Department of Administrative Services

Without a Comprehensive Compliance Function, DAS Cannot Effectively Monitor High-Risk Contracts or Mitigate Contracting Risks

July 2025
Report 2025-18

Oregon
Secretary *of* **State**

Department of Administrative Services

Without a Comprehensive Compliance Function, DAS Cannot Effectively Monitor High-Risk Contracts or Mitigate Contracting Risks

OBJECTIVE

The objectives of this audit were to:

1. Identify further steps the Department of Administrative Services (DAS) can take to enhance statewide adherence to the Public Contracting Code and support effective contract management.
2. Determine whether DAS is taking appropriate steps to fully implement a statewide eProcurement system that meets the goals outlined in the 2018 legislative session.

SCOPE

This audit covers DAS State Procurement Services' controls framework for public contracting (including compliance and monitoring) and customer service delivery. It also covers progress made by DAS and partnering agencies to meet the intent of OregonBuys, as shared with the Legislature in 2018. The audit scope does not include a review of specific contracts, agencies exempt from DAS procurement authority, vendors, or grant agreements.

Why this audit is important

Oregon state agencies use procurement and contracting to acquire critical goods and services.

Public procurement and contracting come with substantial, inherent risks and require effective oversight to be efficient, secure, and equitable.

DAS oversees public procurement and contracting for the state of Oregon and holds primary authority over most state purchasing and contracting decisions.

DAS adopted the OregonBuys eProcurement enterprise system to modernize public procurement in Oregon and more effectively capture state spending.

During fiscal year 2024, OregonBuys housed over 40,000 transactions totaling $2.14 billion.

What we found

Oregon lacks a comprehensive, centralized procurement and contracting compliance program. (pg. 18)

DAS has the authority to perform compliance reviews of most state contracts but has not established a comprehensive, centralized compliance program to identify or prevent risky procurement and contracting decisions. As a result, DAS may not effectively identify or mitigate agency contracting issues that can lead to inefficient spending or noncompliance with regulations or even jeopardize program initiatives. Establishing a compliance function in Oregon is aligned with best practice and ensures public dollars are well spent.

DAS needs to improve customer service in its State Procurement Services program. (pg. 22)

Agency survey respondents report the DAS State Procurement Services program does not provide consistent and high-quality customer service to state agencies. Respondents noted poor procurement training, outdated manuals and templates, inexperienced staff, and sluggish, sometimes conflicting communication from DAS. These challenges slow issue resolution and foster frustration and misunderstandings. Resolving these issues would support DAS's intention to set and monitor high standards of accountability around state procurement.

OregonBuys performs most of its intended functions but does not capture all state spend. (pg. 26)

OregonBuys is meeting many of its proposed goals. Most state agencies are now using the system and most of the functions proposed to the Oregon Legislature can be performed. However, OregonBuys does not capture all state spend, limiting DAS's ability to make informed strategic sourcing decisions. State agencies also noted several persistent operational challenges, from difficulties with basic system navigation to burdensome testing requirements. In addition, OregonBuys does not support all necessary aspects of contract management. While not a function of OregonBuys, DAS should consider the benefits of implementing a contract lifecycle management system for itself and state agencies.

What we recommend

To enhance statewide compliance with the Public Contracting Code and support the effective administration of public contracts, DAS should:

1. Coordinate with the Legislature and key partnering agencies to create a centralized statewide procurement and contracting compliance program informed by a robust risk analysis. DAS and its partners should consider compliance functions that include:
    a. Reviewing a sample of agency contracts on a routine schedule to promote and confirm timeliness, adherence to contract stipulations, and compliance with the Public Contracting Code.
    b. Reviewing a sample of procurements on a routine schedule to confirm compliance with the Public Contracting Code.
    c. Reviewing agency contract compliance policies, procedures, and practices, and providing direct feedback for improvement based on existing statute, administrative rules, and best practices.
    d. Evaluating common issues identified during compliance reviews for inclusion in DAS training priorities and guidance development as well as delegation decisions that fall under DAS authority.

To improve and adequately resource agency support services delivered by DAS State Procurement Services, DAS should:

2. Develop more consistent, accessible, and robust service delivery to support state agencies with procurement, contracting, and training needs. This should include:
    a. Establishing service level standards and ensuring all DAS State Procurement Services staff receive sufficient, timely, and regular training on state procurement rules and expectations to enhance program consistency.
    b. Establishing a centralized administrative support mechanism to track, triage, and respond to agency questions and requests regarding services, OregonBuys, training and guidance resources, statewide and agency policies, contract administration, and more as needed.
    c. Delivering timely, accurate, and appropriate informational updates to agencies regarding DAS services and resources, policy updates, OregonBuys, guidance and training, and more as needed.
    d. Collecting feedback from partnering agencies on ways to enhance and target services to better meet agency needs.
    e. Including partnering agencies in ongoing efforts to revise, develop, and update DAS procurement and contract training, guidance documents and templates to stay current with statute and state policy.

3. Review the utilization of staff and other resources in the State Procurement Services program and make adjustments based on that review. This may include requesting additional FTE from the Legislature where

appropriate to consistently perform its full suite of services, including managing the ongoing operation of OregonBuys. This review should include:

- a. Determining whether DAS State Procurement Services has sufficient administrative support for key functions, such as training development.
- b. Ensuring staff resources are properly aligned with program needs.
- c. Evaluating the need to utilize contracted services to review and analyze workload and service delivery.

To ensure the OregonBuys eProcurement system is fully operational and to maximize benefits to the state, DAS should:

4. Create a sufficient resource plan for the ongoing development and operation of OregonBuys and use the plan to obtain and direct funds and staffing.

5. Coordinate with the Department of Justice, Enterprise Information Services, and members of the Designated Procurement Officers Advisory Council to perform an assessment of OregonBuys which includes:
   - a. Reviewing agency policies and practices' changes to inform DAS's efforts to standardize procurement processes among agency users.
   - b. Creating more agency-specific reporting customizations to help meet state and federal reporting requirements.
   - c. Evaluating and equitably managing state resources for quarterly release testing to support more sufficient and balanced agency participation.
   - d. Analyzing spend data within OregonBuys as well as spend data residing in external sources to support informed reporting and strategic sourcing effort.
   - e. Identifying common external system workarounds and finding ways to minimize and mitigate their use.

6. Coordinate with Periscope Holdings and agency partners to clarify DAS and vendor customer service roles and expectations and revise DAS support protocols with state agencies using OregonBuys. These changes should address communication needs and challenges and should include:
   - a. Giving agency users prompt, consistent, and well-coordinated support from DAS and Periscope Holdings to address questions and issues about the OregonBuys system or state procurement process.
   - b. Providing agency users involved in OregonBuys quarterly release testing with clear and timely communication on testing priorities, requirements, and timeframes.

7. Coordinate with the Department of Justice, Enterprise Information Services, and the Designated Procurement Officers Advisory Council to conduct a benefits and feasibility study on adopting an enterprise-wide contract management system. The study must prioritize system security and DAS must report findings to the Legislature.
   - a. Based on study results and Legislative direction, determine whether to adopt an enterprise-wide contract management system and identify critical next steps.

8. Monitor, assess, and regularly report to the Legislature on progress made to capture and analyze spend data in OregonBuys and efforts to utilize spend data from other sources in this analysis.

Agency response

DAS agreed with all of our recommendations. The response can be found at the end of the report.

Read the full audit report

Scan the QR code to read the full audit report, including the agency response, on our website.

Oregon
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Introduction

State agencies must be good stewards of public funds. This means purchases and public contracts by state agencies must be as efficient, effective, and equitable as possible, while supporting the mission of state government. Procurement and contracting must also adhere to state laws, rules, and policies.[1] Failure to do so puts agencies at a heightened risk of fraud, wasted funds, delays or cancellations on critical projects, legal liability, and eroding public trust.

Procurement and contracting enables state agencies to acquire critical goods and services

Virtually any enterprise must acquire goods and services or work with vendors to accomplish its mission. Most Oregon state agencies conduct procurements, and many enter directly into contracts with businesses, nonprofits, and members of the public to more efficiently serve Oregonians.

Public procurement and contracts are critical for delivering essential public services

State agencies and employees provide numerous critical public services, from regulating industrial air pollutants to inspecting foster homes to dispersing unemployment funds. These functions, and many others performed by the state, require employees to access materials and services necessary to meet the demands placed upon them.

Agencies must frequently purchase goods and services like office supplies, software and IT equipment, and janitorial services. Some need to procure more specialized types of items or services to meet a specific agency function. For example, the Oregon Department of Transportation is statutorily authorized to procure and contract for building and construction as it relates to the agency's mission of constructing and maintaining state highways.

In Oregon, there are seven procurement methods state agencies can use. The appropriate method is generally determined by statutorily set thresholds.

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[1] Procurement is the process of obtaining goods, services, or property, whether it is for a one-time purchase or a contractual agreement with specified terms and conditions. A contract is an agreement between two or more parties which creates an obligation to do or not to do a particular thing.

Figure 1: Oregon's procurement methods can inform project scope and process

Procurement Method	Description
Small Procurement	$25,000 or less. Does not require competition. Can direct award.
Intermediate Procurement	Between $25,000 and $250,000. Competitive solicitation.
Sole Source Procurement	Only one contractor awarded. No competition.
Special Procurement	The Department of Administrative Services approves these. They are described as a form of cooperative procurement. This method can be used as a workaround for active contracts requiring redoing or when certain contracts expire or are near expiring and there is not enough time to allow for renewal without disrupting services or payments.
Emergency Procurement	Immediate unforeseen need. Address impacts of emergency.
Competitive Sealed Bids	Formal process for contracts over $250,000. Lowest responsive, responsible bidder awarded.
Competitive Sealed Proposals	Formal process for contracts over $250,000. Request For Proposal includes criteria an agency will use to determine who is awarded the contract.

Note: These statutory thresholds were increased, effective January 1, 2024; see 2023 Senate Bill 1047.
Source: DAS OAR 125-247-0200(5)

Effective public procurement and contracting emphasizes security, efficiency, and equity

There are many requirements when conducting procurements and managing contracts. Spending public dollars comes with certain risks, such as waste, fraud, or misappropriation of funds. A secure, streamlined, and transparent process makes the system more efficient and supports equitable, timely, and fiscally responsible outcomes.

To make sure a state agency or program is effectively meeting its mission and goals, public procurement and contracting should be conducted efficiently. This is achieved by following standards, rules, and procedures, as well as establishing systems configured with streamlined and effective workflows. Robust security standards are needed to address the risk of misuse or abuse of public funds.

In the process of procuring goods or services, when competition is appropriate, there should be fair, open, and equitable opportunity for all vendors to bid on an agency's posted solicitation.[2] Healthy competition assures agencies can achieve the best possible value for taxpayer funds. A fair and transparent process mitigates the risk of liability that may come if vendors perceive favoritism — not to mention it ensures public trust in the procurement process.

Some states incorporate specific requirements, incentives, and programs to ensure bidding opportunities are equitable — that is, accessible to vendors who may face inequities, barriers, or challenges in obtaining

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[2] Solicitation means a written or oral request for offers (bids), proposals, statements of qualifications, or other information from individuals or entities (vendors).

contracts with state government. States vary greatly in their programs and policies in trying to encourage business with a variety of business communities.[3]

Enterprise-wide eProcurement systems ensure efficiency and security in the procurement and contracting process

eProcurement systems allow for procure-to-pay functionality and house essential procurement and contract documentation.[4] They also remove paper-based, manual processes; streamline user access, automate process workflows, and spend analysis; and improve transparency and reporting.

Modern eProcurement systems should provide robust security so information can be protected against security breaches, inappropriate user access, and unauthorized payments or system actions. Systems should support consistent utilization by all necessary partners with few variations in workflows. This allows the state to obtain data and reports for spend analysis and trends.

An eProcurement system may be adopted as a pre-built, "off-the-shelf" system that allows limited customization and is designed to serve multiple customers — in the public sector, this could include multiple states and municipalities. Some states opt to build their own eProcurement systems, which allow for specific customization to support each state's unique requirements and regulations. In a 2022 survey conducted by the National Association of State Procurement Officials (NASPO), 40 of the 42 responding states indicated they were using an eProcurement or Enterprise Resource Planning system, with four of the states having implemented their own in-house customized system.[5]

Some states have also incorporated contract lifecycle management tools within their eProcurement systems. This allows for the main activities of a contract and its day-to-day management to be captured in one system where procurement is initiated.

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[3] In Oregon, this work is carried out by the Office of Procurement Equity and the Certification Office for Business Inclusion and Diversity. See pg. 8 for more information.

[4] Procure-to-Pay is the procurement process from beginning to end, including requisition (request), sourcing, purchase orders, and invoicing.

[5] 2022 NASPO Survey of State Procurement Practices Report. Enterprise Resource Planning systems generally support statewide human resource needs, timekeeping, and other essential business operations
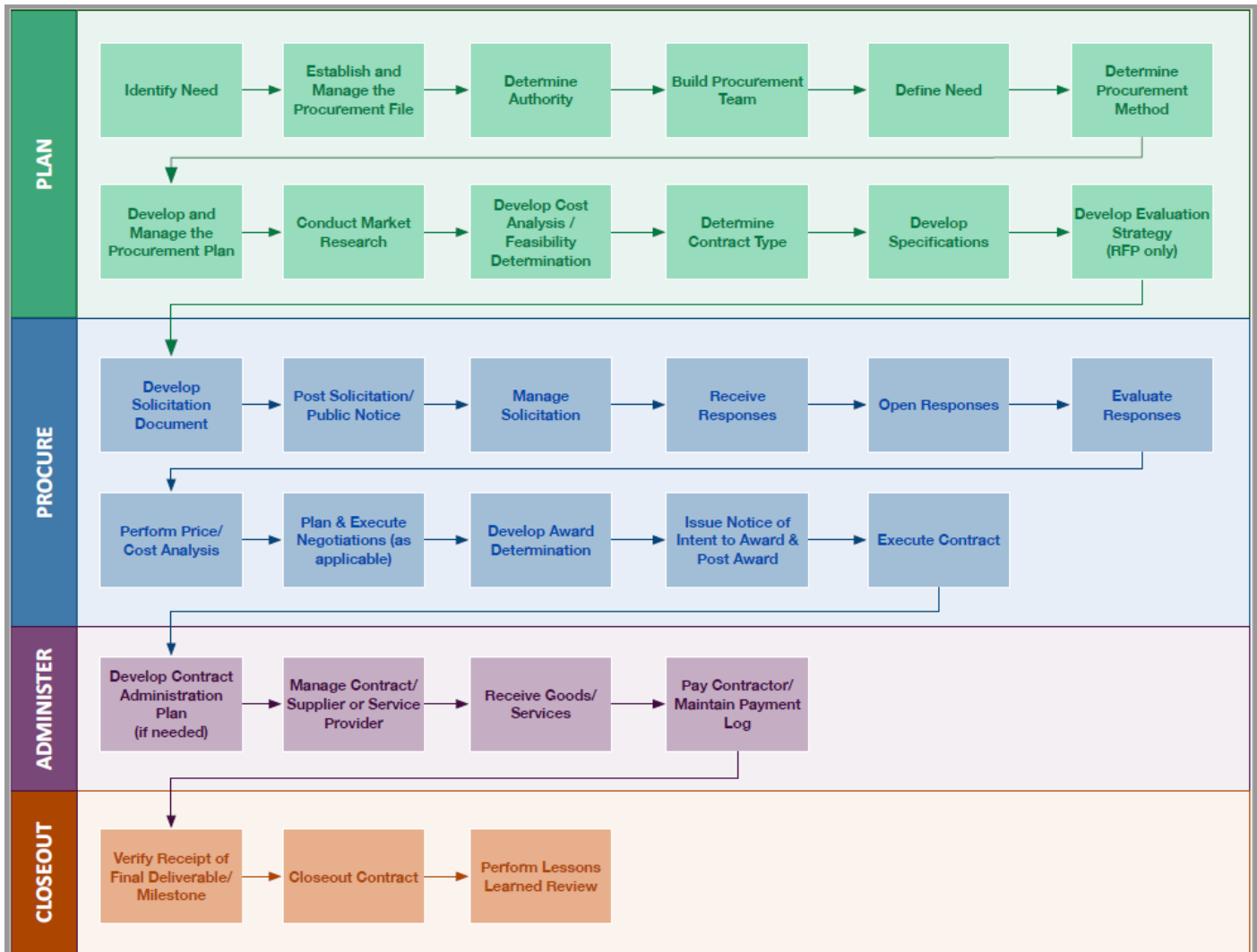
Source: DAS

DAS oversees Oregon's public procurement system and has primary authority over most purchasing and contracting decisions

With some exceptions, the Department of Administrative Services (DAS) has the ultimate authority and responsibility over statewide procurement and contracting, even when procurement authority is delegated to state agencies. DAS notes one of its key roles is to "set and monitor high standards of accountability to ensure that state government uses tax dollars effectively." The agency works with executive state agencies in furthering the Governor's vision and delivering the Governor's agenda.
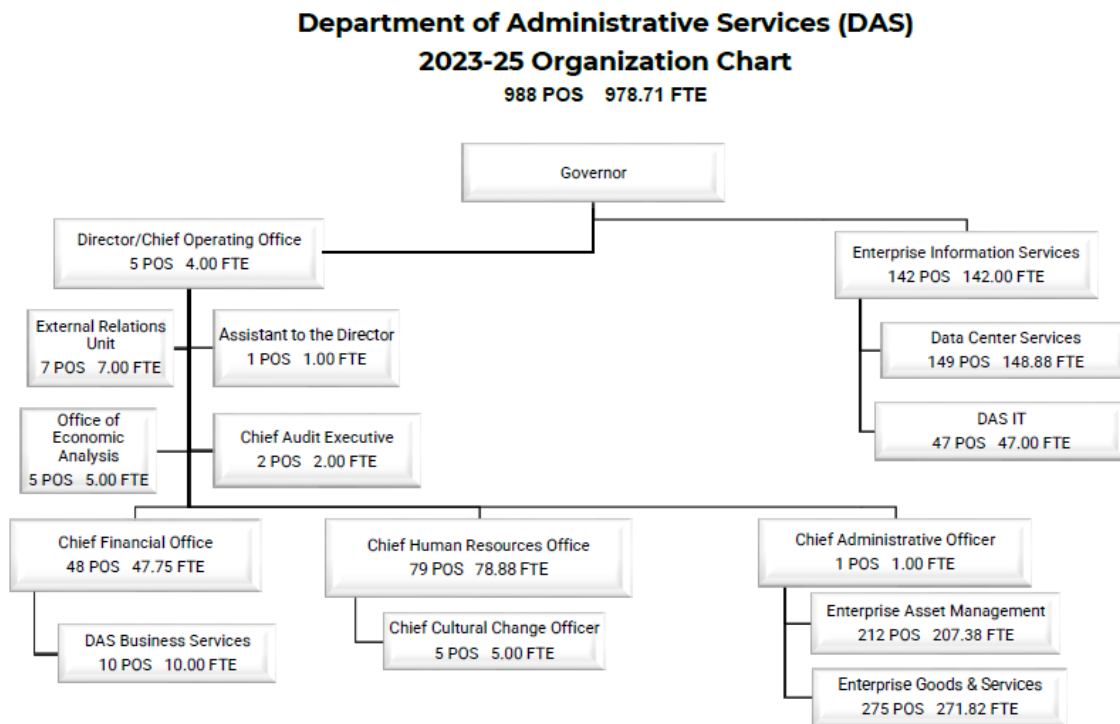
DAS houses several core statewide functions, including State Procurement Services

DAS provides administrative guidance and support to most of Oregon's state agencies, boards, and commissions. Some of the key offices within DAS include the Chief Operating Office, the Chief Human Resource Office, and the Chief Financial Office, which provides financial oversight for the executive

branch, as well as responsibility over statewide fiscal policy, budget, and accounting systems. Enterprise Information Services also provides statewide governance and oversight of IT systems.

DAS also hosts the Enterprise Goods and Services Division, which houses the State Procurement Services program. The Enterprise Goods and Services Division provides a range of business services to state and local government entities, including services for procurement and contracting of goods and services with the business community.

Figure 3: DAS State Procurement Services, the unit that oversees statewide procurement and contracting, is housed under the Enterprise Goods and Services division

Department of Administrative Services (DAS)
2023-25 Organization Chart
988 POS   978.71 FTE

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                              ┌──────────┐
                              │ Governor │
                              └────┬─────┘
        ┌──────────────────────────┴──────────────────────────┐
┌─────────────────────┐                          ┌───────────────────────────────┐
│ Director/Chief      │                          │ Enterprise Information Services│
│ Operating Office    │                          │ 142 POS   142.00 FTE           │
│ 5 POS   4.00 FTE    │                          └───────────────┬───────────────┘
└──────────┬──────────┘                          ┌───────────────┴───────────────┐
                                                 │ Data Center Services           │
┌─────────────────────┐  ┌──────────────────────┐│ 149 POS   148.88 FTE           │
│ External Relations  │  │ Assistant to the     │└───────────────────────────────┘
│ Unit                │  │ Director             │┌───────────────────────────────┐
│ 7 POS   7.00 FTE    │  │ 1 POS   1.00 FTE     ││ DAS IT                         │
└─────────────────────┘  └──────────────────────┘│ 47 POS   47.00 FTE             │
┌─────────────────────┐  ┌──────────────────────┐└───────────────────────────────┘
│ Office of Economic  │  │ Chief Audit Executive│
│ Analysis            │  │ 2 POS   2.00 FTE     │
│ 5 POS   5.00 FTE    │  └──────────────────────┘
└─────────────────────┘
┌─────────────────────┐  ┌──────────────────────┐  ┌───────────────────────────────┐
│ Chief Financial     │  │ Chief Human Resources│  │ Chief Administrative Officer   │
│ Office              │  │ Office               │  │ 1 POS   1.00 FTE               │
│ 48 POS   47.75 FTE  │  │ 79 POS   78.88 FTE   │  └───────────────┬───────────────┘
└──────────┬──────────┘  └──────────┬───────────┘  ┌───────────────┴───────────────┐
┌─────────────────────┐  ┌──────────────────────┐  │ Enterprise Asset Management    │
│ DAS Business        │  │ Chief Cultural Change│  │ 212 POS   207.38 FTE           │
│ Services            │  │ Officer              │  └───────────────────────────────┘
│ 10 POS   10.00 FTE  │  │ 5 POS   5.00 FTE     │  ┌───────────────────────────────┐
└─────────────────────┘  └──────────────────────┘  │ Enterprise Goods & Services    │
                                                    │ 275 POS   271.82 FTE           │
                                                    └───────────────────────────────┘
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Source: DAS 2025-27 Agency Requested Budget

The State Procurement Services program plays a central role in supporting and developing Oregon's public procurement system and managing statewide initiatives. The program is led by the State Chief Procurement Officer and provides agencies with procurement and contract administration trainings. The program also provides agencies with support and guidance, such as online resources for agencies to access, including the state's procurement manual, instructional guides, forms, templates, and checklists.

State Procurement Services represents about 10% of the Enterprise Goods and Services Division's allotted budget. The division's adopted budget for 2023-25 is just over $250 million with 275 positions. Funding for State Procurement Services comes from various sources, specifically: Vendor Collected Administrative Fees, Oregon Cooperative Procurement Program membership fees, and charges leveraged on state agencies for services delivered. Costs are assessed and allocated to state agencies based on the Division's FTE authority in the biennial adopted budget.

	2017-19	2019-21	2021-23	2023-25 (adopted)
General Fund	--	--	--	4,832,000
Other Funds	105,270,244	115,590,709	139,246,608	127,870,143
Other Funds (NL)	89,616,836	116,321,671	169,374,573	118,776,165
Total Funds	$194,887,080	$231,912,380	$308,621,181	$251,478,308
Positions	242	263	276	275
FTE	241.63	253.98	272.79	271.82

Source: Oregon Legislature (LABs)

State Procurement Services led the statewide rollout of Oregon's eProcurement system, OregonBuys, in 2021. The program also manages the OregonBuys contract and is largely responsible for working with the vendor and participating state agencies to ensure successful ongoing operations. Program staff help run the process to update and test OregonBuys to make sure it is effective, efficient, and equitable while staying in compliance with the state's Public Contracting Code.

Oregon's Public Contracting Code

Oregon's Public Contracting Code is established in Oregon Revised Statutes (ORS) 279A, 279B, and 279C. These laws define and detail the types of procurements and contracts state agencies can enter into and other specific requirements agencies must follow. Key principles of the code encourage impartial and open competition, instill public confidence through ethical and fair dealing, promote efficient use of state resources, and encourage stability and accountability. The code generally applies to most public contracts that occur in Oregon, though there are numerous exemptions for federal, Tribal, university, and other kinds of contracts.

ORS 279A.010 defines a public contract as "a sale or other disposal, or a purchase, lease, rental or other acquisition, by a contracting agency of personal property, services, including personal services, public improvements, public works, minor alterations, or ordinary repair or maintenance necessary to preserve a public improvement." Additionally, "procurement includes each function and procedure undertaken or required to be undertaken by a contracting agency to enter into a public contract, administer a public contract and obtain the performance of a public contract under the Public Contracting Code."

Additionally, State Procurement Services:

- Can administer contracts on behalf of certain agencies and assist with contract negotiations.
- Develops and administers both mandated and optional procurement and contract administration trainings for agency staff.
- Provides online resources and tools to aid in procurement and contracting work, such as the state's procurement manual, how-to guides, checklists, templates, and forms.
- Provides general guidance and support related to contract lifecycle management.

- Administers statewide price agreements and multiple contracts under its purview, such as those for goods, services, information technology and capital construction projects.[6]

State Procurement Services staff and management participate in monthly meetings with the Designated Procurement Officers Advisory Council and a separate OregonBuys Champion group to collaborate, provide updates, and learn of concerns or issues agencies are experiencing.[7] They also manage the Oregon Forward program, establishing contracts with specific qualified vendors who employ individuals with disabilities. The State Procurement Services program configures online catalogs in OregonBuys for the statewide price agreements and the Oregon Forward program, allowing agency users and other partners to easily find their respective listed goods and services and procure them within the system.

DAS is working to address widespread disparities found in a recent study of Oregon's public contract award decisions

In 2022, DAS initiated a statewide disparity study to assess whether businesses owned by minorities, women, and service-disabled veterans faced barriers in the state's procurement and contracting processes.[8] DAS contracted with a research consultant to conduct the study. The study reviewed policies and processes, measured disparities in different types of procurements or contracts, and established a baseline, or benchmark, for the state to assess future progress in addressing the identified gaps. The results released in November 2023 showed significant disparities in public contracting for the identified groups.

The Office of Procurement Equity within DAS was tasked with evaluating and implementing the recommendations from the disparity study designed to reduce disparities in public procurement and contracting in Oregon.[9] The team performs vendor and agency outreach, conducts research and data analysis, and strategizes initiatives and policies to better support and promote business with vendors who have faced barriers in working with the state, including those certified as disadvantaged, or owned by minorities, women, and veterans, as well as emerging small businesses.[10]

In collaboration with the Office of Procurement Equity, State Procurement Services is analyzing spend data for reporting on the state's total spend, including the required transparency reports that are published online annually.[11] DAS's data and research staff pull data from multiple systems, including OregonBuys

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[6] A DAS Statewide Price Agreement is a master agreement for the procurement of products or services for use by all state entities. These consist of one or more vendor's products or services at negotiated prices and are available for state agencies as well as local and national government partners. These agreements are intended to be competitive, low-cost agreements with vendors for commonly purchased and contracted goods and services, with an overall intent of saving the state money. DAS Website

[7] The Designated Procurement Officers Advisory Council meets monthly and is represented by roughly 40 state agencies, boards, and commissions. The OregonBuys Champion group meets regularly concerning OregonBuys system processes, updates, and issues.

[8] Oregon's disparity study report; overviews and presentations on study results.

[9] DAS website for the Office of Procurement Equity.

[10] Oregon has the Certification Office for Business Inclusion and Diversity (COBID). COBID certifies disadvantaged businesses, businesses owned by minorities, women, and veterans, as well as emerging small businesses. COBID policy requires all state agencies conducting a public contract with a value of $10,000 or more to post bidding opportunities to these certified business and post contract awards that meet or exceed this dollar threshold. State agencies are required to provide opportunities for bidding and competing on public contracts to COBID-certified businesses.

[11] Oregon's transparency website.

and work to align and correlate spend data from multiple sources to identify total spend, purchasing trends, opportunities for cost savings, as well as assessing equity gaps and disparities.

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Contracting Pitfalls and Lessons Learned

Poorly managed contracts can undermine the most well-intended public projects, waste public dollars, and tie up state resources for years at a time.

Cover Oregon

In June 2011, the Oregon Legislature approved the creation of an Oregon-based health insurance exchange program called Cover Oregon. It was intended to be a one-stop online portal for Oregonians to select their health insurance as well as automatically enroll in other state programs such as food stamps through an online marketplace. It planned to launch in late 2013.

A third-party quality assessor identified issues with the project plan and chosen vendor from the outset. The assessor immediately and continually flagged several high risks related to Cover Oregon, many of which came to fruition in the following months. While the contract and related project work had a degree of external oversight through the assessor, several key recommendations were not implemented by the Oregon Health Authority.

Numerous unaddressed issues and poor accountability all contributed to the system failing to operate by its go-live date. Rollout was delayed for months, and in the end the final product could not meet its original intent. Plagued by persistent technical problems, Cover Oregon was shut down in April 2014. It ultimately cost an estimated $300 million to stand up a system that failed in part due to poor contract and project management. Media coverage at the time emphasized the chaotic project rollout and Oregonians' frustrations trying and failing to use the system to enroll in health insurance.

Following the costly and public fallout of Cover Oregon, DAS initiated the Stage Gate Oversight Model to make sure future Oregon IT projects followed a standardized set of procedures. Other enterprise systems, such as OregonBuys, have ultimately benefited from the use of the Stage Gate Model and the lessons of Cover Oregon.

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Oregon's Public Contracting Code provides structure and oversight to state purchasing and contracts

Public procurement functions may look very different from state to state, but most still share some structural and programmatic similarities. For example, roughly three-fourths of U.S. states have a central procurement office with statutory purchasing authority, and most of them can delegate portions of that authority to other state agencies. Most states also have green purchasing initiatives and supplier diversity initiatives.

Oregon's Public Contracting Code defines the state's procurement and contracting authority. Like most other states, the code is generally in line with the bedrock principles outlined in the Model Procurement Code for State and Local Governments promoted by the American Bar Association.[12]

With some exceptions, ultimate responsibility over state procurement and contracting decisions in Oregon lies with DAS, even when its procurement authority is delegated to state agencies.[13] The DAS Director's procurement authority is delegated to the State Chief Procurement Officer. In turn, the officer has the authority to delegate procurement authority to Designated Procurement Officers working in other state agencies. The delegation to agency officers can be based on a cost threshold (this applies to small and intermediate procurements) or upon the type of procurement (this can include emergency procurements, federal procurements not exceeding $250,000, and several other specific procurement types). Agencies can also seek approval from DAS to use SPOTS cards.[14]

Some agencies are fully exempted from DAS procurement authority, while some have partial exemptions. Fully exempted agencies include the Secretary of State's Office, Oregon State Treasury, Oregon State Lottery, and Oregon's legislative and judicial departments. Several agencies have special procurement authority outlined in statute. For instance, the Oregon Department of Transportation has statutory authority over certain contracts related to transportation, infrastructure, and road projects.

Many agencies have procurement, contracting, and accounts payable staff who are involved in everyday purchasing and contracting activities for the agency. Agency contract administrators require training, education, and experience to manage a contract. Accounts payable staff ensure payments for purchases and contracts are accurate and made on time. Some very small agencies and boards with limited staffing depend on DAS to perform some of these functions.

Oregon state agencies under DAS procurement authority that intend to obtain goods or services must consult the Oregon's Buy Decision priority list when reviewing their options. The list prioritizes different types of procurements agencies must consider before procuring through the open market or conducting a competitive, open bidding process with the general vendor community.

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[12] The Model Procurement Code for State and Local Governments was first adopted by the American Bar Association in 1979 and revised in 2000. The principles outlined in the code include competition, meeting ethical standards, equal treatment of bidders, and stability and accountability. Best practices include establishing a centralized procurement authority and appointing a chief procurement officer, developing training, outlining acceptable methods of source selection and the responsibilities of all involved parties, and retaining procurement records in accordance with retention guidelines, among others.

[13] OAR 125-246-0170 (1)(e) states the DAS director is ultimately responsible for the procurement of the agencies, which includes contract administration. OAR 125-246-140(1) reiterates this responsibility and states delegations of authority in accordance with OAR 125-246-0170 do not relieve the department of this responsibility.

[14] State P-Card of Oregon Transaction System (or SPOTS) cards are credit cards that may be used for typically small or immediate purchases in the day-to-day work of agency staff. The cards may have a credit limit up to $50,000 and can only be used by authorized employees. They can be used for certain state price agreements purchases but cannot replace required purchase orders. DAS State Procurement Services manages the Master Agreement with U.S. Bank and the Chief Financial Office issues overall policy guidance. The Master Agreement outlines incentive share rebates to agencies based on volume sales and prompt payments. Per state policy, agencies may increase their rebates by increasing volume sales on SPOTS cards and making weekly payments against high dollar monthly purchases. Agencies may also treat the SPOTS rebate as a reduction of expense, with possible exceptions for federal funds.

1st

• Surplus Property

- This state government program is operated by DAS who promote use of existing resources by locating, obtaining, and distributing both state and federal surplus property to qualified non-profit organizations, local government entities, and state agencies.

2nd

• Oregon Forward

- This program is managed by DAS and is intended to promote and encourage employing individuals with disabilities to help them attain maximal independence and autonomy. An Oregon Forward contractor must employ individuals with qualifying disabilities for at least 75% of the hours of direct labor across the entire company.

3rd

• Inmate Labor

- This program utilizes the labor of adults in custody to help operate the corrections' institutions and to support other government and community organizations funded by taxpayers. Oregon Department of Corrections provides work crews of adults in custody to public and private institutions to perform manual and skilled labor such as forestry work, parks maintenance, landscaping, building maintenance, roofing and painting, limited construction, and other projects. The Oregon Corrections Enterprise administers vocational training and work programs for these adults in custody.

4th

• Statewide Price Agreements

- This final priority buy decision option is administered by DAS. These consist of master agreements with various vendors to provide services or goods at set negotiated prices that any state entity can procure.

Open Market

- After ruling out the Buy Decision priorities above, agencies can engage in open, competitive bidding with the vendor community, which can be one-time procurements/purchases or entering into a contract for continued goods or services.

DAS shares key procurement and contracting responsibilities with other state agencies to mitigate contracting risks. The Department of Justice's role is to clarify procurement and contracting requirements in model rules, which includes the department's specific role in conducting legal sufficiency reviews of

public contracts. These reviews are statutorily required when a public contract, or an amendment of one, exceeds the total value of $250,000, or $150,000 for IT projects and investments.[15]

Following the costly fallout of Cover Oregon, another measure of oversight was introduced for state IT projects that meet certain thresholds or are determined to be high risk. This process is called the Stage Gate Oversight Model, which is conducted by DAS Enterprise Information Systems and the Legislative Fiscal Office. This process encompasses four stages, each requiring approval for transition to the next stage, with the final stage being execution of a project. This oversight framework has built-in controls and criteria to identify and mitigate risks as a project progresses through each stage. It also includes continual readiness assessments based on performance metrics with assigned roles and responsibilities in managing a project.

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Contracting Pitfalls and Lessons Learned

Without well-developed administrative processes and proper oversight, issues with public contracts can be overlooked and expose vulnerable populations to undue harm

Department of Human Services
In November 2023, media outlets reported on a contract initiated by a Department of Human Services district office with a non-profit providing temporary lodging supervision and prevention services to children in Oregon's child welfare system. While the contract started in a single district office, several other districts began utilizing the nonprofit's services under the management of the original contract administrator. The contract was amended four times with the Not to Exceed limit expanding from $500,000 to $12 million to account for anticipated costs of services. The nonprofit received more than $7 million before DHS terminated the contract in December 2023 following media scrutiny and reports of behavioral and security concerns about the nonprofit's staff and leadership.

A Child Welfare After Action report on the incident released by the DHS Office of Resiliency and Emergency Management in April 2024 indicated several DHS administrative gaps impacting the management and oversight of the contract. These include a general lack of guidance around multi-district contracting, incomplete training and guidance on contract administration, and insufficient resources dedicated to contract administration. The report made several recommendations, including building out the department's contract administrator workforce, establishing workgroups to better define roles and processes in contract administration and background checks, and developing a policy to address multi-district contracting and centralization criteria.

These failings highlight how critical effective contract administration and oversight can be, especially when hiring contractors to provide specialized services to vulnerable populations where safety and support is paramount.

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[15] OAR 137-045-0030

Public procurement in Oregon has undergone substantive changes following the introduction of OregonBuys

Prior to the rollout of a statewide eProcurement system, Oregon used an older system that was not intuitive, automated, or capable of end-to-end procurement functionality. Agencies relied on inefficient, fragmented systems and procedures, some of which were paper-based and were not used to effectively analyze and report on statewide spend.

OregonBuys was pitched as a more efficient solution to this problem. However, implementing an enterprise eProcurement system is no easy feat. It is a complex, challenging process that faces many barriers, encompassing the landscape of IT, organizational culture, and procurement program supports, workflows, and configurations. DAS took several years to roll out and implement OregonBuys.

DAS sought to modernize public procurement in Oregon with a statewide eProcurement system

In 2015, DAS and nine other state agencies collaborated to establish business requirements and conduct a Request for Proposal, resulting in a price agreement with Periscope Holdings, Inc, for a cloud-based software-as-a-service eProcurement system.[16] These agencies recognized the need for a more efficient procurement system and formed the Grassroots Project with the aim of adopting an eProcurement platform that could benefit each of them, with the potential to be configured for a statewide enterprise system in the future. The Grassroots Project pooled project resources to procure OregonBuys with a basic framework of common requirements they could all use.

In 2018, DAS proposed OregonBuys as an end-to-end statewide eProcurement solution to the Legislature. OregonBuys was promoted as an efficient, streamlined system that would provide automated end-to-end procurement with configurations for approval pathways, automated workflows, online shopping catalogs, and a streamlined Request for Proposal process. One of the key system benefits DAS proposed was effectively capturing state spend so data could be used to inform and improve strategic sourcing efforts, which includes negotiating price agreements to better meet the actual purchasing demand of state agencies.

In 2018, our office also conducted an IT audit of DAS's Chief Information Office, looking at the state's procurement system and its associated challenges. The audit recommended DAS adopt an enterprise eProcurement system, but without making specific recommendations on vendors or software options. The audit findings further reinforced the need to modernize statewide procurement.[17]

The Legislature authorized OregonBuys as a statewide system, and DAS initiated a new contract with Periscope Holdings in 2019. To bypass potentially significant development and implementation costs, DAS and Periscope Holdings adopted a unique funding model. Periscope Holdings agreed to take on the platform's development and implementation costs, as well as providing training and helpdesk support to
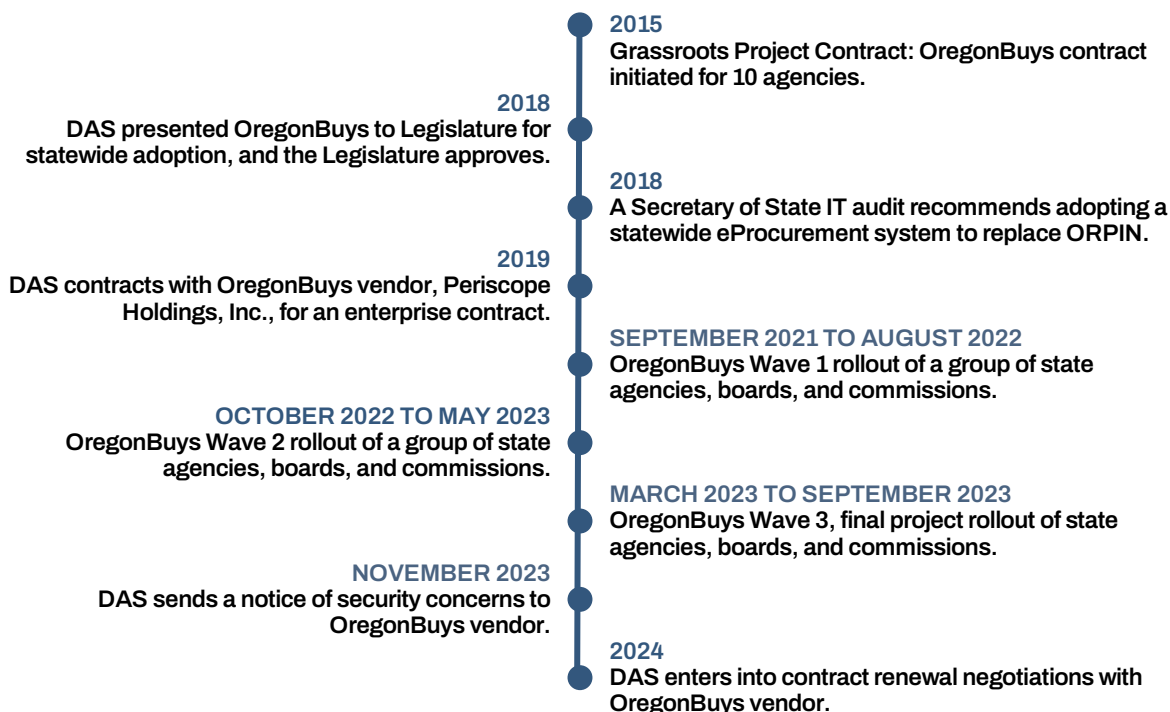
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[16] Periscope Holdings, Inc. Website

[17] Secretary of State Audits Division report 2018-45: "Significant Cost Savings Can Be Achieved by Modernizing Oregon's Procurement Systems and Practices."

agencies. In exchange, Oregon agreed to gradually pay back Periscope Holdings through an adjusting percentage of the state's vendor fee collected from statewide price agreement vendors.[18]

DAS conducted a multi-phased OregonBuys rollout, with the first phase going live in July 2021 and the second phase starting in September 2021. By September 2023, most participant agencies were online and using full system functionality. Two separate yet concurrent processes were followed during the system's implementation, the first being the Stage Gate Approval Process. Each project going through this process must pass through four stage gates before it is considered fully implemented. As of the time of this report, OregonBuys has completed the first three stage gates and is in the process of completing stage gate 4, finalizing the official closeout of the project. This project's closure transitions OregonBuys from implemented to operational status.

Figure 6: From a small collaboration of agencies to a full statewide adoption, OregonBuys has been implemented as the state's eProcurement system

2015
Grassroots Project Contract: OregonBuys contract initiated for 10 agencies.

2018
DAS presented OregonBuys to Legislature for statewide adoption, and the Legislature approves.

2018
A Secretary of State IT audit recommends adopting a statewide eProcurement system to replace ORPIN.

2019
DAS contracts with OregonBuys vendor, Periscope Holdings, Inc., for an enterprise contract.

SEPTEMBER 2021 TO AUGUST 2022
OregonBuys Wave 1 rollout of a group of state agencies, boards, and commissions.

OCTOBER 2022 TO MAY 2023
OregonBuys Wave 2 rollout of a group of state agencies, boards, and commissions.

MARCH 2023 TO SEPTEMBER 2023
OregonBuys Wave 3, final project rollout of state agencies, boards, and commissions.

NOVEMBER 2023
DAS sends a notice of security concerns to OregonBuys vendor.

2024
DAS enters into contract renewal negotiations with OregonBuys vendor.

The implementation process was the two-phase introduction of the system's business functions. OregonBuys was initially rolled out to all state agencies and Oregon Cooperative Procurement Program (OrCPP) members with a basic configuration, called Phase I. This included posting solicitations, receiving and awarding project bids, and housing agency contracts. When that process was complete, state agencies rolled onto a more robust configuration (known as Phase II) that provides full end-to-end procurement functionality, such as submitting invoices for payment and generating spend data and reports.

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[18] Oregon pays the OregonBuys vendor through a funding model utilizing the state's price agreement vendor fee, which is applied to most vendors of statewide price agreements. Periscope Holdings is currently receiving 2% of the fee.

DAS rolled Phase II of OregonBuys out to state agencies in three "waves," or groupings, with each planned at different times with guidance, communications, and issue tracking to allow DAS to identify and address operational and system configuration concerns as they occurred.

OregonBuys interfaces with other systems, but its existing framework prevents easy customization

While OregonBuys is the system of record for contracts, the state's financial management system, R*STARS, is the system of record for payments. There is a two-way interface between OregonBuys and R*STARS; approved invoices are sent daily out of OregonBuys to R*STARS and then details are sent back to OregonBuys to auto-update payment status, after the approved payments sent from the financial system to vendors.

OregonBuys also has an interface with the COBID office for helping agencies provide the required notifications related to procurements exceeding $10,000. With this built-in interface, agencies do not have to do a separate notification to the Governor's Advisor for the COBID program. Lastly, there is an interface in OregonBuys with the Oregon Department of Transportation's Teams system, which is its own distinct financial system.

Figure 7: There are several systems that interface with OregonBuys
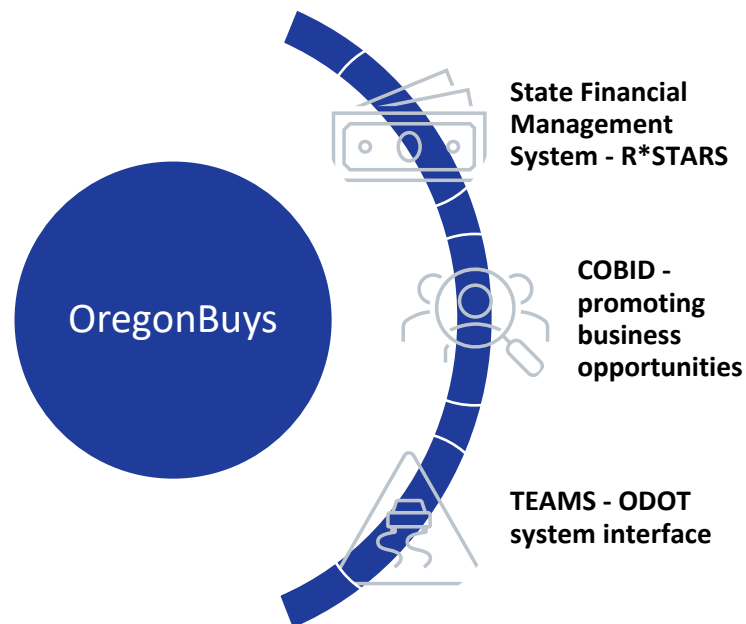
OregonBuys is an "off-the-shelf" product, meaning it has a basic framework supported by the vendor and can be utilized by multiple states and entities, but cannot readily be customized to suit all the nuances of different state's specific procurement requirements or terminology. Multiple states currently contract with the same vendor for their enterprise eProcurement systems. For this reason, the system is not configured to mirror Oregon's Public Contracting Code, requiring DAS to establish additional guidance and resources to agencies. This includes a "crosswalk" of system terminology to help agencies navigate the system and comply with Oregon's procurement and contracting laws and policies.

DAS's contract with Periscope Holdings lays out terms of agreement for system framework and functionality, as well as vendor provisions of training and helpdesk support, including levels of support and required response times. In the contract, the vendor is to conduct annual spend analysis and make recommendations to DAS. Additionally, as outlined in the contract, the vendor is to conduct quarterly releases to the system, which include fixes and system enhancements. The contract contains detailed and specific timeframes for the state to conduct testing for these quarterly releases.

Some executive branch agencies are not fully utilizing OregonBuys

Some agencies under DAS procurement authority are granted temporary exceptions from adopting full system functionality. As of April 2025, DAS approved Phase II functionality exceptions for four agencies: the Oregon Department of Corrections, Department of Fish and Wildlife, Parks and Recreation Department, and the Employment Department, with the latter delaying Phase II implementation due to agency resource needs. The Oregon Department of Transportation also has a partial Phase II exception for highway construction contracts. Exceptions around agency participation in Phase II functionality (which includes requisitions, purchase orders, receiving, and invoicing) limit spend capture in the eProcurement system.

Agencies that have partial exemptions from DAS procurement authority may also opt to limit their use of OregonBuys to specific functions or specific kinds of procurements and not adopt full functionality across the board.

Additionally, some fully exempt agencies have chosen to limit their use of OregonBuys to Phase I functions, such as posting solicitations. These agencies have adopted alternative systems to support broader procurement and contracting needs. According to DAS, eleven other entities, largely comprised of small boards and commissions, have chosen not to adopt the system's full functionality.

Audit Results

Auditors found several opportunities for DAS to improve its procurement and contracting oversight, agency customer support service delivery, and management of the OregonBuys eProcurement system.

DAS has the authority to audit state procurement and contract compliance risks. However, DAS does not have a comprehensive centralized compliance program and does not conduct routine reviews of Oregon state agencies' procurement and contracting activities. This means DAS is generally not aware of poor contract management practices that could jeopardize program initiatives or lead to inefficient spending or noncompliance with regulations. Establishing a comprehensive contract compliance program would be an effective mechanism to consistently and systematically address or prevent these concerns.

In a survey of state agencies, respondents reported services provided by DAS's State Procurement Services program, such as training, guidance documents, and contract management support, are inconsistent and under-resourced to meet the state's needs. Agencies reported out-of-date materials and trainings, slow communication, and staff lacking procurement expertise. These problems slow down issue resolution, lead to misunderstandings, and undermine DAS's intention to set and monitor high standards of accountability around state funds.

OregonBuys is achieving many of the intended functions proposed to the Oregon Legislature in 2018; however, there is much room for improvement. DAS is still resolving a number of system limitations that undermine OregonBuys' ability to capture and analyze spend and support DAS's efforts to employ effective strategic sourcing strategies that reduce the cost of contracted goods and services. Procurement officials at other agencies say the system is difficult to navigate and does not support all aspects of their work. OregonBuys continues to undergo frequent changes and updates.[19] These ongoing challenges prevent the state from maximizing all the potential benefits of an eProcurement system.

DAS does not have a comprehensive centralized compliance function to identify or prevent agency contract failures

DAS has some oversight components built into its existing procurement service array, such as agency training and certification requirements, policy development, and support services. However, while DAS has the authority to audit state agency procurement and contract compliance risks, it has not formally established a function to perform routine compliance reviews. Unless DAS receives requests from the Governor's Office or requests from state agencies for direct support, such as using a special procurement process to mitigate a contracting issue, DAS lacks an effective mechanism to identify and prevent costly and time-consuming contract failures from occurring.

Developing such a function is in line with best practice and could mitigate the significant risks that accompany state government contracting and purchasing. A compliance program could also inform DAS's efforts to develop guidance and resources for agencies, as well as confirm delegated authority is appropriately and responsibly deployed.

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[19] Under the OregonBuys quarterly configuration release schedule, some specific concerns detailed in the report findings could potentially be addressed by the time this report is released or in the months following, while others could take much longer to fully resolve. When possible, the audit team noted where progress to address specific system issues has been made or is underway.

Several other states have established centralized compliance programs, which conduct statewide reviews to identify and address risks. As these programs vary significantly in structure, design, and specific areas of focus, the State of Oregon has the opportunity to develop its own program to ensure efficient and effective use of public funds.

DAS does not proactively and routinely use its authority to evaluate agency compliance with the Public Contracting Code

While a statewide compliance program is not explicitly laid out in statute or rule, DAS (as well as the Secretary of State's Office and Legislature) has the authority under administrative rule to conduct performance audits that can identify where compliance is lacking. DAS may revoke procurement authority delegated to agencies if there are indicators of noncompliance or other deficiencies identified through an audit. To retain their delegated authority, agency procurement officers are required to monitor procurement operations and make sure staff are trained and certified.

Despite the delegation of authority, DAS is still responsible for all aspects of the state procurement system.[20] The State Chief Procurement Officer is responsible for monitoring the state's source decisions, procurements, contract development, awards, compliance, overall state spend, and more. While some of these specific duties are shared with delegated officers, the State Chief Procurement Officer who oversees the State Procurement Services program is tasked with monitoring the statewide procurement system to optimize savings for the state.

DAS told auditors the agency reviews certifications for delegated agencies. When agencies reach out to DAS for assistance, it can also initiate a special procurement process to guarantee payment and avoid disruption of service delivery or goods through a contract that may have expired or is undergoing renegotiation or amendments. DAS may also be alerted by other entities of suspected mismanagement at an agency, wherein DAS may review contract or procurement practices and provide recommended actions.

However, apart from the certification reviews, DAS does not perform routine compliance audits of procurement or contracting activities and has not developed any formal compliance review processes or established a comprehensive compliance program. Nor has the special procurement process been standardized to address common or recurrent issues. For example, the agency does not routinely assess nonexempt and partially exempt state agencies to certify they are meeting the requirements in state law. Instead, DAS intervenes only when state agencies or the Governor's Office specifically request its services.

Without an established and routine compliance function, DAS does not have an effective mechanism to identify and deter poor purchasing and contract management practices and cannot evaluate whether agencies are fair and equitable in their award decisions. DAS cannot systematically identify fraudulent activity or prevent the waste and abuse of public funds or evaluate whether agencies are following the Public Contracting Code and their own policies and procedures.

If a routine compliance monitoring program were established, significant issues of noncompliance could be proactively identified and addressed. If strategically deployed statewide and used to inform training and

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[20] See pgs. 4 through 12 to learn more about DAS procurement authority.

agency guidance, a compliance monitoring program could help prevent these kinds of issues from happening in the future. In some cases, this could lead to DAS removing or reducing delegated procurement authority. DAS could also identify trends of noncompliance and areas of general confusion or disagreement that could inform statewide training and policy development. The introduction of OregonBuys also provides the state with a powerful tool that could support conducting agency reviews of procurement and contracting activity and decisions. This potential has not yet been explored.

> Without an established and routine compliance function, **DAS does not have an effective mechanism to identify and deter poor purchasing and contract management practices** and cannot evaluate whether agencies are fair and equitable in their award decisions. DAS cannot systematically identify fraudulent activity or prevent the waste and abuse of public funds or evaluate whether agencies are following the Public Contracting Code and their own policies and procedures.

No other entity in Oregon is doing this work on an enterprise scale. According to our survey, state agencies do not regularly perform independent compliance reviews of contracts. In some cases, this function is performed by an internal auditor or a consultant, but most agencies are dependent on the standard contract lifecycle management process. While this process does provide some assurance that standard contract steps are outlined in policies and an approval process is in place, process alone cannot ensure that agencies are in compliance or efficiently and effectively administering contracts.

Considering neither DAS, the Legislature, nor any other state entity currently hosts a statewide compliance program, introducing such a program would require extensive planning and development and may need an infusion of staff resources. The total need for resources, and decisions on where to host such a program and what specific areas of risk it might focus on, still need to be determined. However, establishing a statewide compliance program could provide key oversight lacking in the framework of the state's procurement system, which is otherwise generally in line with the current best practices.

Establishing a centralized statewide compliance function is a best practice and several other states have one in place

According to the National Association of State Procurement Officials, it is a best practice for state central procurement authorities to conduct regular compliance reviews. Several states have established programs or processes for conducting these reviews. Regular performance monitoring to help identify and remediate issues is also a recognized best practice for organizations under the COSO model (Committee of Sponsoring Organizations of the Treadway Commission).[21]

The audit team identified several states with a central procurement or contracting compliance function, although their focus and structure vary. Some are prescriptive and robust, while others are less formalized. Several are housed in an administrative agency, like DAS. However, some states have independent

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[21] The COSO model is an integrated framework that organizations utilize to design, implement, and maintain systems of internal controls, including conducting risk assessments, developing and implementing methods and procedures to mitigate identified risks, and performing routine monitoring activities to assure those established controls are effectively, efficiently, and ethically working in mitigating organizational risks.

boards that conduct regular reviews, while others engage an entity like the State Auditor or Attorney General to perform or assist with periodic reviews.

Figure 8: Audit research indicated at least 23 states (in blue) have a compliance function overseeing statewide procurement or contracting
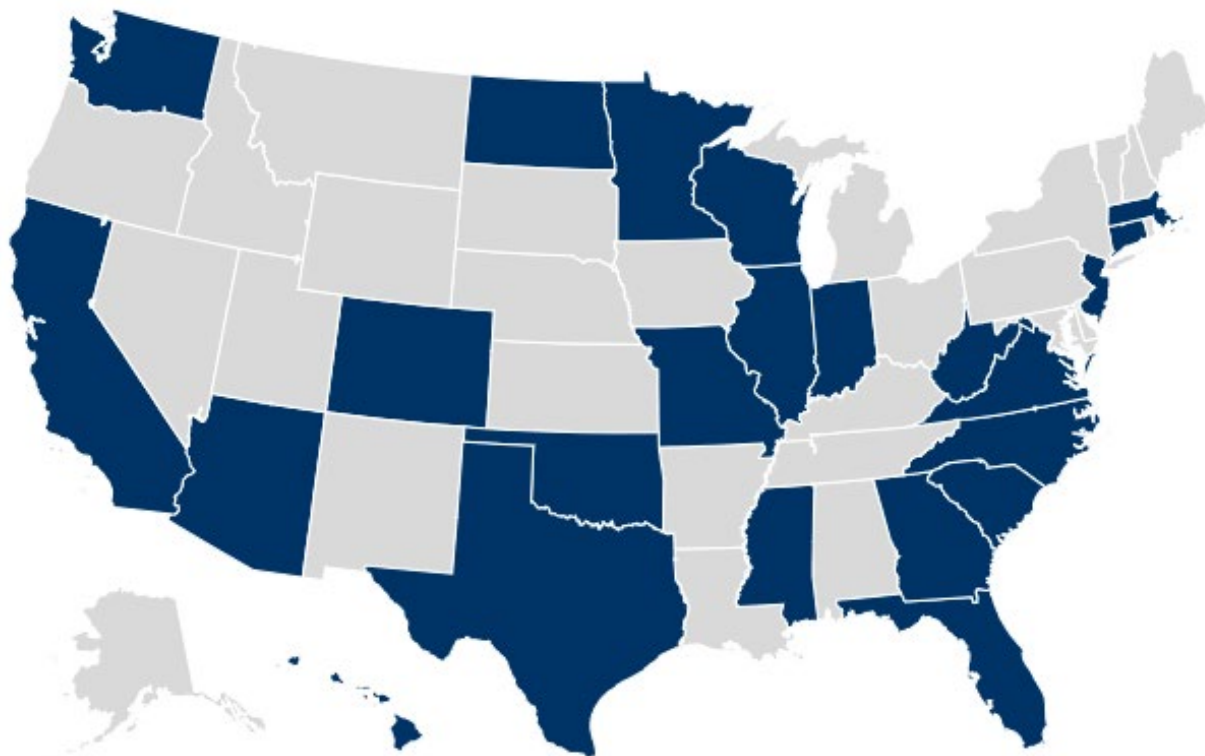
Arizona's central procurement office has a compliance team that includes training specialists. The team conducts routine procurement performance audits of each agency at least once every three years. Audits look at a random sampling of agency contracts and purchasing documentation. This program follows a formal corrective action process for findings of noncompliance. Findings from these audits inform and customize the department's training program.

Some states, such as **Connecticut**, have a separate policy board charged with oversight and compliance monitoring. The Connecticut State Contracting Standards Board has oversight authority over statewide procurement and contracting. The board performs triennial audits of agencies to review their compliance with state contracting and procurement laws and rules.

North Carolina has a Risk and Compliance team in its central procurement office. The team conducts routine compliance reviews of agencies' purchasing practices, which can impact an agency's delegated purchasing authority, either by reducing or increasing it. Each agency undergoes a compliance review every 18 months. These reviews focus on agencies' direct pays, purchase orders, procurement card purchases, and risk assessments, as well as the agency's own procurement and purchasing card manuals or policies. Findings from these reviews inform the procurement training unit.

South Carolina's central procurement office has a separate audit unit. The unit conducts reviews of agencies' internal controls, such as policies and procedures, as well as a sample review of transactions

and procurements to ensure controls are being followed. They review agencies' internal and external audits, purchasing card transactions, and procurements. They do not look at contract administration or management. Agencies in this state are also required to conduct their own monitoring and review of their transactions, which the procurement audit team includes in their audit consideration and assessment.

Washington State is currently rolling out a new, systemic risk assessment process of state agencies with delegated procurement authority that focuses on compliance. The central procurement office established a compliance scoring system for various procurement and contract regulations and policy. The central procurement agency also created a risk-rating system for agency delegations. This developing process involves continual stakeholder engagement and feedback. In the first rollout of this program, three to six contracts will be selected per agency, with an initial focus on compliance with supplier diversity and environmental policies. Other areas of focus may include areas of prior noncompliance, costly or high-profile procurements, or solicitations that have been protested by vendors.[22]

Agencies report DAS's service is inconsistent and often does not meet the state's procurement and contracting needs

Within DAS, the State Procurement Services program under the State Chief Procurement Officer provides training, guidance, and support to state agencies. However, the program lacks staff and other resources needed to meet agency needs and deliver consistent, high-quality customer service. These issues slow down issue resolution, lead to misunderstandings, and undermine DAS's intention to set and monitor high standards of accountability around state funds. Working with the Legislature to staff up State Procurement Services and take strategic steps to improve its customer service, including communication, training, and staff expertise, could help DAS enhance oversight of agency procurements, contracts, and contracting practices and build stronger relationships with partnering agencies.

Auditors surveyed Designated Procurement Officers at 29 agencies who participate in the DAS-supported Designated Procurement Officers Advisory Council to obtain feedback about using the OregonBuys eProcurement system, the quality of general procurement and contracting support services provided by DAS State Procurement Services, and agency contracting practices. Interviews were also conducted with procurement and financial services staff at DAS and several other agencies.

DAS State Procurement Services provides a range of procurement and contracting support services, but the quality and availability are inconsistent

The State Procurement Services program provides support and resources to state agencies such as trainings, guidance documents and standardized templates, a procurement manual, monthly meetings with agency procurement officers, administering contracts on behalf of some small agencies, and establishing statewide price agreements and other types of contract awarding and administering. These services are important for effective and transparent state procurement and contract management, and must be consistent, accessible, and aligned with Oregon law and current best practices.

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[22] A vendor protest of a solicitation is a formal process where they may contest some component of the solicitation document or process, or they may contest the agency's decision to award a contract to a competing vendor.

Agencies that responded to our survey said several of these services are helpful. These services include help with purchases and contracts, special procurement support, serving on the Designated Procurement Officer Advisory Council and OregonBuys Champions Group, and developing and providing access to the state procurement manual, templates, and price agreement buyers' guides.

However, agencies also noted gaps and deficiencies in the services provided. While some complaints were specific to OregonBuys, several agencies pointed to other issues with State Procurement Services that impact the program's ability to provide the level of service needed by agency partners.

Trainings provided by State Procurement Services raised several concerns, but much-needed updates are underway. DAS is required to establish training standards and provide training and instruction so procurement staff statewide have the skills and knowledge to comply with the Public Contracting Code and DAS procurement policies.[23] While the agency offers dozens of self-directed and instructor-led courses, survey respondents noted several concerns with the available trainings:

- Available training formats were limited and training coordinators often lacked knowledge about the subject matter and relevant procurement expertise. Respondents wanted a wider variety of training formats available to agency staff, including more live and interactive options, as well as courses focused on IT procurements and general trainings for non-procurement staff to promote better general understanding.
- Some procurement courses were unclear, inaccurate and out-of-date with current state law, or not aligned with certification requirements. These trainings did not reference existing DAS templates or use real world examples that would be meaningful to participants.

DAS is aware of these concerns; the agency told the audit team it has been in the process of revamping the training program to incorporate best practices and involve procurement staff. DAS also told Designated Procurement Officers Council members it intends to start using more training methods, such as in-person, live virtual, and pre-recorded. Some of these enhanced offerings are in development by DAS. Greater communication with agency partners like the Department of Justice and better awareness of trainings already offered would help DAS as it updates and refines its training program.

Figure 9: Agencies rated the quality of DAS contract administration trainings marginally higher than procurement trainings

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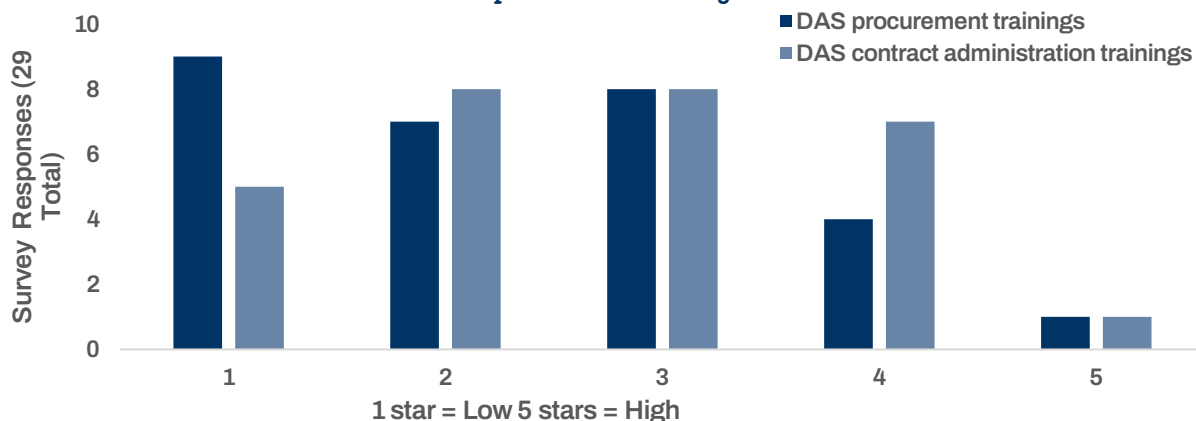
Survey results indicate communication with State Procurement Services is slow and inconsistent and the program needs more procurement expertise. One of the most cited concerns among survey respondents was slow and sometimes conflicting communication on the part of State Procurement Services staff. Respondents said some DAS staff were knowledgeable and responsive, but others lacked a similar understanding of their needs and would give them incorrect advice. Respondents said the program appeared to be understaffed, had a high turnover, and did not have enough trained and experienced procurement professionals on board.

Some survey responses pointed out specific program needs that are not fully developed. For example, DAS lacks metrics for meeting agency needs and has not involved the Designated Procurement Officers Council in strategic planning. Some respondents wanted DAS to set up a ticketing or triage system to manage agency requests and issues related to procurement. While State Procurement Services has a central email for questions and support requests, DAS acknowledged it did not have the necessary administrative support to triage incoming requests.

One of DAS's primary tools is its website. While agencies considered it easier to navigate than OregonBuys and appreciated the availability of online resources — such as the online procurement manual and templates — these documents were out-of-date and did not include recent statutory or rule changes. Some online resources have been outdated for several years and likely do not reflect recent changes in statute and rule that impact state procurement.

> One of the most cited concerns among survey respondents was **slow and sometimes conflicting communication on the part of State Procurement Services staff**. Respondents said some DAS staff were knowledgeable and responsive, but others lacked a similar understanding of their needs and would give them incorrect advice.

Improving service delivery supports the agency's mission and vision, which emphasize leadership, collaboration, and service delivery. The DAS 2024-2027 Strategic Plan outlines four high-level goals for the agency, starting with available, accessible, responsive, and transparent customer service.[24]

These goals highlight DAS's approach to its work and the recognition that agencies desire a collaborative relationship rather than a top-down management model. That desire must be balanced with DAS's responsibility to oversee and confirm the implementation of statewide policies and monitor the productive use of state funds. DAS, like all other state agencies, ultimately serves and is accountable to the public.

State Procurement Services' growing responsibilities and staffing levels undermine its ability to meet state agency support needs

As of 2025, State Procurement Services saw the scope and complexity of its demands and workload grow, although staff coverage has remained stagnant. The program must have sufficient and appropriately targeted staffing and resources to meet its responsibility of overseeing state procurement and providing quality services.

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[24] DAS 2024-2027 Strategic Plan

OregonBuys created a particular resource burden for State Procurement Services as they continue to work through its challenges. Total staffing within the program is roughly the same now as it was in 2017, prior to the OregonBuys rollout. DAS requested five additional FTE in 2019 to support the OregonBuys rollout, but only two were permanent positions. Furthermore, existing program staff absorbed additional duties and responsibilities when the program lost five administrative support roles in recent years.

Figure 10: State Procurement Services staffing has remained stagnant during a period of growing demands and responsibilities

	2017-19	2019-21	2021-23	2023-25
Positions	60	66	64	61
FTE	59.63	66	63.33	60.38

Source: DAS Agency Request Budgets

Outside of implementing a new eProcurement system, other changes and mandates have contributed to higher workloads within the State Procurement Services program. These include the creation of the Office of Procurement Equity, changes in statutes and rules raising procurement thresholds, a legislative mandate for developing grant administration training, and Governor Kotek's executive order in late 2024.[25]

The audit team could not reasonably determine whether State Procurement Services lacked staff coverage compared to other states, as state programs have numerous and complex statutory, administrative, and structural differences. However, the State Chief Procurement Officer commissioned a staffing time study of its three main work units in summer 2024, the results of which support the assertion that the program lacks adequate staff coverage to meet workload demands. The time study measured available staff hours against project demands and found the program to be short of approximately 14 full-time equivalent positions to support its current workload. The additional demands being placed on the program may also necessitate a review of how its available resources can be most efficiently aligned to support high-quality service delivery.

While OregonBuys meets many of its proposed goals, the system does not capture all state spend and presents additional operational challenges

OregonBuys was originally proposed to the Legislature to be an efficient, automated, end-to-end procurement system that would allow for more detailed tracking and reporting on state spend.[26] OregonBuys has accomplished much of its original intent; however, state spend capture and the system's ability to support strategic sourcing remain incomplete.

Auditors found OregonBuys poses persistent operational and configuration challenges for DAS and agency users. These include limitations on the system's ability to capture spend data, reporting limitations, and other operational challenges. Additionally, OregonBuys is unable to fully support contract lifecycle

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[25] Executive Order 24-31 requires Project Labor Agreements between labor organizations and construction contractors on project terms and conditions, including working conditions, worker roles, and compensation. This order also requires contract thresholds for utilizing COBID or disadvantaged businesses higher than those measured in the 2023 disparity study, and tracking tools to collect data and report to DAS.

[26] For more information on how OregonBuys originated, see pgs. 13 through 17.

management. DAS, in coordination with partnering agencies, must continue seeking resolutions to these issues to maximize the benefits of the system for the state.

OregonBuys can do most of the functions it was intended to perform

Most state agencies are currently using OregonBuys. As of January 2025, approximately 80 agencies, boards, and commissions are using the system, which houses over 400 statewide price agreements. Over 50,000 vendors are also using OregonBuys. For fiscal year 2024, OregonBuys hosted over 40,000 separate transactions totaling $2.14 billion.[27]

Adopting OregonBuys has required many agencies to review and update internal procurement and contracting policies and procedures and take on some additional workload to ensure OregonBuys invoices are properly processed and reconciled with payment data in the R*STARS statewide financial system.

Figure 11: Most of OregonBuys' functions promoted to the Oregon Legislature in 2018 have been substantially met

☑ Substantially Met

- ✓ End-to-end procurement
- ✓ Price agreement catalogs
- ✓ Vendor access (self-service)
- ✓ Sourcing configuration
- ✓ Automate RFP/bid process
- ✓ Automate with workflows and approvals
- ✓ Remove manual paper process

☒ Partially Met

- ☒ State spend capture
- ☒ Strategic sourcing

According to DAS's reporting on key performance measures for OregonBuys, the number of agencies entering procurement data into the system almost doubled from 28 to 50 between fiscal year 2021 and fiscal year 2024, with increases every year in between. According to DAS staff, that number is likely higher as of January 2025. This suggests agencies are increasingly using the system's full functionality. Some of those not using full functionality have specific temporary exceptions in place, but many smaller agencies and boards may lack appropriate staffing resources to use the system or depend on DAS to perform procurement and contracting work on their behalf.

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[27] Oregon Transparency website.

OregonBuys's ability to capture state spend via SPOTS cards and intergovernmental agreements is still incomplete

While most forms of state spend are now capturable in OregonBuys, state credit card (commonly known as a SPOTS card) purchases and expenditures tied to intergovernmental agreements are not. Some agencies frequently use SPOTS cards to make immediate and necessary purchases (such as tools and other supplies when in the field) rather than placing orders through OregonBuys that may require a wait time. This suggests there could be a significant amount of spend data that is not captured in the OregonBuys system.

DAS is **not currently able to align SPOTS card spend data with OregonBuys spend data** to track and monitor those expenditures.

DAS knew early on that managing SPOTS card purchases directly through OregonBuys may not be feasible. At the time of this report, a solution has yet to be identified. The agency considered workarounds to track SPOTS card spend without burdening agency staff who need to make timely purchases. In 2021, DAS explored a potential solution called a "card vault" to store SPOTS card user data, but it was ultimately abandoned due to concerns that in order to meet industry security requirements, the workload on agencies would be untenable.

DAS told the audit team they were exploring alternative approaches in late 2024, including functionality allowing an agency to pay for a purchase outside of OregonBuys and then manually close out the purchase order in the system. In January 2025, DAS told members of the Designated Procurement Officers Advisory Council they should not expect to see SPOTS card payments incorporated into OregonBuys.

DAS is not currently able to align SPOTS card spend data with OregonBuys spend data to track and monitor those expenditures. U.S. Bank, the SPOTS card vendor, reportedly does not capture price agreement numbers or other data specific to SPOTS card purchases on price agreements, nor is DAS able to narrow down the data provided to specific items being purchased, as they are not consistently tracked by manufacturer or product numbers. SPOTS card purchasing data captures the total amount spent on a transaction, but not necessarily the items purchased. Therefore, purchasing on statewide and agency price agreements cannot be entirely captured in OregonBuys, nor in the SPOTS card vendor application. Due to these limitations, DAS has to pull this data from vendors' self-reported quarterly Volume Sales Reports.

Aligning data streams from OregonBuys with those provided by U.S. Bank would allow the state to better understand how SPOTS card money is spent. A certain proportion of SPOTS card spend goes to statewide price agreement products and services; but without aligning data sets, the state cannot determine how much. Having this information could help DAS negotiate statewide price agreements more effectively and gain a clearer understanding of the true demand for specific goods and services statewide.

Figure 12: Prior to OregonBuys, DAS recommended adopting a statewide eProcurement system to improve spend data tracking

Source: 2018 Senate Committee on General Government and Accountability

Some other types of spend data are not captured in OregonBuys. Administrative rules require intergovernmental agreements, known as ORS 190 Agreements, to be uploaded into OregonBuys or another approved eProcurement system.[28] However payments for interagency agreements, a specific type of intergovernmental agreement, must still be processed directly through R*STARS. To minimize the risk of incorrect payments, DAS now requires all intergovernmental agreement payments under ORS 190 to occur outside of OregonBuys. Additionally, OregonBuys does not currently track funds set aside by agencies to pay for future goods and services (called encumbrances). The system can track funds set aside for future use, but according to DAS, agency processes differ too much to make effective use of this feature. Tracking these amounts was not specifically promised; however, agencies may struggle to determine how much they spend on contracts to avoid going over their limits.

As originally intended, some other purchases, such as utility payments and employee reimbursements, are still paid by agencies directly through R*STARS or other payment methods. As mentioned on page 27, system adoption (and the associated capture of state spend) is an ongoing process. While agencies are

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[28] OAR 125-246-0365(1)

demonstrating growing familiarity with OregonBuys, the system's Transition Guidance states that non-procurement items will continue to be paid for "using existing agency methods."

Finally, key performance measures set by the Legislature may far exceed the ability of OregonBuys to show sourced addressable spend overall. [29] The 2024 key performance measures assume the state can source and track 90% of spend through the system; according to DAS, industry targets for "best-in-class" eProcurement systems are 60%. The agency recommended the measure be revised in line with industry targets, starting with a 45% target for 2025 as the first year of data collection, analysis and reporting, and increasing to 60% each year after. While not articulating a total percentage of spend, NASPO also suggests that having 80% of transactions in the system can support reaching system maturity – a process that can take two or more years from the date of full implementation.

DAS continues to pursue resolutions to persistent data capture, testing, and security challenges

While DAS considers OregonBuys fully implemented, both DAS and the system's vendor continue to monitor and address issues on at least a quarterly basis. However, some issues have proven to be persistent, which affects agency users' ability to accurately input and track procurement information.

State spend data is captured in multiple systems that are not fully integrated, limiting DAS's ability to identify purchasing trends or make informed strategic sourcing decisions. DAS continues to grapple with capturing accurate spend totals. The OregonBuys system was intended to provide effective data and reporting for management purposes — particularly for the ability to analyze state spend to better understand how much is being spent categorically and what agencies' needs truly are. This information would inform the negotiations of statewide price agreements, helping the state reduce costs on routinely procured goods and services.

However, OregonBuys data is not easy to analyze or synthesize in relation to data from other spend-capturing systems. There are currently no universal expectations in place for using system codes (such as product or manufacturing codes) that allows for cross comparisons of the spend data from other systems. Since SPOTS card spend is still outside the system and several agencies are still not using OregonBuys's full functionality, data must be extracted and correlated between several systems and sources. These sources include: OregonBuys, vendors' volume sales reports, U.S. Bank SPOTS card reports, R*STARS, and archival data from ORPIN. The data from each source must be validated and must be comparable so it can be integrated and analyzed. Key data points must all be present and any differences in how the data is categorized must be accounted for.

According to DAS, there is currently no easy or straightforward way to automatically synthesize these disparate data streams so they are properly and accurately aligned. These limitations slow efforts to validate and perform quality data analysis that can inform strategic sourcing, especially with regard to negotiating statewide price agreements.

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[29] Sourced addressable spend is the portion of an entity's total spend that can be utilized for strategically negotiating contracts with specific suppliers.

> The OregonBuys system was **intended to provide effective data and reporting for management purposes** — particularly for the ability to analyze state spend to better understand how much is being spent categorically and what agencies' needs truly are.
>
> However, **OregonBuys data is not easy to analyze or synthesize** in relation to data from other spend-capturing systems.

Quarterly release process failed to prevent issues with some updates before they were deployed statewide. The OregonBuys vendor deploys system updates to their clients (in this case, Oregon state agencies) on a quarterly release schedule. Clients are allowed a specific number of days to perform testing at two points during the release cycle. Periscope Holdings encouraged all standard business processes to go through testing on this schedule, but DAS noted they did not find this approach effective or timely. DAS opted to establish a set of standard invoice and financial interface tests that are conducted during all releases and then focus on testing new and updated functionality to catch defects and train users on the changes.

As of October 2024, 24 staff from eight state agencies, including DAS, were invited to assist with testing. Some staff involved in testing told the audit team they consider it a substantial burden, and the testing window (about 20 days) does not give them enough time to thoroughly run through the recommended tests. DAS reported that the vendor is sometimes late to alert them of all changes that end up being released, leading to some changes going through that have not been adequately tested (if at all).

While most system updates are successful, occasional issues that likely should have been identified during testing have slipped through. One update in April 2024 resulted in an unexpected change to account coding in the financial interface and caused significant issues across the state. Roughly 70% of the active transactions in the system failed to interface correctly with R*STARS. Agency staff had to fix the errors manually, which took a significant amount of time.

Sometimes, unanticipated system issues arise after an update. Following the April 2024 update, the open bids tool stopped routinely updating with the latest agency solicitations and notices. This meant that system users were not always seeing the most up-to-date information related to these solicitations. DAS alerted Periscope Holdings of the issue, and Periscope created a script to update the list every day at 6 a.m. until the issue was resolved in the subsequent release. These and other issues caused or triggered by the updates, depending on the severity, should be addressed immediately or in future updates.

> Some staff involved in testing told the audit team **they consider it a substantial burden** and the testing window (about 20 days) **does not give them enough time** to thoroughly run through the recommended tests.
>
> DAS reported the vendor is sometimes late to alert them of all changes that end up being released, leading to **some changes going through that have not been adequately tested (if at all).**

DAS appears to be taking a more cautious approach to OregonBuys system updates following the April 2024 coding issue. In September 2024, DAS chose to delay the scheduled update due to issues identified during testing. Other states that went live on the scheduled release date experienced multiple issues that had to be resolved by the vendor.

System security concerns are still being resolved. In November 2023, DAS notified the vendor — Periscope Holdings — that OregonBuys was not in full compliance with industry and state security standards and requirements. Specifically, the vendor needed to ensure OregonBuys maintained a complete audit trail of user activity. A system able to track "audit events" can identify inappropriate or unusual activity. Certain agency users should be able to access detailed audit logs in the system and follow individual user activity, such as a vendor submitting a proposal by a set deadline.

Additionally, according to the DAS notification, Periscope Holdings only assessed one-third of the system's security controls annually, but state standards require all security controls in the system to be assessed every year. According to DAS, not testing all security controls meant the agency could not determine if OregonBuys met security requirements. Since the OregonBuys system did not allow authorized purchasers (like Oregon) to generate their own user audit reports, this raised the risk of security breaches not being identified or addressed timely.

At the time of DAS's notification in November 2023, the system was implemented and nearing the end of its original contract. DAS extended the contract period with Periscope Holdings in 2024 to address these concerns. On February 14, 2025, DAS sent the vendor a letter of resolution stating the agency was satisfied the vendor had fully resolved several security concerns and had provided a satisfactory plan to remedy the remaining defaults, which was included as part of OregonBuys's renegotiated contract. This resolution allows DAS to finalize the system's implementation process, transitioning its status to operational.[30]

OregonBuys presents ongoing operational challenges for many agency users

As frequent and routine users of OregonBuys, Designated Procurement Officers at state agencies have key insight into how it serves agency needs. According to procurement officers who responded to our survey, OregonBuys is generally functional and supports basic components of their work, but the system presents ongoing operational challenges for users.

Figure 13: The majority of survey respondents rated OregonBuys 2 out of 5 or lower for ease of use and navigability

How did agencies rate OregonBuys's ease of use and navigability?

(1=lowest score / 5 = highest score)

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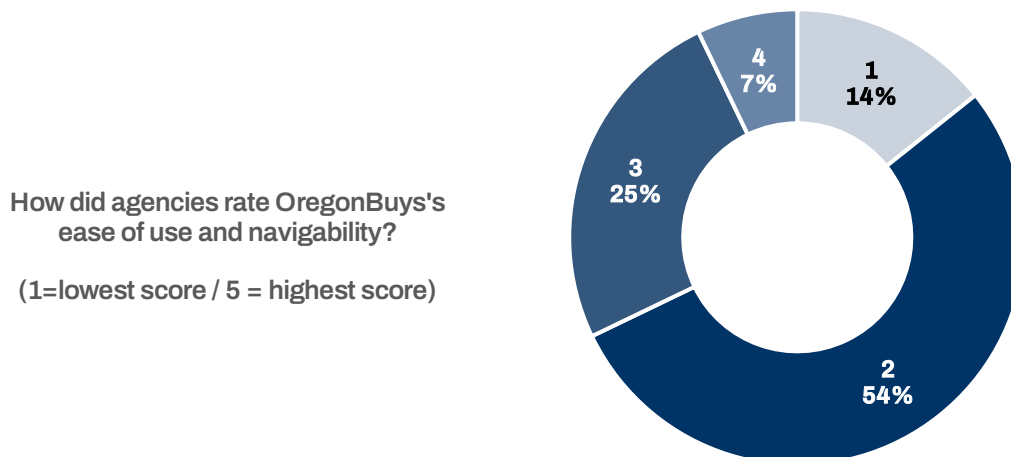
[30] See report page 13 for more information on the OregonBuys project implementation.

Overall, the system's ease of use and navigability was rated low by survey respondents, the majority of whom rated it 2 out of 5 or lower. None rated it 5 out of 5. Furthermore, few respondents said the system had improved since its implementation in September 2023; several said it had not substantially changed and, in some respects, had even become more difficult to use.

Core functions, like the search function, did not work as anticipated or needed. Several survey respondents considered the search function to be unreliable because it required precise inputs or would need multiple queries to find certain items, contract documents, and vendors. Two-thirds of respondents said they were not always able to locate important procurement or contract documents in OregonBuys. Only six respondents said they could always find what they were looking for. Examples of key documents and resources survey respondents had a difficult time locating include Master Blanket Purchase Orders, statewide price agreements, and completed requisitions.[31] DAS reports raising this concern with the vendor, who has been taking steps to improve the search function and enable agencies to search by contracts.

Agency users think OregonBuys is complex, difficult to navigate, and not intuitive. While frequent users can overcome the learning curve for basic processes, OregonBuys is challenging for staff not routinely using the system, which can include staff responsible for administering key contracts. Additional processes and updates are not considered effective in making the system easier to use, as users must continually adapt to the changes. Agencies have responded by creating workarounds outside OregonBuys to complete tasks that should be accomplished within the system in order to meet key deadlines.

Agencies also noted in the survey and in interviews that additional staff time was required on the part of financial services staff to reconcile OregonBuys invoice and purchase order data with R*STARS data. The two system applications communicate with each other, but according to DAS, reconciliation is a standard control to confirm information matches prior to payment authorization. As of this audit, reconciliation work is largely a manual process. While it may be necessary, this can create an additional workload burden for agencies that regularly use the OregonBuys system, since regular use requires the agency to perform more reconciliations.

> While frequent users can overcome the learning curve for basic processes, **OregonBuys is challenging for staff not routinely using the system,** which can include staff responsible for administering key contracts.

Reporting capabilities are limited, requiring additional assistance from DAS. Respondents said agencies often cannot easily customize or build the kinds of reports they need, including reports covering remaining contract balances, payments, and the status of invoices. Most agencies must request these reports from DAS, which has enhanced user access but also has limited staff dedicated to support. According to DAS, most of the system's built-in reports are configured to provide users with a PDF. Agencies can also request a report that exports to a data file that the agency can filter and analyze.

It is difficult to communicate within the OregonBuys system. Delays in the processing of invoices and receipts can lead to late payments to vendors. For example, accounts payable staff are not notified through

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[31] Within OregonBuys, a Master Blanket Purchase Order is a single contract (including price agreements and intergovernmental agreements) an agency can issue multiple change orders against. A requisition is an internal request for goods and services.

OregonBuys when they need to convert a receipt. To address this, DAS has created a weekly report, available to interested agencies, for capturing purchase orders received in the prior week. If the wrong user in the system approves an invoice, it can stall out instead of alerting the user that an approved staff person must process the invoice. Respondents also noted it is difficult to initiate change orders or make midstream adjustments to contracts, which can lead to longer processing times.

DAS does not have a coordinated agency support system with the OregonBuys vendor. Part of DAS's contract with Periscope Holdings includes the vendor receiving and responding to agency system requests through a support desk. While survey respondents say the vendor support desk is generally helpful and responsive, its offerings are limited and not well versed in Oregon's procurement needs and requirements.

Figure 14: Periscope Holdings and DAS received mixed reviews on the quality of support provided to agencies using OregonBuys

Are DAS and Periscope providing timely and appropriate support to agencies using OregonBuys?

Survey Responses (26 Total)
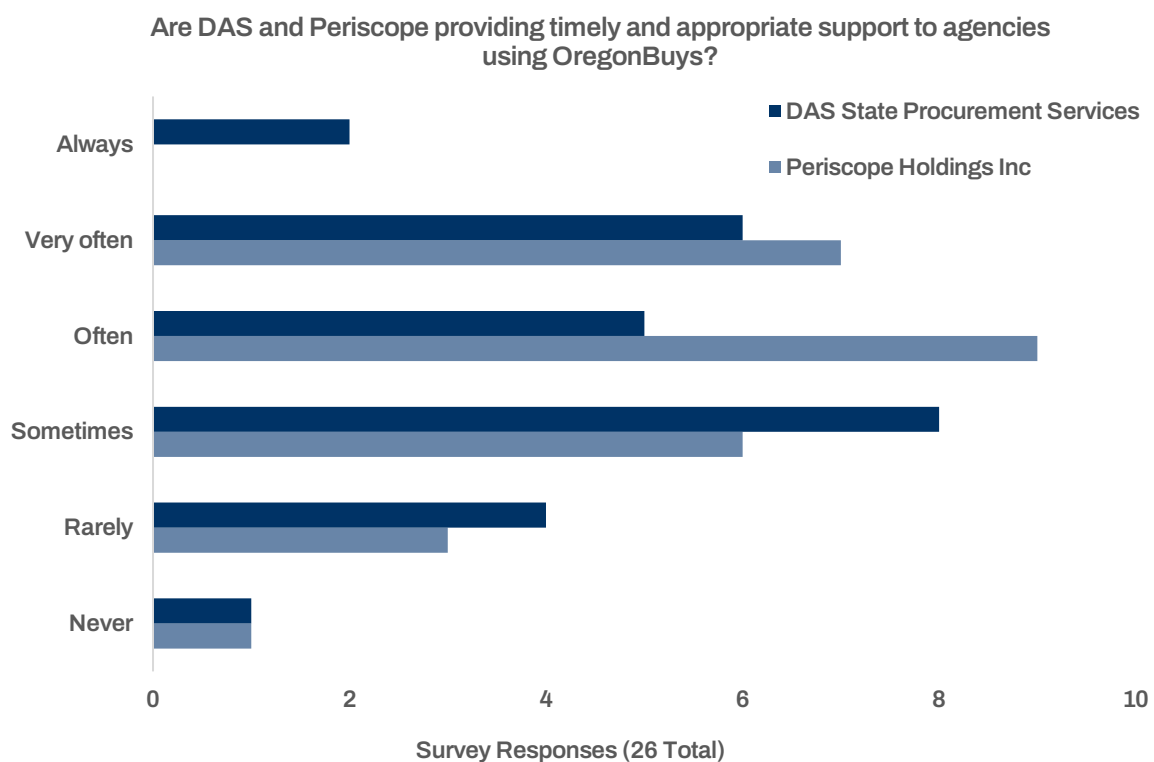
Note: Some survey responses were filtered out as not all responses provided were quantifiable.

DAS does not have its own support desk set up for OregonBuys users, although DAS staff receive Oregon business or procurement process-related escalations from Periscope Holdings' support representatives and meet with Periscope's support leadership teams bi-weekly to review tickets. In addition, DAS staff respond to agencies that reach out directly with support requests.

However, compared to the vendor, survey respondents did not consider DAS to be responsive or timely in providing support and communication. The overall knowledge, responsiveness, and helpfulness of DAS support was dependent on the person they could reach. DAS and Periscope Holdings have not developed

a robust, coordinated approach to agency support. Survey respondents reported having to reach out to both entities multiple times and sometimes getting different answers from each.

These issues can trigger the use of external workarounds to ensure payments are made on time and changes to contracts are processed in a timely manner. According to survey respondents, this is particularly true for more complex procurements and contracts. These challenges undermine efforts to capture a full and accurate picture of state spend, and if unaddressed, could dissuade agencies from using the OregonBuys system to its full capacity.

OregonBuys does not support all aspects of contract lifecycle management

OregonBuys is the state system of record for most state contracts. However, while solicitations, final contract awards, and contract amendments are stored in OregonBuys, other key contract information, such as Department of Justice legal reviews, are not captured in the system. According to DAS, some agency partners are reluctant to store confidential documents in OregonBuys and agencies have been advised against it. Additionally, documents uploaded into the system are static, meaning they cannot be edited within the system. Agencies also report issues when attempting to update or replace contract and procurement files, which can slow down or complicate contract workflow.

OregonBuys in its current state is not designed or intended to facilitate contract lifecycle management. While the vendor offers a module for contract management, DAS opted against adopting the module during contract negotiations. DAS intended to focus its efforts on the successful rollout and stabilization of a statewide eProcurement system that could capture and report on state spend. Adoption of the module at that time was considered an additional complication and was not carried forward in the final version of the contract. DAS expressed the intent to eventually adopt a statewide contract management system.

Figure 15: Not all key contract information is currently stored in OregonBuys
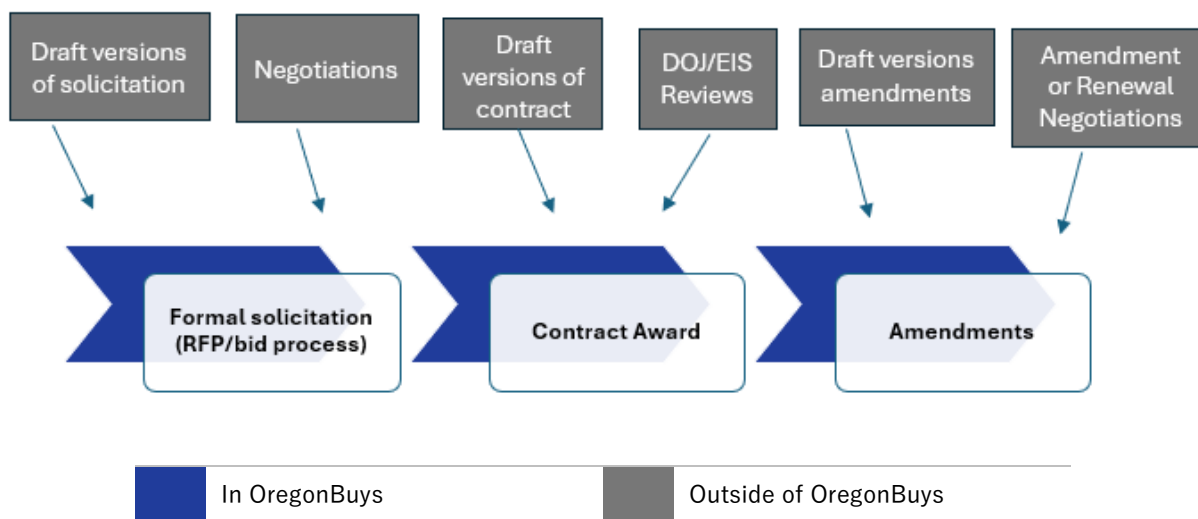
Oregon does not have a statewide contract management system. Some agencies have their own contract management systems that can support key components of contract lifecycle management, but most agencies that responded to our survey are reliant on alternative tools such as Excel or Smartsheet. The

storage of some key contract documents and administration of essential tasks are largely occurring outside of OregonBuys. Agencies may have policies and procedures in place to ensure these steps happen, but the lack of a centralized contract management system makes any kind of broad external review of contract practices challenging. The information available in OregonBuys may not be sufficient to provide insight into areas that need improvement.

Other states have centralized contract management systems, some of which are integrated with or built into their eProcurement systems. This includes states using the same system vendor as Oregon. Incorporating a contract lifecycle management configuration is considered a best practice and promotes efficiency and transparency around contract expenses, milestones, and day-to-day activities and administration. It could also allow an oversight body to more easily and efficiently monitor agencies' performance and compliance with contract management. A contract management system or module, particularly one that could successfully integrate with OregonBuys, would likely enhance the overall usefulness of the eProcurement system for agencies and allow DAS to provide greater oversight of statewide spend and contracting practices and outcomes.

A robust contract lifecycle management process reduces risk

Every component of a contract must be managed, from execution to final closure or renewal.

Following best practices throughout a contract's lifecycle helps to keep projects on point and avoids inadequate product or service delivery and potential legal issues. Good contract management encourages competition, meets ethical standards, promotes equal treatment of bidders, and encourages stability and accountability within the process. Key components of robust contract management might include routine and frequent communications and check-ins with the vendor, buy-in on key decisions, comprehensive documentation, clear reporting expectations, verifications of obtained goods or services, and timely vendor payments. Contract conditions and expectations should be clearly outlined and understood by all involved parties, and the administration of the contract should include routine monitoring and reporting on vendor performance.

When key components are missing in the administration of a contract, the contract could run the risk of failure. Not only is this costly to the state, but it could result in an agency not meeting the needs of the people and communities it serves. Should issues occur during the implementation of a contract, a lessons-learned review at contract close can help identify the challenges in order to prevent similar occurrences on future projects. Using a secure contract management system that supports contract conditions, workflow, and communication needs can help mitigate potential contract challenges and support contract reviews.

Recommendations

To enhance statewide compliance with the Public Contracting Code and support the effective administration of public contracts, DAS should:

1. Coordinate with the Legislature and key partnering agencies to create a comprehensive, centralized statewide procurement and contracting compliance program informed by a robust risk analysis. DAS and its partners should consider compliance functions that include:

   a. Reviewing a sample of agency contracts on a routine schedule to promote and confirm timeliness, adherence to contract stipulations, and compliance with the Public Contracting Code.

   b. Reviewing a sample of procurements on a routine schedule to confirm compliance with the Public Contracting Code.

   c. Reviewing agency contract compliance policies, procedures, and practices, and providing direct feedback for improvement based on existing statute, administrative rules, and best practices.

   d. Evaluating common issues identified during compliance reviews for inclusion in DAS training priorities and guidance development as well as delegation decisions that fall under DAS authority.

To improve and adequately resource agency support services delivered by DAS State Procurement Services, DAS should:

2. Develop more consistent, accessible, and robust service delivery to support state agencies with procurement, contracting, and training needs. This should include:

   a. Establishing service level standards and ensuring all DAS State Procurement Services staff receive sufficient, timely, and regular training on state procurement rules and expectations to enhance program consistency.

   b. Establishing a centralized administrative support mechanism to track, triage, and respond to agency questions and requests regarding services, OregonBuys, training and guidance resources, statewide and agency policies, contract administration, and more as needed.

   c. Delivering timely, accurate, and appropriate informational updates to agencies regarding DAS services and resources, policy updates, OregonBuys, guidance and training, and more as needed.

   d. Collecting feedback from partnering agencies on ways to enhance and target services to better meet agency needs.

   e. Including partnering agencies in ongoing efforts to revise, develop, and update DAS procurement and contract training, guidance documents and templates to stay current with statute and state policy.

3. Review the utilization of staff and other resources in the State Procurement Services program and make adjustments based on that review. This may include requesting additional FTE from the

Legislature where appropriate to consistently perform its full suite of services, including managing the ongoing operation of OregonBuys. This review should include:

   a. Determining whether DAS State Procurement Services has sufficient administrative support for key functions, such as training development.

   b. Ensuring staff resources are properly aligned with program needs.

   a. Evaluating the need to utilize contracted services to review and analyze workload and service delivery.

To ensure the OregonBuys eProcurement system is fully operational and to maximize benefits to the state, DAS should:

4. Create a sufficient resource plan for the ongoing development and operation of OregonBuys and use the plan to obtain and direct funds and staffing.

5. Coordinate with the Department of Justice, Enterprise Information Services, and members of the Designated Procurement Officers Advisory Council to perform an assessment of OregonBuys which includes:

   a. Reviewing agency policies and practices' changes to inform DAS's efforts to standardize procurement processes among agency users.

   b. Creating more agency-specific reporting customizations to help meet state and federal reporting requirements.

   c. Evaluating and equitably managing state resources for quarterly release testing to support more sufficient and balanced agency participation.

   d. Analyze spend data within OregonBuys as well as spend data residing in external sources to support informed reporting and strategic sourcing efforts.

   e. Identifying common external system workarounds and finding ways to minimize and mitigate their use.

6. Coordinate with Periscope Holdings and agency partners to clarify DAS and vendor customer service roles and expectations and revise DAS support protocols with state agencies using OregonBuys. These changes should address communication needs and challenges and should include:

   a. Giving agency users prompt, consistent, and well-coordinated support from DAS and Periscope Holdings to address questions and issues about the OregonBuys system or state procurement process.

   b. Providing agency users involved in OregonBuys quarterly release testing with clear and timely communication on testing priorities, requirements, and timeframes.

7. Coordinate with the Department of Justice, Enterprise Information Services, and the Designated Procurement Officers Advisory Council to conduct a benefits and feasibility study on adopting an

enterprise-wide contract management system. The study must prioritize system security and DAS must report findings to the Legislature.

    a. Based on study results and Legislative direction, determine whether to adopt an enterprise-wide contract management system and identify critical next steps.

8. Monitor, assess, and regularly report to the Legislature on progress made to capture and analyze spend data in OregonBuys and efforts to utilize spend data from other sources in this analysis.

Objective, Scope, and Methodology

OBJECTIVE

- Identify further steps DAS can take to enhance statewide adherence to the Public Contracting Code and support effective contract management.
- Determine whether DAS is taking appropriate steps to fully implement a statewide eProcurement system that meets the goals outlined in the 2018 legislative session.

SCOPE

This audit covers progress made by DAS and partnering agencies to meet OregonBuys's intent shared with the Legislature in 2018. It also covers State Procurement Services' controls framework for public contracting (including compliance and monitoring) and customer service delivery. The audit scope does not include a review of specific contracts, agencies exempt from DAS procurement authority, vendors, or grant agreements.

METHODOLOGY

To meet our objective, we performed the following procedures:

- Reviewed relevant Oregon statutes, rules, policies, agency budgets, council meetings and legislative sessions, informational reports, DAS communications, DAS-provided procurement and contract management trainings, and other OregonBuys and DAS materials as relevant (including contract materials);
- Reviewed key documents, including DAS Stage Gate Oversight Model, DAS IT system security standards, the OregonBuys eProcurement system contract with Periscope Holdings, Inc. and Notice to Cure, and the OregonBuys quarterly configuration testing procedures, among others;
- Interviewed DAS leadership and staff in the following programs: State Procurement Services, Office of Procurement Equity, State Financial Services, and Statewide Management Financial Systems;
- Interviewed partnering agencies and programs, including: Department of Justice, Legislative Fiscal Office and the state's Budget and Management section, Oregon State Lottery, Oregon Department of Transportation, Oregon Department of Forestry, the Oregon Secretary of State Business Services Division and State Archives, and Oregon State Treasury;
- Interviewed representatives in the Oregon State Legislature;
- Interviewed and conducted a survey among participating members of the DAS Designated Procurement Officers Advisory Council;
- Interviewed leadership and used data and reports from the National Association of State Procurement Officials;
- Researched compliance programs and functions in other states, including interviews with five states; and
- Researched eProcurement, contracting, and compliance standards and best practices.

INTERNAL CONTROL REVIEW

We determined that the following internal controls were relevant to our audit objective.[32]

- Control Environment
  - We reviewed DAS organizational structure, governance, and authority, looking at 2017 to 2025-27 organizational charts, agency budgets including requested budget detail, and staffing information for State Procurement Services.
- Risk Assessment
  - We interviewed DAS leadership, staff, and relevant stakeholders.
  - We reviewed statutes, administrative rules, legislation, executive orders, and other relevant policies.
  - We considered whether management identifies, analyzes, and responds to risks related to achieving the objectives for statewide procurement and contracting.
- Control activities
  - We evaluated DAS service and support resources to state agencies, DAS internal processes, communications, training program, and assessed DAS's oversight role and functions for reducing statewide contacting and procurement risks.
- Information and communication
  - We reviewed online communications, council meetings, and published informational resources provided by DAS related to statewide procurement and contracting and the OregonBuys eProcurement system.
- Monitoring activities
  - We evaluated whether DAS routinely monitors or reviews agencies' procurements or contracts to assess for and mitigate risks.

Deficiencies with these internal controls were documented in the results section of this report.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We sincerely appreciate the courtesies and cooperation extended by officials and employees of DAS and other state agencies during the course of this audit.

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[32] Auditors relied on standards for internal controls from the U.S. Government Accountability Office, report GAO-14-704G.

ABOUT THE SECRETARY OF STATE AUDITS DIVISION

The Oregon Constitution provides that the Secretary of State shall be, by virtue of the office, Auditor of Public Accounts. The Audits Division performs this duty. The division reports to the Secretary of State and is independent of other agencies within the Executive, Legislative, and Judicial branches of Oregon government. The Secretary of State has constitutional authority to audit all state officers, agencies, boards and commissions as well as administer municipal audit law.

Department of Administrative Services

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2 July, 2025

Steve Bergmann, Director
Secretary of State, Audits Division
255 Capitol St. NE, Suite 180
Salem, OR 97310

Dear Mr. Bergmann,

This letter provides a written response to the Audits Division's final draft audit report titled "Without a Comprehensive Compliance Function, DAS Cannot Effectively Monitor High-Risk Contracts or Mitigate Contracting Risks".

DAS agrees with the recommendations and appreciates the opportunity to respond.

Below is our detailed response to each recommendation in the audit.

RECOMMENDATION 1

Coordinate with the Legislature and key partnering agencies to create a centralized statewide procurement and contracting compliance program informed by a robust risk analysis. DAS and its partners should consider compliance functions that include:

    a. Reviewing a sample of agency contracts on a routine schedule to promote and confirm timeliness, adherence to contract stipulations, and compliance with the Public Contracting Code.

    b. Reviewing a sample of procurements on a routine schedule to confirm compliance with the Public Contracting Code.

    c. Reviewing agency contract compliance policies, procedures, and practices, and providing direct feedback for improvement based on existing statute, administrative rules, and best practices.

    d. Evaluating common issues identified during compliance reviews for inclusion in DAS training priorities and guidance development as well as delegation decisions that fall under DAS authority.

Agree or Disagree with Recommendation	Target date to complete implementation activities	Name and phone number of specific point of contact for implementation
Agree	6/30/2027	Stephen Nelson 971-719-1680

Narrative for Recommendation 1

In collaboration with key agency partners, DAS will assess the requirements and resources necessary to implement a procurement and contracting compliance evaluation program. DAS will perform a risk assessment to prioritize evaluation areas and develop and execute a work plan possible within existing resources. DAS may consider consultant advice for portions of this work. DAS will develop scalable work plans for a more comprehensive compliance program and will submit funding requests to the legislature for consideration.

RECOMMENDATION 2

Develop more consistent, accessible, and robust service delivery to support state agencies with procurement, contracting, and training needs. This should include:

  a. Establishing service level standards and ensuring all DAS State Procurement Services staff receive sufficient, timely, and regular training on state procurement rules and expectations to enhance program consistency.

  b. Establishing a centralized administrative support mechanism to track, triage, and respond to agency questions and requests regarding services, OregonBuys, training and guidance resources, statewide and agency policies, contract administration, and more as needed.

  c. Delivering timely, accurate, and appropriate informational updates to agencies regarding DAS services and resources, policy updates, OregonBuys, guidance and training, and more as needed.

  d. Collecting feedback from partnering agencies on ways to enhance and target services to better meet agency needs.

  e. Including partnering agencies in ongoing efforts to revise, develop, and update DAS procurement and contract training, guidance documents and templates to stay current with statute and state policy.

Agree or Disagree with Recommendation	Target date to complete implementation activities	Name and phone number of specific point of contact for implementation
Agree	6/30/2027	Stephen Nelson 971-719-1680

Narrative for Recommendation 2

While we agree with the intent and spirit of the recommendation, resource constraints require a plan to prioritize the use of resources. DAS will develop a comprehensive plan to prioritize and implement recommended improvements that will include scope, schedule, and budget. The plan will be developed in consultation with partner agencies and will include the staffing analysis from recommendation #3.

RECOMMENDATION 3

Review the utilization of staff and other resources in the State Procurement Services program and make adjustments based on that review. This may include requesting additional FTE from the Legislature where appropriate to consistently perform its full suite of services, including managing the ongoing operation of OregonBuys. This review should include:

  a. Determining whether DAS State Procurement Services has sufficient administrative support for key functions, such as training development.

  b. Ensuring staff resources are properly aligned with program needs.

  c. Evaluating the need to utilize contracted services to review and analyze workload and service delivery.

Agree or Disagree with Recommendation	Target date to complete implementation activities	Name and phone number of specific point of contact for implementation
Agree	6/30/2027	Stephen Nelson 971-719-1680

Narrative for Recommendation 3
This work will be completed as part of the plan and funding request from recommendation #2.

RECOMMENDATION 4
Create a sufficient resource plan for the ongoing development and operation of OregonBuys and use the plan to obtain and direct funds and staffing.

Agree or Disagree with Recommendation	Target date to complete implementation activities	Name and phone number of specific point of contact for implementation
Agree	6/30/2027	Stephen Nelson 971-719-1680

Narrative for Recommendation 4
The DAS eProcurement team will develop a long-range plan for the operation of OregonBuys. This work will be related to plan and funding request in recommendation #2.

RECOMMENDATION 5
Coordinate with the Department of Justice, Enterprise Information Services, and members of the Designated Procurement Officers Advisory Council to perform an assessment of OregonBuys which includes:

  a. Reviewing agency policies and practices' changes to inform DAS's efforts to standardize procurement processes among agency users.

b. Creating more agency-specific reporting customizations to help meet state and federal reporting requirements.

c. Evaluating and equitably managing state resources for quarterly release testing to support more sufficient and balanced agency participation.

d. Analyze spend data within OregonBuys as well as spend data residing in external sources to support informed reporting and strategic sourcing efforts.

e. Identifying common external system workarounds and finding ways to minimize and mitigate their use.

Agree or Disagree with Recommendation	Target date to complete implementation activities	Name and phone number of specific point of contact for implementation
Agree	6/30/2027	Stephen Nelson 971-719-1680

Narrative for Recommendation 5
This will be included in the work related to the plan and funding request in recommendation #2 and aligns with the work in recommendation #4.

RECOMMENDATION 6
Coordinate with Periscope Holdings and agency partners to clarify DAS and vendor customer service roles and expectations and revise DAS support protocols with state agencies using OregonBuys. These changes should address communication needs and challenges and should include:

a. Giving agency users prompt, consistent, and well-coordinated support from DAS and Periscope Holdings to address questions and issues about the OregonBuys system or state procurement process.

b. Providing agency users involved in OregonBuys quarterly release testing with clear and timely communication on testing priorities, requirements, and timeframes.

Agree or Disagree with Recommendation	Target date to complete implementation activities	Name and phone number of specific point of contact for implementation
Agree	6/30/2026	Stephen Nelson 971-719-1680

Narrative for Recommendation 6
DAS will produce a report detailing the agreements with the OregonBuys contractor that will provide clear lines of delineation for support structures to address questions and issues related to

OregonBuys along with release management planning. This will include the evaluation of common issues and enterprise-wide support requests.

RECOMMENDATION 7

Coordinate with the Department of Justice, Enterprise Information Services, and the Designated Procurement Officers Advisory Council to conduct a benefits and feasibility study on adopting an enterprise-wide contract management system. The study must prioritize system security and DAS must report findings to the Legislature.

      a. Based on study results and Legislative direction, determine whether to adopt an enterprise-wide contract management system and identify critical next steps.

Agree or Disagree with Recommendation	Target date to complete implementation activities	Name and phone number of specific point of contact for implementation
Agree	12/31/2027	Stephen Nelson 971-719-1680

Narrative for Recommendation 7

DAS will consider this with our partners in the Department of Justice, Enterprise Information Services, and the Designated Procurement Officers Advisory Council. This will be included in the report described in recommendation #2.

RECOMMENDATION 8

Monitor, assess, and regularly report to the Legislature on progress made to capture and analyze spend data in OregonBuys and efforts to utilize spend data from other sources in this analysis.

Agree or Disagree with Recommendation	Target date to complete implementation activities	Name and phone number of specific point of contact for implementation
Agree	Upon Request by Legislature	Stephen Nelson 971-719-1680

Narrative for Recommendation 8

DAS will provide ongoing updates to Legislature.

Please contact Stephen Nelson, State Chief Procurement Officer, at 971-719-1680 with any questions.

Sincerely,
Stephen Nelson, Chief Procurement Officer,
Department of Administrative Services

Oregon
Secretary *of* State

Secretary of State **Tobias Read**
Audits Director **Steve Bergmann**

This report is intended to promote the best possible
management of public resources.

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