

November 3, 1998

MEMORANDUM

TO: Gary Glisson
Pat Walls
Becky Scott
Karl Schmidt
Ann Guiler
Cay Gasque

FROM: _____
Laurence I. Snell, C.P.I.M.
Director of Purchasing & Stores

RE: PURCHASING PROCESS TEAM MEETING MINUTES

Attached is a DRAFT copy of the minutes of October 20, 1998 Purchasing Process Team (PPT) meeting and a copy of the manual developed by Broward Community College for the use of procurement card purchases. Please review the copy of the minutes for assignments and accuracy and plan to review it at our next meeting.

Thank you for your cooperation.

/jb

Attachment

cc: S. Bowers
Y. Horner
C. Isacco
T. Bloodworth
R. Attaway
G. Keegan
T. Crowe
B. Collins

MINUTES
PURCHASING PROCESS TEAM MEETING
OCTOBER 20, 1998

Process Team

Members Present: Larry Snell, (Process Owner)
Gary Glisson, (Purchasing Resource)
Pat Walls, (North Campus)
Becky Scott, (South Campus)
Karl Schmidt, (Downtown Campus)
Ann Guiler, (Open Campus)

Process Team

Member Absent: Cay Gasque, (Kent Campus)

- The meeting began at 10 a.m.
- The Purchasing Process Team (PPT) reviewed and approved the minutes of the August 4, 1998 meeting.
- Mr. Snell provided an overview for PPT members of the District Board of Trustees (DBOT) strategic discussion with Dr. Wallace on October 6, 1998 regarding the proposed Phase II reorganization.
- The PPT reviewed its organizational recommendations and concluded they did not need any changes as a result of the Phase II reorganization.
- Mr. Snell noted Cay Gasque had called the prior day requesting if possible for her to have the College's first procurement card as a pilot, as she became aware of discounts to purchase reference books by use of a credit card versus purchase orders. Mr. Snell suggested she explore use of the College's American Express card as a pilot at this time until FCCJ develops/implements a procurement card system.
- Mr. Snell reviewed the latest July/August PPT process measurements that documented 900 purchase orders were issued in August and only 133 remained at month end as a backlog. Mr. Snell also noted for the month of August purchase orders were issued in an average 3.467 workdays. Mr. Snell also noted there was a \$403,142 savings in August for all purchase orders issued.

- Mr. Snell also reviewed the following August process measurement for Central Stores/CMail.
 - a) CStores lead time down to 3.77 days from 5.57 days.
 - b) CStores volume increased to 261 shipments valued at \$66,360.
 - c) CStores customer service achieved an 8.63 overall score.
 - d) CMail saved \$1,400 on 51,400 pieces of 1st class mail.

- Gary Glisson presented a sample PPT customer satisfaction survey for purchasing. The PPT made a few editorial suggestions and approved the survey being sent out on every 50th purchase order.

- Mr. Snell noted the College had offered the position of Assistant Director of Property & Receiving to Mr. Tim Bloodworth who will start November 2, 1998. Mr. Bloodworth will be asked next spring to do a cost effective analysis of CStores/CMail per our August 4, 1998 meeting minutes, after he has helped implement corrective actions for the College's property and receiving processes.

- Mr. Snell noted the DBOT did approve the College administrations recommendation to increase the authority of the President and designee (i.e., Director of Purchasing & Stores) to review/award purchases <\$60,000 in value. This will dramatically reduce the resource time and effort to publish Board agendas which will be reflected in our PPT process measurement report number P.104.

- Mr. Snell reviewed information learned through networking the prior week at the COPP/NAEB purchasing conference relative to use of procurement cards in the state:
 - a) Of the 16 community colleges attending only Broward Community College (BCC) currently is using a procurement card (PCARD). Nine (9) other colleges noted they anticipate implementing a PCARD in the near term. BCC uses the Nations Bank state contract PCARD and used it for purchases <\$500. They currently have 25 cards out and anticipate releasing 200 additional cards this week. BCC has mandatory training and requires individual employees to sign a card holder agreement. Attached for our review is a complete copy of BCC's procurement card manual/agreement etc. BCC noted it has been well received thus far and is managed by their Comptroller.

- b) Emily Hamby of the University of Florida provided an overview of how the University of Florida is also using the Nations Bank PCARD successfully and feels once fully implemented will be replacing approximately 30,000 limited PO's/year for purchases <\$500/each.
- c) Mr. Evan Tullos, Vice President Florida Market Manager at Nations Bank was at the conference and shared the following about the PCARD state contract program.
 - 1) Their programs does not cost FCCJ anything at all in transaction fees.
 - 2) They are willing to share a 0.4% rebate with the College on all purchases.
 - 3) DMS is exploring offering a free state contract online license for every PCARD issued. (i.e., save FCCJ approximately \$400/yr in costs we currently pay).
 - 4) Their program does provide detailed billing which is different then we had heard.
 - 5) They are willing to come to FCCJ make a presentation to the PPT which Mr. Snell will schedule and invite Mr. Bowers/Clara Isacco/Yvonne Horner.
- Mr. Snell shared with PPT members there were distinct different methods BCC versus UF used to implement/manage/reconcile PCARD purchases as follows:
 - A) Broward Community College (Note: They use the same ORION system as FCCJ).
 - 1) PCARD holders input an ORION disbursement request (DR) to Nations Bank for every purchase made referencing a number on the register receipt.
 - 2) PCARD holders note on the register receipt the ORION DR transaction number assigned and sent it to accounts payable (A/P), for payment.

- 3) The DR is electronically sent for approval in ORION to both the finance department to confirm correct general ledger code (GLC) is used and department budget administrator, as we do today at FCCJ.
 - 4) Their Comptroller reconciles any Nations Bank unpaid purchases with end user PCARD holders.
 - 5) A/P pays Nations Bank monthly (net 30 days).
 - 6) A/P becomes the file of record for all register receipts etc.
 - 7) Thus if any employee makes 100 purchases with their PCARD they will need to enter 100 disbursement requests.
- B) University of Florida: (UF) (Note they use a system called SAMAS which has the State Comptroller in Tallahassee serving as the A/P office for them).
- 1) PCARD holder makes a purchase.
 - 2) The Nations Bank system using an interface they wrote feeds the State Comptrollers office (SCO) daily with what was bought that day.
 - 3) The SCO system feeds SAMAS automatically.
 - 4) SAMAS creates for each purchase a transaction (similar to an ORION DR) .
 - 5) The UF A/P staff using a Nations Bank provided on site system sends a print out/report page daily to any PCARD holder who used their PCARD the prior day.
 - 6) End user departments must within 7 days of purchase go online to SAMAS and note whether the purchased item/service is acceptable, unacceptable (i.e., defective) or leave it blank. If left blank 7 days the SCO staff force the transaction to be sent for approval electronically to confirm the GLC/approval.

- 7) The SCO pays Nations Bank electronically daily for any transactions approved.
- 8) The end user is required to retain in their department all register receipts as the file of record for state audit, with the PCARD report received attached.

C) FCCJ:

- The College may want to consider use of ORION blanket purchase order to Nations for each PCARD issued using the PCARD number to encumber funds, receive electronic approvals but eliminate the need for 100's of ORION DR's or ask Nations Bank to develop an interface to our ORION system.
- Pat Walls noted when we implement a pilot PCARD program we should assure we have both strong and weak department examples to work with.
- Mr. Snell reviewed with PPT members our August 8, 1998 minutes/recommendations and defined for each whether they are closed/open/or have assignments. (See attached)

The meeting adjourned at noon.

cc: S. Bowers
Y. Horner
C. Isacco
T. Bloodworth
R. Attaway

PURCHASING PROCESS TEAM
PHASE II RECOMMENDATIONS
OCTOBER 20, 1998

I. Organizational:

It is recommended the College maintain its current purchasing organizational structure with the Director of Purchasing serving as the collegewide process owner monitoring process measurements defined below. It is further recommended the purchasing department implement a procurement card which may allow elimination from its organizational structure a vacant Purchasing Asst. I position based on “planned reduction in the volume of transactions”.

ASSIGNMENT: Mr. Snell to schedule a PPT meeting with Nations Bank by December 1, 1998.

- II . It is recommended the Purchasing Process Team form a subcommittee to meet with the proposed Director(s) of Administrative Services on each campus to develop/modify College administrative procedures and employee contracts to assure adequate control to implement a Visa procurement card with Nations Bank off State Contract (and/or develop a FCCJ RFP) for FCCJ purchases valued at \$749.99 or less, except for hazardous chemicals/software, etc. It is further recommended this card be Beta tested in a pilot on a voluntary basis with a few departments for small dollar purchases and offer either on-line or off-line transactions once tested Collegewide.

STATUS: (See number I above).

- III. It is recommended College administration submit to the Board a reclassification of the position Director of Purchasing and Stores to a new position job classification description entitled Associate Vice President of Purchasing, Property and Auxiliary Services which includes recent duties/responsibilities added to be the College process owner of receiving, property and auxiliary services.

STATUS: Included in proposed Phase II reorganization.

- IV. It is recommended the College submit a reclassification request for one (1) Asst. Director of Purchasing position (Mr. Gary Glisson) to be reclassified as a project coordinator based on proposed “additional” responsibility/accountability of

supervising six (6) purchasing agents and all purchases below \$15,000 in value as well as managing multiple department budget(s).

ASSIGNMENT: Mr. Snell to speak to Mr. Bowers to explore process/options.

V. Process Measurements:

Monthly publish to the Process Team, as well as the President's cabinet the following process measurements and post to a purchasing department web page.

- a) Process time (work day): Measurement
From: the date an Orion committed department requisition valued at \$1,500 or less is sent to purchasing
To: the date the purchase order is encumbered.
(Goal: 7 work days)
STATUS: Implemented
- b) Process time (work days): Same as "A" above, but value at \$1,500 - \$14,999
(Goal: 12 work days)
STATUS: Implemented
- c) Process time (work days): Same as "A" above, but value at \$15,000 plus
(Goal: 30 work days)
STATUS: Implemented
- d) Process time (work days): Measurement of confirming/emergency purchase orders turn around time, valued at less than \$15,000.
(Goal: 2 days)
STATUS: Implemented
- e) Department requisition quality: Measurement by campus of the number of purchase requisitions that require to be electronically sent back in Orion due to inadequate/incomplete specifications.
(Goal 0%)
STATUS: Implemented

- f) Customer satisfactory survey: Develop an electronic survey sent to department budget administrators to measure on every 50th purchase order and every formal bid/RFP how well the purchasing department service met the end users expectations.

(Goal 7)

ASSIGNMENT: Gary Glisson to finalize the survey and implement it November 1, 1998.

- g) Purchase saving (\$/ percent)

(Goal 4 %)

STATUS: Implemented

- h) W/MBE, SBE award (%)

(Goal 18%)

STATUS: In progress. Tom Crowe to develop an ORION computer report by December 1, 1998 to access data.

- VI. It is recommended that both the Asst. Director of Purchasing and Purchasing Agent I (of which both are PECO funded positions) be released of duties and focus on construction/facility renovations/remodeling as required to be dedicated resources to reduce process lead time to complete the construction bidding/contracting process.

STATUS: Non construction workloads reduced/monitoring.

- VII. It is recommended the Purchasing department develop a request for proposal, solicit and bring under annual contract a construction manager using a unit price structure for construction projects <\$120,000, by January 1, 1999.

ASSIGNMENT: Larry Snell to work with the facilities departments to develop an APM to utilize a UNF annual contract for unit price construction.

- VIII. It is recommended the Purchasing department implement a fax vault (the College currently has) to allow bidders to fax to themselves copies of bid specifications 24 hrs/day, by October 1, 1998.

STATUS: implemented October 1, 1998

- IX. It is recommended the Purchasing department begin use of the State's DMS Vendor Bidding System (VBS) to advertise bid solicitations on the internet for free, by January 1, 1999.

ASSIGNMENT: Gary Glisson/Gene Keegan to implement by January 1, 1999 in addition to/in place of FAX vault as deemed in the Colleges best interest.

- X. It is recommended the Purchasing department request the Board of Trustees to change Board Rule #6Hx 7-5.1 to increase the authority of the President or designee from the current \$15,000.00 to award contracts/purchase orders to \$60,000 for bids/RFPs and annual contract extensions as provided in SBE Rule 6A-14.073 recent language changes.

STATUS: Implemented Board approved October 6, 1998.

- XI. It is recommended the Purchasing Department discontinue requiring end user departments to identify on an ORION department requisition the appropriate buyer initials for a specific commodity and to route/assign requisitions to buyers based on backlog and commodity expertise to balance buyer work load/productivity.

ASSIGNMENT: Mr. Snell to communicate this collegewide in an all users PROFS email. Gary Glisson has already begun shifting requisition workload based on backlog by buyer.

- XII. It is recommended the Director(s) of Administrative Services identify goods/services consumed on campus and centralize on each campus one (1) budget to reduce excessive paperwork/duplication of efforts.

STATUS: On hold till position filled.

- XIII. It is recommended the Purchasing department work with each campus Director of Administrative Services to identify one day a month to have a purchasing agent visit to provide campus employees an opportunity to answer questions.

STATUS: On hold till position filled.

- XIV. It is recommended the Purchasing department modify its APM's to increase the threshold to obtain three quotations from \$1,000 to \$1,500.

ASSIGNMENT: Mr. Snell to do a total re write of Purchasing APM's by February 1, 1999.

- XV. It is recommended the Purchasing department modify its APM's pending Board APA approval of Board Rule 6Hx 7-5.1 to increase the signature authority/empowerment of the following positions.

STATUS: See number XIV above.

POSITION	FROM	TO
Purchasing Asst.	\$500	\$999
Associate Director(s)	\$5,000	\$14,999
College President	\$14,999	\$59,999
Director of Purchasing	\$14,999	\$59,999

- XVI. Phase II Estimated Cost/Savings Analysis:

RECOMMENDATION #/TYPE	ESTIMATED ADDITIONAL COST	ESTIMATED SAVINGS
I Procurement Card	Add Acctg. Specialists \$??*	Transaction cost to process 3,000-5,000 checks/yr.
VIII Fax Vault	FCCJ owns	Est. \$10,000/yr
IX DMS Internet Advertising	\$0	Est. \$ 3,000/yr
II Dir Purchasing Reclassification	est. \$4,595/yr	----
III Asst. Dir Purch Reclassification	est. \$2,504/yr	----
IV Eliminate Purchasing Asst. I position		Est. \$18,000/yr
TOTALS	\$7,099/yr* *plus accounting specialist position	\$31,000/yr