

February 9, 2011

HAND DELIVER

Arnie Schropp
First Assistant Inspector General
Office of Inspector General
30 East Broad Street, Suite 2940
Columbus, Ohio 43215-3414

AN
2-24-11
OFFICE OF
INSPECTOR GENERAL
2011 FEB -9 PM 4:00

Dear Mr. Schropp:

Enclosed please find a copy of DAS' internal investigation into the matters involving the Strategic Sourcing Consultant, Contract No. CSP900609. Hedgehog, the strategic sourcing vendor, is apparently still owed for services performed previously. Our business office in our procurement department is in the process of finalizing that aspect.

Please feel free to contact me if you have any questions.

Sincerely,



Lisa J. Iannotta
Chief Legal Counsel
Direct Dial: (614) 728-3475

LJI:sds

cc: Allison Schaeffer
John Kinkela

TO: Allison Shaeffer, Administrator, Office of Employee Services

FROM: John Kinkela, Office of Collective Bargaining

SUBJECT: Fact-Finding Inquiry re: Chief Procurement Officer T. Tyler

DATE: January 31, 2011

INTRODUCTION:

On November 19, 2010, I was assigned to conduct an investigation concerning an email communication that was sent from an anonymous source to Associate Legal Counsel Darren Shulman and to the Inspector General's Office, alleging possible misconduct on the part of Chief Procurement Officer Terry Tyler with respect to a "seemingly inappropriate connection to the contractor Hedgehog." [Hedgehog, Inc. is a privately held corporation that is headquartered in Indianapolis <http://www.hedgehog.com/hedgehog/index.html>].

The email from "Roger Hedgehog," dated 11/16/10, stated that the author is a "group of concerned taxpayers who have researched issues we feel are a breach of the public trust..." The email went on to state that "...Through anonymous interviews of several procurement staff and management at the General Services Division located at DAS we have heard rumors that Hedgehog has not been providing services per their contract with the State (CSP900609) and that during the period beginning about January 2009 through current, Chief Procurement Officer Terry Tyler has ignored his State staff who have told him directly in meetings, in one-on-one's, via emails, and in some cases via official public records called Savings Report Forms that Hedgehog has not performed their contractual duties and should not be receiving compensation..." The email went on to state that Terry Tyler has required staff to change Savings Report Forms to enable payments to Hedgehog and listed several examples of procurements in which it was suggested that Hedgehog was paid inappropriately. It also suggested that records provided in response to a public records request are incomplete, and that there were a number of other areas concerning the Hedgehog contract for possible investigation by the Inspector General's office (such as whether an amendment to "ship work overseas" violated the Governor's executive order), as well as the Attorney General's office "based on the allegedly fraudulent claims being made by Hedgehog about the work they say they have performed."

When we met on November 19, you informed me that prior to the anonymous email communication, Darren Shulman had received the public records request to which the communication refers. Consequently, in addition to responding to the request, D.A.S. took steps (through the General Services Division (GSD) business office) to perform an internal audit of payments that have been made to the Hedgehog company under the contract. It appeared that an overpayment of approximately \$39,000.00 had occurred, based on the category caps in the payment structure for various commodities outlined in the contract. You also indicated that there were some questions raised by the email that required further investigation, such as an amendment to the contract that had authorized some services to be performed in India.

INVESTIGATION:

I obtained and reviewed the records that were provided by Darren Shulman and Richard Scott, D.A.S. Legal Services, that were prepared in response to the aforementioned public records request. I also reviewed audit records with G.S.D. business manager David Chovan and Tom Michael and interviewed the following staff and former staff by telephone: Associate Legal Counsel Christine Kinworthy, Tricia Bell, Steve Morbitzer, Tom Hart, and Mark Hutchison. With the assistance of Anne VanScoy and her staff, I obtained pertinent personnel records and was able to arrange interviews with employees in the Office of Procurement Services. I conducted in-person interviews with the following procurement managers: Terry Tyler, Steve Hunter, Gretchen Adkins, Ron Rowland, Jim Hunley, Sharon Walls, Tommy Linley, Curtis Brooks, Gayle Blankenship and Marty Staats. I conducted in-person interviews with the following procurement analysts: Andrew Miller, Terri Villavicencio, Maria Roberts, Ross Leider, Walt Schneider, Bruce Reichenbach, Dana King, Rob Rounds, Cyrus Carter, Val Piccininni, Dan Myers. I also interviewed Jencie McCloud, executive secretary. I have since received and reviewed various work documents that were provided to Terry Tyler by Hedgehog, Inc. in response to the Stop Work order dated November 19, 2010.

I sincerely appreciate the time, cooperation and assistance that I received from Jeff Westhoven and all of the staff with whom I came in contact at the G.S.D. With all of the changes that have recently occurred organizationally and the fact that this investigation came at a time when additional administration changes were on the horizon, it is to their credit that they maintained a professional, positive attitude throughout.

As a result of the change in administration, Chief Procurement Officer Terry Tyler's appointment was revoked, effective January 7, 2011.

BACKGROUND

On November 22, 2010, I met with D.A.S. legal counsel Richard Scott to obtain copies of records that had been gathered by Richard and former D.A.S. legal counsel Tricia Bell. I also met with GSD Deputy Director Jeff Westhoven to obtain background information about the Hedgehog contract. Mr. Westhoven explained that, unlike most contracts for consulting services entered into by the State, the contract with Hedgehog was not based on payment for specific services but was instead a contingency-based performance contract that depended on achieving cost savings in various procurements.

Mr. Westhoven explained that a number of changes in GSD had occurred as a result of recommendations made by the Procurement Reform Work Group (see "Advantage Ohio" publication, April, 2008). The Procurement Reform Panel, made up of representatives of the private sector, government and universities, had recommended a number of reforms to model the GSD procurement operation after private sector best practices. The panel had determined that \$34 million to \$72 million per year could be achieved in state agencies through supplier reduction and leveraging the State's purchasing power through "strategic sourcing." In order to achieve the recommendations of the panel, Mr. Westhoven initiated a number of organizational changes, including the creation of a

chief procurement officer position and re-aligning the duties of procurement staff, to bring the operation closer to that of high performing companies (see “Achieving World-Class Performance,” the Hackett Group, February, 2008¹). During our meeting on November 19, you mentioned that this initiative also resulted in the transfer of a group of Information Technology procurement staff from the Office of Information Technology division to the Office of Procurement Services in the G.S.D. and that this had caused major discord among the staff.

In addition to the organizational changes, based on a “spend analysis” done by the Accenture company, a Request for Proposals (RFP No. CSP900609) was developed to engage a strategic sourcing consultant, to “assist the [Office of Procurement Services] in performing strategic sourcing, supply chain reengineering, and procurement process improvements.”

The RFP was issued in May, 2008. Ross Leider is the contract analyst who was assigned to work on the RFP and contract. I interviewed Mr. Leider on December 21, 2010. He stated that he and his supervisor, Jim Hunley, and Jeff Westhoven worked on the RFP. He explained that the deliverables and compensation structure in the RFP were organized into “waves” and “categories” according to the spend analysis by Accenture². He recalled, “we wanted to give prospective offerors a target based on historical data. I think we were in touch with three states who had done this with similar contracts and were comfortable with the savings that were achieved.” The specific language regarding contractor compensation is as follows:

“For each commodity category within a wave, the Offeror will provide strategic sourcing consulting services, as specified in the Scope of Work, for a fixed, not-to-exceed price per category, as reflected in the Cost Summary in Attachment Eleven. It is within the State’s discretion to select some or all of the categories for implementation. Prior to awarding new contracts within the designated categories, the State and the Contractor will agree on a contract cost baseline and savings calculation methodology. The baseline will be the cost the state would have expected to pay had it not applied the strategic sourcing concepts implemented by the Contractor. Once new contracts are awarded within the designated categories as a result of the Contractor’s work, the State and the Contractor will calculate the Contract savings base upon the agreed methodology.

For any purchases made from these strategic sourcing contracts, the Contractor will be compensated one-half (50%) of the contract savings, until such time that the Contractor’s fixed price has been paid in full. Savings will be aggregated for all the affected contracts and paid to the Contractor on a quarterly basis.

¹ The Hackett Group report noted that “the State’s procurement costs as a percent of procurement spend is three times that of high performing organizations; the State has five times the number of procurement staff and nearly 1.7 times the number of supplies as high performing organizations.”

² The Spend Assessment determined how much of the total amount spent by the State of Ohio could be considered “sourceable.” It identified \$0.72 Billion in “addressable” spend, identified eighteen categories of procurements and grouped the categories into “waves” based on savings opportunity and ease of implementation. <http://procure.ohio.gov/pdf/spendassessment2008.pdf>

Typically the state awards contracts for terms of two to four years. The Contractor's compensation shall be limited to a 50% savings share from the initial terms of contracts awarded in that category..." (RFP pp. 16-17).

Jeff Westhoven explained that in deciding to allow the strategic sourcing consultant to keep fifty per cent of any savings achieved, some benchmarking had occurred with other states who had engaged similar consultants. Because contingency-based strategic sourcing engagements are extremely risky for vendors, who receive no compensation unless and until savings are achieved, the rates for compensation established in the market for contracts of this type are quite high.

Only two proposals were received: one from Misher Group, LLC and one from Hedgehog Inc. According to Steve Hunter, State Purchasing Administrator, Misher was originally awarded the contract in August, 2008. However, after the contract was awarded, Misher withdrew from consideration because they indicated that they did not realize that the contractor's compensation was solely based on savings to the State, and they could not afford the up-front investment. Ross Leider and Jeff Westhoven stated that after the Misher Group withdrew, the matter was reviewed by D.A.S. legal staff to determine if Hedgehog could be awarded the contract or if another RFP would have to be issued. Jeff stated that the determination was made that Hedgehog could be awarded the contract because it was the only other vendor that had responded to the RFP.

The contract was awarded to Hedgehog on October 3, 2008. The cost summary attached to Hedgehog's proposal shows the Estimated Expenditures (that were provided in the RFP), the Estimated Savings (proposed by Hedgehog) and the Cost (fixed dollar limits proposed by Hedgehog), broken down by spend category (Attachment 1). Hedgehog also submitted an addendum (which became part of the contract). Dated October 1, 2008, it adds language that allows additional categories to be added by mutual agreement and that for the additional categories, the State shall pay the Contractor the lesser of 1.5% of the total spend for additional categories or 50% of the savings achieved in that category. However, there is no maximum or cap specified for additional categories. (Attachment 2). The possibility of adding categories was also contemplated in the RFP (p.15). Ross Leider explained that an open-ended contract was allowed so that if additional categories were identified (to permit additional savings), it could be added to the contract.

Terry Tyler was hired on August 21, 2008 as the Chief Procurement Officer. During my interview with him on January 6, 2011, he stated that he had no previous public sector work experience but that he had many years of management experience, including employment with Dupont, Ashland Oil and Nationwide Insurance. He said that he had worked with strategic sourcing consultants in the past, but never with Hedgehog. Although he was not involved in approving the Hedgehog contract in October, 2008, he stated that he recalled a concern about the accuracy of the Accenture spend analysis. He said that the idea behind the October 1 addendum was to have the flexibility of adding things that were not considered in the Accenture report.

On November 29, 2010, I interviewed Steve Hunter, the State Purchasing Administrator since 1988. In regard to the Procurement Reform Work Group recommendations, he said that the contract analysts have been reorganized into sourcing

teams, where they were previously organized by purchasing method. He explained that they are now responsible for all types of bids and purchase methods and are organized by industry. He affirmed that there has been much “angst” among the staff, especially the Information Technology procurement staff, regarding pay levels and job duties but that overall, he felt that the staff had received the changes better than he expected, and they were working on getting the remaining problems resolved. Mr. Hunter said that as purchasing administrator, he signs contracts on behalf of the Director and that he signed the final recommendation awarding the Hedgehog contract. In regard to managing the Hedgehog contract, he said that Terry Tyler was the contract manager and that Steve was not involved in monitoring Hedgehog’s performance.

In response to questions about Hedgehog’s staff, Steve recalled that they had two or three staff that were on-site often during the early months of the contract, but that they “didn’t see much in the way of results.” He said that as far as he knew, Hedgehog has provided the staff support promised in the contract. He said that none of his staff have ever said in his presence that Hedgehog is being paid for services that are not performed, that he was not aware of any recommendations made by Steve Morbitzer regarding the renewal of the Hedgehog contract, and that he himself has not made any recommendations to Terry Tyler about the contract.

Steve also provided copies of documents related to the Hedgehog contract and a copy of the “Notice of Stop Work Order” dated November 19, 2010, sent to Steve Knollman at Hedgehog, Inc. that contains an order to cease all contract activity and to provide the State with all work documents and project statuses.

SUMMARY OF FINDINGS

1. In regard to the contract amendment to send data to India, I did not find that there was a violation of the Governor’s executive order. It is my understanding that no data transfers have occurred since the executive order was issued.
2. Although not mentioned in the anonymous communication, it appears that Terry Tyler improperly approved invoices for payment that resulted in overpayments in the “Food” category. The G.S.D. business office determined that payments to Hedgehog under the Food category exceeded the contract cap for that category in the amount of \$26,868.47. Also, it appears that Terry improperly approved an invoice in the amount of \$12,681.00 in which the underlying procurement was described as Macaroni and Noodle products identified under the “Other” category instead of the Food category. There are also several outstanding invoices that should be scrutinized.

3. I did not find evidence of improper conduct in regard to the allegation that “Terry Tyler has required staff to edit ... Savings Report Form documents that showed that Hedgehog was not meeting their contractual duties” or require staff to sign reports in order to allow Hedgehog to receive payment.
4. Terry Tyler had a practice of approving payments to Hedgehog without taking into account staff comments about Hedgehog’s performance. Because of what he viewed as resistance to change, Terry sometimes disregarded the comments of state procurement staff about Hedgehog’s involvement in procurements before approving payments to Hedgehog.
5. In general, the procurement staff are not aware of how decisions are made regarding Hedgehog’s compensation and are critical of Hedgehog’s performance, especially in procurements involving Requests for Proposal and negotiations.

1. ISSUE REGARDING OFF-SHORE OUTSOURCING

The Hedgehog contract has been amended four times, according to the summary of amendments page. Amendment #1 was the cancellation of the first contract with Misher Group as mentioned above. Amendment #2 was the first contract renewal, in March, 2009, that extended the contract through June 30, 2010. Amendment #4 was the most recent contract renewal (March 30, 2010) that extended the contract through June 30, 2011.

Amendment #3 was approved August 27, 2009 to allow Hedgehog to send data to its facility in Indore, India. According to records in the Office of Procurement Services, an email was sent on August 21, 2009 from Steve Knollman, Hedgehog Inc., to Mark Hutchison (now retired), who at the time was the Contracts Manager under Steve Hunter, in which permission was sought to allow certain data to be analyzed at its office in Indore, India (Attachment 3). Hutchison forwarded the request to Ross Leider, who discussed the request with his supervisor Jim Hunley and then recommended approval to Steve Hunter. In an email dated August 27, 2009, Leider stated, “... We feel the information does not appear to be sensitive or confidential. We recommend approval of this request...” Hunter approved the amendment.

Terry Tyler stated that he was not involved at all in reviewing or approving the amendment. However, he recalled that during the early stages of the contract, there was a strong risk that Hedgehog would not continue its engagement because of the significant cost in getting the project up and running. He said that the amendment was necessary to take advantage of an appreciable reduction in labor costs in reviewing and analyzing data used in setting up reverse auctions and establishing parameters for all of the various commodities.

During my interview with Steve Hunter, he stated, with respect to the Governor’s Executive Order 2010-09S (Banning the Expenditure of Public Funds for Offshore Services) eff. August 6, 2010, that the Executive Order was not retroactive and thus would not apply to the amendment. Also, it appears that the transfer of data preceded the Executive Order and has not occurred since, according to procurement manager Marty Staats, who had been tasked with notifying contractors that prior to contract renewal, language to prohibit off-

shoring services would be placed in the contracts. Marty states that he received verbal assurance from Hedgehog employee Roger Pickett that the practice had ceased.

2. ISSUE REGARDING OVERPAYMENTS

David Chovan and Tom Michael explained that the audit by the business office reconciled the payments made through OAKS and billed by Hedgehog through invoices that were approved by Terry Tyler against the maximum compensation permitted under each of the categories set forth in the contract. They also organized the invoices and attempted to locate support documentation provided by Hedgehog and the Office of Procurement Services staff to determine whether sufficient documentation existed. A summary sheet and spreadsheet was prepared to summarize their findings (Attachment 4). It shows that the total payments to Hedgehog as of November 15, 2010 equaled \$1,416,713.54

Their summary shows that in the Food category, the maximum compensation for that category permitted under the contract is \$330,000.00. Terry Tyler approved ten invoices in this category from Hedgehog in amounts ranging from \$1,932.56 to \$82,003.54, and Hedgehog was paid a total of \$356,868.47, (\$26,868.47 more than it should have been paid). In addition, Terry approved invoice no.446 (DMH005 Macaroni and Noodle products) and Hedgehog was paid \$12,681.00 for an invoice that was inappropriately placed in the "Other" category instead of the "Food" category³.

On January 6, I asked Terry Tyler to explain the overpayments. He expressed surprise and stated that this appears to have been an oversight. Rather than independently keeping track of the maximum compensation limits in the contract, Tyler relied on Hedgehog to bill appropriately. He stated that it appeared to be an oversight on his part and that in retrospect, "we could have done better with recordkeeping." He stated that he recalls seeing on at least one invoice that Hedgehog indicated what the cap was for that particular category. He also said that at one point, Hedgehog agreed to continue to run food engagements at no cost to the State because it had reached the cap.

However, the statement that Hedgehog would no longer charge for food engagements is not supported by documents discovered after Tyler's interview. On January 14, 2011, in reviewing the Hedgehog documents that are contained in one of the USB Flash drives provided by Hedgehog, I noticed that there are three invoices (Nos. 516, 531 and 532) one dated November 1, 2010 and two dated January 5, 2011, for fees related to Food Buys that are also placed by Hedgehog in the "Other" category that have not been paid. Two other invoices (Nos. 520 for \$28,172.00 in the Clothing category and 522 for \$178,476.00 in the Other category) have also not been paid. Tyler mentioned that he was holding the latter two and one additional invoice and that he had not approved them for payment as of the date of my interview on January 6, 2011.

Three other invoices that were previously paid (Nos. 412, 426 and 427) contain language pertaining to "successive quarterly true-ups," involving contracts on which the

³ It should be noted that neither the cost summary page in the contract nor the October 1, 2008 addendum specifically mentions an "Other" category. The addendum refers to "additional" categories, and there is no compensation cap mentioned for additional categories.

savings was estimated for the initial period and actual savings was to be determined. It is unknown whether future invoices on these contracts should be expected.

3. EDITING SAVINGS REPORTS

One of the concerns raised in the anonymous email communication is, “we have also been told that Terry Tyler has required staff to edit these Savings Report form documents that showed that Hedgehog was not meeting their contractual duties. Those individuals were asked to then sign off on documents that would allow Hedgehog to receive payment...”

When questioned about the savings report forms, Terry Tyler stated that he came up with the idea for the forms as a way to capture information about procurement savings (with or without Hedgehog involvement) that was not being reported. He said that their purpose was, “to keep score and recognize good work. I’d also report savings to the Governor’s office, and we needed to have the detail.” Tyler could not recall when he began requiring staff to fill out the reports. He also stated that there were no written procedures for the reports but that he discussed them at several meetings. He relied on his secretary, Jencie McCloud to make sure that the reports were complete when they were turned in.

From the information on the reports, Jencie prepares a spreadsheet report titled, “Procurement Reform Savings 7/1/08-Present”. The document is designed to show the dollar savings, when savings are identified, in the procurements handled by the Office of Procurement Services (Attachment 5). The procurements in which Hedgehog is involved are also identified, along with the agency and the type of procurement.

Thus, the primary purpose of the savings report form was to back up the information about cost savings that were being achieved by the Office of Procurement Services, not to report on Hedgehog’s performance under the contract. In approving the payments to Hedgehog, Terry looked at the savings report form primarily to confirm the amount of savings reported by Hedgehog on invoices and other Hedgehog documents that were sometimes submitted with the invoices.

Terry did not specifically recall asking anyone to change something that appeared on a savings report. He strongly denied ever asking someone to change a savings report in order to exaggerate savings or to justify a payment to Hedgehog. He said he may have asked someone to provide the facts and take out the “editorial stuff” but also said that he would never ask someone to put something down that wasn’t true.

I asked Jencie McCloud to provide copies of all of the savings reports that she had received since the practice began. She also could not correctly recall when the practice began (she thought it was about March, 2009). The earliest date on any of the reports is March 18, 2010. Out of over eighty reports provided, there are twenty-one that indicate Hedgehog involvement in a procurement (However, it has come to my attention that at least one report – the one mentioned below from analyst Rob Rounds - cannot be located). With respect to Hedgehog involvement, several forms had words such as “nominal” or “limited” instead of ‘Y’ or ‘N’ to indicate the extent of involvement. Jencie stated that neither she nor Terry, to her knowledge, had ever asked anyone to put something on a report that wasn’t true. She

said that she recalled returning forms to supervisors, usually for additional information, when they were not filled in correctly.

I asked the procurement managers and analysts if they knew how compensation to Hedgehog works. Most replied that they understood that it was based on some percentage of savings and that Hedgehog would be paid if they participated in achieving the savings. However, they said that they were unfamiliar with the details of how the payment decisions were made. I also asked the procurement managers and analysts whether they had been asked to change something on a savings report or whether they had asked anyone to change something. Some of the staff recalled making changes to the reports, but the changes were attributed to the need for more factual or detailed information, the need to correct minor errors, and in some cases, to remove “editorial comment.”

Terry Tyler explained that in making the decision to pay Hedgehog, he did not weigh the extent of Hedgehog’s involvement in the procurements. He explained that his understanding of the contract was that if a cost savings was achieved, and if Hedgehog was involved in the procurement, then payment of some amount was due. Therefore, he did not pay much attention to editorial comment about “nominal” or “limited” involvement by Hedgehog. He said, “Rightly or wrongly, I looked at most of that as push-back. The contract doesn’t address the degree of involvement. When the Hedgehog documentation shows that they provided work, it would be difficult to prove in court that they shouldn’t be paid.” It was his view that under the contract, if Hedgehog was involved in achieving cost savings and if its estimate of the cost savings agreed with the state procurement analyst’s estimate, then it was entitled to compensation. When asked if he had ever asked the legal staff for direction or help in regard to the contract, Terry said that he did not.

I asked Terry whether he had received an invoice pertaining to savings report form dated 5/13/10 authored by analyst Val Piccininni and manager Curtis Brooks involving the “OA 1065, ODJFS Child Care Time and Attendance Project.” They had described Hedgehog’s involvement on the savings form as “minimal” and described in further detail why Hedgehog’s involvement had been of little value in achieving the cost savings that were realized. In this case, the word “None” was written next to “Hedgehog compensation” and Terry’s signature appears on the form. Terry responded that he had no record of an invoice from Hedgehog and stated that this may have been one of the projects on which Hedgehog (i.e., Roger Pickett) didn’t think they contributed anything to achieve the savings.

The anonymous communication lists several examples of situations in which staff were supposedly asked to submit misleading reports about Hedgehog’s involvement in transactions, and I interviewed the named staff:

1. During my interview with Dana King, she stated that she had been involved in negotiating the DNA testing contract for the State. [From email correspondence that Dana provided, it was approximately May, 2009]. She explained that the Ohio Attorney General’s office and ODJFS both required DNA testing services and that there was a fundamental disagreement between the agencies (and herself) and Contracts Manager Mark Hutchison about the idea of consolidating contracts and having a single provider handle all testing for the State. She said that Hedgehog suggested having paternity DNA testing and forensic DNA

testing on one contract in order to achieve a cost savings and to conduct negotiations over the phone with more than one vendor. She said that Hedgehog had also performed research on the utilization of testing among the agencies. In her opinion, Hedgehog's data was incorrect, and she refused to sign a summary sheet that Hedgehog prepared. She said that she prepared a document with her own projections and presented it to Mark Hutchison. She was not asked to change anything on the document. She said that in her opinion, Hedgehog should not have received any compensation.

A savings report form concerning the DNA testing contract is not available because the practice of filling out the cost savings forms did not begin until the following year. Terry Tyler stated that consolidation of the DNA testing contracts saved the State approximately \$400,000.00. He said that he would not have been influenced by the analyst's comments about Hedgehog. He said, "We've had some problems with Dana overestimating her work," and that he had to have Mark Hutchison step into the pre-negotiation evaluation committee process because Dana had lost control of the committee on the issue of consolidating the contracts.

Hedgehog's strategic sourcing consulting services fee in the amount of \$57,850.50 for the DNA Testing Negotiations was presented on invoice no. 357 dated 07/09/2009. The fee is based on the Other Category alternative method of 1.5% of total spend (\$3,856,700.00). Terry Tyler approved the invoice for payment on July 10, 2009. He stated that he would not have approved the invoice without sufficient explanation from Hedgehog. The documentation contained on the USB flash drive provided by Hedgehog in response to the stop work order shows work documents and emails produced by Hedgehog employees that are related to this contract.

Based on this information, I do not find that Dana King was asked to submit misleading documents or reports in order for Hedgehog to receive payment. Terry Tyler did not begin the practice of having the analysts prepare savings reports until about March, 2010. Whether justified or not, Dana's opinion that Hedgehog should not have been compensated for its involvement in the DNA contract negotiations was neither required, nor would it have influenced Terry Tyler's decision to pay Hedgehog according to the contract.

2. In regard to the "CSCP state contract Oa1043" (Child Support Payment Central contract), the anonymous communication states, "Allegedly Curtis Brooks and Bruce Reichenbach were told by Terry Tyler that they must remove their narrative statements from the Savings Report Form that explicitly denied Hedgehog provided any benefit to the State." During my interviews with Curtis Brooks and Bruce Reichenbach, I asked them about the Child Support Payment Central Services RFP and Contract mentioned in the anonymous communication. Bruce said that he was the "procurement lead" on the contract and that he was involved with another analyst from the Office of Information Technology in developing the RFP. He said, "It's a highly visible procurement ... and we worked with the agency on procurement documents, facilitated the

evaluation team, Q&A's, clarifications and put together a negotiation plan... We were told by Tom Hart (the IT procurement acquisitions manager until November 20, 2010 when he was laid off) that Hedgehog would have to be involved. By then we had already narrowed it down to a top-ranked vendor. We formed a negotiation team and invited Roger Pickett (Hedgehog's employee) to attend meetings. He attended but didn't contribute much. The JFS [Jobs and Family Services] Deputy Director, Curtis, Chris Kinworthy and I were more actively involved." Bruce stated that he completed a savings report which included an estimate of the potential savings of the contract. He said that on his original draft, he indicated that Hedgehog was involved but that it did not provide much benefit or knowledge in helping them negotiate the contract.

During my interview with Curtis Brooks, he recalled that Roger Pickett attended negotiation sessions but did more observing and did not participate in much discussion with the vendor. Curtis said that he and Bruce and Curtis' supervisor, Tom Hart, went "round and round" about the best way to portray savings because it was a transaction-based contract and required estimating the amount of the savings. He said that he probably asked Bruce to revise the original draft of the report to make it more accurate.

I found two savings report forms dated March 18 and March 19. Both reports contain the same numbers for the annual contract amount (\$17-18.5 M per year) and for the estimated first year savings (\$637,875.00). The March 19 report contains an expanded estimate of savings through FY 19, with an estimated grand total savings of \$8,740,875.00. Both reports indicate 'Y' in the section regarding Hedgehog's involvement. Neither of the reports contains any commentary, either positive or negative, about the extent of Hedgehog's involvement. At my request, Bruce located his original draft of the March 18 report (Attachment 6).

I interviewed D.A.S. legal counsel Christine Kinworthy by phone on November 29, 2010. I did not ask specifically about the CSPC negotiations, but she recalled attending one meeting where the Hedgehog representative had no ideas but "captured the strategies of others." She said that she couldn't accuse them of making money they shouldn't but that she wasn't sure they were adding anything.

The Hedgehog invoice (#412), dated January 29, 2010, states, "HH fee at 50% Savings not to exceed 1.5% Initial Term Spend for Other Category : (\$12MM x 1.5% = \$184,500.00) ...50% of Strategic Sourcing Fee in Advance (\$184,500x50%) 92,250.00 Balance to be INV with successive quarterly true-up of initial term 6/30/2011 or until Total Strategic Sourcing Fee is met." Terry Tyler approved the fee of \$92,250.00 for payment on February 2, 2010, over a month before the savings report forms were prepared (Attachment 7).

I asked Terry Tyler if he relied solely on the documentation provided by Hedgehog before approving payment. He stated that he met with Curtis Brooks and Bruce Reichenbach before approving the payment, but he did not recall

asking Tom Hart or Curtis Brooks to review Hedgehog's documentation to support the invoice. (Bruce and Curtis deny that they met with Terry Tyler. They both recall meeting with Tom Hart). He also said, in response to comments that Hedgehog did not add much help or benefit, that "... we get into the subjective piece. I can't say how much value Roger [Pickett] added as opposed to how much the analyst added. The contract doesn't say how you measure that." Terry said that since he approved payment in February, 2010, he was under the impression that Hedgehog had been paid in full. However, after reviewing the invoice during our interview, he said that he did not know how much was still owed to Hedgehog. "It appears that the outstanding "true-up" would be no greater than \$92,250.00. However, I've not seen any additional invoices, even though the invoice refers to quarterly true-ups beginning June, 2010."

Based on this information, I do not find that Bruce Reichenbach or Curtis Brooks were asked to remove statements concerning Hedgehog's involvement from the savings reports. Neither of them recalled being asked to remove statements regarding Hedgehog's involvement, and the copy that Bruce retained does not include such statements. Also, the fact that Terry Tyler approved Hedgehog's payment before receiving the savings reports shows that any comments about Hedgehog's participation would not have influenced the payment decision. On the other hand, the fact that the invoice was approved without first seeing the savings report calls Terry's judgment into question.

3. The anonymous complaint states that retired manager Steve Morbitzer was told by Terry Tyler that he had to sign off on the renewal of the Hedgehog contract for FY 11 against Morbitzer's recommendations and that the contract was renewed despite Hedgehog not agreeing to a reduction in its compensation of 15%, as other vendors were asked to do.

I interviewed Steve Morbitzer over the phone on December 1, 2010. When asked about the renewal of the Hedgehog contract, he did not hesitate to say that he was against renewing the contract because, as he had expressed to Steve Hunter and Mark Hutchison, he thought for a long time that Hedgehog was not of any value. However, he was not ordered to approve the renewal. As shown on the Pre-Survey Worksheet, the analyst who was assigned to handle the Hedgehog contract was Terri Villavicencio, and she recommended that "agency bring services in-house." Morbitzer reviewed the recommendation and directed her to renew the contract for 1 year and seek a 15% reduction in the cost.

Terri Villavicencio told me in her interview that she emailed Roger Pickett on March 11, 2010 and asked for a discount in the payment terms prior to renewing the contract. She states that on March 18, she learned that Roger Pickett and Steve Knollman had met with Terry Tyler and told her that Hedgehog would not be able to provide any further discount. She then sent an email to Terry Tyler to confirm her understanding that the contract was to be renewed without a discount. Terry replied simply with "thanks." She stated that she made the recommendation to bring the work in-house because she thought they could do

a better job, but she did not know at the time of Hedgehog's involvement with the reverse auctions.

Asked about the contract renewal, Terry Tyler said that the decision to renew was made after his discussion with Jeff Westhoven and was based on engagements that were still in process at the time, the expected savings from continuing the relationship and the experience they had to date. He was aware that Terri Villavicencio was assigned to handle the renewal, but he did not recall knowing that she had recommended not renewing the contract. He said that he attributed Terri's recommendation to the resistance that he was encountering and stated that Terri did not have much experience with R.F. P.'s at that time. Terry said that he did not have any discussions with Steve Morbitzer about the Hedgehog contract.

Asked about the reason that a reduction in contract pricing was not negotiated, Tyler said that Hedgehog had made a big investment in the early months of the contract without receiving any compensation and that if the State insisted on a reduction, it probably would have caused Hedgehog to leave. Tyler said that as the result of the Governor's executive order (2009-07S), all of the suppliers were supposed to be asked for a reduction, and Morbitzer's direction was consistent with that practice. He said that the State experienced agreement from the suppliers to reduce their prices about 25% of the time.

Based on this information, it appears that while Steve Morbitzer may have disagreed with renewing the Hedgehog contract, he approved the renewal after directing Terri Villavicencio to seek a discount. He was not ordered by Terry Tyler to approve the renewal.

The anonymous communication also refers to an example of a savings report form written by Andrew Miller that is in conflict with Hedgehog's version of events. It states, "... allegedly no process was undertaken to determine whose version of the events were factual." During my interview with Miller on December 17, 2010, he stated that Hedgehog should not have been paid for involvement in the ODPS Processing Solution contract (OA1052) because they provided no services toward producing any savings. His Savings Report dated August 26, 2010, indicates "Limited" involvement by Hedgehog and describes his work in achieving a cost savings. It adds "Hedgehog provided a copy of the "RFP Contract Negotiation Strategy" document which contains no new strategy option beyond what we routinely do already and they reviewed the cost summaries of bidders but offered no new insight. Hedgehog attended several of the meetings including the negotiation meeting primarily as an observer, but did not actively participate. Hedgehog did not participate in the development of the implemented negotiation strategy, nor did they provide any substantial input into the actual negotiations."

During my interview with Tom Hart, former IT manager, he recalled talking with Andrew Miller about his description of Hedgehog's involvement on the savings report forms because "Andrew was rather blunt." He said that Miller agreed to use the term "Limited" to describe Hedgehog's involvement as a matter of professional courtesy.

Hedgehog invoice no. 488, dated September, 1, 2010, in the amount of \$13,394.00 was approved by Terry Tyler on September 2, 2010. In regard to Andrew Miller's description of Hedgehog's involvement in the Savings Report, Tyler said that. "I expect it out of Andrew." He explained that he did not view Miller as having "a lot of credibility" because he was one of the staff who resisted necessary changes. He did not recall talking to Curtis Brooks to clarify what was meant in the report. He said that his decision to approve the invoice would have been based on his knowledge of Hedgehog's involvement in the procurement and whether the analyst's numbers matched Hedgehog's numbers. Hedgehog's Project Summary Report, dated August 31, 2010, states that the fee is based on 1.5% of the baseline cost of \$892,924, the "cost that the state would have expected to pay had it not applied Hedgehog's RFP Contract Negotiation Strategy."

As the above examples show, Terry Tyler approved Hedgehog's invoices for payment without determining a causal connection between Hedgehog's involvement and contract cost savings. In other words, his understanding of the contract was that whether or not the procurement analysts were *more* responsible for any savings realized, if Hedgehog was involved in the procurement, and if they could show involvement, then they were entitled to the compensation in the contract.

Not mentioned in the anonymous communication was a payment to Hedgehog that may require further review. In regard to Contract No. DPS 025, contract analyst Rob Rounds told me that Hedgehog received compensation notwithstanding Rounds' report that indicated that Hedgehog did not have any involvement. This particular contract involves shipping license plates from Lebanon Correctional Institution to the Bureau of Motor Vehicles offices throughout the state. Rounds related that, "Not knowing how or why Hedgehog gets compensated, I don't know why they got paid. Gail Harper (Department of Public Safety) and I did all the work, in my opinion." Rounds stated that his original savings report form was misplaced and he was asked to create another copy.

The invoice (No. 434) from Hedgehog is dated April 19, 2010 in the amount of \$3,196.00. Terry Tyler approved and signed it on April 19, 2010. The description on the invoice states, in part, "Strategic Sourcing Consulting Services Fee for Cost per DPS025 Transportation of Goods ...Other Category Cap Fee Basis: (\$213,040 X 1.5%=3196.00). (Attachment 8). The support documentation on the USB flash drive provided by Hedgehog shows that Hedgehog was initially involved in the procurement, but that at some point a decision was made that an Invitation to Bid (rather than Reverse Auction or RFP) would be more appropriate. It is not clear that Hedgehog's involvement resulted in the cost savings achieved. When asked to explain his approval of the invoice, Terry Tyler stated that he could not explain his approval. "I don't know where the disconnect was...In retrospect, I should have had the savings report before I approved it."

4. OTHER ISSUES REGARDING CONTRACT MANAGEMENT

Delegating duties and recordkeeping

Terry Tyler told me that he was the contract manager of the Hedgehog contract and that he did not delegate any responsibilities in administering the contract. He said, "It's not because I didn't want to. I had no one who understood strategic sourcing, and some managers were already over-assigned." He said that in the early months of the contract,

Mark Hutchison handled much of the work pertaining to procurements that did not involve information technology (the effective date of Mark's retirement was January 1, 2010). However, Terry said that a lack of good staff caused him to retain contract management responsibilities instead of having lower level staff handle them. Anne VanScoy confirmed, as did other procurement managers, that, for various reasons, there has been much turnover among the Procurement Manager positions. The resulting vacancies have caused the remaining managers to be spread thin.

When the GSD business office conducted its internal audit, the lack of a system of accounting for the payments to Hedgehog against the contract requirements and maintaining records to substantiate the payments became apparent. Terry could not recall asking for any specific guidance from the business office to set up a method of approving payments to Hedgehog. GSD Business Manager David Chovan said that in hindsight, his office should have been more involved in giving direction to Terry concerning the approval of invoices. Tom Michael stated that in reviewing the invoices and payment process, a weakness in the system was identified, partly due to the novelty of the Office of Procurement Services being the "customer" of consulting services. He explained that without further direction, the Accounts Payable section would not have known to check the compensation provisions of the strategic consulting contract to determine if there was any problem with paying an invoice that had been approved by Terry Tyler.

In response to findings by the business office that documentation was lacking, in some cases, to verify amounts and explain his approval of invoices, Terry said that "one of my biggest problems has been having people that I can rely on to keep the records straight." He said that he would get a weekly project log prepared by Hedgehog in order to keep him informed of what projects they were involved. He said that when he received an invoice, "I always looked for the invoice, the Hedgehog documentation of how they made their calculation and what work was performed. I would also look at the savings report from the analyst... In approving invoices, I would review the documentation and send the invoice to Tammy Marcum for payment. I kept the invoices and documentation together. My assistant prepared a spreadsheet showing total savings and the payments to Hedgehog." As noted in the examples above, I asked Terry whether he ever reviewed the invoice with a procurement manager in cases where an analyst's report might call into question a payment to Hedgehog. He did not recall doing so.

During my interview with Jencie McCloud, Terry's secretary, her account of how the invoices were processed was somewhat different than that described by Terry: "When I walked invoices around for payment, the savings forms and other documentation were not attached to them. I do not know whether Terry separately reviewed the forms and documentation before approving the invoices for payment."

I spoke with procurement support manager Tammy Marcum by phone on January 26, 2011. She said that she had been involved in processing the Hedgehog invoices for payment since the inception of the contract until about six months ago. She said that in processing payments, she looked only for Terry's approval and a description of services that was contained on the invoice. She did not know about the terms of the Hedgehog contract or about the maximum limits or "caps" on the various categories of procurements to which the Hedgehog contract referred.

Hedgehog's role and value

When asked what benefits to the State is provided by Hedgehog, most of the managers and analysts distinguished between procurements (such as Food contracts) involving reverse auctions, where they could see that Hedgehog's involvement clearly achieved cost savings, and RFP-related procurements involving contract negotiations. In regard to Hedgehog's involvement in contract negotiations, the staff were generally critical, especially of Hedgehog staff member Roger Pickett, and said that Hedgehog did not provide value in the way of new ideas or techniques. On the other hand, several of the staff had good things to say about an intensive training on contract negotiations that had been given earlier in year by a different company (Benedict Negotiations). Terry Tyler responded, when asked about this consensus opinion about Hedgehog's value, that he took some of the staff's comments seriously and that he had told Roger Pickett that "they need to find ways to demonstrate their value." He said that Roger's role was to direct the strategic sourcing aspect with procurements, not to be a subject expert.

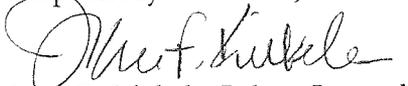
Terry said that he had been asked many times how long Hedgehog would continue to be on contract with the Office of Procurement Services. He said that he always prefaced his answer by pointing out that Hedgehog is involved in roughly ten percent of all of the projects handled by the office in which savings is achieved. But he said that "if they're still saving us money, they'll be around."

CONCLUSION

At the time that this investigation was assigned, it was to determine whether any disciplinary action might be warranted against Terry Tyler. Due to his termination, there is no longer a need for disciplinary action, but other decisions about the relationship with Hedgehog, Inc. will need to be made that are beyond the scope of this investigation.

The gist of the anonymous communication is that Hedgehog is being paid for some services that are not performed, or if performed, are not of sufficient quality to warrant payment under the contract. There are a number of possible explanations for this perception. It may be due, in part, to the nature of the engagement (i.e., if Hedgehog becomes involved in a procurement and applies "strategic sourcing" strategies or techniques that result in cost savings, are they or are they not entitled to compensation?). As discussed above, most of the staff that I interviewed felt that Hedgehog's participation in engagements was much stronger when the reverse auction platform was used than when the particular procurement called for an RFP and subsequent negotiations. The perception that Hedgehog is wrongly or unfairly paid may also be due to the sometimes competitive interests between procurement analysts and the consultant (who should really get credit for cost savings?) and also due to procurement managers and staff having very limited involvement in decisions regarding the management of the Hedgehog contract.

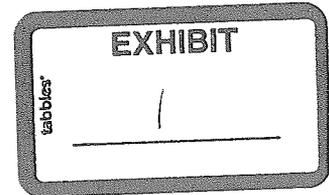
Respectfully submitted,



John F. Kinkela, Labor Counsel
Office of Collective Bargaining

ATTACHMENTS

1. Cost Summary – October 3, 2008
2. Contract Addendum – October 1, 2008
3. Hedgehog request for approval to send data to India – August 21, 2009
4. G.S.D. Business Office Summary of Review of Invoices
5. Procurement Reform Savings Summary – Revised December 15, 2010
6. Savings Report Form re: Child Support Payment Central – Bruce Reichenbach – March 18, 2010
7. Hedgehog Invoice No. 412 – consulting services fee for CSPC contract
8. Hedgehog Invoice No. 434 – consulting services fee for DPS025 Transportation of Goods



UNSF-SC Number: 80101500
 NIGP No: 918-87
 Amounts are in US Dollars

OAKS Item Number: 14528

DESCRIPTION			COST
Spend Categories	Estimated Expenditures	Estimated Savings	(Fixed Dollar Amount) Your Compensation
Wave I			
Category 1: IT Software	\$58.2 million	\$5.82 Million	\$.76 Million
Category 2: Telecom Services	\$ 43.02 million	\$4.30 Million	\$.56 Million
Category 3: Temporary Labor	\$ 34.18 million	\$2.05 Million	\$.27 Million
Category 4: IT Hardware	\$ 30.06 million	\$4.51 Million	\$.59 Million
Category 5: Office Equipment	\$19.70 million	\$2.96 Million	\$.38 Million
Category 6: Cleaning Supplies	\$ 10.20 million	\$.51 Million	\$.07 Million
Category 7: Cafeteria Supplies & Services	\$10.00 million	\$1.0 Million	\$.12 Million
Category 8: Office Supplies	\$ 9.28 million	\$1.39 Million	\$.18 Million
Category 9: Furniture	\$ 5.52 million	\$.55 Million	\$.07 Million
	Estimated Expenditures	Estimated Savings	(Fixed Dollar Amount) Your Compensation
Sub-Total Wave I	\$220.0 million	\$23.09 Million	\$3.0 Million
Wave II			
Category 1: Pharmaceuticals	\$77.53 million	\$11.63 Million	\$1.52 Million
Category 2: IT Services	\$ 37.89 million	\$3.7 Million	\$.48 Million
Category 3: Fleet	\$ 34.58 million	\$2.77 Million	\$.36 Million
Category 4: Natural Gas	\$ 32.64 million	\$.35 Million	\$.05 Million
Category 5: Food	\$ 25.55 million	\$2.56 Million	\$.33 Million
Category 6: Logistics	\$ 5.18 million	\$.62 Million	\$.08 Million
Category 7: Clothing	\$ 4.16 million	\$.62 Million	\$.08 Million
Category 8: Security Services & Equipment	\$ 3.79 million	\$.30 Million	\$.04 Million
Category 9: Waste Removal	\$ 1.96 million	\$.10 Million	\$.01 Million
	Estimated Expenditures	Estimated Savings	(Fixed Dollar Amount) Your Compensation
Sub-Total Wave II	\$223.3 million	\$22.65 Million	\$2.95 Million
Total Amounts (Wave I + Wave II)	\$443.3 million	\$45.74 Million	\$5.95 Million

October 1, 2008

Department of Administrative Services
Office of Procurement Services/Bid Desk
4200 Surface Road
Columbus, OH 43228-1395

RE: Addendum to Cost Summary Proposal for CSP900609 (Rev.5/12/2008)

Dear Department of Administrative Services:

HedgeHog Inc submits the following Insert to RFP CSP900609 (Rev.5/12/2008)

Insert on page 16 of RFP at the end of section 3 entitled "Wave III"

Notwithstanding the foregoing, Contractor and the State agree that the Categories to be addressed by Contractor pursuant to this RFP only include the spend "Categories" listed on "Attachment Eleven – Cost Summary" as further affirmatively identified as "Addressable" in that certain Excel spreadsheet entitled "cas2007SORT_1.xls" (which the parties agree is part of the Contract) (collectively, the "**Contracted Categories**"). To the extent the State desires to add additional spend Categories to the RFP (the "**Additional Categories**"), the State and Contractor shall agree upon the scope of such additional spend Category, if necessary, and the State shall pay Contractor the lesser of (i) 1.5% of the total spend for such Additional Categories, or (ii) 50% of the savings achieved in that Category; as its Fee.

Sincerely,



Jemin Patel
CEO

HedgeHog Online Procurement System

August 21, 2009

Department of Administrative Services
Office of Procurement Services/Bid Desk
4200 Surface Road
Columbus, OH 43228-1395

RE: RFP CSP900609 Strategic Sourcing Consultant

Dear Department of Administrative Services:

HedgeHog Inc, as the Strategic Sourcing Consultant Contractor for the Office of Procurement Services, requests permission to have certain data reviewed and analyzed by its back office support team based in Indore, INDIA.

The following types of documents may be requested:

Documents that may be requested:

- ITBs
- RFIs, RFPs, RFQs
- QS' and QSRA's
- OAKS spend reports

Any and all document required by HedgeHog to support the State's strategic sourcing initiatives under the terms and conditions of our contract with the State.

Activities include the analysis of historical spend by entity, supplier, commodity, contract, etc. The development of sourcing strategy based upon the data provided.

The review and consolidation of specifications contained in the above documents to further the analysis and development of sourcing strategy.

The review of bids to confirm the sourcing strategy applied and the reporting of results.

Tracking of on-going projects in which HedgeHog provided sourcing strategy and/or managed the bid event.

HedgeHog Inc, does not believe any of these documents would contain sensitive information that is not already accessible to the public and is necessary to provide proper analysis to effectively carry out the scope of services as defined. HedgeHog, Inc would seek this information in formats that can easily be managed such as pdf, word documents, access data files and excel spreadsheet files in order to effectively aggregate and sort information as necessary.

All data will be handled in a secured manner by HedgeHog staff. This data will not be shared between any personnel that are not either a HedgeHog staff member or a State of Ohio DAS OPS staff member.

All HedgeHog Employees are required to sign a Confidentiality Agreement prior to their Job Assignment to ensure that Company and Client Data remain Secure and Confidential.

All data is exchanged either through a secure user and password protected email system or secure FTP site.

HedgeHog Inc, seeks the Department of Administrative Services approval to utilize its back office support team to support and complete the contracted services.

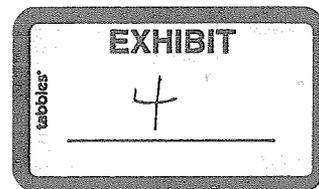
Sincerely,

Steve Knollman



General Manager
HedgeHog Online Procurement System
(T) 800-208-2335
(P) 317-575-4115
(F) 801-740-0125
(M) 317-432-7557
(e) sknollman@hedgehog.com

Administrative Services
General Services Division
Review of Hedge Hog Documentation
Invoice by Wave/Category



Wave/Category- Ref.	Invoice	Description	Sum of Invoice Amount	Category Max Compensation	Over/(under) Max
Other	357	DNA Testing	\$57,850.50		
	412	CSPC contract for JFS	\$92,250.00		
	434	Transportation of goods	\$3,196.00		
	445	Car Rental	\$1,200.00		
		Corrugated Sheeting	\$6,912.00		
		Macaroni & Noodle Products	\$12,681.00		
		ODJFS Call Center Oversight	\$27,880.00		
		Other Category Distr. & Trans Services	\$3,579.00		
		Toilet Tissue	\$22,283.00		
		458	Benefits Consulting Services	\$14,580.00	
	467	Agri ¹ Animal Feed	\$5,987.00		
	496	Oh Modular Emergency Medical System	\$1,054.00		
Other Total			\$249,452.50		
W2-5 Food	348	5/22/09 and 5/27/09 Food Bids			
		5/29/09 One Time Bid Food	\$14,241.25		
	357	One Time Food Buy Savings	\$1,932.56		
	365	One Time Food Buy Savings	\$32,635.40		
	374	One Time Food Buy Savings	\$82,003.54		
	382	One Time Food Buy Savings	\$50,442.31		
	384	One Time Food Buy Savings	\$70,864.02		
	397	One Time Food Buy Savings	\$77,880.92		
		Salad Dressing OTF	\$0.00		
		481	One Time Food Buy Savings	\$10,151.84	
	494	One Time Food Buy Savings	\$7,498.52		
	508	One Time Food Buy Savings	\$9,218.11		
W2-5 Food Total			\$356,868.47	\$ 330,000.00	\$ 26,868.47
W1-8 Office Supplies	358	Paper	\$2,507.15		
	375	Paper	\$29,497.00		
	426	Office Supplies Contract	\$64,000.00		
	340	Paper	\$19,550.00		
W1-8 Office Supplies Total			\$115,554.15	\$ 180,000.00	\$ (64,445.85)
W1-6 Cleaning Supplies	399	Cleaning Supplies	\$10,615.50		
	469	Mop Yarn	\$3,547.50		
W1-6 Cleaning Supplies Total			\$14,163.00	\$ 70,000.00	\$ (55,837.00)
W2-7 Clothing	401	General Purpose Clothing	\$38,197.42		
	No Invo	Clothing	\$0.00		
W2-7 Clothing Total			\$38,197.42	\$ 80,000.00	\$ (41,802.58)
W1-7 Cafeteria Supplies and Services	408	Plastic Bags and disposable food products	\$120,000.00		
W1-7 Cafeteria Supplies and Services Total			\$120,000.00	\$ 120,000.00	\$
W1-5 Office Equipment	427	Cost-per Copy W1C5	\$67,250.00		
W1-5 Office Equipment Total			\$67,250.00	\$ 380,000.00	\$ (312,750.00)
W1-4 IT Hardware	457	BWC Dell Latitude Laptops			
		DOT Desktop and laptop computers	\$0.00		
		DRC/Tax Standard Desktops & Monitors	\$239,641.00		
	493	ODH WIC Server and Desktop Hardware	\$202,193.00		
W1-4 IT Hardware Total			\$441,834.00	\$ 590,000.00	\$ (148,166.00)
W2-2 IT Services	488	ODPS Remittance Processing Solutions	\$13,394.00		
W2-2 IT Services Total			\$13,394.00	\$ 480,000.00	\$ (466,606.00)
Grand Total			\$1,416,713.54		

Department of Administrative Services
 General Services Division
 Review of Hedge Hog Documentation

Invoice #	Date	Description	Wave/Catagory- Ref.	Contract Number	Est. Contract Savings	50% of Savings	Invoice Amount	Note	Savings Report Form Comment	Baseline Documented	Hedgehog Documented work
340	4/17/2009	Paper	W1-8 Office Supplies	RS901909, GDC080	78,203.00	39,101.50	19,550.00	Initial Payment	Yes	Yes Table included	Memo and Summary Report Included
348	6/10/2009	5/22/09 and 5/27/09 Food Bids	W2-5 Food		28,482.49	14,241.25		May 2009 Bids	Report not in file		
348	6/10/2009	5/29/09 One Time Bid Food	W2-5 Food				14,241.25	May 2009 Bids	Report not in file		
357	7/10/2009	DNA Testing	Other				57,850.50	1.5% of contract of \$3,856,700	Report not in file	Yes Table included	
357	7/10/2009	One Time Food Buy Savings	W2-5 Food		3,865.12	1,932.56	1,932.56	June 2009 Bids	Report not in file	Yes Table included	
358	8/6/2009	Paper	W1-8 Office Supplies	RS901909	44,114.28	22,057.14	2,507.15	Actual Savings-Balance of actual savings from usage-tune up (44,114.28-\$39,100=-\$5,104.28) Saving summary	Report not in file	Yes Table included	Memo Included, no Summary Report
365	8/24/2009	One Time Food Buy Savings	W2-5 Food	RA7.17.09	25,308.92	12,654.46	12,654.46		Report not in file		
365	8/24/2009	One Time Food Buy Savings	W2-5 Food	RA7.22.09	37,869.38	18,934.69	18,934.69		Report not in file		
365	8/24/2009	One Time Food Buy Savings	W2-5 Food	RA7.29.09	2,092.50	1,046.25	1,046.25	July Savings	Report not in file		
374	9/29/2009	One Time Food Buy Savings	W2-5 Food	RA8.05.09	17,232.00	8,616.00		Auctions in August 2009	Report not in file	Yes Table included	Memo Included, no Summary Report
374	9/29/2009	One Time Food Buy Savings	W2-5 Food	RA8.06.09	51,629.60	25,814.80		Auctions in August 2009	Report not in file	Yes Table included	Memo Included, no Summary Report
374	9/29/2009	One Time Food Buy Savings	W2-5 Food	RA8.11.09	8,258.00	4,129.00		Auctions in August 2009	Report not in file	Yes Table included	Memo Included, no Summary Report
374	9/29/2009	One Time Food Buy Savings	W2-5 Food	RA8.13.09	23,199.60	11,599.80		Auctions in August 2009	Report not in file	Yes Table included	Memo Included, no Summary Report
374	9/29/2009	One Time Food Buy Savings	W2-5 Food	RA8.20.09	56,687.81	28,343.91		Auctions in August 2009	Report not in file	Yes Table included	Memo Included, no Summary Report
374	9/29/2009	One Time Food Buy Savings	W2-5 Food	RA8.27.09	7,000.08	3,500.04	82,003.54	Auctions in August 2009	Report not in file	Yes Table included	Memo Included, no Summary Report
375	10/2/2009	Paper	W1-8 Office Supplies	RS901909	108,533.00	54,266.50	29,497.00	50% of 6-month savings less previous billed Saving summary	Yes	Yes Table included	Memo Included, no Summary Report

Department of Administrative Services
 General Services Division
 Review of Hedge Hog Documentation

Invoice #	Date	Description	Wave/Catgory-Ref.	Contract Number	Est. Contract Savings	50% of Savings	Invoice Amount	Note	Savings Report Form Comment	Baseline Documented	Hedgehog Documented work
382	10/16/2009	One Time Food Buy Savings	W2-5 Food	RA10.02.09	33,649.00	16,824.50			Report not in file	Yes Table included	
382	10/16/2009	One Time Food Buy Savings	W2-5 Food	RA10.04.09	17,779.18	8,889.59			Report not in file	Yes Table included	
382	10/16/2009	One Time Food Buy Savings	W2-5 Food	RA10.17.09	36,196.79	18,098.40			Report not in file	Yes Table included	
382	10/16/2009	One Time Food Buy Savings	W2-5 Food	RA10.24.09	13,259.64	6,629.82	50,442.31	Auctions in September 2009	Report not in file	Yes Table included	
384	10/30/2009	One Time Food Buy Savings	W2-5 Food	RA10.06.09	68,782.14	34,391.07			Report not in file		
384	10/30/2009	One Time Food Buy Savings	W2-5 Food	RA10.09.09	17,779.18	8,889.59			Report not in file		
384	10/30/2009	One Time Food Buy Savings	W2-5 Food	RA10.11.09	36,196.79	18,098.40			Report not in file		
384	10/30/2009	One Time Food Buy Savings	W2-5 Food	RA10.24.09	13,259.64	6,629.82	70,864.02	Auctions in October 2009	Report not in file		
397	12/4/2009	Salad Dressing OTF	W2-5 Food	RA11.05.09	13,690.00	6,845.00	-		Yes		
397	12/4/2009	One Time Food Buy Savings	W2-5 Food	RA11.05.09	99,441.91	49,720.96	-		Yes		
397	12/4/2009	One Time Food Buy Savings	W2-5 Food	RA11.19.09	68,474.76	34,237.38	-		Yes		
397	12/4/2009	One Time Food Buy Savings	W2-5 Food	RA11.24.09	9,933.17	4,966.59	77,880.92	November 2009 1 time Food Buys	Report not in file		
399	12/22/2009	Cleaning Supplies	W1-6 Cleaning Supplies	LDC025	84,923.50	42,461.75	10,615.50	1st qtr advance of \$42,461.75	yes	Yes Table included	
401	12/31/2009	General Purpose Clothing	W2-7 Clothing	SR900510, GDC054	76,394.83	38,197.42	38,197.42		yes	Yes Table included	
408	1/15/2010	Plastic Bags and disposable food products	W1-7 Cafeteria Supplies and Services	GDC148	321,666.00	160,833.00	120,000.00		Report not in file	Yes Table included	Memo, Strategy plan, and Summary Report Included
412	1/29/2010	CSPC contract for JFS	Other	OA1043	637,875.00	318,937.50	92,250.00	Advance of Lesser of 1.5% total or 50% contact savings \$12mmx1.5%	Yes	Yes Table included	
426	3/19/2010	Office Supplies Contract	W1-8 Office Supplies	MAC043	445,000.00	222,500.00	64,000.00	Advance of 1/2 of actual contract limit of \$128,400	Yes	Yes Table included	
427	3/19/2010	Cost-per-Copy W1C5	W1-5 Office Equipment	MAC009	268,941.00	134,470.50	67,250.00	50% advance	Report not in file	Yes Table included	
434	4/19/2010	Transportation of goods	Other	DPS025	112,976.00	56,488.00	3,196.00	Cap at 1.5% of \$213,040	Report not in file	Yes Table included	Memo, Strategy plan, and Summary Report Included

Department of Administrative Services
 General Services Division
 Review of Hedge Hog Documentation

Invoice #	Date	Description	Wave/Catgory-Ref.	Contract Number	Est. Contract Savings	50% of Savings	Invoice Amount	Note	Savings Report Form Comment	Baseline Documented	Hedgehog Documented work
No Invoice	6/1/2010	Clothing	W2-7 Clothing	OPI030	56,344.00	28,172.00	-	Not Paid	Yes		Memo and Summary Report Included
457	6/8/2010	DRC/Tax Standard Desktops & Monitors	W1-4 IT Hardware	ACC1007	479,282.00	239,641.00	239,641.00		Yes	Yes Table included	Memo Included, no Summary Report
458	7/2/2010	Benefits Consulting Services	Other	DAS065			14,580.00	1.5% of contract of \$972,000	Yes	Yes Table included	Memo and Summary Report Included
467	7/6/2010	Agri Animal Feed	Other	OPI018	35,489.00	17,744.50	5,987.00	Cap at 1.5% \$357,211	Yes		Memo and Summary Report Included
469	7/9/2010	Mop Yarn	W1-6 Cleaning Supplies	LDC025	7,095.00	3,547.50	3,547.50		Yes	Yes Table included	Memo, Strategy plan, and Summary Report Included
481	8/31/2010	One Time Food Buy Savings	W2-5 Food				10,151.84	Auctions in July 2010 no detail	Report not in file	Yes Table included	
488	9/1/2010	ODPS Remittance Processing Solutions	W2-2 IT Services	0A105Z	66,983.00	33,491.50	13,394.00	Lesser of 1.5% total or 50% contact savings	yes-states limited	Yes Table included	Memo and Summary Report Included
493	9/20/2010	ODH WIC Server and Desktop Hardware	W1-4 IT Hardware	ACC1008	404,386.00	202,193.00	202,193.00	Advance - Lesser of Cap or 50% contact savings Cap at \$350,359	Yes		Memo and Summary Report Included
494	9/20/2010	One Time Food Buy Savings	W2-5 Food	Various Bids	40,409.84	20,204.92	7,498.52	Auctions in August 2010		Yes Table included	
496	9/27/2010	Oh Modular Emergency Medical System	Other	DOH028	2,108.00	1,054.00	1,054.00		Yes		Memo and Summary Report Included
508	10/18/2010	One Time Food Buy Savings	W2-5 Food	Various Bids			9,218.11	Fee for one time food buy savings Sept 2010	Report not in file	Yes Table included	
							1,416,713.64				

Department of Administrative Services
 General Services Division
 Review of Hedge Hog Documentation

Invoice #	Date	Description	Wave/Category-Ref.	Contract Number	Est. Contract Savings	\$0% of Savings	Invoice Amount	Note	Savings Report Form Comment	Baseline Documented	Hedgehog Documented work
446	5/27/2010	Other Category Distr. & Trans Services	Other	COM005	7,158.00	3,579.00	3,579.00	Cap at 1.5% \$825,442	Report not in file		Memo, Strategy plan, and Summary Report Included
446	5/27/2010	Macaroni & Noodle Products	Other	DVIH005	401,260.00	200,630.00	12,681.00	Lesser of 50% of Savings or 1.5% of \$845,430	Report not in file		Memo, Strategy plan, and Summary Report Included
446	5/27/2010	Car Rental	Other	DPS025	56,000.00	28,000.00	1,200.00	Lesser of 50% of Savings or 1.5% of \$80,000	Report not in file		Memo, Strategy plan, and Summary Report Included
446	5/27/2010	Toilet Tissue	Other	OPI063	106,542.00	103,271.00	22,283.00	Lesser of 50% of Savings or 1.5% of \$1,486,556	Yes		Memo, Strategy plan, and Summary Report Included
446	5/27/2010	Corrugated Sheeting	Other	OPI003	103,696.00	51,848.00	6,912.00	Lesser of 50% of Savings or 1.5% of \$450,810	Yes	Yes Table included	Memo, Strategy plan, and Summary Report Included
446	5/27/2010	ODJFS Call Center Oversight	Other	OA1070	326,092.00	163,046.00	27,880.00	1st Term Savings or 1.5% of \$1,858,732	Yes		Memo, Strategy plan, and Summary Report Included
457	5/27/2010	DOT Desktop and laptop computers	W1-4 IT Hardware	ACQ1006	490,788.00	245,394.00	-	Advance - Lesser of Cap or 50% contact savings Cap at \$590,000 Invoice not Paid Not Paid	Yes	Yes Table included	Memo Included, no Summary Report
457	5/27/2010	BWC Dell Latitude Laptops	W1-4 IT Hardware	ACQ1005	-	-	-		Yes	Yes Table included	Memo Included, no Summary Report

Procurement Reform Savings
7/1/08 - Present
Revised 12-15-10

Agency	Category	Supplier	Total Savings	Savings (\$) FY09	Savings (\$) FY10	Savings (\$) FY11	Savings (\$) FY12	Savings (\$) FY13	Savings (\$) FY 14-17	Period	Justification
OIT	Personal Computers	Dell/HP	781,256	751,256	30,000					One Time	(1) Consortium Leverage
GSD	Bread & Bakery	Nickle's Bakery	88,687	9,854	29,562	19,709				3/1/09-2/29/12	(4) Negotiation
GSD	ISTS Equipment	OCF	5,088	5,088						One Time	(8) Standardization
OH Expo	Temp Labor-State Fair	Preferred Staffing	85,000		85,000					One Time	(4) Negotiation
GSD	Silage Bags	Golden Hill Sales	7,631	2,543	2,543	2,545				7/1/09-6/30/12	(4) Negotiation
GSD	Steel for License Plates	Majestic Steel Svcs.	91,123	10,124	30,374	20,249				3/1/09-2/29/12	(4) Negotiation
GSD	Automotive	Various Dealers	5,654	5,654						7/1/10-6/30/11	(4) Negotiation
All	Food	Misc.	4,528,426	28,482	1,687,291	1,416,326	H			7/1/09-6/30/12	(7) Reverse Auction
DRC	Food Operations	Internal DRC	12,500,000	2,500,000	5,000,000	5,000,000				1/1/09-1/31/11	(6) Operational Improvement
DRC	Toilet Paper	Piascon	190,000	112,273	77,727					5/1/08-4/30/10	(4) Negotiation
DOH	Printers	Compuserve	15,226		15,226					8/29/09-6/30/10	(4) Negotiation
DOH	Panel Renovation	DJ Enterprises	6,571	6,571						One Time	(4) Negotiation
GSD	Property Mgmt. Services	Jones Lang Lasalle	500,000		249,999	249,999				6/22/09-6/30/11	(6) Operational Improvement
DYS	Correctional Treatment Prog.	Lighthouse Youth Svcs	149,077	4,029	48,349	48,349				6/1/09-6/30/12	(4) Negotiation
JFS/AGO	DNA Testing Services	Laboratory Corp	369,400	123,134	123,133	H	123,133	H		7/1/09-6/30/12	(9) Supplier Reduction
LOT	Instant Lottery Tickets	Intralot	900,000	450,000	450,000					7/1/09-6/30/11	Based on % of Ticket Sales
Multiple	Mainframe Software	IBM	9,500,000	4,750,001	4,749,999					7/1/09-6/30/11	(2) Enterprise Agreement
All	Symantec Enterprise Agreement	Symantec	634,000	383,000	251,000					7/1/2009-6/30/10	(2) Enterprise Agreement
EPA	E-Check Program	Envirotest	1,200,000	514,285	685,715					10/1/09-6/30/11	(4) Negotiation
GSD	High Voltage Switches	Canada Power	5,065	5,065						One Time	(4) Negotiation
DAS/EMA	Medical Supplies (Delivery)	UPS	97,000	97,000						One Time	(4) Negotiation
All	Paper	Officemax	103,108	103,108						7/1/09-6/30/10	(7) Reverse Auction
All	Cleaning Supplies	Joshen Paper/Cottingham	84,923	16,066	27,542	H	13,773	H		12/10/09-12/31/11	(7) Reverse Auction
All	Clothing	JNC, Bob Barker, Direct	76,394	9,317	22,359	H	22,359	H		2/1/10-6/30/13	(7) Reverse Auction
DNR	Forestry Certification Services	NSF Intl. Strategic	9,400	9,400						One Time	(4) Negotiation
DAS	MARCS UPS Tower Upgrade	Resource One	117,000	117,000						12/1/09-12/31/10	(4) Negotiation
All	Hardware	Grainger	567,000	189,000	189,000					7/1/09-6/30/12	(1) Consortium Agreement
DAS	Cap. Security/fire enhance	Siemens	7,985	7,985						One Time	(4) Negotiation
DAS	Custodial Services	Goodwill Licking/Knox	17,983	17,983						One Time	(4) Negotiation
JFS	Child Support Payment	ACS State & Local	8,740,875	3,000,000	637,875	H	4,465,125	H		12/31/09-6/30/19	(4) Negotiation
GSD	Vehicle Rental Services	Enterprise Holdings	172,800	57,600	57,600					3/29/10-6/30/12	(3) Leverage External
GSD	Cafeteria Supplies	Joshen Paper Supplies	964,998	160,833	321,666					1/20/10-1/31/13	(7) Reverse Auction
COM	Distribution (Trucking)	AT Xpress	239,909	6,692	99,363					06/1/10-5/31/10	(5) New Supplier
DEV	Consolidation/Cost Per Copy	Multiple	58,351	19,450	19,450					One Time	(6) Operational Improvement
DAS/ASD	Consolidation/Cost Per Copy	Multiple	22,409	11,204	11,204					One Time	(6) Operational Improvement
DAS/EOD	Consolidation/Cost Per Copy	Multiple	2,936	1,468	1,468					One Time	(6) Operational Improvement
RSC	Consolidation/Cost Per Copy	Multiple	31,933	15,966	15,966					One Time	(6) Operational Improvement
AGO	Consolidation/Cost Per Copy	Multiple	31,618	31,618						One Time	(6) Operational Improvement
DYS	Consolidation/Cost Per Copy	Multiple	14,289	14,289						One Time	(6) Operational Improvement
OBM	Consolidation/Cost Per Copy	Multiple	10,884	10,884						One Time	(6) Operational Improvement
DAS	Strategic Sourcing Module	Cap Gemini	194,000	48,500	145,500					One Time	(6) Operational Improvement
DAS	Cost-per-Copy	Multiple	583,200	33,750	145,800					4/1/10-2/28/13	(7) Reverse Auction
All/DAS	Cost-per-Copy	Multiple	650,617	33,750	145,800	H	201,150	H		4/12/10-3/31/13	(7) Reverse Auction

A - \$'s Paid to Hedgehog (Consultant)
H - Hedgehog Assisted

Procurement Reform Savings
7/1/08 - Present
Revised 12-15-10

Agency	Category	Supplier	Total Savings	Savings (\$) FY09	Savings (\$) FY10	Savings (\$) FY11	Savings (\$) FY12	Savings (\$) FY13	Savings (\$) FY 14-17	Period	Justification
All	Office Supplies	Staples, Inc.	152,000	114,000 H	38,000 H					4/1/10-6/1/10	(9) Supplier Reduction
All	Office Supplies	Staples & Commercial Inc.	1,613,000		369,600	403,200	403,200	403,200	436,800	16/2/10-7/31/14	(9) Supplier Reduction
DMH	Food	Supreme Food Resource	933,000	311,000	311,000	311,000	311,000	311,000		5/1/10-4/30/13	(7) Reverse Auction
DPS	Transportation	IAT Xpress	10,625		5,312					11/1/08-10/31/12	(4) Negotiation
DPS	Transportation	Commercial Works	354,147	118,000	118,000	118,000				4/1/10-2/28/13	(5) New Supplier
EPA	Landfill Closure	R.B. Jergens	214,741	214,741						5/20/10-2/28/11	(4) Negotiation
DRC/OPI	Corrugated Sheeting	JetCo Packaging	277,488		92,496 H			92,496 H		7/1/10-6/30/13	(7) Reverse Auction
OSU	Gen. HW/Elect. Switches	Canada Power Supply	5,156	5,156							(4) Negotiation
OPI	Fabric	Tabb Textile Co	164,388	4,700						16/1/10-4/30/13	(7) Reverse Auction
All	Anti-Virus Software	VMWare	2,160,674	2,160,674				47,000 H			(1) Consortium Leverage
GDC	Blankets and Bedspreads	Roger Elliott	110,676	36,892	36,892					6/1/10-5/31/13	(4) Negotiation
JFS	Comm Equipment & Services	Advocate Consulting Grp.	1,310,389	326,092	212,929	212,929	212,929	212,929	558,388	7/1/10-6/30/17	(4) Negotiation
JFS	IT Services HW/SW	ACS State & Local Sol.	1,818,998	162,000	178,605	178,605	178,605	187,534	620,758	7/1/10-6/30/16	(4) Negotiation
DPS	Services	Pasco	43,268		21,634					7/1/10-6/30/12	ITB Procurement
EDU	Services	SAS	644,430	322,000	322,000					6/1/10-6/30/11	(4) Negotiation
DAS	Custodial Services	Licking/Knox Goodwill	88,467		88,467					7/1/10-6/30/11	(4) Negotiation
DMR	Custodial Services	Goodwill Columbus	7,512		7,512					7/1/10-6/30/11	(4) Negotiation
OBA	Custodial Services	ARC Industries	224,766		224,766					7/1/10-6/30/11	(4) Negotiation
DNR	Custodial Services	Alpha Group	2,153		2,153					7/1/10-6/30/11	(4) Negotiation
OBA	Custodial Services	VGS, Inc.	149,416		149,416					7/1/10-6/30/11	(4) Negotiation
DOT	Custodial Services	Hocking Valley Industries	722		722					7/1/10-6/30/11	(4) Negotiation
OBA	Custodial Services	ARC Industries	236,729		236,729					7/1/10-6/30/11	(4) Negotiation
OBA	Custodial Services	Community Support Svcs	108,567		108,567					7/1/10-6/30/11	(4) Negotiation
DAS	Local Print Consolidation	Multiple	11,698		11,698					One Time	(6) Operational Improvement
DEV	Comm. Equip. & Svcs.	Ron Foth Retail	436,500		436,500					12/19/07-6/30/11	(4) Negotiation
DEV	Public Relation Services	Fahlgren, Inc.	37,500		37,500					10/4/07-6/30/11	(4) Negotiation
DRC/OPI	Agricultural	Kalmbach Feeds/Agri Svcs	107,545	35,849 H	35,849			35,849		6/28/10-5/31/13	(7) Reverse Auction
DNR	Security Watercraft	North River Boats	5,213		5,213					One Time	(4) Negotiation
DRC/OPI	Custodial Services	Jones Co.	21,285	7,095	7,095			7,095		6/1/10-12/31/12	(4) Negotiation
OBA	Custodial Services	VGS, Inc.	26,940		26,940					7/1/10-6/30/10	(8) Standardization
COM	Custodial Services	Goodwill Columbus	22,021		11,010			11,010		7/1/10-6/30/12	(8) Standardization
DAS	Custodial Services	ARC Industries	15,706		15,706					7/1/10-6/30/11	(8) Standardization
DAS	Custodial Services	Goodwill Columbus	141,473		141,473					7/1/10-6/30/11	(8) Standardization
COM	Unarmed Security Services	Goodwill Columbus	13,535		13,535					7/1/10-6/30/11	(8) Standardization
OBA	Custodial Services	VGS, Inc.	149,058		149,058					7/1/09-6/30/10	(4) Negotiation
OBA	Custodial Services	VGS, Inc.	357		357					7/1/10-6/30/11	(4) Negotiation
DOT	Custodial Services	Goodwill Columbus	597		597					7/1/09-6/30/10	(4) Negotiation
DOT	Custodial Services	Hocking Valley Industries	125		125					7/1/10-6/30/11	(4) Negotiation
COM	Custodial Services	Licking/Knox Goodwill	84,267		84,267					7/1/09-6/30/10	(4) Negotiation
COM	Custodial Services	Licking/Knox Goodwill	4,199		4,199					7/1/10-6/30/11	(4) Negotiation
OSU	Custodial Services	VGS, Inc.	93,375		93,375					7/16/10-6/30/11	(4) Negotiation
OSU	Custodial Services	VGS, Inc.	12,689		12,689					7/16/10-6/30/11	(4) Negotiation
OSU	Custodial Services	VGS, Inc.	106,525		106,525					7/16/10-6/30/11	(4) Negotiation
OSU	Custodial Services	VGS, Inc.	34,885		34,885					7/16/10-6/30/11	(4) Negotiation

Savings Report Form

Date: 3/18/10

Analyst Name: Bruce Reichenbach
 Manager Name: Curtis Brooks

Analyst Initials: BLR
 Manager Initials: COB

<u>Project Name</u>	<u>Length of Contract</u>	<u>Contract Period</u>	<u>Total Contract Amount</u>	<u>Category</u>	<u>Supplier</u>	<u>Hedgehog Involvement</u> Y/N
CHILD SUPPORT PAYMENT CENTRAL (CSPC)	INITIAL CONTRACT IS THROUGH 6/30/2011, WITH FOUR 2-YEAR RENEWALS, MAX EXPIRATION 12/31/2019	2-YEAR, TRANSACTION BASED CONTRACT WITH ANNUAL COSTS	CONTRACT IS TRANSACTION BASED WITH ANNUAL COSTS DEPENDENT UPON EFT/PAPER PROCESSING EFFICIENCIES AND OTHER TRANSACTION VOLUMES \$17-18.5M PER YEAR	IT SERVICES	ACS STATE & LOCAL SOLUTIONS	Y

Agencies Covered

ODJFS
 ODJFS

Agency Contact

JOYCE ELLINWOOD (PROJ MGR)
 MARY ANN MCGREEVEY (CONTRACT MGR)

Agency Savings

\$637,875 1ST YEAR

- DEPENDING ON/IF EFT/PAPER AND OTHER TRANSACTION PROCESSING EFFICIENCIES MET: AN ADDITIONAL \$321,000 2ND YEAR
- " " " AN ADDITIONAL \$274,000 3RD YEAR
- " " " AN ADDITIONAL \$393,000 4TH YEAR
- SAVINGS ARE ESTIMATED BASED ON ADDITIONAL EFT/PAPER PROCESSING EFFICIENCIES BEING REALIZED EACH YEAR.

Total Savings (1ST YEAR ONLY) \$637,875

Justification for Savings:

- SAVINGS ARE BASED ON A FLAT RATE FOR PAPER TRANSACTION PROCESSING AND EFT TRANSACTION PROCESSING AT A DECLINING COST PER TRANSACTION.
- ODJFS ANTICIPATES TOTAL COST FOR OTHER TRANSACTION TYPES TO DECREASE DUE TO DECREASES IN THE NUMBER OF TRANSACTIONS PROCESSED.

Additional Information:

Approved: _____

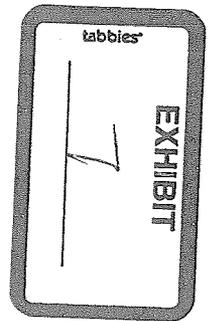
Terry E. Tyler

Hedgehog Compensation: _____
 (if applicable)



610 Maple Street, Tipton, IN 46072
 (p) 800/208-2335 (f) 801/740-0125

Sales Invoice 412
 Invoice Date: 01/29/2010
 Printed Date: 02/01/2010
 Page: 1



Bill To:
 State of Ohio DAS
 Office of Procurement , Gen Srv Div
 4200 Surface Road
 Columbus, OH 43228

Ship To:
 State of Ohio DAS
 Office of Procurement , Gen Srv Div
 4200 Surface Road
 Columbus, OH 43228

Customer ID	Purchase Order	Terms	Ship Via	F.O.B.	Sales Person	Ship From	Source	
OHDAS	CSP900609	Due On Receipt			SK	LOC1		
Line No.	Shipped Qty	U.O.M. Description/Note	Item Number	Item Status	Unit Price	Discount	Tax	Extended Price
	1.000	FULLSRV Strategic Sourcing Consulting Fee Strategic Sourcing Consulting Services Fee for CSPC Contract for JFS: Per Agreement, HedgeHog Strategic Sourcing Fees calculated in Advance for Strategic Sourcing Consulting Services: Total Savings for CSPC Contract \$637,875.00 HH Fee at 50% Savings not to exceed 1.5% Initial Term Spend for Other Category: (\$12MM x 1.5% = \$184,500.00) 50% of Strategic Sourcing Fee in Advance: (\$184,500 x 50%) 92,250.00 Balance to be INV with successive quarterly true-ups of savings against spend beginning 6/30/2010 and continuing until final true-up of initial term 6/30/2011 or until Total Strategic Sourcing Fee is met. This line has been shipped complete		Sale	92,250.00000	0.000	N	92,250.00
Non Taxable Subtotal Taxable Subtotal Order Discount Shipping/Handling Sales Tax Order Total								92,250.00 0.00 0.00 0.00 0.00 92,250.00

*OK to pay
 Terry Tyler
 2/2/10*

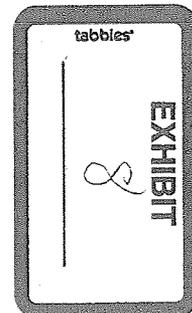
X



eSourcing OnDemand
 610 Maple Street, Tipton, IN 46072
 (p) 800/208-2335 (f) 801/740-0125

PO. 6914

Sales Invoice 434
 Invoice Date: 04/19/2010
 Printed Date: 04/19/2010
 Page: 1



Bill To:
 State of Ohio DAS
 Office of Procurement, Gen Srv Div
 4200 Surface Road
 Columbus, OH 43228

Ship To:
 State of Ohio DAS
 Office of Procurement, Gen Srv Div
 4200 Surface Road
 Columbus, OH 43228

Customer ID	Purchase Order	Terms	Ship Via	F.O.B.	Sales Person	Ship From	Source	
OHDAS	CSP900609	Due On Receipt			SK	LOC1		
Line No.	Shipped Qty	U.O.M. Description/Note	Item Number	Item Status	Unit Price	Discount	Tax	Extended Price
	1.000	FULLSRV Strategic Sourcing Consulting Fee Strategic Sourcing Consulting Services Fee for Cost per DPS025 Transportation of Goods Contract: Per Agreement, HedgeHog Strategic Sourcing Fees calculated in Advance for Strategic Sourcing Consulting Services: Total Savings for DPS025 Transportation of Goods Contract \$112,976.00 HH Fee at 50% Savings not to exceed Other Category Cap of 1.5% of Contract Spend Value for DPS025 Transportation of Goods: (\$112,976.00 x 50% = \$56,488) Other Category Cap Fee Basis: (\$213,040 x 1.5% = 3196.00) \$3,196.00 This line has been shipped complete		Sale	3,196.00000	0.000	N	3,196.00
							Non Taxable Subtotal	3,196.00
							Taxable Subtotal	0.00
							Order Discount	0.00
							Shipping/Handling	0.00
							Sales Tax	0.00
							Order Total	3,196.00

RECEIVED
 700 APR 20 PM 1:53
 D.A.S.
 GSA BUSINESS OFFICE

OK to pay
 Terry Tyler
 4/19/10



State of Ohio
Office of the Inspector General

THOMAS P. CHARLES, Inspector General

DAS/LEGAL/OPF/10/DEC/13 0853

December 10, 2010

Theresa Schaefer
Chief Legal Counsel
Ohio Department of Administrative Services
30 E. Broad St. Suite 3940
Columbus, Ohio 43215-3414

Subject: Request for Documents Pertaining to Request for Proposal/Contract Number CSP900609 ("Strategic Sourcing Consultant")

Dear Ms. Schaefer:

Pursuant to Ohio Revised Code sections 121.42 and 121.45, the Ohio Inspector General's Office (the "OIG") hereby requests copies of any and all documents in the possession of the Ohio Department of Administrative Services ("DAS") (including records contained in OAKS that are accessible to DAS, even if created by other state agencies) pertaining to Request for Proposal/Contract No. CSP900609 (Strategic Sourcing Consultant). Such documents should include, but not be limited to, the following:

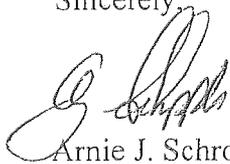
1. The request for proposal and all amendments released by DAS, bid proposals received by DAS that were evaluated (excluding "late bids" and "no bids"), tabulation sheets, evaluation and meeting notes of procurement staff and managers, and all memoranda, emails and other written communications between procurement staff and managers pertaining to the evaluation of the bidders and the award to the successful contractor;
2. A complete list of the names, titles, direct telephone numbers, and e-mail addresses of each and every DAS employee who participated in the development of the RFP, the cost tabulation of the submitted bids, the evaluation of the bid proposals, and the recommendation resulting in the award of the contract;
3. A complete list of agencies (including the names and direct telephone numbers of agency contacts) that used the services covered by terms of the contract, as well as copies of all forms pertaining to the contract that the agencies submitted to DAS;
4. A complete list of contractor employees assigned to the contract, including names, titles, direct telephone numbers, and e-mail addresses);

Theresa Schaefer
CSP900609

5. Copies of all invoices submitted to DAS by the contractor from the contract's effective date to current date;
6. "Savings Report" forms (including positive and negative submissions) or similar documents used by DAS to document the "value added" to the procurement process by the contractor;
7. A COGNOS report (by state fiscal year) detailing expenditures from the contract's effective date to the current date. Such report should include the contractor's name and OAKS vendor identification number, purchase order numbers, voucher numbers, payment dates, transaction amounts, and each agency's name;
8. All communications (including, but not limited to, letters, emails, and memoranda) between the contractor and DAS regarding off-shoring and/or outsourcing that occurred from the evaluation of the bid response through the current date;
9. All communications (including, but not limited to, letters, emails, and memoranda) between DAS and the contractor concerning reductions in compensation rates pursuant to Executive Order 2009-07S; and
10. All notes pertaining to the November 18, 2010 procurement staff meeting that were drafted or prepared by any and all DAS employees or representatives who attended such meeting.

Please submit the aforementioned information and documents to the Ohio Inspector General's Office by **5:00 P.M. on January 7, 2010**. Thank you in advance for your cooperation. If you have any questions, please contact Deputy Inspector General Kyle Dupler at (614) 644-9110.

Sincerely,



Arnie J. Schropp
First Assistant Inspector General

January 7, 2011

OFFICE OF
INSPECTOR GENERAL
2011 JAN -7 PM 4:31

Thomas P. Charles
Inspector General
30 East Broad Street, Suite 2940
Columbus, Ohio 43215-3414

HAND DELIVER

RE: Request for Documents Pertaining to Request for Proposal/Contract Number CSP900609
("Strategic Sourcing Consultant")

Dear Inspector General Charles:

Please find enclosed those documents provided by the Department's General Services Division in response to your document request in above-referenced matter. The responsible Division employees attest that the presented documents are, to the best of their knowledge, all documents in DAS' possession requested by your Office.

The Department has grouped the documents in folders. The Department labeled and numbered those folders to correspond to those numbered sections in your request.

In that regard, please note that the Contract was exclusively a DAS Contract and no other agency or political subdivision used or contracted with Hedgehog pursuant to the above-referenced Contract (Item 3: Inspector General "Request for Documents")

Please also note that the Department provided a computer disc provided by HedgeHog that purports to document work performed pursuant to the Contract in question.

If you have any questions, or need any further assistance, please feel free to telephone the Chief Counsel's Office at 614-644-1773.

Sincerely,



Richard M. Scott
Associate Counsel

Enclosures
RMS:sds