

MOTION BY SUPERVISORS KATHRYN BARGER
AND HILDA L. SOLIS

SEPTEMBER 29, 2020

**DIGITAL AND STREAMLINED CONTRACTING AND AUDITING FOR
LOS ANGELES COUNTY**

The COVID-19 pandemic has highlighted the imperative need for virtual access to secure databases and workflows for County employees who are now teleworking, and for our community-based organizations that contract with the County. Having appropriate information accessible remotely ensures rapid responses to our businesses, nonprofit organizations and community-based organizations, and allows our own workforce to successfully telework.

When government fails to keep up with technology, the failures are felt in real time by those most in need. When employees that are unable to return to a physical workplace cannot check the status of their unemployment claim at the state level, the impact is dire. When seniors cannot leave their home and their only food is delivered late or not at all, they go hungry and cannot check easily where their food went. When government is paying to maintain out of date technology systems and servers, those funds cannot go to other more needed services, and the workforce is forced to create workarounds to old systems. This also impacts our future information technology workforce who has not used or been trained on newer data systems. These out of date information technology systems can also lead to hacking, ransomware and malware attacks, and putting sensitive data at risk.

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This data could be increasingly hosted on a secure cloud-based server, removing or minimizing computer server costs currently encumbered by the County.

Los Angeles County has long highlighted and championed the need and importance of updated computer technology. Our efforts have been award-winning in many cases. Recently, many departments who had previously procured laptops for their staff were able to adeptly transition to telework and experienced increased productivity, and potential savings, including scaling back on leased office space.

For the last two decades, the state and federal governments looked at other laws and rules to address these similar issues. The Small Business Paperwork Relief Act of 2002 was enacted at the federal level. The goal of the Act is to reduce the burden of Federal paperwork on small businesses. The Act created an interagency Task Force which recommended streamlining the information submission process and reduce the paperwork burden for small businesses. In 2013, the federal Office of Management Budget (OMB) released the Uniform Guidance, with the purpose of eliminating the duplicative and conflicting direction from the numerous OMB circulars, focus on performance over accountability, provide for consistent treatment of costs, place limits on allowable costs, and target audit requirements in an effort to avoid waste and fraud in the use of Federal funds. In addition, the Uniform Guidance sought to reduce the administrative burden for non-Federal entities receiving Federal awards.

On November 3, 2015, a motion by Supervisors Solis and Kuehl directed the Chief Executive Officer (CEO), Interim Director of the Internal Services Department (ISD) and the Auditor-Controller to (1) Report back to the Board within 120 days with recommendations on implementation of the OMB Uniform Guidance related to paying the reasonable indirect costs of nonprofit services with Federal funds in Los Angeles County; (2) In developing these recommendations, consult with County nonprofit and philanthropic leaders; and (3) Send a five-signature letter urging State leadership in implementation of the OMB Uniform Guidance related to nonprofits.

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Both the Auditor-Controller (A-C) and ISD implemented training efforts and expanded existing contract-related committees to educate and train departmental staff about the Uniform Guidance. Additionally, ISD reviewed its contracting policies with the intent of streamlining some redundant processes.

The Uniform Guidance provided discretionary authority to pass-through entities such as the County to negotiate indirect cost rates with sub-awardees such as nonprofit partners. In 2016, the CEO convened a group of stakeholders to assess the implication of such a process being implemented in the County. A survey of County departments was conducted to better understand their contracting processes, awareness of the Uniform Guidance, and where implementation of an indirect cost determination process might be most useful. The survey results indicated the need for additional training of County contracting staff and identified a group of potential nonprofit partners who might benefit from a local indirect cost rate determination process. That project began but did not get a large sample size of nonprofits willing to participate, which impacted any further movement on this indirect cost project.

The County's Strategic Plan of 2016-2021, Strategy III.2, "Embrace Digital Government for the Benefit of our Internal Customers and Communities" and Strategy III.3, "Pursue Operational Effectiveness, Fiscal Responsibility, and Accountability" highlights the County's commitment to technological business solutions that protect privacy rights of individuals, maximize and leverage resources, and to hold ourselves accountable.

In the Roadmap to Economic Recovery motion on April 28, 2020, the Board voted to establish the Economic Resiliency Task Force. In the Final report by the Task Force, the issues related to the procurement and contracting with the County, as well as the importance of technology and the cumbersome process of working with the County were highlighted by several sectors.

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Reforms identified by the nonprofit/philanthropic sector included flexibility in contracts such as extending contracts or carrying surpluses into the next contract year, removing duplication of work across departments which was identified to potentially save up to \$300 million per year, improving the County's auditing and contracting system, and concluding the Indirect Cost Project to change the out of date reimbursement rates.

That board motion additionally directed the Executive Officer of the Board of Supervisors to work with the Quality and Productivity Commission, in consultation with the Small Business Commission and Economy and Efficiency Commission, to provide quarterly reports on creating a working group to encourage innovative ideas from County employees, businesses, and labor partners that could streamline the County's contracting process and encourage strategies to engage and assist businesses.

WE, THEREFORE, direct the Chief Information Office (CIO), in consultation with ISD, CEO, and Auditor/Controller to report back to the Board of Supervisors in 45 days, and monthly thereafter on plans to:

1. Review and assess potential cost-savings solutions addressing enterprise collaboration, email and productivity applications for the County workforce, especially in the light of the June 9, 2020 Board supported motion on "Requesting Voluntary Price Reductions from Los Angeles County Contractors" and increased telework schedules for County staff;
2. Survey all county departments to identify legacy computer systems still being used by departments, along with activities and plans currently in place to transition away from those systems. If the systems are required for use in compliance with state or federal rules, the survey should identify this requirement and any restrictions to transition away from these systems;

WE, ALSO MOVE, that ISD report back to the Board in 60 days on recommendations to:

1. Improve and streamline contracting and auditing, including strategies to move these processes to standardized, cloud-based processes to reduce duplicative work for our contractors and county staff which would both ensure transparency and save money in these austere times. These recommendations should consider:
 - a. Centralized auditing capability to replace auditors in each county department, at times auditing the same contractor on similar contracts;
and
2. Using available technology to move towards eliminating the current paper-based system. Create a centralized website for consumers to apply for County human services benefits and create a parallel centralized technical solution and process for community-based organizations to communicate with County staff on existing County contracts (such as a one-stop shop website), including responding to solicitations and engaging in other contracting functions.

WE, FURTHER MOVE, that the Board of Supervisors direct the CEO, A-C, and Director of ISD to review its 2015 Uniform Guidance recommendations and provide an update to the Board in 30 days on what has been achieved from 2015 to present, including an updated regarding reimbursement rates, and how it can further streamline its contracting policies and practices to both utilize technology and reduce redundant and costly processes for both the County and our non-profit and for-profit contractors.

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