Scott Schlotthauer
State Purchasing Director
Central Purchasing Division

Preston L. Doerflinger
Director and Secretary
of Finance, Administration,
and Information Technology

State of Oklahoma
Office of Management and Enterprise Services

The History of Oklahoma's Central Purchasing Division

The state Board of Public Affairs was created by the Oklahoma Legislature in 1909, just two years after statehood. In 1992, the board's name was changed to the Department of Central Services (DCS). That entity continued as DCS until 2011, when it was consolidated into what is now known as the Central Purchasing Division of the Office of Management and Enterprise Services (OMES).

Originally, the Board of Public Affairs consisted of three persons appointed by the governor with the advice and consent of the senate. Their terms of office coincided with the governor's. The governor was given authority to remove any member if, "in his opinion, the public interests may thereby be sub served." Members' salaries were set at $3,000 per year, and members were prohibited from accepting rebates of any kind. Acceptance of any rebate constituted a felony that was punishable by a fine of up to $5,000 and a term in the state penitentiary of not less than five nor more than 10 years.

As legislated by its governing statutes, the board was authorized to employ such clerical and manual help or assistance as necessary to properly discharge its duties. Those duties were to construct, repair, maintain, insure and operate all buildings used or occupied by or on behalf of the state. The board was directed to contract for building materials and rent buildings and rooms for any state office or officer and to purchase and acquire furnishings and supplies of every kind and description for use by the state or its officers. It was also required to keep accurate accounts of all property purchased for the state or any of the departments or officers thereof, including both branches of the Legislature.

While the scope of these duties has changed and grown over the years, these duties are still performed today by the Central Purchasing Division of OMES.

During the 1911 legislative session, additional duties were entrusted to the board. These new responsibilities required the board to determine the supply needs of state penal, charitable and educational institutions and all branches of government and report its findings to the legislature prior to the start of each session. At that time, the legislature met every other year. It was also directed to keep records of the location, grade, quality and cost of all building materials produced in the state and to grant preference to suppliers of Oklahoma products.

In 1913, the legislature transferred the offices of the Supervisor of Public Printing under the board's authority. The board was instructed to perform an inventory of all state property and maintain those records in their offices. It was also granted the authority to dispose of surplus equipment by transfer from one department to another or through auction to the highest bidder. Additional legislation required the board to designate quarters for each and every department of the state, acquire tornado and fire insurance for all state owned buildings, and perfect to the titles of all lands owned or claimed by the state.

Two years later, in 1915, the legislature granted the board the authority to transfer or trade any excess goods produced at a state institution for the benefit of that institution.

During the legislative session of 1917, the board was granted the authority to sell oil and gas leases on penal or charitable institution lands through a bidding process. Also, in preparation for the opening of the new capitol building, a law was enacted that prohibited driving nails, boring holes, or marking the walls in the new building without the consent of the board. That law remains in effect today.

With the completion of the State Capitol building, the 1919 Legislature conferred several new responsibilities to the board. It was directed to control all improvements and repairs to the Capitol Building and to purchase all lighting, plumbing, heating and ventilation supplies required. The board was directed to employ janitors, engineers, mechanics, telephone operators and visitor attendants. It was also required to put the House and Senate chambers in order prior to each session. Also in 1919, the *Capitol Improvement District* was created and additional duties related to the district were assigned to the board. It was directed to survey, within a one mile radius of the capitol building, all land unincorporated by any city of the first class, e.g., Oklahoma City. Within this district, the board was authorized to solicit bids for road construction and tasked with oversight of this significant project. Roads were financed by 10-year special assessment bonds, and assessments came from adjoining property owners. When completed, these roads were deemed part of the State Highway System and maintained by the State Highway Commission. Although much has changed over the years, the district created in 1919 is known today as the *Capitol-Medical Center Improvement and Zoning District*.

In 1923, the board was given responsibility for a growing fleet of state automobiles. Its duties included the purchase, maintenance and proper marking of all vehicles. These responsibilities continue today and are carried out by the Division of Capitol Assets Management.

In 1927, when the legislature decided to memorialize historic state locations with granite markers, it called on the board to procure markers from the State Reformatory at Granite for the Oklahoma Historical Society. A few of these markers still stand today.

Recognizing the changing times and added responsibilities, the 1929 Legislature approved salary increases for board members. The chairman's salary was increased to $5,400 per year, and the two members' salaries were increased to $4,800 per year.

Significant new responsibilities were conveyed to the board in 1931. It was authorized to employ or contract with an auditor or auditing company to audit the books, records and files of all state commissions and departments. Once audit reports were completed, they were delivered to the governor. Also, the board was given a one-time appropriation to furnish food, clothing, shelter and general upkeep to orphan children not living in state institutions. The per capita expenditure was not to exceed $150 per year. For the first time since its creation, the legislature removed a duty from the board, and after 1931, the board was no longer responsible for the procurement of furniture or supplies for the House and Senate.

In 1936, the board was directed to assign attic space on the sixth floor of the Capitol building to Boy Scout Troop 29 for their meetings or play. This troop was known as *The Capitol Troop*.

With the discovery of major oil deposits on public lands in the 1930's, the legislature entrusted the board with the responsibility of ensuring the State of Oklahoma’s interests were served. In 1935, the board was authorized to put state land leases out to bid, and with the discovery of oil under the Capitol Building itself and on surrounding state-owned land, the board put those leases to bid in 1937. Special funds were established for revenues and royalties earned from those leases, and the use of those funds was specified by the legislature.

During the Great Depression, the federal government established programs to put people to work. In 1936, a special session of the legislature was called by the governor that resulted in legislation directing the board to build and furnish a new state office building south of the Capitol, on the west side of Lincoln Boulevard. The new building was located due west of the Oklahoma Historical Society building. To finance the project, the board was mandated to apply to the Federal Emergency Administration of Public Works for a grant. The legislature also budgeted up to $1 million to pay any expenses above the amount of the grant. The board was directed to develop the plans for the building, award the bid to the lowest, responsible bidder and to hire workers who were “bona fide resident laborers of the State of Oklahoma." The result of these efforts was the first of several state office buildings in the Capitol Complex. This first building was named for Keokuk Falls native, Olympic gold medalist and professional athlete, Jim Thorpe.

When the regular session of the legislature met in 1937, several new responsibilities were passed to the board. It was tasked with running all state hospitals with the exceptions of University Hospital, Crippled Children's Hospital and The Soldiers Memorial Hospital. Additionally, the board was directed to relinquish possession of specified lands around the State Capitol; however, its responsibility for roads in the *Capitol Improvement District* continued. It was authorized to establish and operate diversified industries in state penal and charitable institutions to produce goods for use by the state and other political subdivisions. In general, these goods were not otherwise manufactured in the state. The legislation required the board to hire an industrial agent to supervise and direct these manufacturing enterprises. It was also required to pay workers up to $0.50 per day. The board consulted with various governmental departments and institutions to establish standards for the quality of the goods produced and mandated that prices could not exceed wholesale market prices for similar products. The board was directed to produce a catalog of these products to be distributed to all state departments, institutions and charitable groups. Goods could only be sold to these groups if the product was not otherwise manufactured in Oklahoma.

Purchasing law was significantly changed in 1939. New language appeared in legislation which required all purchases made by the State of Oklahoma, in excess of $200, be competitively bid and awarded to the *lowest and best bidder*.

Inventory responsibility was transferred from the board to individual boards, commissions, departments and institutions. Each entity was required to make an annual inventory of all currently held items, record all acquisitions and dispositions and compare those records with the next annual inventory. Also, the legislature authorized 64 new positions for the board and specified salaries for each position. The total annual budget for these salaries was approximately $99,000.

In 1959, Governor J. Howard Edmondson began to fulfill his “prairie fire” campaign promises to reform state government. One of his many accomplishments was the passage of the *Oklahoma Central Purchasing Act*. Prior to the passage of the Act, most purchasing authority was diffused throughout state government. The primary charge against the system was that agency directors, who were generally political cronies, were allowed to dictate the award of state contracts. The Act sought to remedy this situation by creating the position of Central Purchasing Director and providing standard acquisition procedures for the Central Purchasing Division. It also imposed reporting requirements and set penalties for failure to follow the Act.

In 1967, a bill was passed that raised the purchasing sealed-bid limit from $200 to $500.

In response to allegations of widespread corruption, particularly related to the award of state construction projects, in 1974, the legislature passed several bills that addressed construction contracting. *The Public Competitive Bidding Act* mandated specific procedures to solicit and award construction contracts for Oklahoma counties, municipalities and schools. Other legislation specified the procedures for hiring architects, engineers and land surveyors. The legislature also passed the *Anti-Kickback Act*, which set heavy penalties for seeking, receiving or offering kickbacks.

In response to the increasing costs of goods and services, in 1980, the purchasing sealed-bid limit was raised to $750. This amount would not be changed again until 1991 when it was raised to $2,500.

In order to explore additional approaches for modernizing state purchasing laws and practices, in 1997, Gov. Frank Keating formed the Fallin Commission. Its mission was to review and recommend changes to Oklahoma’s purchasing laws. Its goal was to maximize the use of state fiscal and human resources through sound, streamlined processes that preserved the state’s procurement integrity. The recommendations put forth by the commission set the stage for modernizing state purchasing laws and implementing best practice processes used in the private sector.

As a result of the Fallin Commission’s work, House Bill 1822 passed the legislature in 1998. The bill made sweeping changes to state purchasing laws that allowed agencies, boards and commissions who had certified procurement officers on staff to execute purchases of $25,000 or less without the involvement of the Central Purchasing Division. Additionally, the revised purchasing laws established safeguards which included the review of state agencies’ acquisitions by the state purchasing director, training and certification of state procurement staff and approval of state agencies’ internal purchasing procedures by the Department of Central Services director. The measure also established regulations related to sole source acquisitions, professional services contracts and high technology purchases and clarified the definitions of the terms *best value* and *lowest and best bid* as they related to purchasing policies.

In 1999, the legislature passed Senate Bill 508 which further reformed the *Central Purchasing Act*. The bill included revisions that rectified problems identified during the implementation of HB 1822 the previous year. SB 508 clarified the differences between sole source acquisitions, which are not competitively bid, and sole brand acquisitions, which are competitively bid, but within a narrow field of suppliers. It also increased the minimum threshold of the purchasing sealed-bid limit from $2,500 to $10,000; however, the increase applied only to state agency acquisitions reported to the state purchasing director for professional services contracts, non-professional services contracts and contracts for property leasing. The measure authorized the state purchasing director to review all state agency acquisitions, not just those under $25,000. It increased the fee charged to suppliers for invitations to bid and requests for proposal from $10 to $25 per commodity classification. This fee was based on the estimated actual costs of providing the solicitation documents. The bill consolidated exemptions for higher education, OneNet, and other entities that were not subject to the *Central Purchasing Act*. Additionally, it repealed *buy Oklahoma* language that caused other states to retaliate against Oklahoma suppliers and conflicted with provisions of the North American Free Trade Agreement. The authority to use electronic commerce was also part of the legislation.

During the 2000 legislative session, Senate Bill 1592 was passed. The bill expanded the section of the Central Purchasing Act related to the acquisition of computer software and hardware maintenance contracts to permit the state purchasing director to negotiate high technology system contracts, enterprise agreements, and consolidation contracts. The bill amended Open Records Act requirements related to purchasing records. These changes gave the state purchasing director the authority to designate bidders' financial or proprietary information as confidential when the submission of that type of information is required in a bid, proposal or quotation.

Senate Bill 1381 passed the legislature in 2002, authorizing the director of the Department of Central Services to develop rules governing the use of state purchase cards by state agencies. It expanded the power of the state purchasing director to include the authority to conduct audits and assess fees to state agencies to recover administrative costs related to training.

In 2003, the legislature enacted House Bill 1329, also known as the Oklahoma Online Bidding Act. The act gave state agencies the ability to accept bids electronically. It provided requirements for online bidding and authorized the Department of Central Services director to establish rules for the online bidding process. All requests for online bids had to be authorized by the *Central Purchasing Act* or the *Public Building Construction and Planning Act* as they pertained to the purchase of goods, services, construction materials or information services. Each agency was allowed to determine when the online bidding process was more advantageous than other procurement methods provided by law.

Other legislation passed in 2003 included House Bills 1393 and 1593. House Bill 1393 required the state purchasing director to verify that all potential suppliers were eligible to do business in Oklahoma by confirming their registration with the Secretary of State prior to the award of any contract exceeding $25,000. House Bill 1593 required the state purchasing director to verify with the Oklahoma Tax Commission that all businesses selected to receive a state contract had an Oklahoma sales tax permit.

The legislative session of 2004 brought the passage of Senate Bill 1135 which revised language related to the 1% fee assessed on all contracts for products or services for the severely disabled. The legislation clarified the purpose of the fee and granted the State Use Committee the authority to assess the fee against any qualified organization. Also, the bill authorized the investment of assets held by the State Use Committee Revolving Fund in any financial instruments in which the state treasurer was authorized by law to invest and stipulated that any interest earned on investments was to be retained by the fund.

House Bill 2277 gave the state purchasing director the power to authorize state agencies to use a state purchase card for acquisitions. Although there was no limit placed on the amount of transactions, all goods and services purchased had to be listed on a Central Purchasing Division statewide contract. The Office of State Finance, with input from the state purchasing director, was tasked with developing the payment rules and procedures that state agencies were required to follow when using a state purchase card.

Also in 2004, House Bill 2197 required the Information Services Division of the Office of State Finance to work in conjunction with the Department of Central Services to certify the State of Oklahoma was compliant regarding the accessibility of information technology for individuals with disabilities. This legislation was based on provisions of *Section 508 of the Workforce Investment Act of 1998*. The bill mandated each state agency to ensure that information technology allowed employees, program participants and members of the general public access to information and data comparable to the access of individuals without disabilities, unless an undue burden would be imposed on the agency. The requirement applied to the development, procurement, maintenance, upgrade, replacement and use of information technology.

To ensure accessibility, the Office of State Finance (OSF) Information Services Division and DCS were directed to adopt accessibility standards and establish evaluation procedures to gauge the accessibility of custom-designed information technology systems prior to the expenditure of state funds. They were required to review and evaluate the accessibility of information technology products commonly purchased by state agencies and provide accessibility reports on those products to those responsible for purchasing decisions. Additionally, in partnership with Oklahoma Able Tech, the state assistive technology project located at Oklahoma State University, they were to provide training and technical assistance for state agencies to ensure the procurement of information technology that met adopted accessibility standards.

OSF Information Services Division (ISD) and DCS were directed to consult with the Oklahoma Department of Rehabilitation Services and individuals with disabilities to develop procedures for rating the accessibility of information technology products and delivering training and technical assistance. The group was to establish procedures for handling complaints from individuals who alleged a state agency failed to comply with accessibility requirements and to work with and seek the advice of The Electronic and Information Technology Accessibility Advisory Council.

The legislation also required state agencies to submit evidence of compliance with state accessibility standards and authorized the OSF director and DCS director to establish rules for implementing the provisions of the legislation. HB 2197 also added a new section to the *Central Purchasing Act* which required the DCS director to develop language for an Information Technology Access Clause which would become a part of all contracts for the procurement of information technology by, or for the use of, state agencies as defined by the bill.

In 2008, more progress was made toward the modernization of the *Central Purchasing Act*. House Bill 3325 added definitions for *electronic payment mechanism* and *environmentally preferable products and services*. These terms had become commonplace in the acquisition process as the result of the growth of technology applications and sustainability projects. To bring the State of Oklahoma’s procurement terms in line with those used by other state governments and the private sector, definitions were also added for *contractor* and *solicitation.* The bill also expanded the definition of *statewide contract* to allow its use by local governmental entities. The measure also authorized the state purchasing director, in cooperation with the Office of State Finance and the State Treasurer's Office, to develop an electronic payment mechanism the state could use to pay for products and services acquired pursuant to the *Central Purchasing Act*. HB 3325 expanded the criteria for the use of the state purchase card to allow state agencies to purchase regulated utilities with no limit on the transaction amount and increased state agency acquisition cost thresholds for emergency acquisitions from $35,000 to $50,000. The bill also made significant contributions toward streamlining the procurement process and advancing the use of electronic commerce by removing notarization requirements from the statutory bid and contract non-collusion statements.

With so many advances in the procurement process, the Central Purchasing Division began a concerted effort to analyze its internal policies and procedures and make changes to correspond with evolving procurement laws and methodologies. A statement of work (SOW) was developed, and the project was divided into three phases. The first phase of the project involved a thorough review of the *Oklahoma Central Purchasing Act* and *Central Purchasing Administrative Rules*. It also included a thorough analysis of the division's organizational structure, the State Purchase Card Program, the use of new technologies, and the Certified Procurement Officer Training Program. Two critical elements were the high-level spend analysis of all state acquisitions and the review of existing financial systems which identified a variety of savings opportunities and served as the catalyst for changing the way the State of Oklahoma conducted acquisition activities.

The analysis of internal policies and procedures resulted in:

- Increasing the competitive bidding threshold from $2,500 to $5,000 for low-value solicitations thus reducing transactional activity and associated costs;
- Increasing the purchasing authority of state agencies from $25,000 to $50,000 and authorizing additional purchasing authority, not to exceed $100,000, whenever practical;
- Creating a *best practice model* that incorporated written, multi-round, and intra-contract negotiations resulting in more favorable pricing and other value-added contract outcomes;
- Establishing quarterly vendor reporting and performance tracking along with quarterly business reviews;
- Instituting the consistent use of ITBs and RFPs including clear definitions and guidelines for split purchasing;
- Developing initial spend categories of approximately $5.8 billion;
- Identifying 23 categories or addressable spend of $800 million and selecting six *$pend $mart* categories for the implementation of strategic sourcing processes;
- Reviewing and identifying key gaps in existing financial/data systems to support a strategic sourcing initiative.

The next two phases of the project involved providing essential training to Central purchasing staff in the best practices of strategic sourcing. With the participation and support of Treya Partners, a procurement consulting company, the six *$PEND $MART* sourcing initiatives were implemented utilizing the new processes learned during strategic sourcing training. The strategic sourcing initiative resulted in more than $10 million in savings to the State of Oklahoma, while the $1.4 million in administrative and operational expenses were fully funded by other resources available to the agency.

The position of Chief Information Officer (CIO) for the State of Oklahoma was created by the passage of House Bill 1170 in 2009. The position, to be appointed by the governor, would also serve as Secretary of Information Technology and Telecommunications in the governor's cabinet. The CIO was given jurisdictional areas of responsibility related to the information technology and telecommunications systems of all state agencies as defined in the *Oklahoma Information Services Act*.

The first CIO was tasked with developing a strategy for the transfer, coordination, and modernization of all information technology and telecommunication systems. The plan then had to be submitted to the State Governmental Technology Applications Review Board for approval. The legislation gave the CIO sole and exclusive authority and responsibility over all acquisitions of information and telecommunications technology equipment, software products, and related peripherals and services used or consumed by state agencies. The bill authorized the CIO to designate certain contracts for information technology and telecommunications goods and services statewide contracts. These mandatory statewide contracts were necessary in order for the CIO to carry out the powers and duties of his position. The bill included mandates that required that the CIO and OSF ISD abide by the *Oklahoma Central Purchasing Act*, the *Public Competitive Bidding Act of 1974*, the *Oklahoma Lighting Energy Conservation Act*, and the *Public Building Construction and Planning Act*.

The measure amended the responsibilities of the Information Services Division requiring it to establish and enforce minimum standards for the acquisition of technology-related services, imaging systems, copiers, facsimile systems, printers, scanning systems and any associated supplies. The division was mandated to review and approve all statewide contracts for software, hardware and information technology consulting services. The legislation charged the CIO with the responsibility of enforcing state agencies' compliance with information security and internal control standards. The measure also decreased, from $25,000 to $10,000, the maximum amount executive branch agencies could use for computer hardware, software, or any contract for information technology services or equipment without written authorization from the CIO.

During that same time, the legislature passed House Bill 1032 which created the *Oklahoma State Government Modernization Act of 2009*. The act's purpose was to bring new information technologies into accord with laws addressing the transparency and openness of state government. The bill required the director of Central Purchasing to provide the Office of State Finance a complete electronic list of all state agency purchase card transactions each month. This data was then integrated into Oklahoma`s Open Books transparency site. The legislation also included statutory revisions identified by the Central Purchasing Division in its statement of work. Statutory changes increased state agency acquisition authority thresholds; modified acquisition reporting requirements to correspond with the new acquisition thresholds; authorized the state purchasing director to renegotiate existing contracts with suppliers for the purpose of obtaining more favorable terms for the state; and increased the maximum state purchase card transaction amount from $2,500 to $5,000.

Furthermore, the act required the state purchasing director to document and report savings realized by each state agency through its application of best spend practices that included the collection and tracking of spend data, the use of strategic sourcing programs, and the implementation of managed and mandatory statewide contracts. The state purchasing director was also required to provide documentation within the savings report of any reasons for failing to issue a mandatory statewide contract for items that comprised total statewide spend of $5 million or greater. The bill also authorized unlimited acquisition thresholds to state agencies whose procurement staff possessed the expertise to purchase goods and services, as well as the necessary legal staff to monitor agency contracts; however, the director of central services had to certify the proposed purchase did not conflict with consolidated statewide spending initiatives. The act also increased the emergency acquisition threshold limit for state agencies from $50,000 to $100,000.

House Bill 2332 passed the legislature in 2010. The bill required that Oklahoma institutions of higher education be included in the state purchasing director's monthly report of state purchase card transactions provided to the Office of State Finance for transparency purposes. It increased the contract amount subject to verification of a provider's sales tax permit from $0 to amounts exceeding $5,000. The measure also required the non-collusion certification statement only for bids and contracts exceeding $5,000 and deleted language that required payments to the U.S. Postal Service for stamps or post office box rental be in the form of warrants or checks.

In 2010, the Central Purchasing Division presented its first savings report to the Office of State Finance as required by HB1032. This first report documented savings in the amount of $8 million.

House Bill 1034 created the *Information Technology Consolidation and Coordination Act* in 2011. The Act addressed the reform and consolidation of statewide information technology operations, including purchasing procedures. The intent was to move state government forward in respect to electronic purchasing, billing and payment services, and other electronic transactions to ensure the state delivered essential public services to its citizens in the most efficient manner and at the lowest possible cost to taxpayers. The legislation streamlined and consolidated electronic systems for financial and administrative services with emphasis on combining the 26 financial systems, 22 employee record-keeping systems, 17 document imaging systems, 30 data center locations, and 129 different electronic mail and smart phone systems used by the state.

The act prohibited state agencies from spending or encumbering any funds for the rental, purchase, lease, lease-purchase or lease with option to purchase of any information technology goods or services without prior written approval from the CIO. It directed the CIO, beginning in fiscal year 2013, to provide a report detailing the savings to taxpayers resulting from the act. It also directed the CIO to review the legislation and recommend changes to the OSF director and governor for inclusion in the next executive budget submitted to the Legislature. Beginning July 1, 2011, the bill required all appropriated and non-appropriated state agencies to use specific information technology services and systems for their data service centers, networking services, communication and intercommunication services, electronic mail and security systems. HB 1034 expanded the criteria for use of the state purchase card to include interagency payments and professional services, such those provided by physicians, veterinarians, attorneys, architects, etc. It also required state agencies to evaluate the performance of all professional service contracts exceeding the *fair and reasonable* dollar threshold.

Also in 2011, an agency consolidation bill was passed. House Bill 2140 consolidated the Department of Central Services, Office of Personnel Management, Employee Benefits Council and the Oklahoma State and Education Employees Group Insurance Board into the Office of State Finance. The measure authorized the OSF director to consolidate the administrative functions of the agencies into a single administration under the authority of OSF and also reallocated the state appropriated funds of each agency to the OSF. The legislation addressed anticipated savings as a result of its enactment and required the OSF director to demonstrate a 15% overall cost reduction (based on appropriated funds) as a result of the consolidation and to produce a cost reduction report to be included in the governor's executive budget for fiscal year 2013. The report was to detail the sources and estimated savings produced by the consolidation.

The bill also directed the OSF director to provide the Legislature with recommendations for streamlining, reducing or eliminating the administrative structures and statutorily established leadership positions of each of the consolidated agencies. It mandated the OSF director to assume the responsibilities of the director of the Department of Central Services and clarified that the title, Director of Public Affairs, would apply to the director of the Office of State Finance. The act also expanded the OSF director's responsibilities to include director of Central Services and authorized him to hire the state purchasing director. Lastly, the bill provided the OSF director with the authority to establish rules under the *Oklahoma Central Purchasing Act*.

House Bill 1086, also known as the *Transparency, Accountability and Innovation in Oklahoma State Government 2.0 Act of 2011*, required that all payments made by the state treasurer be conveyed by an electronic payment mechanism unless specifically exempted. The bill established the Oklahoma State Government IT Project Monitoring and Transparency Initiative and required the CIO to develop and maintain an application that would allow the public to monitor the status of every information technology project in excess of $100,000. It also required regular reporting to provide the public with the projects' estimated completion times, deliverables and costs.

The measure created a new section in the *Central Purchasing Act* that required the division to collaboratively develop an online application that would provide public, two-way communication between procurement officers and vendors. Central Purchasing was directed to provide editing access to all interested potential bidders and viewing access to the public. Additionally, agency-level procurement officers were authorized to use the application to report items available for purchase at a cost that was less than comparable products on a mandatory, statewide purchase contract.

A complete revision of the *Central Purchasing Administrative Rules* became effective July 1, 2011. The revisions incorporated recommendations from all state agencies and their procurement professionals and integrated the best purchasing practices of each agency. It also incorporated the best purchasing practices of other states, the American Bar Association and the National Association of State Procurement Officials. Also in 2011, Central Purchasing submitted its second savings report required by HB1032. Reported savings were nearly $14 million.

The implementation of House Bill 2140 continued into 2012. The Central Purchasing Division was separated from the DCS and formed into a new division of the Office of Management and Enterprise Services. The remaining business units of DCS were combined into a new division called the Department of Capital Assets Management (DCAM). A voluntary buyout was offered to the employees of the former Central Purchasing Division. The division experienced a 31% turnover with many retirement eligible employees accepting the buyout proposal. A complete reorganization of the division was completed to align responsibility with accountability. Buyers from other state agencies were hired bringing a new customer perspective to the division. The separate responsibilities of strategic sourcing employees and statewide contracting officers were combined into a statewide acquisitions team, and all agency contracting responsibilities were transferred to the new team. Transferred assets included 29 statewide IT contracts and three full-time positions.

Other legislation passed in 2012 included House Bills 2197 and 2646. HB 2197 gave the state purchasing director the authority to form an advisory committee composed of entities exempted from provisions of the *Oklahoma Central Purchasing Act*. The bill also removed language that obstructed the state purchasing director's effort to explore more cost-effective contracts for travel services. HB 2646 provided for the appointment of two additional members to the State Use Committee. The new members would represent state agencies that use contracts issued through the State Use Program.

Central Purchasing turned in its third cost savings report in 2012. Savings of more than $17 million were reported. Additional savings of approximately $1.3 million were achieved by the acquisitions team through strategic sourcing methods for acquisitions that exceeded individual agency authority.

House Bill 1464, enacted in 2013, gave the state purchasing director the authority to make purchases through an exemption process for unsolicited offers. The bill also required the public posting of the intent to purchase through the transparency portal as provided in Title 62 O.S. Section 34.11.2. This addition to the *Central Purchasing Act* provided the state purchasing director with the flexibility to explore other avenues of cost savings for the state. The measure modified verbiage in Title 74 O.S. Section 85.33 that allowed the Office of Management and Enterprise Services to waive the $25 registration fee required for suppliers to conduct business with the state. Additionally, the bill authorized the director of the Office of Management and Enterprise Services to adjust the reimbursement for overnight lodging when it is determined that no lodging is available at the maximum rate set. This provision addressed the difficulty in finding lodging, particularly in western Oklahoma, that would honor the state's lodging per diem rate due to increased hotel/motel occupancy that resulted from the increase in workers in the oil and gas and wind farm industries.

Also in 2013, House Bill 1987 sanctioned the use of the State of Oklahoma Purchase Card by Oklahoma county governments as authorized by the state purchasing director; Senate Bill 461 defined the term *purchasing cooperative* and mandated they comply with all provisions of the *Oklahoma Central Purchasing Act*; and Senate Bill 630 required each bid submission to include certification that neither the bidder nor anyone subject to the bidder's direction or control has been a party to any efforts or offers from any government officials or others to create a sole source or sole brand acquisition.

In closing, the Central Purchasing Division continues to strive for innovation and efficiency through processes that maximize taxpayer dollars. As we approach future legislative initiatives, Central Purchasing will continue to work toward providing the best services while adhering to best purchasing practices in an effort to better serve the citizens of Oklahoma.