



## Legislative Fiscal Bureau

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December 14, 2006

TO: Members  
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Ethics Board: Section 13.10 Request for Funding to Enhance the Procurement Activity Website Required By 2005 Wisconsin Act 410 -- Agenda Item VI

### REQUEST

The Ethics Board is requesting that the Joint Committee on Finance act under its authority under s. 13.101 of the statutes to provide additional funding to its GPR-funded general program operations appropriation to permit it to retain an information technology vendor to enhance the functionality of the Board's procurement activity website.

### BACKGROUND

On June 2, 2006, the provisions of 2005 Wisconsin Act 410 became law. Act 410 generally requires each state agency to provide specified information for posting on the Ethics Board's website regarding each solicitation for bids or competitive sealed proposals, and each proposed order or contract of the agency for which bids or competitive sealed proposals will not be solicited that qualifies as a "major expenditure." This reporting and posting requirement also applies to an original order or contract that does not initially qualify as a "major expenditure," but qualifies as a "major expenditure" following a contract change order. A "major expenditure" means an expenditure of \$10,000 or more, or, when considering ongoing purchases, expenditures that total \$10,000 or more over the course of the state biennium.

For each covered solicitation, contract, or order, the required Internet posting must include: (a) a brief description of the purpose of the solicitation, contract, or order; (b) the name of the agency to which the materials, supplies, equipment, or contractual services are to be provided; (c) a contact person within the agency from whom further information may be obtained; (d) the date of the solicitation and, if the contract has been entered into or the order has been placed, the date of

that action; (e) a brief description and the date of any change order; and (f) the estimated expenditures to be made under the contract or order, including any changes thereto, or if the contract or order is for continuing purchases the estimated expenditures to be made under the contract or order in the current fiscal biennium.

An agency must post this information within 24 hours of the time of initial solicitation or commencement of negotiations, or within 24 hours of the time that the information becomes available if the information is not available at the time of solicitation or commencement of negotiations. An agency must maintain a required Internet posting on the Internet until at least 90 days following the time of award of the contract or placement of the order or 90 days following the date of any change order, whichever is later.

Act 410 requires the Ethics Board to maintain an Internet website on which required agency postings under the act can be posted and accessed. The information on the website must be accessible directly or by linkage from a single page on the Internet.

## **ANALYSIS**

Following the passage of Act 410, the Ethics Board modified its existing website in order to comply with the requirements of the act. The Board's modified website currently: (a) provides links to state contract information detailed on the Department of Administration's (DOA) VendorNet System including links to the system's homepage, to summary information of recent contract awards identified under VendorNet, and to state procurement contracts identified under VendorNet; (b) provides links to recent state construction contract awards and architects and engineers selected for various state projects as identified by DOA's Division of State Facilities; (c) provides links to requests for proposals and requests for information for various state office space needs as identified by DOA's Bureau of Portfolio Management; (d) provides links to various procurement information provided by the Department of Transportation on its website; (e) displays selected agency filings or links to agency websites, by agency, on solicitations, contracts, or orders that meet the "major expenditure" threshold for reporting; and (f) purchase order and solicitation submissions to the Board by date.

The Board's current website permits all state agencies to file the required information directly with the Board for the Board to post on its website. It could be argued that this functionality meets the minimum requirements for the Board's website under Act 410.

On December 1, 2006, the Ethics Board submitted the s.13.10 request to the Committee for additional unspecified funding to enhance the procurement activity website required under Act 410. On that same date, the Ethics Board submitted a request for information technology (IT) contract services with a series of IT vendors on the state vendor list. The Board request identified that the successful vendor would create a database and website at which government officials, vendors, the press, and the public could access information about every state contract, purchase, and solicitation of bids or proposals that involves an annual expenditure of \$25,000 or more. [Board staff indicates

that this higher \$25,000 threshold was chosen to permit the Board to initially enhance the website with fewer transactions, and to ultimately expand the website to report on all contracts, purchases, and solicitation of \$10,000 or more once the system was successfully reporting on all such transactions of \$25,000 or more.]

The Board identified that the website would need to be able to search the following categories of data by item or service purchased, potential value, agency, date of announcement, and due date: (a) all requests for bids and proposals; (b) state contracts for goods and services awarded without competitive bidding; (c) state contracts for goods and services awarded by a simplified bidding procedure; and (d) procurement change orders. The Board indicated that the completed database and website would also need to create an on-line, password protected reporting tool for data entry by personnel at each state agency. Along with its request for IT contract services, the Board also provided to potential vendors mockups of proposed web pages. The Board further indicated that, "The mockups are just drafts and may not represent what the final page will look like."

The Board requested vendor responses by December 8, 2006. Board staff has indicated that the responses from these vendors could be utilized to determine the scope of the necessary funding for the project. Board staff has indicated that if the Committee approves this request, it would essentially repeat the vendor selection process to identify a successful vendor to enhance the procurement activity website.

Under Act 410, the Legislature expressed its intent that state agencies provide greater disclosure to the public as to their procurement activities. It could be argued that the Board's current website limits the ability of the public to review state agency filings to identify specific activity of interest. By contrast, the Board's envisioned website changes would permit the public to sort and filter the data posted under Act 410 to more easily identify and track specific procurement activity.

Through December 8, 2006, the Board received responses from five vendors, with a low estimate of project development at \$16,400, and a high estimate of project development at \$50,000. The remaining three vendors' estimates were \$24,500, \$27,500, and \$30,000 respectively. The average estimate for project development is \$29,700. Ethics Board staff believe that it would be reasonable to provide \$30,000 for project development. The Committee could consider providing \$30,000 in funding to permit the Board to enhance its procurement activity website.

The Committee should note that, in the past, concerns have been expressed that before the state outsource information technology projects, state agencies review the feasibility and cost-effectiveness of having existing state information technology staff develop the needed information technology product. As of this writing, staff at DOA's Division of Enterprise Technology (DET) had not had a meaningful opportunity to review the Board's proposed information technology project to determine the feasibility and cost-effectiveness of having state staff develop the envisioned product.

The Committee should note that DOA is currently in the process of replacing more than 38 different human resources and payroll systems and 59 different financial management systems with a single Integrated Business Information System (IBIS). The Department has selected PeopleSoft Enterprise Solutions to develop the system. The IBIS is intended to provide uniform accounting, human resources, payroll, procurement, and possibly budget functionality across all state agencies, eliminating the need for multiple information technology systems across state government that must be independently maintained and upgraded to accomplish the same functionality.

The Department of Administration currently estimates that the procurement functionality of IBIS will be operational across state government in one year. According to DOA staff, the data required under Act 410 is either: (a) already a planned part of IBIS' procurement functionality; or (b) could be added to IBIS' procurement functionality. Administration staff further indicates that a webpage link, located on the Ethics Board website, could be developed to provide the Act 410 data to the public utilizing IBIS. Administration staff believes that this webpage under IBIS could be developed to include the same search functionality envisioned by the Board.

In developing information technology systems, IT professionals generally seek to minimize the double-entry of data in order to: (a) improve efficiency; and (b) minimize data entry errors. Incorporating the procurement activity website into IBIS development could permit state procurement staff to only enter procurement data once. On the other hand, if the systems are developed separately, state procurement staff would likely need to double-enter procurement data into the separate systems.

The Committee may conclude that the Board's current request is premature before the Committee given that: (a) DET staff have not yet been able to thoroughly review the Board's requested IT project; (b) the proposed IBIS system will have (or could be modified to have) features allowing for the reporting of Act 410 data; and (c) the proposed IBIS system could be developed to avoid the double-entry of procurement data. Consideration of the request may be more appropriate subsequent to a thorough review by IT staff at DET.

## **ALTERNATIVES**

1. Provide \$30,000 from the Committee's GPR supplemental appropriation [s. 20.865(4)(a)] to the Ethics Board's GPR general program operations appropriation [s. 20.521(1)(a)], to permit the Board to retain an information technology vendor to enhance the functionality of the Board's procurement activity website.

2. Deny the request.

Prepared by: Paul Onsager