Productivity Commission

**SUBJECT: COUNTY OF LOS ANGELES PROCUREMENT
MODERNIZATION AND TRANSFORMATION BOARD MOTION (FINAL
REPORT AS OF MAY 15, 2024)**

On June 14, 2022, the Board of Supervisors (Board) approved a Motion (Item 18) regarding the County of Los Angeles Procurement Modernization and Transformation. As part of the motion, the Board directed the Quality and Productivity Commission (QPC or Commission), in consultation with the Internal Services Department (ISD), Chief Executive Office (CEO), Department of Auditor-Controller, and related County departments, to take the following actions and report back to the Board of Supervisors:

1. Complete a review and analysis of the current state of the County's procurement systems, process, and practices with the goal to modernize and transform the County's purchasing and contracting system.
2. Delegate authority to the Executive Officer of the Board of Supervisors to execute consultant service agreement(s) with subject matter experts to assist in this endeavor.
3. Based on the completed analysis, provide recommendations using emerging technical and business process improvements and innovations to make the County's procurement of all goods and services more efficient, effective, and equitable across all departments. The recommendations should include a standardized process that ensures transparency and accountability for all County procurement efforts.

The Commission submitted a status report to the Board of Supervisors on July 24, 2023, on our progress at that time. On October 5, 2023, the Commission contracted with Gartner Inc. (Gartner) as a subject matter expert as authorized by the Board in the motion.

Since then, Gartner engaged in three Business Capability Model (BCM) discovery sessions with County stakeholders, received input from 46 County executives and procurement and contracting experts, and reviewed over 100 documents, including related Board Motions on digital and streamlined contracting and auditing activities as well as equity in contracting. Gartner also met regularly with members of the QPC Procurement Ad Hoc Committee, as well as senior administrators from the CEO, ISD, Auditor-Controller, County Counsel, and other relevant County departments to provide an update on their findings and seek stakeholder input. In total, the engagement covered the procurement and contracting practices for 26 County departments.

By April 2024, Gartner completed its independent review and analysis of the current state of the County's procurement and contracting practices and issued the "Los Angeles County Assessment of Source-to-Settle Practices" report (see Attachment A for a copy of the full report). The report provides an analytical critique of current processes. It outlines and prioritizes a roadmap encompassing policy management, staff development, process optimizations and technology solutions necessary to achieve thorough, standardized, transparent, and efficient procurement processes across County government.

Summary of Recommendations

The inefficiencies of the current procurement systems, processes, and practices within the County are untenable. Accordingly, the Commission recommends the following:

- I. Create a clear central authority accountable to the Board of Supervisors.
- II. Modernize County policies and advocate for state and federal reform.
- III. Phase-in emerging technology.

To do so, the Commission recommends that the Board:

1. Authorize an accelerated, thorough, and transformational County-wide source-to-settle modernization initiative;
2. Ensure alignment with and support of the initiative by all impacted County departments including ISD, Auditor-Controller, and County Counsel; and
3. Assign accountability, oversight, management, and coordination of the initiative to a central authority to:
 - a. Establish a County-wide Procurement Transformation Program Office (PTPO);
 - b. Recruit and/or assign a Procurement Transformation Officer to lead the PTPO who is empowered to drive the initiative and manage project resources;
 - c. Appoint a County-wide working group to support effective and efficient PTPO decision-making that includes ISD and relevant departments broadly representative of the County's diverse purchasing and contracting needs;

- d. Secure appropriate strategic and technical assistance with experience and expertise in public sector procurement, sourcing and contracting, including eProcurement and eCAPs, to assist in the planning, design, implementation, and benchmarking of the initiative; and
- e. Report regularly to the Board of Supervisors on both progress and any obstacles related to County-wide source-to-settle modernization.

Further, the Commission recommends the following as drivers and key indicators of success for the procurement transformation initiative:

- Accelerated purchasing and contracting;
- Equity and access;
- Cost savings and return on investment;
- Improved quality and productivity; and
- Proven cutting-edge technologies and practices.

Key Findings

Based on the Gartner analysis and subsequent presentations and discussions, the QPC affirms that the current County procurement system continues to be untenable and that the County Procurement Modernization and Transformation initiative is not proceeding at a pace and scope needed to meet current needs and demands. Existing processes are negatively affecting equity and access, cost savings, quality of services, and productivity. Senior administrators share the dissatisfaction that has been heard at all levels, both inside County government and among current and potential outside contractors, including:

1. County vendors, contractors, and administrative staff are deeply frustrated with the current system and the pace of change. They are strongly supportive of a transformative modernization of the County's procurement source-to-settle practices.
2. The Board has prioritized procurement transformation and equity in County contracting initiatives and has identified ISD as the department to lead these efforts. However, progress has been slow due to ongoing challenges of managing existing legacy systems, inefficient and outdated procedures, and excessive compliance requirements. Siloed departmental systems, management cultures, and workforce capacities have also hindered procurement transformation and equity initiatives.
3. Other jurisdictions comparable to Los Angeles County, most notably New York City, have undertaken successful transformative procurement initiatives. Others have succeeded in achieving streamlined processes, increased end-user satisfaction,

increased access and inclusion for smaller firms and community nonprofits, and significant current and probable cost savings.

4. Systemic reform is needed. Continued reliance on outdated practices and technology and the lengthy timelines of converting to new systems are symptomatic of greater challenges. The attached report has identified a series of themes that demand urgent attention and action:
 - a. Approved purchases face extensive delays due to procedural and technology inefficiencies, slowing down the County's ability to respond to emergent needs;
 - b. Personnel have limited access, visibility/transparency into past or ongoing projects;
 - c. Too much work is manual and paper-based; many policies and procedures are overly complex and sometimes unnecessary;
 - d. Personnel lack knowledge or awareness of workstreams outside of their siloed specialties;
 - e. Authority, tracking capacity, and compliance requirements are too dispersed across departmental silos;
 - f. Inadequate training and high turnover/retirement/hiring challenges hinder continuity and innovation. The County simply has a shortage of creative, cutting edge-talent in technology and systems management.

A comprehensive and thorough transformative process needs visionary and accountable leadership connecting the Board of Supervisors, CEO, ISD, and other key departments and senior departmental and business procurement experts. As the County's 2024-2030 Strategic Plan calls for "streamlined and equitable contracting and procurement," procurement reform should be a highly visible, innovative, and ambitious initiative with clear goals, and well-articulated benchmarks and desired outcomes.

Discussion of Recommendations

1. **Create a clear central authority accountable to the Board of Supervisors.** Consistent with the Gartner report's call for a high-level Transformation Program Office, the Commission recommends that the Board establish a central authority with oversight over all departments, divisions, and offices that engage across the source-to-settle (from sourcing, requisition, payment, and analysis/audit) process, including but not limited to ISD. This leadership would ensure momentum for the transformation, provide appropriate change management, and ensure increased transparency and accountability. It would establish and monitor goals, objectives, desired outcomes, costs, and timeframes. This leadership also would ensure that appropriate experience and expertise in procurement and contracting streamlining, effective deployment of new technology, and education and training of County employees are integrated into the

County's source-to-settle process, whether through the use of third-party consultants, appropriate new hires, or assignment of existing County staff. The Commission's recommendations for implementation are listed in the Summary of Recommendations section.

2. **Modernize County policies and advocate for state and federal reform.** Institute a top-down review of County policies, procedures, and fiscal controls to ensure that they reflect 21st-century economic realities. For example, consider the substantial and debilitating cross-departmental inequities in purchasing agent delegated authority thresholds by setting a uniform County-wide threshold of at least \$50,000 per office or department and index it annually to inflation. We support ISD's current development of a comprehensive procurement "rule book" incorporating and updating fragmented policies and ordinances. Where constraints are imposed by the State of California or the U.S. Government, the County's State and Federal Agendas and Legislative Priorities should also be updated to reflect best practices in procurement and the source-to-settle process.
3. **Phase-in emerging technology.** As directed by the Board, Appendix A of Gartner's report identifies emerging technologies and market trends for consideration. However, the Commission supports Gartner's recommendation to first review the current business and technical methodologies in place and determine what systemic and systemwide changes are needed before investing in emerging technologies.

Drivers and Goals

We have also grouped goals identified in the Gartner report to reflect the Board's and the Commission's priority drivers and goals of procurement transformation:

1. **Quality and Productivity.** Goals: Reduce lead times for sourcing; improve workflow management; eliminate unnecessary processes; enhance reporting capabilities; provide transparent interdepartmental and vendor access to ongoing sourcing activities.
2. **Equity and Access.** Goals: Increase the diversity of vendor pools through streamlining and simplification; enhance outreach and mentoring programs; prioritize vendors representing and serving disadvantaged and underrepresented communities; remove hurdles for participation and reduce payment delays.
3. **Cost Savings and Return on Investment.** Goals: Reduce effort spent on duplicative activities; automate low value activities; make bidding processes more competitive; enhance ease and simplicity; increase automation; improve workflow management; support working groups across departments and functions; invest in opportunities for personnel to learn and explore new and emerging cost-saving technologies that are being applied to procurement nationally.

It should be noted that ISD is in the final stages of its solicitation process for an e-Procurement system that would allow vendors to create self-service business accounts, including business

profiles, and to submit bids and proposals electronically. If implemented collaboratively and consistently across County departments, this e-Procurement system initiative should represent a major step in making the process more efficient and saving taxpayer dollars. The e-Procurement system will also provide greater transparency and accountability by making procurement data more accessible to the public. However, it is not a substitute for the systemwide transformation process that the Gartner report has identified as the first priority.

Conclusion

Attached is the final report deliverable from Gartner (Attachment A). The Commission looks forward to working with County departments and various stakeholders to further the goals and outcomes of the report and to improve the overall productivity and quality of programs and services in the County. The Commission, which formally has been pursuing procurement reform since 2019, will continue to promote and encourage procurement transformation through the Productivity Investment Fund and the Productivity and Quality Awards to support and amplify worthy innovations that emerge from the transformation initiative. The Commission also stands ready, as always, to provide technical assistance with the formulation of quality and productivity-related goals, objectives, desired outcomes, costs, and timeframes.

The Commission is grateful to the Board of Supervisors for the opportunity to work on the County's procurement modernization and transformation efforts. We appreciate the partnership with and contribution by members of the procurement workgroup (Auditor-Controller, CEO, County Counsel, ISD) and subject matter experts from participating County departments (Assessor, Economic Opportunity, Health Services, Mental Health, Public Works, Registrar-Recorder/County Clerk and Sheriff). Their feedback and insight ensure that the findings and recommendations bring the necessary change for a more efficient, effective, equitable and transformative County procurement process. If you have any questions, please let me know or your staff may contact Jackie Guevarra at jguevarra@bos.lacounty.gov.

WBP:JTG

Attachment

c: Fesia A. Davenport, Chief Executive Officer
Jeff Levinson, Interim Executive Officer, Board of Supervisors
Jeffrey Prang, Assessor
Oscar Valdez, Auditor-Controller
Dawyn R. Harrison, County Counsel
Kelly LoBianco, Director, Department of Economic Opportunity
Christina Ghaly, Director, Department of Health Services
Lisa Wong, Director, Department of Mental Health
Mark Pestrella, Director, Department of Public Works
Michael Owh, Interim Director, Internal Services Department
Dean Logan, Registrar-Recorder/County Clerk
Robert G. Luna, Sheriff
Board Liaisons