

5. CONSULTANTS' RECOMMENDATIONS AND DISCUSSION

This section provides detailed discussion regarding the consultant recommendations from both the IBM study and the Treya Partners consulting project. Section 5.1 addresses recommendations from IBM and section 5.2 covers Treya recommendations.

5.1 IBM Business Consulting Services Report

The IBM Business Consulting Services report (Appendix 1) was a narrative assessment without succinct or clear articulation of all of its recommendations. Additionally, the assessment was not accompanied by any action planning documentation on the part of the Consultant. Insofar as the recommendations can be determined, they are summarized below. The report contains many assertions within its discussions that the Department believes are inaccurate, incorrect, or based upon insufficient information. This commentary will only include information regarding the specific recommendations that could be gleaned from the report. They are organized by the report's subtitles for ease of reference.

5.1.1 Establishment of Law and Exempt Entities (pages 4-5)

- A. That the State should adapt legislation that ensures all state entities (including those exempted from the Central Purchasing Act, e.g. universities) work together to combine purchasing power (page 5, 1st paragraph).

**** [DCS Comment: *The Department non-concurred with this recommendation regarding legislation; it does concur with the concept of combining purchasing power. The guiding policy of the Department for all of its operating divisions is that current exemptions from statutory requirements relating to various Department programs (e.g. Central Purchasing, Fleet Management, Surplus Property, etc) do not prevent exempted agencies from accessing the Department's services if they are of a higher value to the agency. Specifically, the Central Purchasing Division has enjoyed exceptional cooperation from the Regents for Higher Education and the universities, along with other exempted agencies in the development of strategic sourcing contracts. If the Department is successful in accomplishing the objectives of the overall modernization program, then legislative mandates will not only be unnecessary, but counterproductive.*] *At the same time, the Department believes that the Legislature should carefully consider future requests for exemptions from the Central Purchasing Act. The Legislature should first require the Department to demonstrate its ability to support the requesting entity's mission requirements. If this cannot be accomplished, then approve the exemption, specified only to the commodities that require special considerations, thus retaining the State's ability to consolidate its spend on common commodities.*

5.1.2 Establishment of Administration (page 5)

- A. That the Director has the flexibility within the law to hire the most qualified personnel from either the public or private sector for key purchasing positions (page 5, 3rd paragraph).

DCS Comment: The Department has always exercised this prerogative in its hiring policies. Currently, of its fifteen division administrators and key staff leaders, eight have been recruited from the private sector (six) or the military (two). All have been selected or

Oklahoma State Regents for Higher Education

OneNet Service – State Agencies

CompSource

State Board of Career Tech

Department of Mental Health

Department of Rehabilitation

Department of Corrections

Department of Health

Department of Transportation

Department of Public Safety

Grand River Dan Authority

Oklahoma Employment Security Exchange Commission

Oklahoma Education Television Authority

Office of State Finance

Office of Juvenile Affairs

Corporation Commission

Department of Agriculture

Oklahoma Horse Racing Commission

Oklahoma Housing Financing Agencies

Oklahoma State Bureau of Investigation

Oklahoma State Senate

Oklahoma Tax Commission

Oklahoma Turnpike Authority

State Auditors Office

State Election Board

Oklahoma Higher Education:
 Accountability and Transparency Requirements

Reg./Oversight	OSRHE	State Agencies	Legislative Branch	Statute Citation
Open Records	Yes	Yes	No	51 § 24A.1-24A.24
Open Meetings	Yes	Yes	No	25 § 301-314
Ethics Commission Rules	Yes ⁽¹⁾	Yes	Yes	74 § 4254. & 62 § 257.15-1-1
Central Purchasing Act	Yes ⁽²⁾	Yes	No	74 § 85.1-88.2
OSF Budget Process	Yes	Yes	No	62 § 34.5 - 34.8
Publish Salaries	Yes	Yes	Yes	
Attorney General Contracts	Yes ⁽³⁾	Yes	No	74 § 20i
Performance Data	Yes ⁽⁴⁾	N/A	No	
CIO Provisions	No	Yes	No	62 § 34.11.1-34.12

Footnotes

- 1 Ethics Commission Rules on Gifts and limits are different for Legislative Branch
- 2 OSRHE is subject to the State Purchasing Act but is not required to use DCS
- 3 OSRHE has a contract with the Attorney General's office for services and an additional contract for 2 year colleges.
- 4 OSRHE is subject to numerous state and federal laws that create transparency about operations and performance of the system. State laws require the publishing of a annual high school indicators report, federal law requires submission of extensive data on graduation rates, first year student performance by test score, ethnicity, financial aid etc.

Report Regarding Key Indicators of Accountability

Reports Compiled by the OSRHE Fiscal Division

<u>Report</u>	<u>Statutory Citation</u>	<u>Date of Completion</u>
Budget Needs Survey	62 § 41.29	October
E&G Summary and Analysis	62 § 41.7; 41.4 (1963) 70 § 3903	June December
Current Income and Expenditures	62 § 901D	June
Campus Master Plan	70 § 3218.15	August
Tuition and Mandatory Fee Rates	70 § 321.8	December
Tuition Impact Analysis Report	not applicable	August
Student Cost Survey	not applicable	April
Faculty Salary Report	74 § 3602	Quarterly
FTE Employee Report	70 § 17.116.7	October
Supplemental Pension Post-Retirement Benefits	70 § 3206.6a	February
Master Lease Real Property Projects	74 § 500.6a	Monthly as required
Use of Airplanes	OSL 2022 Ch.424§ 6 (uncodified law)	January
Asbestos Abatement	74 § 110.3	June
Motor Pool Inventory	70 § 3909	October
Annual Independent Audit Report	62 § 45.1	October as required
Strategic Plan	74 § 85.23	Every Purchase as required
Sole-source Affidavit	25 § 301-314	All as required
Open-Meetings Requirements	74 § 85.33 B	Monthly
P-card Purchases (thru OSF)	70 § 3954	Quarterly
Investment Reports		
<u>Administrative Functions</u>		
Inventory	74 § 110.1	November
Risk Management	74 § 85.58A	July
Vehicle/Personal Liability	70 § 2115 70§ 4312-4313	July
OTFRS Reporting		Monthly w/payroll and 2 annual r
Surplus	74 § 3113.1	As required
Security Breach Disclosure (Computer Docs.)	70 § 3206	As required
Annual Report		
<u>Legal</u>		
APA Rules Requirements	75 § 250.3	As required
Ethics Reporting Requirements	74 § Standard 257 1-1-1	March
<u>Outside Entities</u>		
SREB (Tuition, Salary, Appropriations, Policy)		March
SHEEO (Finance Survey, Tuition Survey, Salary Survey)		Fall
Washington Report (Tuition)	Suspended in FY10 due to budget constraints	
Grapevine (Appropriations)	Suspended in FY09 due to budget constraints & combined with SHEEO	
College Board (Tuition, Student Cost)		August
IPEDS (institutions)	70 § 3218.5	Annually as required