NASCA

National Association of State Chief Administrators

INNOVATIONS IN STATE GOVERNMENT

State of California

Department of General Services

2019 Innovations in State Government

E-Signature for Acquisitions

General Services: Procurement

Executive Summary (10 points)

The California Department of General Services (DGS) Office of Business and Acquisition Services (OBAS) supports DGS divisions and offices to procure goods and services through the solicitation, preparation, and approval of contracts for commodities and services including public works, information technology, and architecture and engineering. Since its creation in 2013, OBAS has been using the same antiquated process from solicitation to contract execution which relies heavily on the use of paper and manual processing. Once a contract was awarded to a Contractor, staff had to print and assemble a packet with the contract and all related attachments, then mail the packet to the Contractor for signature. After signing, the Contractor had to mail the packet back to OBAS who would then route the packet for final signatures from various DGS staff. The requirement to obtain original signatures from all stakeholders when executing a contract has been an inefficient process with unnecessary delays and costs.

Government entities are well known for being slow to change and modernize, preferring the status quo rather than risk innovation. Ushering in a culture of innovation in this type of atmosphere was a substantial accomplishment. Despite a culture that is averse to change, DGS was able to draft policy allowing for electronic signatures (eSignature) for the DGS Standard Contract Agreement (STD 213). Modernizing the business of government was a challenge that involved months of collaboration with legal, procurement, and audit control agency stakeholders, each with their own long-lived business practices to address., DGS collaborated extensively with the State Controller's Office audit and security offices to ensure procurement documents with eSignatures would be accepted in their processes. Once the eSignature policy was in place, DGS then developed the technology solution to implement the new eSignature acquisition process.

DGS staff were well aware of the innovative aspect of such a policy change and intentionally documented each step of the way in order to develop a toolkit for other government entities. The DGS Toolkit for eSignature is publically available and provides a high-level outline on the approach for implementing eSignatures, as well as examples on drafting departmental policy and guides for implementation of the technology. The high transferability of this eSignature solution should substantially shorten the project timeline for other government entities from years to months.

eSignature has also created substantial efficiencies for completion of the STD 213. The ability to sign documents electronically has saved state resources by removing the need for printing, processing, and mailing documents. Further, DGS staff experience a considerable amount of time savings with the elimination of manual processing and delays associated with mailing documents back and forth.

Implementing eSignature for the STD 213 is just the first step in the overall strategic roadmap for implementation of eSignature. DGS is excited about the opportunities to expand the eSignature solution throughout DGS. Through collaboration with other California state agencies, the STD 213 solution can also advance efficiencies throughout the state.

Innovation (30 points)

All government entities have procedures that are based upon established policies. When policies become antiquated and need to be updated there is often a perceived risk that impedes innovation. Delays are often due to a variety of objections, both justified and assumed, that require multiple review meetings, follow up research, and legal reassurances. Incorporating eSignature into DGS' daily acquisition operations was a similar exercise in change.

The requirement for original signatures on government documents has been a standard practice for the life of many processes, which may be decades or longer. As such, there are few government entities that have modernized state policy to incorporate electronic signatures. Prior to a technical solution being selected, DGS needed to establish its own statewide administrative policy on permissible types of eSignatures that can be used when conducting state acquisitions. It took DGS about one year to successfully implement policy to accept eSignatures on state acquisition documents.

In order to achieve this, DGS involved multiple parties for feedback and approval, and went through multiple revisions. Internally, the DGS legal team, information security office, IT subject matter experts, and procurement staff were consulted. The various perspectives from each area bolstered the value of the policy and ensured that it could be implemented with little to no setbacks. Once the policy was accepted by all stakeholders within DGS, other California departments needed to be consulted as well. Specifically, DGS staff worked with the State Controller's Office to present the documentation on how the eSignature solution complies with security requirements and to ensure buy-in on this change to state operations. With the support and confidence of key department staff and executives, the statewide policy was successfully completed, and was incorporated into the State Administrative Manual (SAM) in August of 2018 along with an internal acquisition policy specifying the appropriate security procedures.

Once the policies were established, DGS evaluated software products that would automate the routing and signing of complex dynamic forms such as the Standard Contract Agreement (STD 213). Most products met the requirements for routing and security, but did not address the dynamic form requirements. The STD 213 is a complex form with dynamic features such as expanding tables, calculations, and various logic. DGS selected DocuSign with the integrated companion product, Intelledox, which DGS was able to customize to meet all business needs. For example, contracts exceeding $50,000 require an additional level of review by DGS' legal office. The previously used rubber stamp is now digitally applied to the final contract package along with a date stamp. DGS was also able to create a non-editable form template that replicates the STD 213. In this way the form does not deviate from the current PDF version used state-wide. Small details like this ensure an easy transition and increased acceptance by seamlessly incorporating existing processes and requirements.

Modernizing policy to allow for eSignatures and successfully transitioning the STD 213 to use eSignatures is a notable contribution to state administration and paves the way for further innovation throughout DGS and the state of California.

Transferability (30 points)

DGS is the control agency for the state of California, and as the innovator for eSignature utilization, DGS staff understood early on that this project would become a model used by others. By documenting this project from beginning to end, DGS was able to create a template for other government entities to use in their own efforts to innovate state operations.

After development of the new statewide policy was completed, DGS developed a toolkit to provide state agencies with guidelines on drafting an eSignature departmental policy. This toolkit includes various documents including the actual Management Memos utilized prior to incorporating the policy into the State Administrative Manual, evaluations of eSignature tools, various project management documents, and implementation of the selected tool.

The toolkit clearly outlines the approach to implementation, and is located on the DGS webpage to ensure it is easily and publically accessible to any interested parties: https://www.dgs.ca.gov/Resources/Statewide-Forms/eSignature-Toolkit-for-Acquisitions

Because transferability was such an important aspect of this initiative, DGS selected an eSignature tool with a leading reputation industry-wide that is also easy to configure. The system itself was purposefully built using general terminology, avoiding DGS specific jargon, to allow for other entities to replicate it easily. DGS also considered the staffing support that would be required to configure the solution. Only one system administrator and one backup administrator is needed for successful implementation of the eSignature process.

Although the software requires manual configuration, the program is intuitive and setup can be accomplished with minimal training or expertise, including workflow, as a Platform as a Service (PaaS). DGS is also able to share the code via secure file transfer to any other state agencies interested in this solution. This code is valuable as it has already been written and tested by DGS. Further customization may be required depending on workflow complexity.

For these reasons and more, using the DGS toolkit can reduce the overall time required to implement eSignature from years to months, or even weeks.

Efficiencies Created (30 points)

With the implementation of eSignature for the Standard Contract Agreement (STD 213), DGS staff have taken a lengthy paper-based process and replaced it with a streamlined, electronic form entry and signature routing solution. This has reduced processing time and provided greater workflow transparency. With the full implementation of eSignature, DGS staff have experienced increased time and cost savings.

Before eSignature, DGS staff would spend approximately 30 minutes per contract in manual processing. This included manually completing the STD 213, printing and packaging the contract for mailing, and receiving and processing the returned contract. Additionally, if the contractor required revisions to the contract, DGS staff would complete the necessary revisions and restart the process. DGS processes approximately 2,000 contracts per year. With eSignature, the need for this manual processing has been eliminated, equating to approximately 1000 hours of time savings annually. eSignature has also eliminated costs associated with postage and printing of each contract (regularly between 20 and 100 pages each).

We compared contract requests received during March-May of 2018 and 2019 in order to quantify time efficiencies created. Prior to eSignature, obtaining all signatures for a contract took a minimum of 3 days due to limitations related to mailing the contract back and forth. On average, it took 9.57 days to obtain all signatures. With eSignature, contracts can now be signed within a few hours. The average time taken to obtain all signatures has been improved by 62% with a new average of 3.67 days.

DGS is looking forward to magnifying these efficiencies by expanding eSignature to the hundreds of other forms used throughout DGS. DGS is evaluating several other procurement and bid related forms for the next phase of eSignature implementation. The STD 213 solution has provided momentum and excitement, in addition to efficiencies, throughout the department.