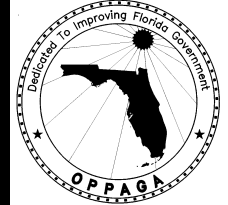




Office of Program Policy Analysis And Government Accountability



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January 9, 1997

Follow-Up Report on the State's Practices for Purchasing Microcomputer Equipment Administered by the Department of Management Services

Report Abstract

- The Department has made strides in relaxing its regulations for purchasing microcomputer equipment but has not made the state contract for this type purchase non-mandatory. The Legislature repealed the requirement for our Office to annually audit the Division of Purchasing, and repealed the local purchasing source option that few agencies used.

Purpose of Review

In accordance with s. 11.45(7)(f), F.S., this follow-up report informs the Legislature of actions taken by the Department of Management Services in response to our Report No. 94-39, which we issued March 6, 1995. This report presents our assessment of the extent to which the Department has addressed the findings and recommendations included in our report.

Background

The Division of Purchasing within the Department of Management Services (DMS) is responsible for administering state term contracts that agencies and local governments may use to purchase various commodities and services. One of the largest volume contracts the Division administers is the contract for microcomputers and peripheral equipment. DMS records at the time of our review showed that annual microcomputer equipment purchases by agencies was over \$145 million.

Prior Findings

While the microcomputer contract provided for relatively economical prices, it does not maximize potential savings. We noted that as the market in microcomputing equipment is rapidly changing, it was difficult for a long-term state contract to match short-term price and product changes. We reviewed successful strategies other states have used to deal with the rapidly changing market, such as operating a computer store (California) and developing non-mandatory microcomputer contracts, thus allowing agencies to capitalize on "sale prices" when available.

We also found that conducting a required annual audit of the Division of Purchasing could be changed to a longer time frame, say every two to three years. Previous audits have found that the Division had complied with statutory requirements and that state term contracts generally provide reasonable prices.

Current Status

The Secretary of the Department of Management Services reports that the Department is pursuing a computer store concept on the Internet. The microcomputer contract is available on the Florida Communities Network and has links to available vendor's home pages. Price lists will be included shortly. The Department has not made the state contract non-mandatory, but has revised the threshold to purchase off-contract without prior DMS approval from \$500 to \$5,500 for all state agencies.

DMS also delegated authority to the Department of State to purchase information technology resources costing up to \$75,000. The Departments of Transportation and Labor and Employment Security were delegated authority up to \$150,000. As this delegation did not occur until July 1996, DMS has not produced the December 1, 1996, report to the Legislature as required in Ch. 95-216, Laws of Florida. Instead, DMS has asked participating agencies to report their purchasing data by July 1, 1997, at which time DMS will furnish a report to the Legislature. DMS also contracted with a consultant to develop standard contracts for agency use in computing equipment acquisitions.

The Department reports it is closely monitoring federal legislation that might allow states to purchase from federal contracts of the General Services Administration. However, purchasing ability is delayed as the federal government is reviewing the potential impact of this option.

The Legislature repealed the annual purchasing audit requirement (s. 287.114, F.S.). Also, s. 287.056, F.S., was amended to eliminate the local purchasing source option, which in a previous review, our Office found was not being used by state or local government units.

This project was conducted in accordance with applicable evaluation standards. Copies of this report may be obtained by telephone (904/488-1023 or 800/531-2477), by FAX (904/487-3804), in person (Claude Pepper Building, Room 312, 111 W. Madison St.), or by mail (OPPAGA Report Production, P.O. Box 1735, Tallahassee, FL 32302).

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