

Office of the Secretary of State

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Lindsay A. Ball, Director
Department of Administrative Services
155 Cottage Street NE, U20
Salem, OR 97301-3966

Dear Mr. Ball:

We are currently reviewing the Smart Buy Program, which is administered by the State Procurement Office, Department of Administrative Services (department). The purpose of the program is to identify and create sustainable cost savings through more effective purchasing practices, while maintaining high-quality government services to the people of Oregon.

During the course of our work, we identified a risk concerning the department's methodology for calculating Smart Buy savings. Specifically, we found the department does not use the most current available price and volume data in calculating the average savings percentage for office supply purchases. Because the average savings percentage is a key factor in the calculation of reported agency spend reductions, using out-of-date volume and price information likely misstates reductions in agency spending attributable to the Smart Buy Program, sometimes yielding illogical results.

State agencies need to assure that reported data is sufficiently reliable for its intended uses. We recommend that the department determine whether the use of outdated price and volume data in calculating and reporting agency spend reductions for purchase categories under the Smart Buy Program is acceptable given the intended uses of the data. The department should take corrective action, as appropriate.

We appreciate the time and effort of your staff. Should you have any questions, feel free to contact Andrew Love or me at (503) 986-2255.

Sincerely,
OREGON AUDITS DIVISION

James E. Scott, MM
Audit Manager

JES:aml:brk
enclosures

cc: Jan Dean, State Services Division Administrator
Diane Lancaster, Chief Procurement Officer
Pamela Stroebel-Valencia, Chief Audit Executive