

# PURCHASING TEAM

## PROCESS MANAGEMENT

FALL 2005

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## PURCHASING TEAM

### MEMBERS

#### Members:

Jennifer, Artressia, Supervisor, Business Services, Findlay Campus

Becky Drayton, Assistant Manager, Book Store

Linda Haas, Secretary, School of Public Safety and Emergency Preparedness

Bonnie Hemp, Chair, Health Information Technology

Cheryle Miller, Associate Registrar

Gail Swartz, Purchasing Agent

#### Champion:

Michele Johnson, Faculty, Law Enforcement

#### Co-Champion:

Bill Schmoekel, Director, Information Technology Services

#### Team Leader:

Gail Swartz, Purchasing Agent

#### Team Scribe:

Cheryle Miller, Associate Registrar

## PROJECT STATEMENT

**To improve the purchasing process as measured by shortening acquisition time and increasing employee knowledge and success in the process.**

The purchasing process is the responsibility of the Procurement Department. On the surface, the process appears straightforward. However, it is a complex and time-intensive sequence of steps that involves the work of many. This process is the object of improvement by the process management team.

The team identified both the current purchasing and direct pay processes. The focus for the team was on the current purchasing process. The team realizes that the two processes are similar in flow, one electronically, the other by paper, and strongly recommends the direct pay process follow the changes that are implemented to the purchasing process.

## OPERATIONAL DEFINITIONS

The purchase or lease of goods and services requires prior authorization through the issuance of a purchase order. Such issuance of a purchase order shall encumber funds appropriated for the purchase. Prior to placing an order for services or goods, a requisition must be entered into the Banner system. This requisition will be converted into a purchase order by the Procurement Department and will follow an on-line approval process, resulting in a hard copy mailed to the vendor.

There are certain instances for when a direct pay form can be used to authorize the payment of invoices. These include:

- Membership Dues
- Employee Reimbursements
- Club Account Transactions
- Student Refunds
- Credit Card payments

The direct pay form, with attached invoice or documentation, will follow the approval process through the budget authority and it then must be submitted to Accounts Payable by noon on Monday. The form will continue through the approval process and verification of budget funds by the Budget Analyst and the Treasurer. Once approvals are complete, the Accounts Payable Specialist will enter the form into the Banner system and a check will be processed and mailed on Friday of the same week. Any direct pay forms received after Monday at noon will be processed for payment for the following week.

October 3, 2003, memo from Tom Reed

## **General Overview of the Purchasing and Payable Process**

Departments will enter requests for the purchases called Requisitions on line in the Banner system. Upon completion, the requisition will be electronically routed to the budget authority for electronic approval and then automatically forwarded to Purchasing.

Also on line, purchasing will review the requisition and change the requisition into an official College purchase order, which will be forwarded to Chuck Mann, Treasurer for electronic certification.

Certified purchase orders will be printed, automatically addressed, pressure sealed and mailed out daily. The copy mailed to the vendors is the only hard copy purchase order. All the information, beginning with the original requisition, is maintained and can be viewed on line.

The printed purchase order includes the fiscal certification required by the State of Ohio and acts as a binding contract between the College and the vendor.

Modifications to purchase orders can be made through a change order, which is coordinated through Gail Swartz via e-mail.

All invoices should be forwarded to Kathy Birthisel for payment. When the Receiving Department receives the items ordered, the system matches the invoice, purchase order, and receiver automatically, which releases the invoice for payment processing.

Only invoices for services will need to be signed and dated by the requestor to verify receipt before vendors can be paid.

Please continue using the manual Requests to Attend and Travel Reimbursement forms using an Index (to be provided to the individual departments) and the appropriate expense account listed in Attachment A.

Check Request forms have been replaced with Direct Pay forms to meet the requirements set forth in the Ohio Revised Code. See Attachment C.

Requisition Training Manual, page 2

## What this means for Owens Community College

1. The preferred method for purchasing items is the on line requisition form which is turned into a Purchase Order by our buyers and approved electronically on line. The items will be shipped to the appropriate receiving dock per the Purchase Order. The receiving personnel will deliver the goods to the requestor's area and obtain a signature of delivery. The receiving information is then entered into Banner, and the automatic three-way match process occurs for invoice payment.
2. The second method departs from number one in that the items are either directly delivered to the requisitioner or picked-up from the vendor. When this occurs, the requisitioner is responsible of notifying the receiving dock of the possession of the goods via e-mail in order for the receiving information to be placed into Banner. Without this communication to the receiving dock, the invoice for the goods will not be processed for payment.
3. Lastly, if prior certification (purchase order) was not completed prior to the order being placed:
  - a. If the goods were delivered to the receiving dock:
    - The receiving dock personnel will notify the purchaser via e-mail and cc the buyer of the receipt of the goods
    - The purchaser will place an on-line requisition for the goods and include in the document text, that the goods have already been received
    - The buyer will convert the requisition to a purchase order and notify the receiving dock the purchase order is available for the receiving process and the goods may be delivered
    - The buyer will place a clause on the purchase order which consists of the following wording:

Vendor: You are notified that the items invoiced on this purchase order were ordered without a valid Owens Community College certification per Ohio Revised Code Section 5705. Only purchases certified in advance by a purchase order or a blanket purchase order can obligate the college. In the future, the college will accept no responsibility for orders placed by individuals without appropriate certification.
  - The purchase order is mailed to the vendor.
- b. If the goods were picked up by the individual:
  - Complete a Direct Pay Form and attach the invoice for payment
  - Forward the Direct Pay Form to the Budget Authority

- The Direct Pay Form is then completed by the Financial Analyst to verify funds were available on the date the obligation occurred
- If the expenditure is over \$100, the Direct Pay Form must be certified by the Treasurer of the college
- If the expenditure is over \$1000, the expenditures must be approved by the Board of Trustees. The date and resolution number of the approval will be recorded on the Direct Pay Form.

If the purchase was for a service rendered, an on line requisition should be submitted with using a Unit of Measure of SVCS prior to the performance of the service. The invoice should be mailed to the Accounts Payable department. The invoice will be logged and sent to the appropriate Budget Authority for signature and date. The invoice should then be returned to Accounts Payable for payment. The receiving dock does not need to be involved in any transactions involving services.

Requisition Training Manual, page 4



**3358:11-4-12 Purchasing policy:**

- (A) Purpose. The board of trustees of Owens Community College desires to give consideration to the objectives and policies of the institution, to obtain the maximum value of each dollar of expenditure, and to obtain quality merchandise from the lowest responsive and responsible vendor or bidder.
- (B) Determination of Lowest, Responsive and Responsible Bid. A bidder shall be considered responsive if their proposal meets or exceeds specifications. The bidder shall be considered responsible for proper execution of contract or purchase order by demonstrating acceptable proof of proper experience, financial condition, insurance, conduct and performance on previous contracts, which shall include compliance with regulatory agencies, history of accidents and illness rates, safety training, references, licensing and facilities and personnel. Wherever possible, consideration will be given to bidders utilizing a local workforce. All bidders are encouraged to participate in a quality of life programs for their employees to enhance the greater well-being of the local community.

Owens Community College, however, reserves the right to reject any and all bids or parts thereof or items therein and to waive any informality in bids received whenever such rejection or waiver is in the interest of the college. Owens Community College also reserves the right not to award a contract to the low bidder if the college determines that the low bid is not in the best interest of the college.

- (C) Encumbering of Funds.
  - 1. The authority to obligate the college for any expenditure of funds shall be limited to the approval of either the board, the president, senior vice president, business affairs/treasurer, or to an employee who has been delegated that responsibility by the president or senior vice president business affairs/treasurer. Employees making an unauthorized purchase may be held personally liable for that purchase.
  - 2. The purchase or lease of goods and services requires prior authorization through the issuance of a purchase order. Such issuance of a purchase order shall encumber funds appropriated for the purchase. Authority to obligate the college for the purchase of goods and services and to enter into such contracts is limited to those individuals specifically designated by the board, the president, and the senior vice president business affairs/treasurer.
  - 3. The purchase or lease of vehicles, furniture and equipment with an aggregate value of \$10,000 or more requires prior authorization by a president's council member and the senior vice president business affairs/treasurer. The purchase or lease of vehicles, furniture and equipment with an aggregate value of \$25,000 or more request prior

authorization by a president's council member, the senior vice president business affairs/treasurer and the president.

(D) Fixed Assets. The capitalization amount for fixed assets with a useful life of at least three (3) years will be \$5,000 per unit price.

(E) Competitive Bidding.

1. It is recommended that college personnel involved in the procurement process exercise good judgment and secure informal competitive pricing for items requisitioned. All goods and services costing \$10,000 or more, but less than \$25,000, per unit price, shall have three (3) written proposals.
2. All goods and services, excluding works of improvement, costing \$25,000 or more, per unit price will be competitively bid and legally advertised once a week for three consecutive weeks in at least one newspaper of general circulation within the college district. The award will be given to the lowest responsive and responsible bidder pursuant to the competitive bidding requirements as established in the Ohio Revised Code.
3. Competitive bidding requirements may be waived:
  - a. Whenever the board, the president, or senior vice president, business affairs/treasurer has determined that an emergency situation exists.
  - b. In the judgment of the procurement department and with the approval of the associate vice president, business affairs and senior vice president, business affairs/treasurer, it is deemed impossible or impractical to obtain more than one bid due to the product being a used item, a single source item, or for any other sufficient reason.
  - c. Whenever State of Ohio, Inter-university, Metropolitan Toledo Educational Purchasing Association, or Education and Institutional Cooperative (E & I) contracts are utilized as a source for an established price.
  - d. Professional service providers (i.e., auditors, attorneys, architects, consultants, etc.)
  - e. Distribution authorized by the college for whom the college is the fiscal agent or custodian of funds.

(F) Requests for Proposals.

1. Request for proposals for goods and services, excluding works of improvement, will be legally advertised in a newspaper of general circulation within the college district once a week for at least two

consecutive weeks prior to the date specified by the college for receiving proposals.

2. The college shall select for review at least three proposals. If fewer than three proposals are received, the college shall review every proposal. The college may cancel a request for proposals at any time before entering into an agreement with a respondent.
3. Upon further review of the proposals selected, the college shall award a purchase order or enter into an agreement with the respondent that is considered to have the most merit, taking into consideration the scope, complexity and nature of the services to be performed by the respondent.

(G) Works of Improvement

1. Works of improvement costing \$10,000 to \$49,999, shall have three (3) written proposals to be purchased outright or it can be sought on a request for proposal basis.
2. In accordance with State of Ohio H.B. 675, works of improvement costing \$50,000 or more shall be sought through sealed bids. To obtain the sealed bids the college will advertise in at least one newspaper of general circulation within the college district, wherein the work is to be done, for once a week for three consecutive weeks. A bid opening date can be scheduled any time after eight (8) days from the last legal advertisement date. The board of trustees shall approve awarding of contracts for works of improvement costing \$50,000 or more. Such contract will be signed by the board of trustee chair, the senior vice president business affairs/treasurer, the awarded contractor, and approved by the attorney general's office, education section representative.
3. The college shall adhere to the provisions of Ohio Revised Code 153; Ohio Revised Code 9.312, and the State of Ohio Standard Conditions of Contract for Construction.

(H) College Library and Bookstore Operations.

1. All purchases of library books, periodicals, and goods for resale shall be procured by securing informal competitive price quotations for items requisitioned.
2. The responsibility and authority of the procurement of library books and periodicals for the college library is vested in the dean of the library.
3. The responsibility and authority for the procurement of materials for resale in the bookstore is vested in the bookstore manager.

(I) Purchase of Printed Materials.

1. Ohio law (Section 3345.10 ORC) mandates that all contracts for printed material shall be awarded to vendors who have manufacturing facilities within the State.
2. If the required printed products are not available from a vendor who has manufacturing facilities within the State, the college shall be permitted to purchase from an out-of-state vendor.

Effective Date: 7-15-05

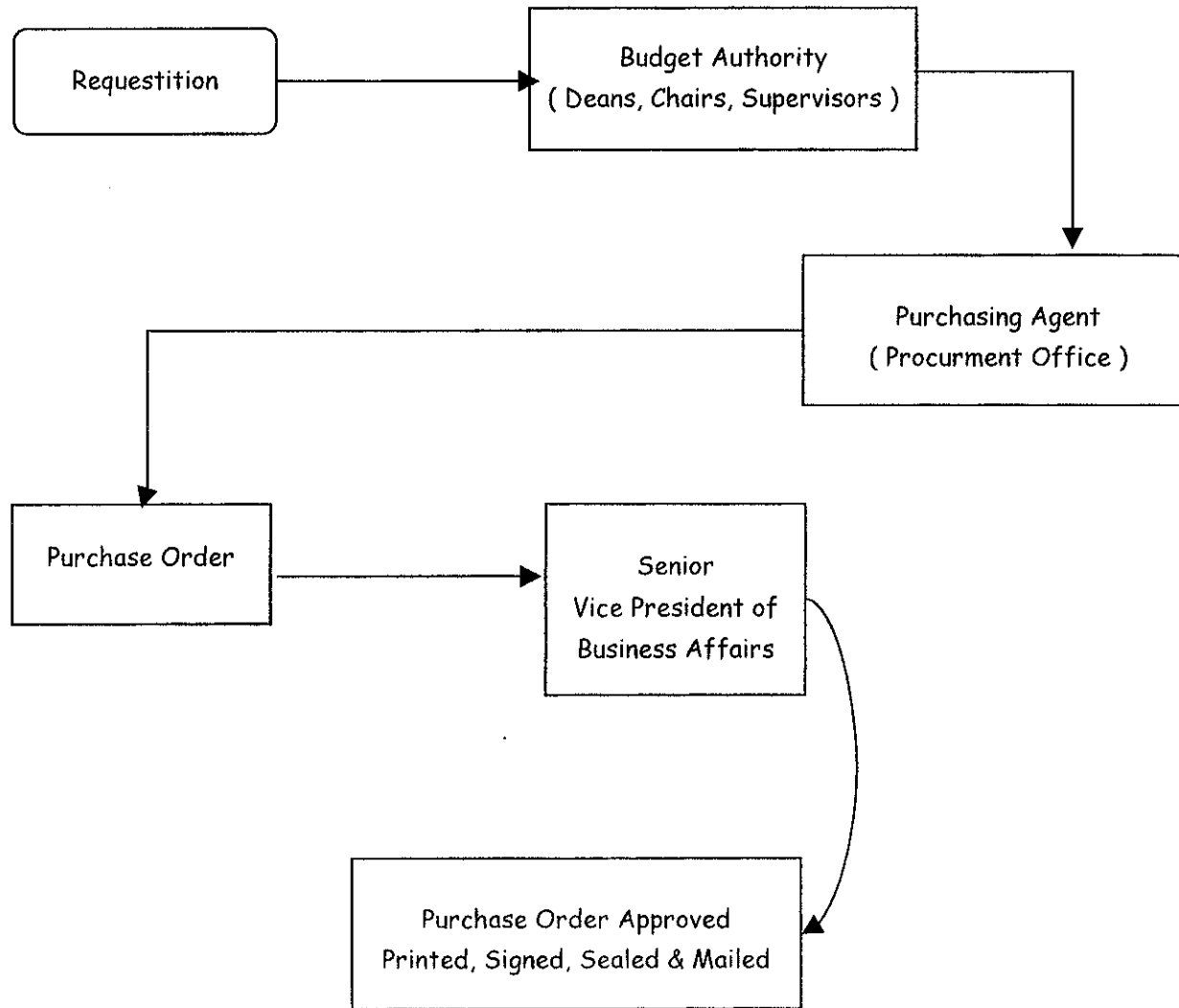
Eugene Lapko  
Certification

Date

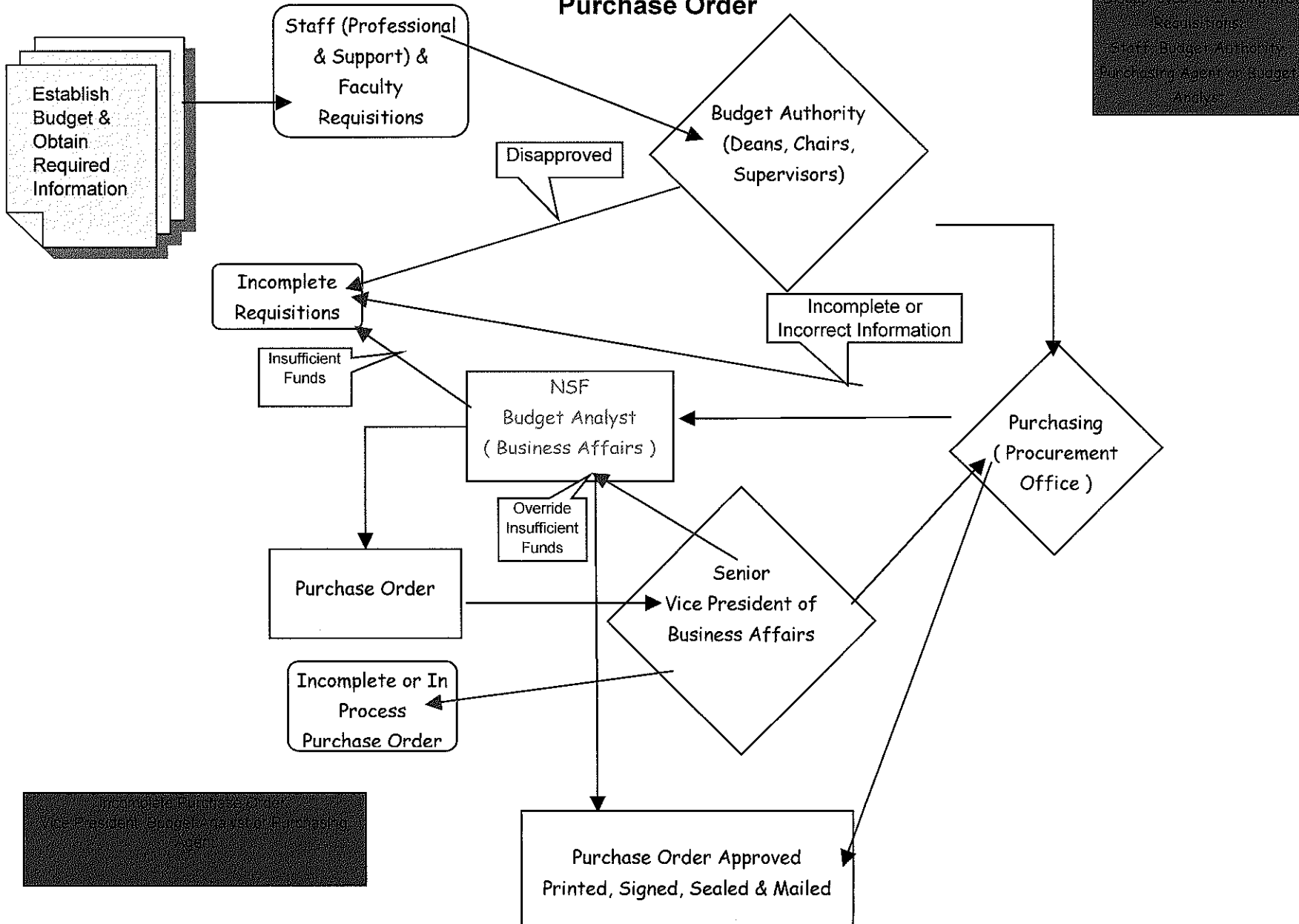
Promulgated under:	RC Sec. 111.15
Statutory Authority:	RC Sec. 3358.08
Rule amplifies:	RC Sec 3358.08
Prior effective dates:	N/A

Approved by BOT 6-21-05

### Basic Flow Chart of Purchase Order



## Detailed Flow Chart of Purchase Order



## PROCESS MANAGEMENT – PURCHASING COMMITTEE

The following survey was developed to gain a better understanding of the satisfaction and success of the purchasing process here at Owens Community College.

Could you please take a few minutes to respond to the following questions?

You are:

- a. Faculty
- b. Administration
- c. Staff

### Purchasing:

1. Do you have experience with the college purchasing process?
  - a. Yes
  - b. No
2. Do you know whom to contact with a purchasing question?
  - a. Yes
  - b. No
3. Purchasing information is available on the college website.
  - a. Yes
  - b. No
  - c. I don't know
4. Any employee at Owens Community College has authority to purchase supplies or equipment under a departmental budget.
  - a. Yes
  - b. No
  - d. I don't know
5. I can use my own judgment and personal money to purchase supplies or equipment and simply be reimbursed by the college?
  - a. Yes
  - b. No
  - c. I don't know
6. Equipment purchases (ie: computers printers, copiers, fax) are paid for by the college in general and not out of my department budget.
  - a. Yes
  - b. No
  - c. I don't know

7. What can be purchased from lab fees?
  - a. student consumables
  - b. instructor text books
  - c. office supplies
  - d. I don't know
  
8. If you need to purchase small dollar items on a weekly basis, do you?
  - a. spend your own money
  - b. buy them on the internet
  - c. borrow them from another department
  - d. enter a requisition for a quarterly open purchase order
  
9. How often do you use a direct pay form?
  - a. once a day
  - b. once a week
  - c. once a month
  - d. once every few months
  - e. never
  
10. Who can assist you with locating merchandise, pricing quotes?
  - a. Purchasing Agent
  - b. Bookstore
  - c. Academic Services
  - d. Enrollment Services
  
11. You can save money purchasing large quantities by:
  - a. using an available contact
  - b. assessing your annual requirements and purchasing them once
  - c. buying weekly from a local store
  - d. buying from a retailer in China
  
12. What is the shipping address for the receiving department for the Toledo Campus?
  - a. 30335 Oregon Rd., Perrysburg
  - b. 351 First Street, WDIP, Perrysburg
  - c. PO Box 10,000, Toledo
  - d. I don't know
  
13. What is the shipping address for the receiving department for the Findlay Campus?
  - a. 3200 Bright Road, Findlay
  - b. 208 W. Foulke Ave., Findlay
  - c. 300 Davis Street, Findlay
  - d. I don't know



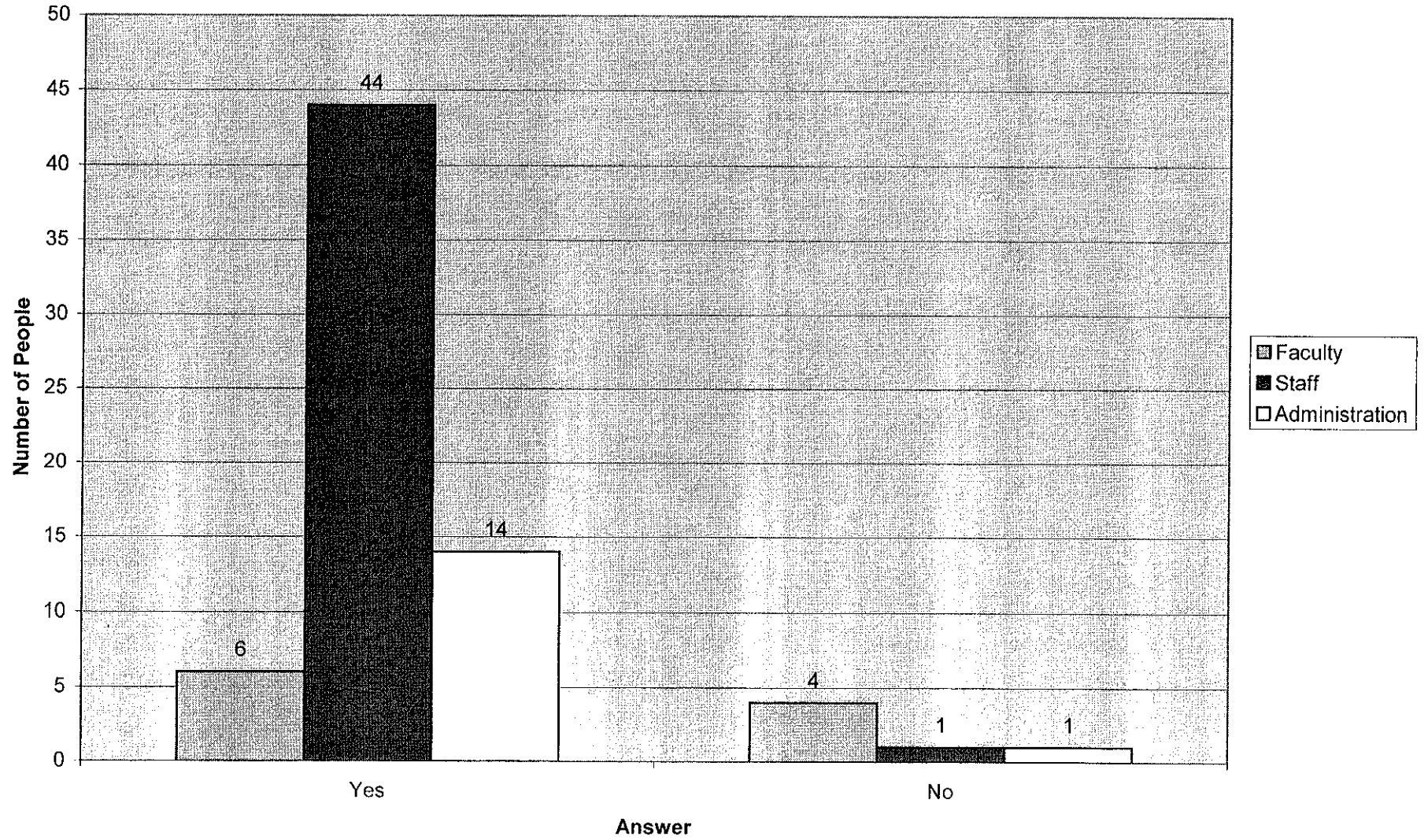
Banner

14. You were formally trained on the Banner system by:
  - a. Associate/Coworker
  - b. Procurement Department
  - c. The Bear (self-tutorial)
  - d. I have had no training on the Banner System
  
15. Do you have access and/or basic knowledge of the purchasing process in the banner system?
  - a. yes
  - b. no
  
16. If yes to question #2, how often do you place requisition orders?
  - a. once a day
  - b. once a week
  - c. once a month
  - d. once every few months
  - e. never
  
17. How long does it take to issue a purchase order?
  - a. 1 day
  - b. 7 days
  - c. 30 days
  - d. 90 days
  - e. I don't know
  
18. Can items being ordered on a purchase order be charged to two different accounts?
  - a. Yes
  - b. No
  - c. I don't know
  
19. Where would you like to find assistance with Banner Requisitions?
  - a. online
  - b. in a manual
  - c. on the telephone
  - d. in person
  
20. FOIDOCH is
  - a. Banner Purchase Order Information Screen
  - b. Klingon Term for "beam me up"
  - c. Banner Budget Form
  - d. I don't know

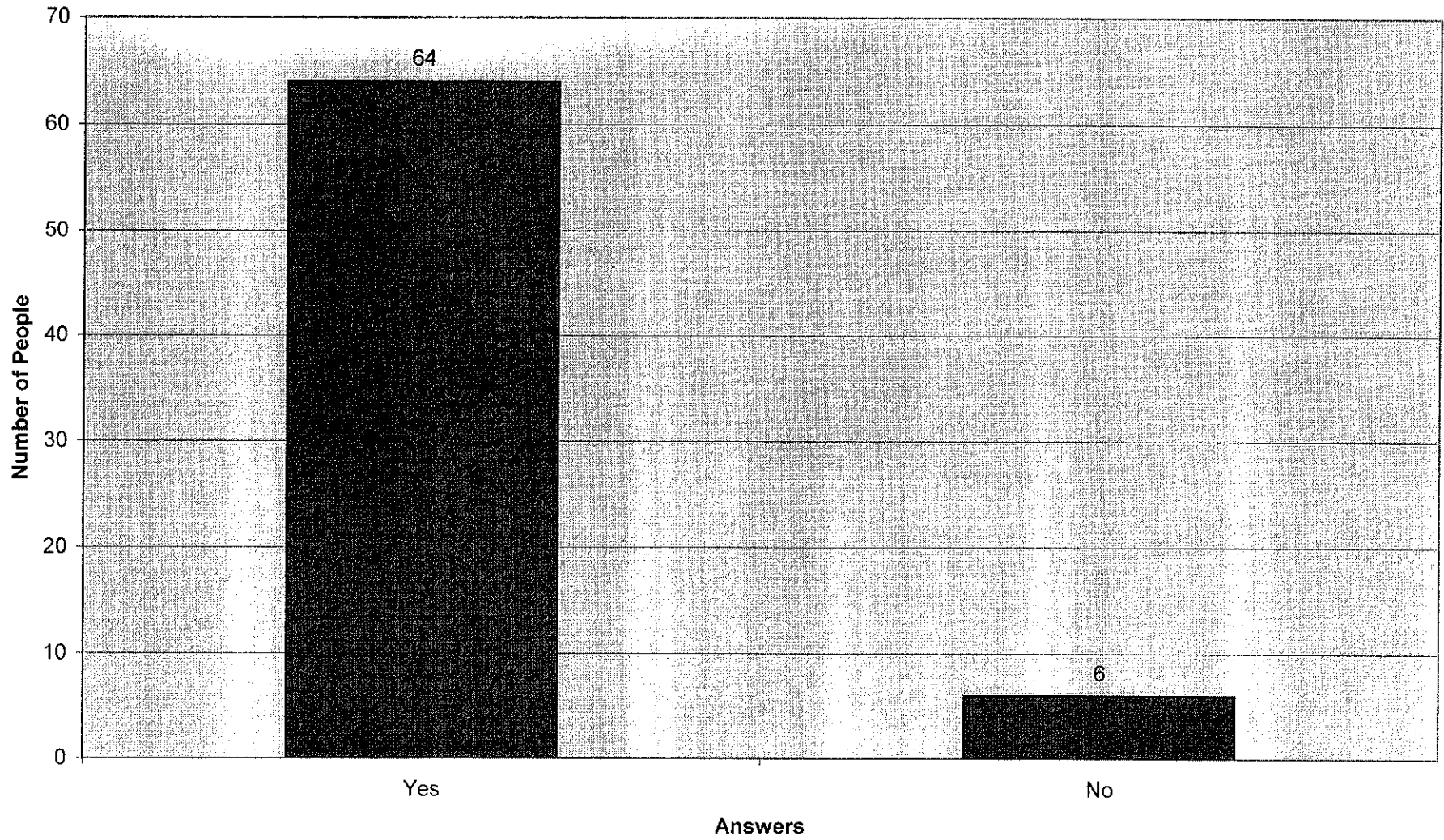
Question #	Answers	Total	Faculty	Staff	Administration
1	Yes	64	6	44	14
	No	6	4	1	1
2	Yes	71	7	45	19
	No	4	3	0	1
3	Yes	29	3	21	5
	No	9	1	8	0
	Don't Know	30	6	15	9
4	Yes	4	2	0	2
	No	60	5	42	13
	Don't Know	6	3	3	0
5	Yes	17	3	6	8
	No	46	4	37	5
	Don't Know	6	2	2	2
6	Yes	6	1	5	0
	No	48	4	34	10
	Don't Know	13	5	5	3
7	Student Consumables	38	4	28	6
	Instructor Textbooks	4	0	4	0
	Office Supplies	4	0	4	0
	Don't Know	23	6	8	9
8	Spend You Own Money	10	4	2	4
	Buy Them On The Internet	0	0	0	0
	Borrow Them From Another Department	0	0	0	0
	Enter A Requisition For A Quarterly Open PO	54	5	39	10
9	Once A Day	5	0	3	2
	Once A Week	10	0	8	2
	Once A Month	21	1	15	5
	Once Ever Few Months	19	3	13	3
	Never	14	7	6	1
10	Purchasing Agent	41	5	28	8
	Bookstore	21	3	13	5
	Academic Services	0	0	0	0
	Enrollment Services	0	0	0	0
11	Using An Available Contract	25	4	17	4
	Assessing Your Annual Requirements & Purchase Them Once	39	4	27	8
	Buying Weekly From A Local Store	2	0	2	0
	Buyin From A Retailer In China	0	0	0	0
12	30335 Oregon Rd, Perrysburg	9	2	4	3
	351 First St, WDIP, Perrysburg	46	1	36	9
	PO Box 10,000; Toledo	1	0	1	0
	Don't Know	13	7	3	3
13	3200 Bright Rd, Findlay	17	2	10	5
	208 W. Foulke Ave, Findlay	22	3	15	4
	300 Davis St, Findlay	1	0	0	1
	Don't Know	30	5	20	5
14	Associate/Co-worker	12	3	7	2
	Procurement Department	35	0	31	4

The Bear (Self-Tutorial)	5	0	4	1
I Have Had No Training On The Banner System	12	6	1	5
15 Yes	58	0	43	15
No	11	10	1	0
16 Once A Day	1	0	1	0
Once A Week	21	0	18	3
Once A Month	14	0	10	4
Once Ever Few Months	11	0	9	2
Never	9	1	3	5
17 1 Day	5	0	4	1
7 Days	34	2	25	7
30 Days	4	0	3	1
90 Days	0	0	0	0
Don't Know	23	8	12	3
18 Yes	45	1	33	11
No	12	2	7	3
Don't Know	12	7	4	1
19 Online	21	2	13	6
In A Manual	24	2	18	4
On The Telephone	7	0	7	0
In Person	6	3	1	2
Banner Purchase Order Information				
20 Screen	46	1	35	10
Klingon Term For "Beam Me Up"	1	0	0	1
Banner Budget Form	8	1	3	4
Don't Know	13	7	6	0

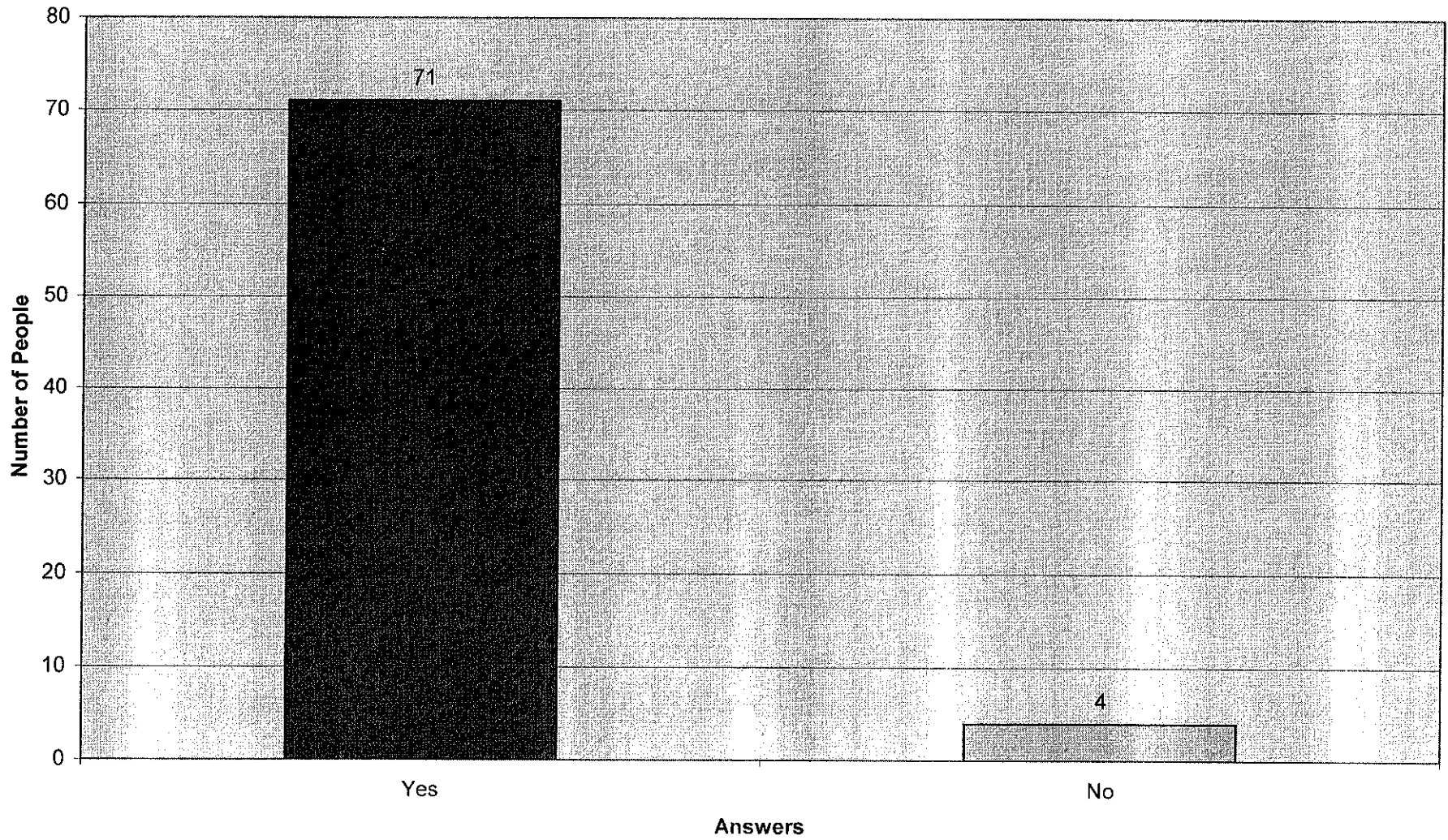
### Do You Have Experience With The College Purchasing Process



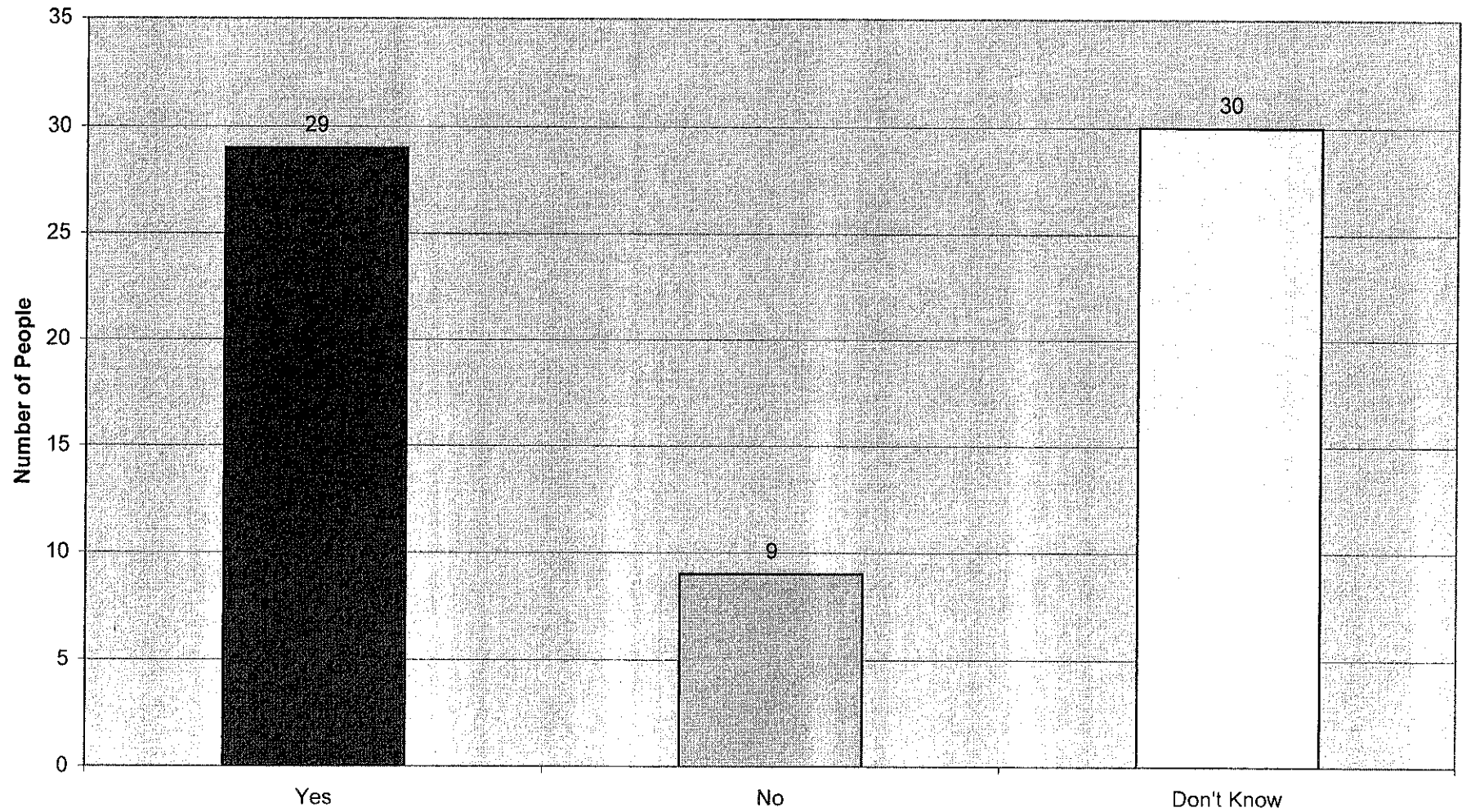
**Question # 1:  
Do You Have Experience With the College Purchasing Process?**



**Question # 2:  
Do You Know Whom To Contact With A Purchasing Question?**

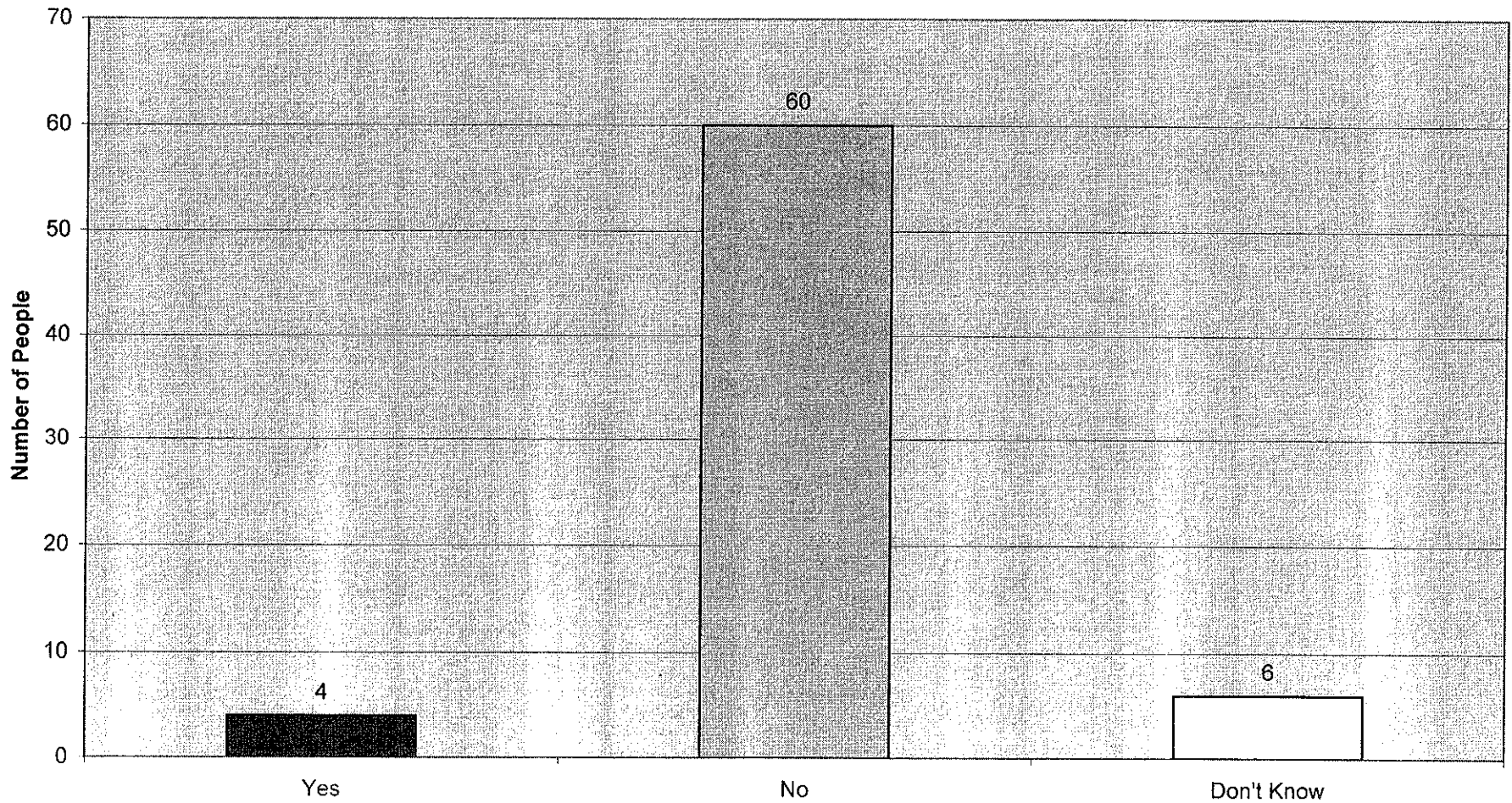


**Question #3:  
Purchasing Information Is Available On The College Website?**



Correct Answer: No

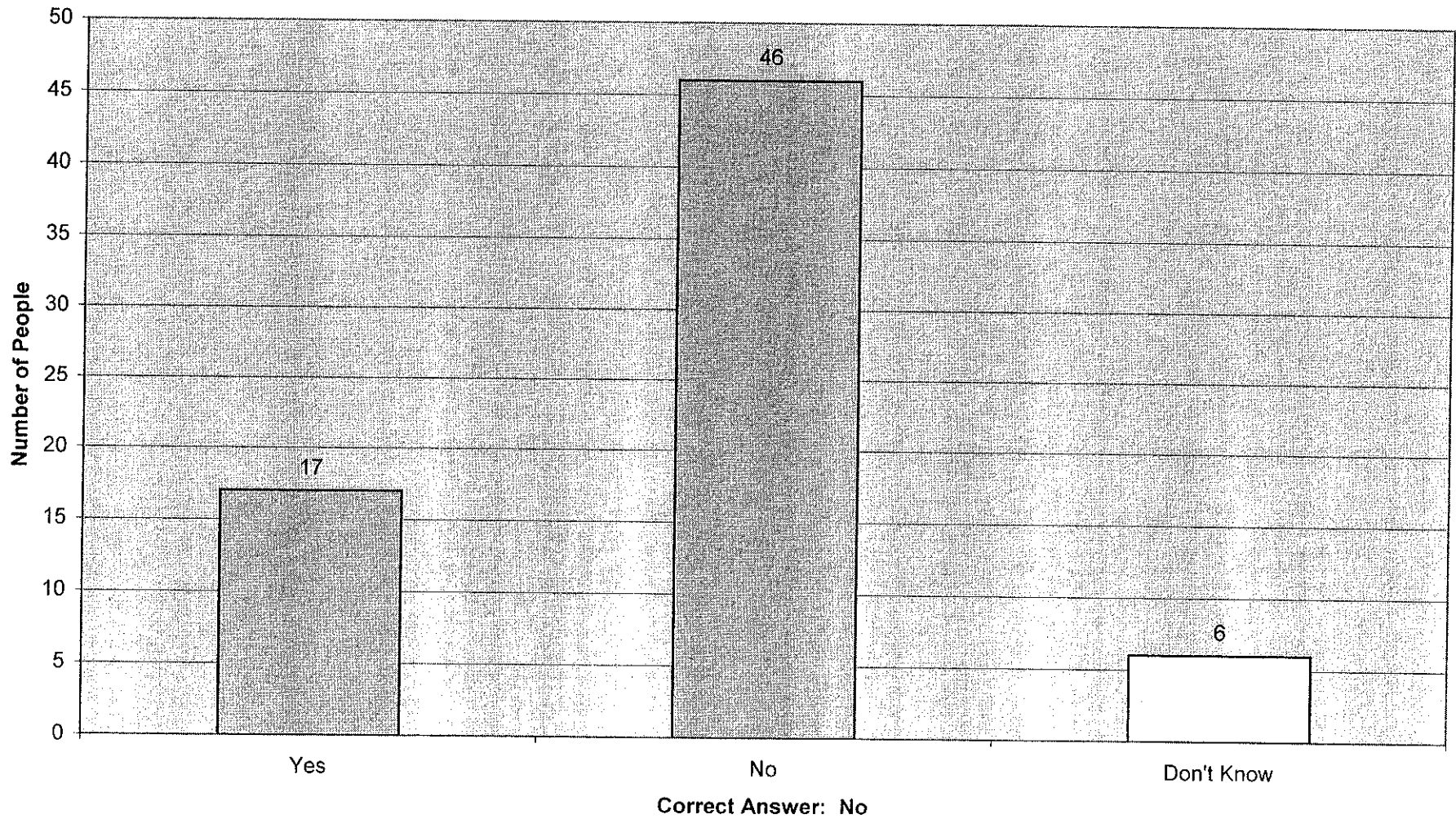
**Question # 4 :**  
**Any Employee At Owens Community College Has Authority To Purchase Supplies Or Equipment Under A Departmental Budget?**



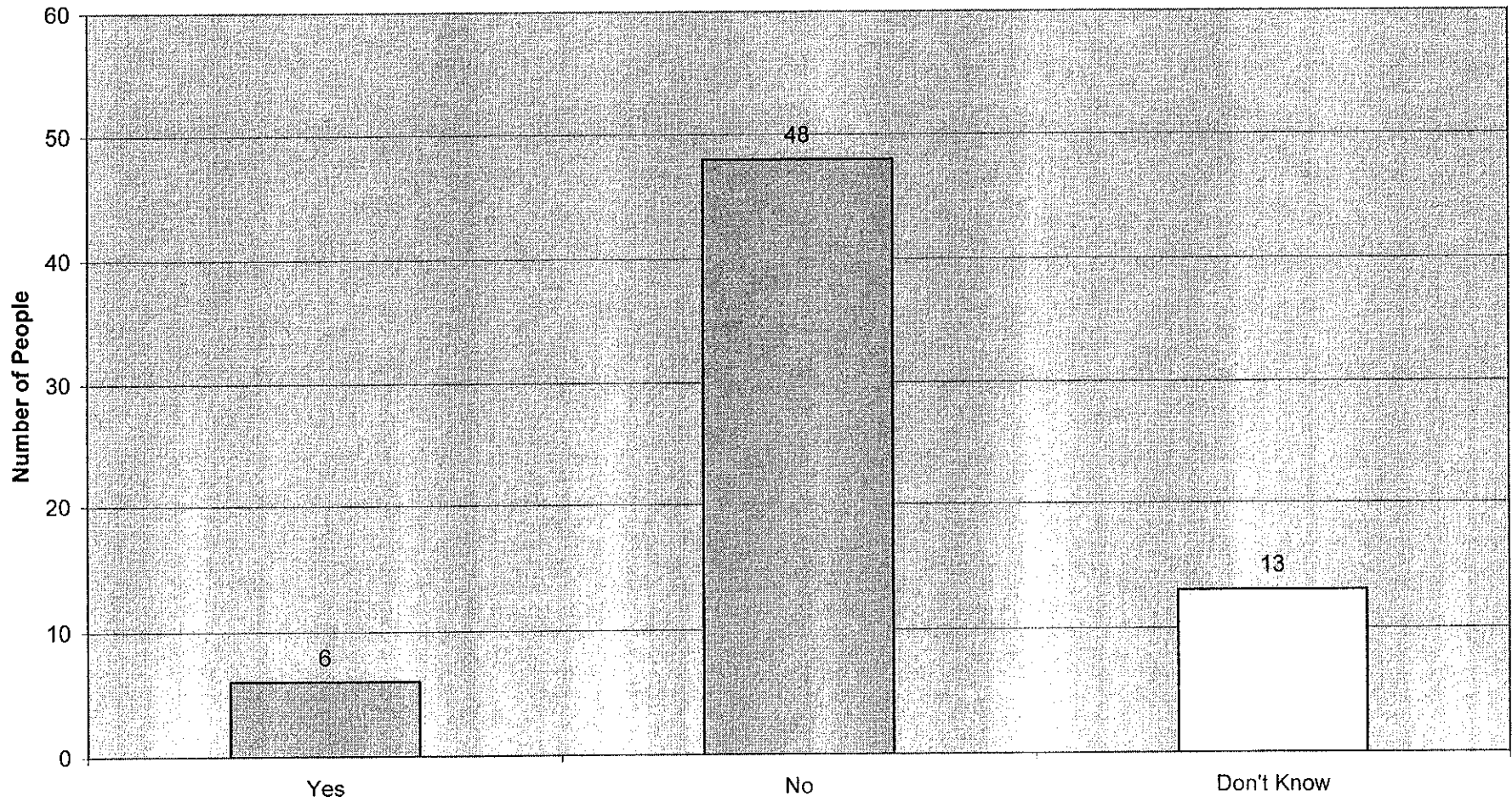
**Correct Answer: No**



**Question # 5:**  
**I Can Use My Own Judgement And Personal Money To Purchase Supplies Or Equipment And  
Simply Be Reimbursed By The College?**

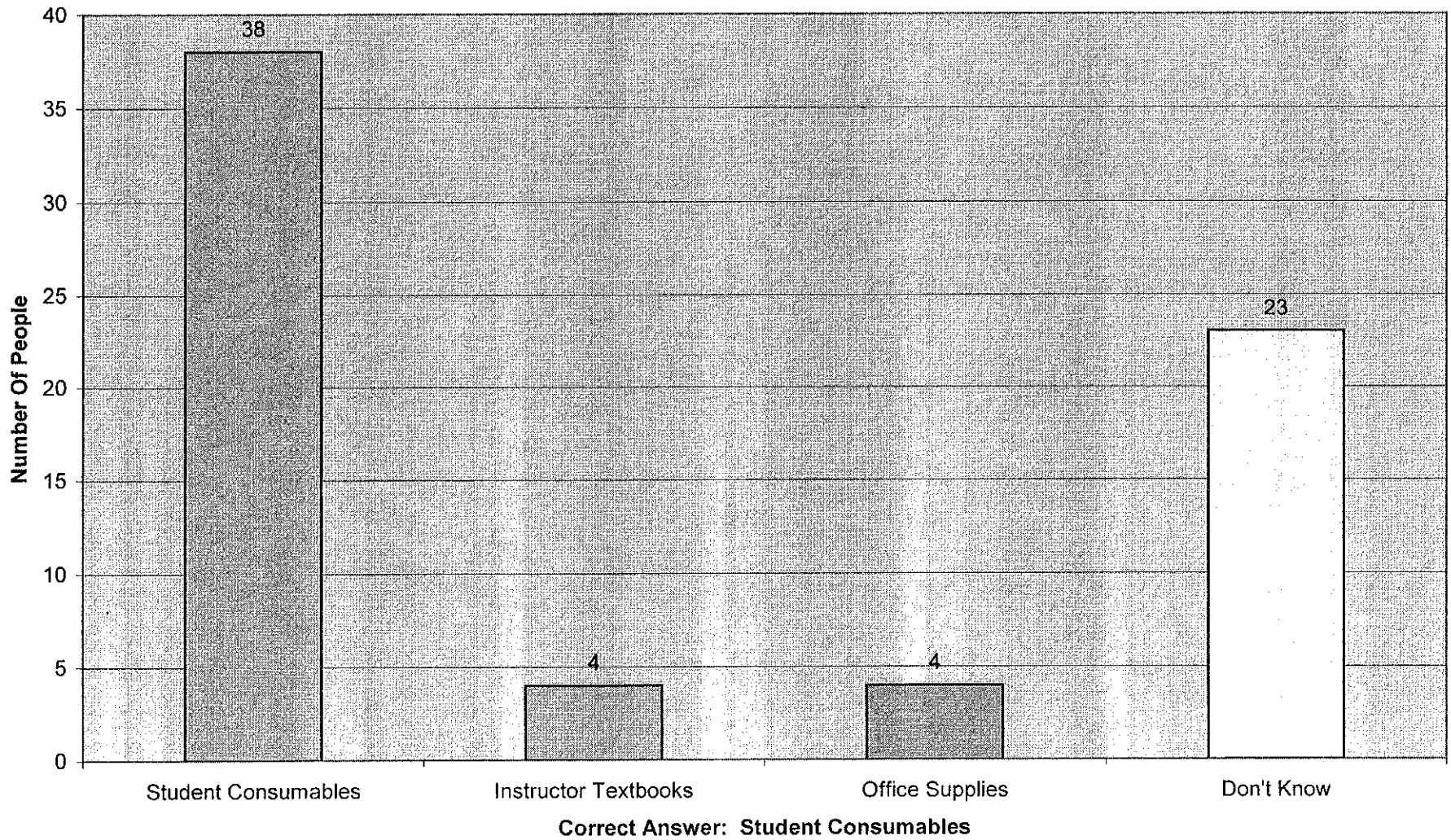


**Question # 6:**  
**Equipment Purchases (ie: computers, printers, copiers, fax) Are Paid For By The College in General And Not Out Of My Department Budget?**

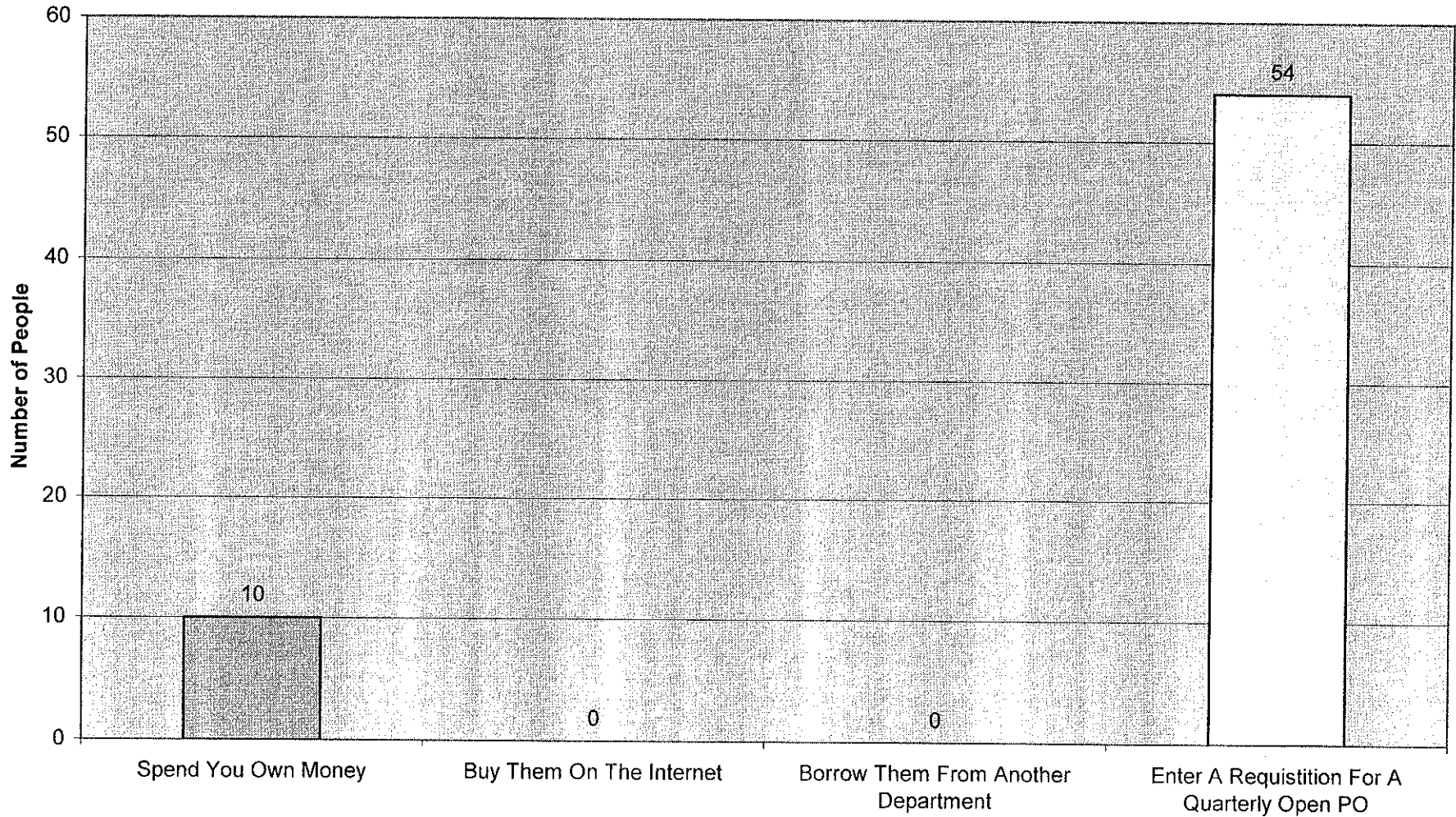


Correct Answer: No

**Question # 7:  
What Can Be Purchased From Lab Fees?**

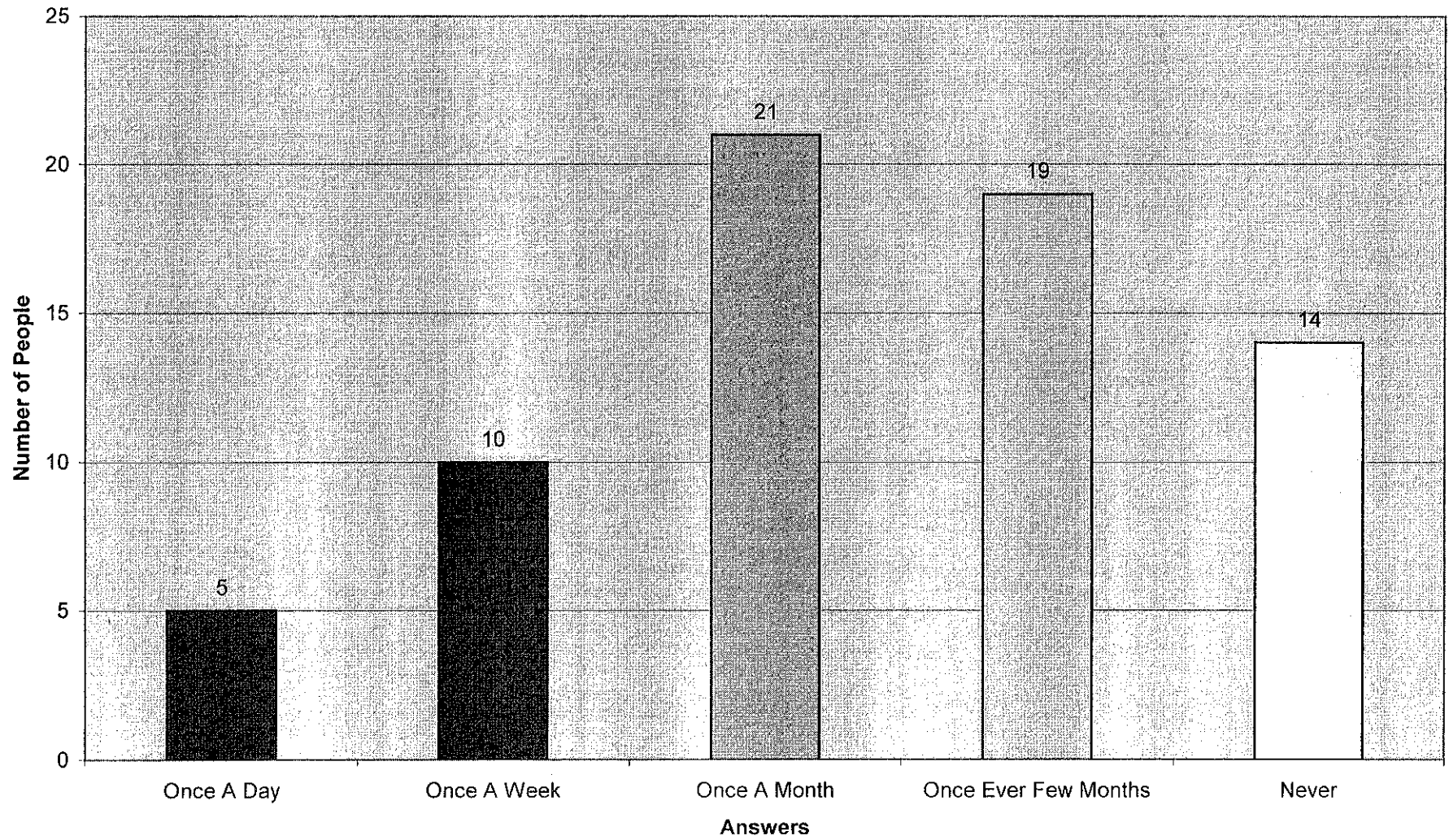


**Question # 8:**  
**You Need To Purchase Small Dollar Items On A Weekly Basis, Do You?**

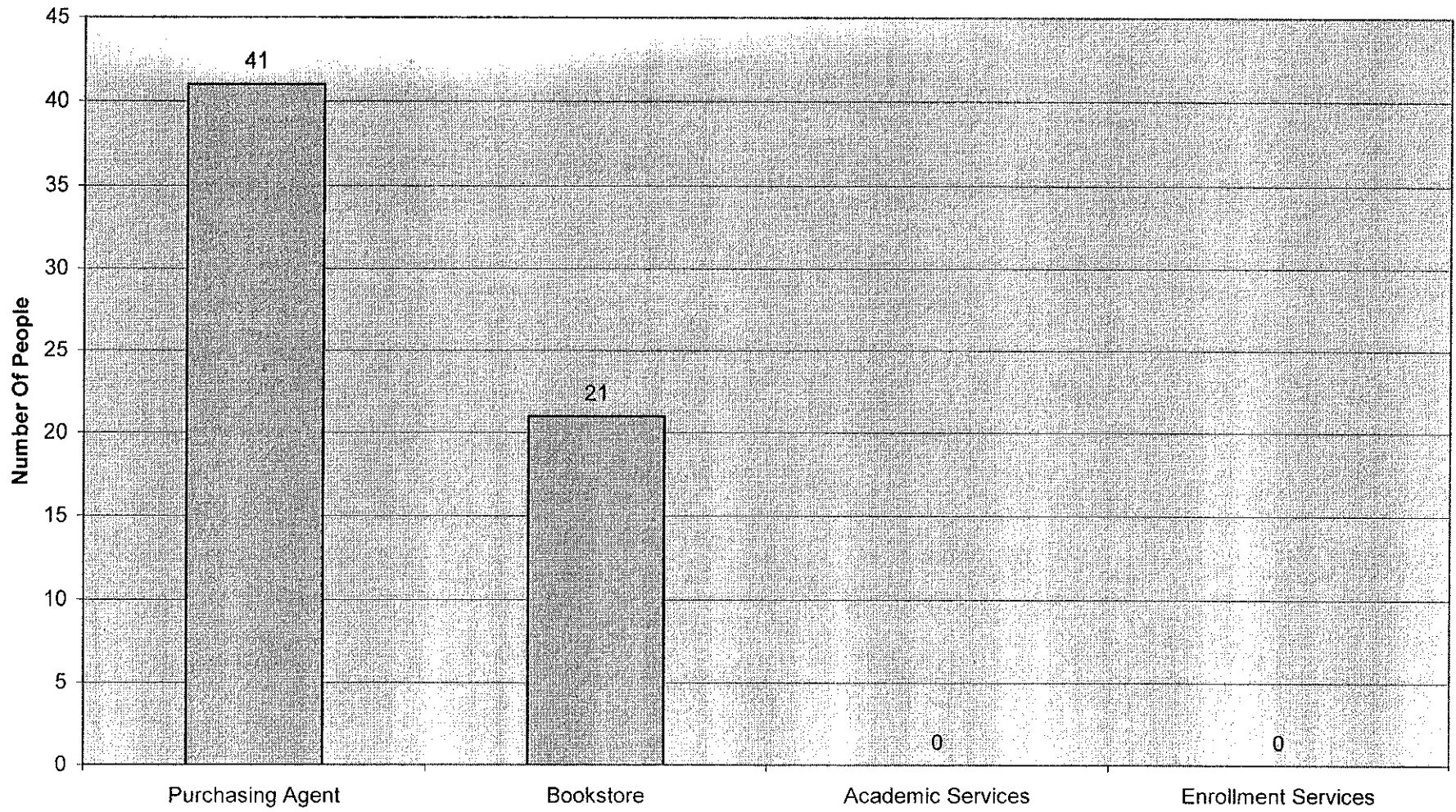


**Correct Answer: Enter A Requisition...**

**Question # 9:**  
**How Often Do You Use A Direct Pay Form?**

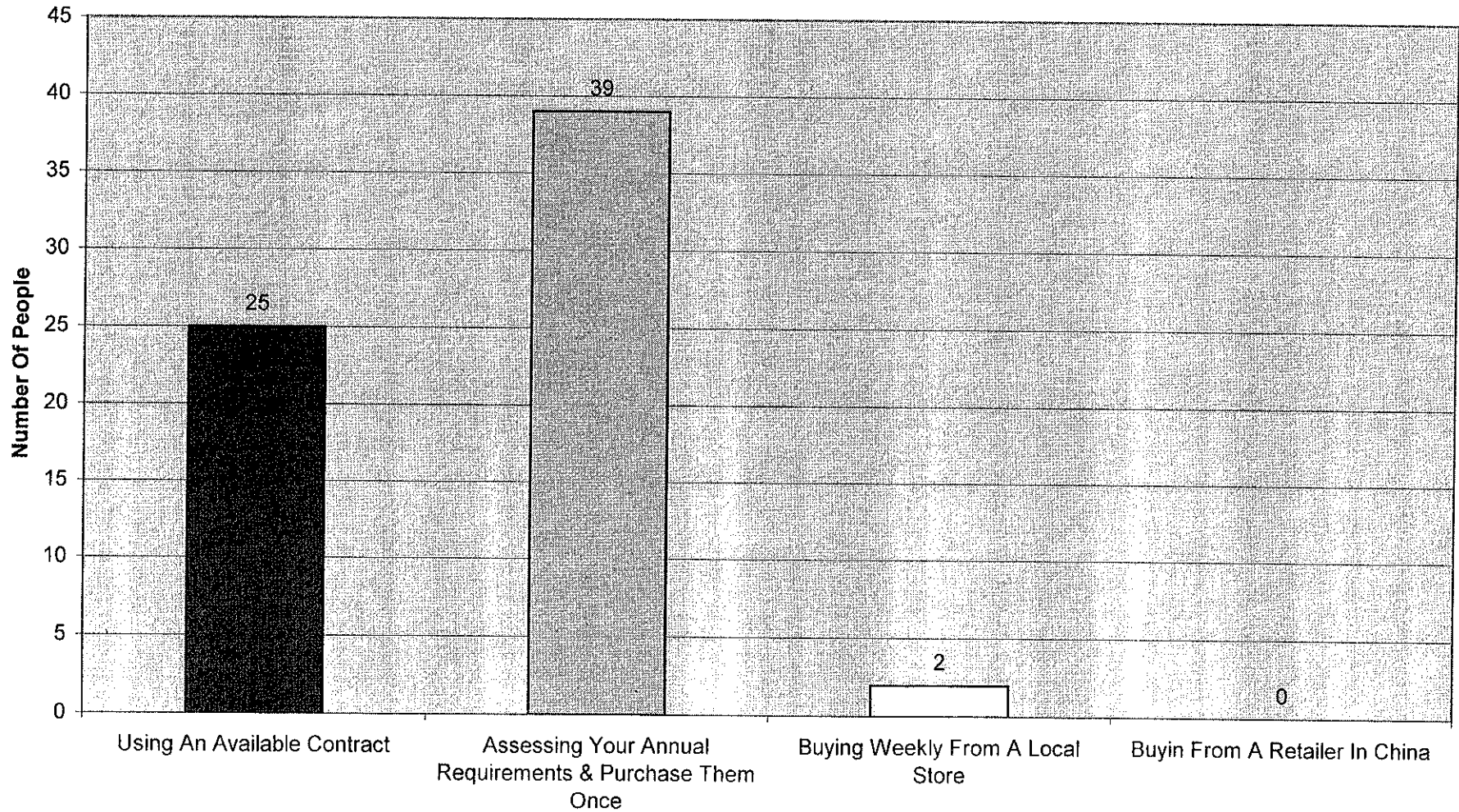


**Question # 10:  
Who Can Assist You With Locating Merchandise, Pricing Quotes?**



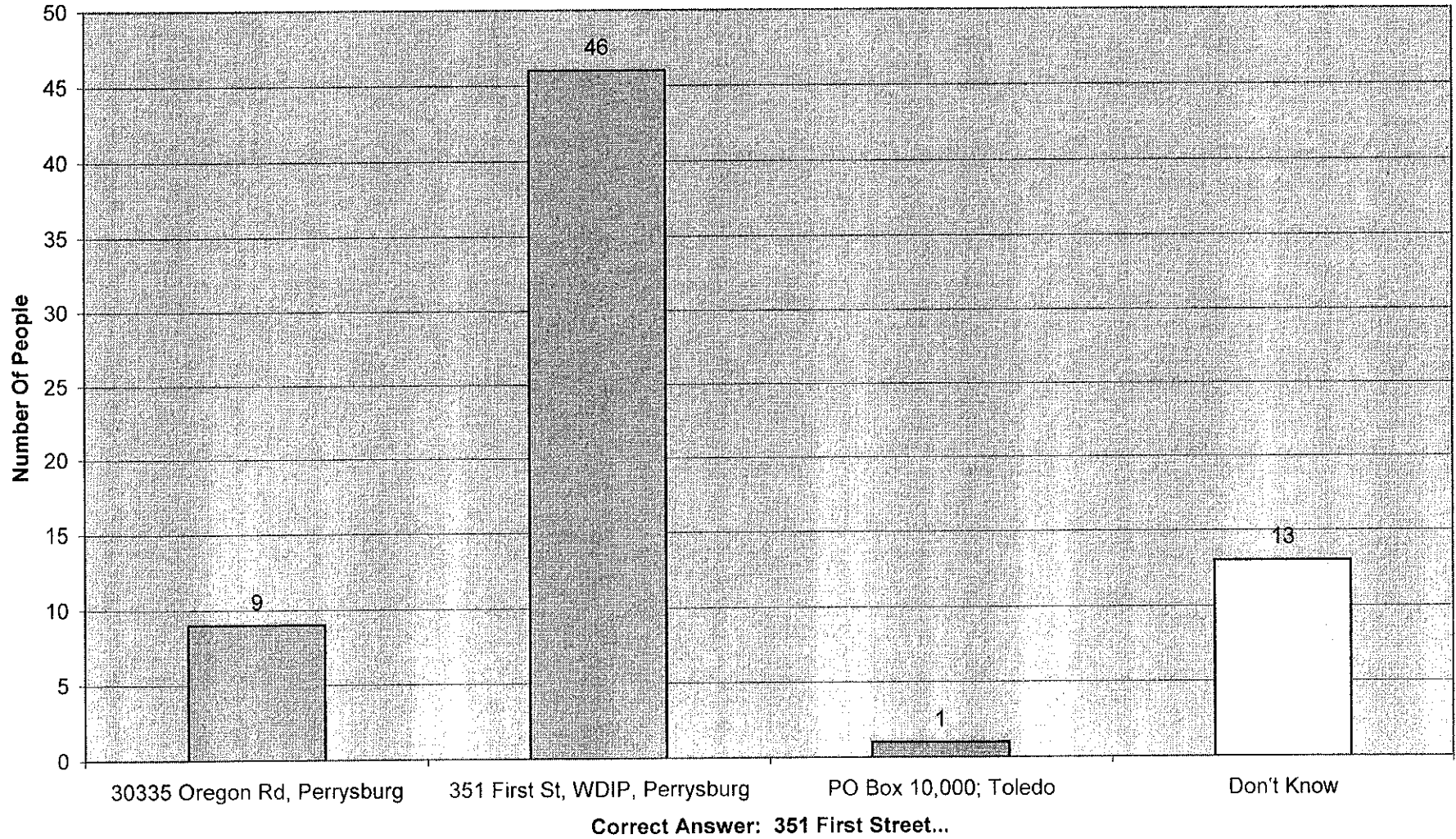
**Correct Answer: Purchasing Agent**

**Question # 11:  
You Can Save Money Purchasing Large Quantities By?**



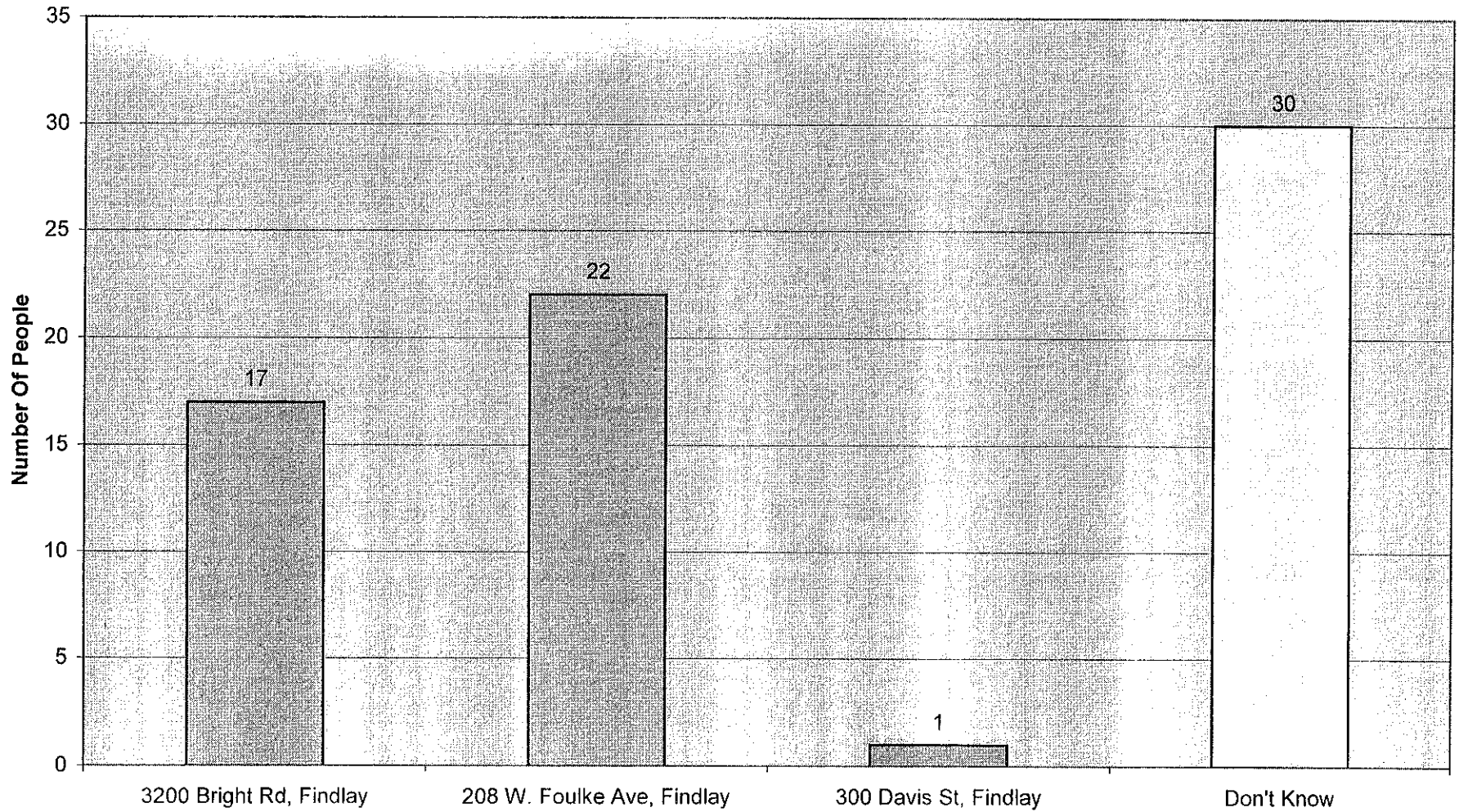
**Correct Answer: Using An Available Contract**

**Question # 12:**  
**What Is The Shipping Address For The Receiving Department For The Toledo Campus?**



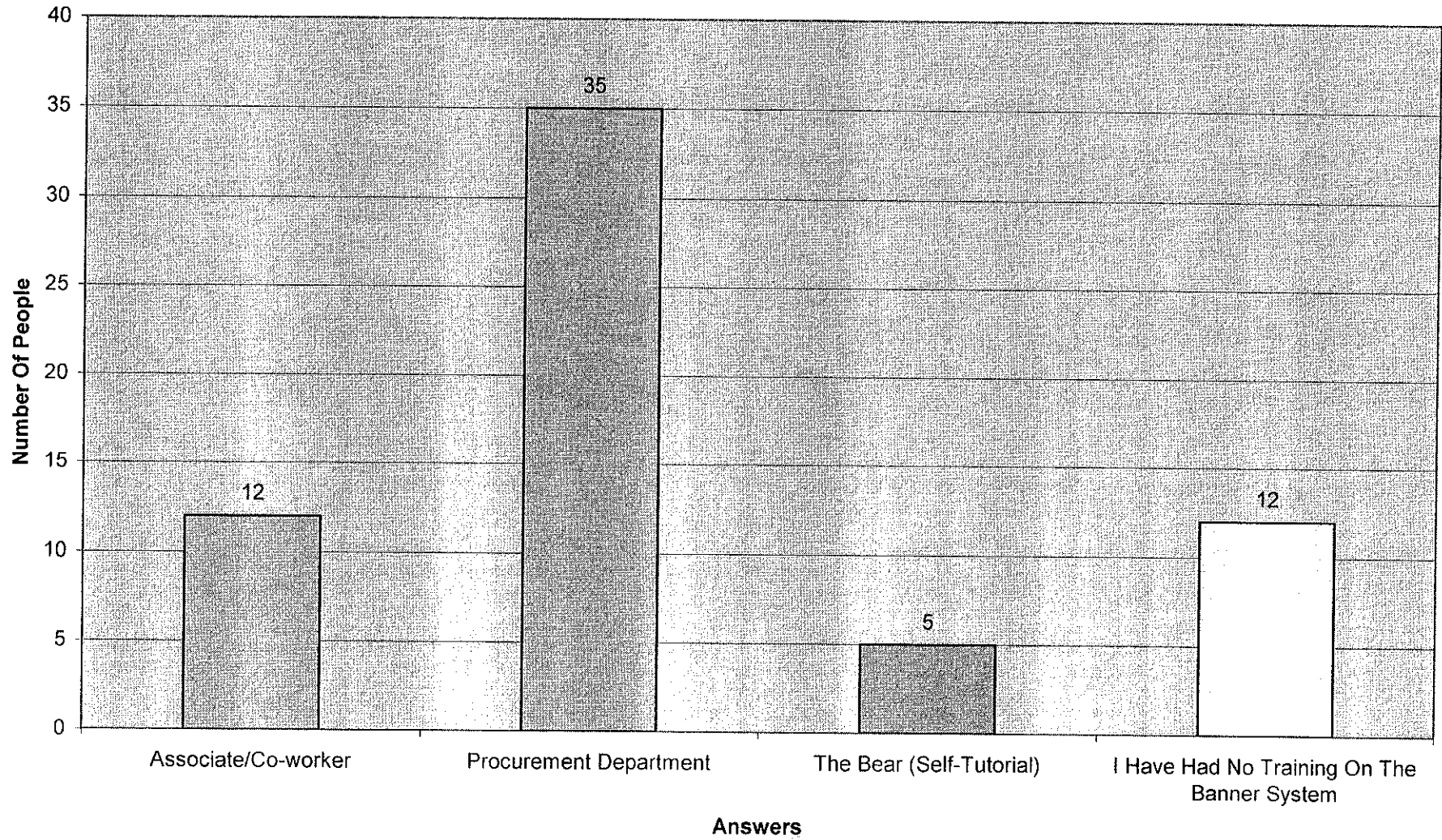


**Question # 13:**  
**What Is The Shipping Address For The Receiving Department For The Findlay Campus?**

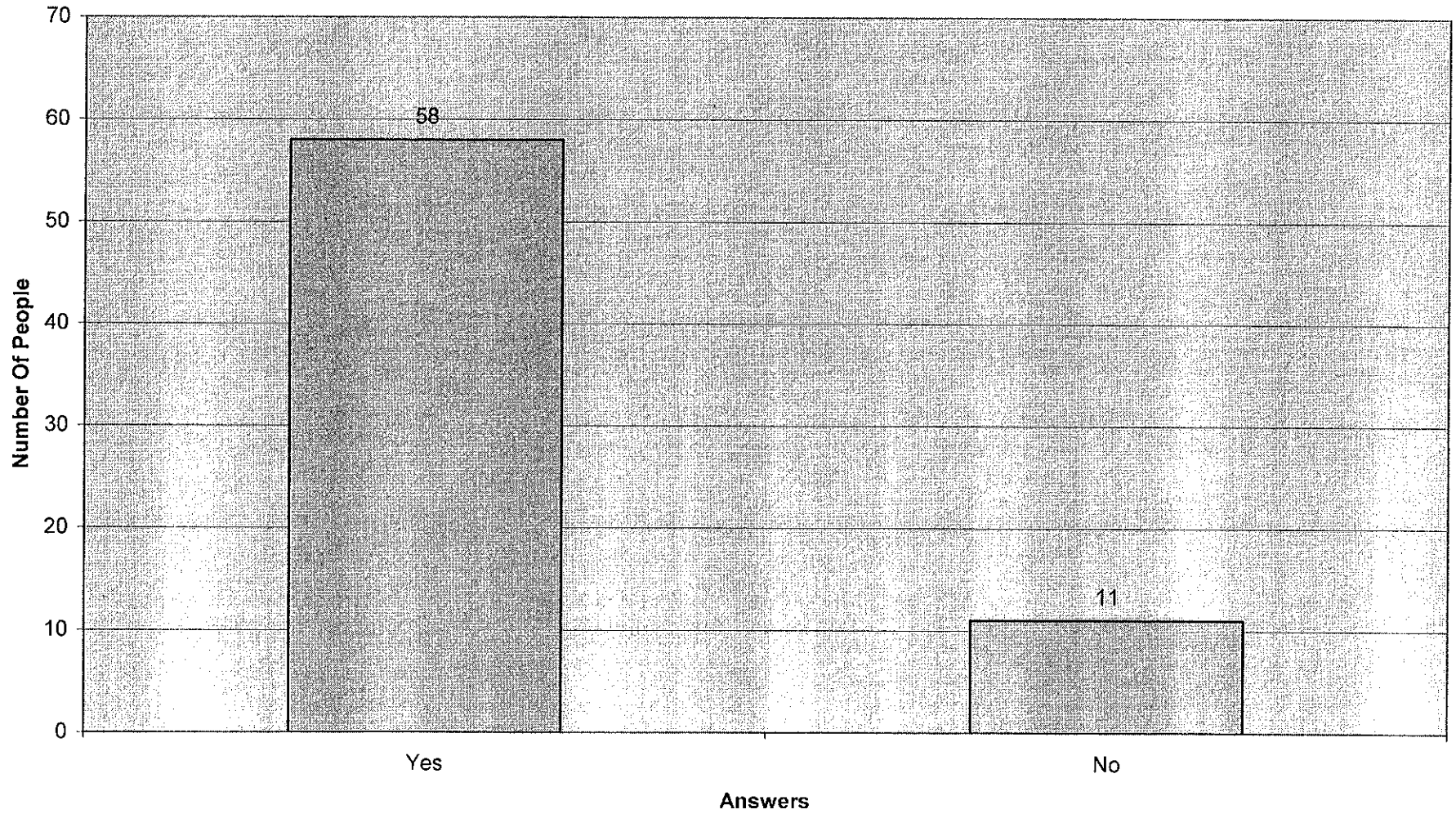


**Correct Answer: 208 W. Foulke Ave.**

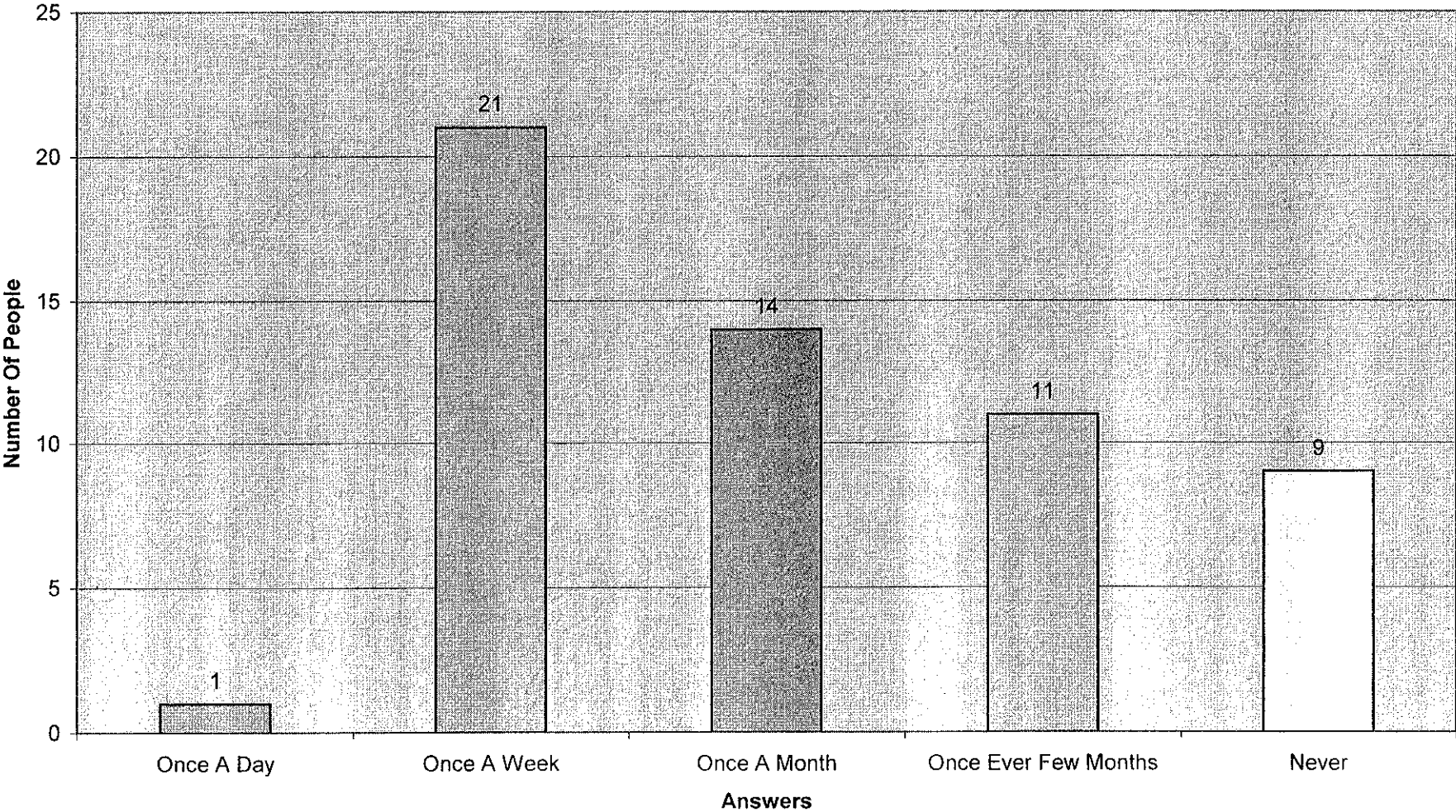
**Question # 14:  
You Were Formally Trained On Banner System By?**



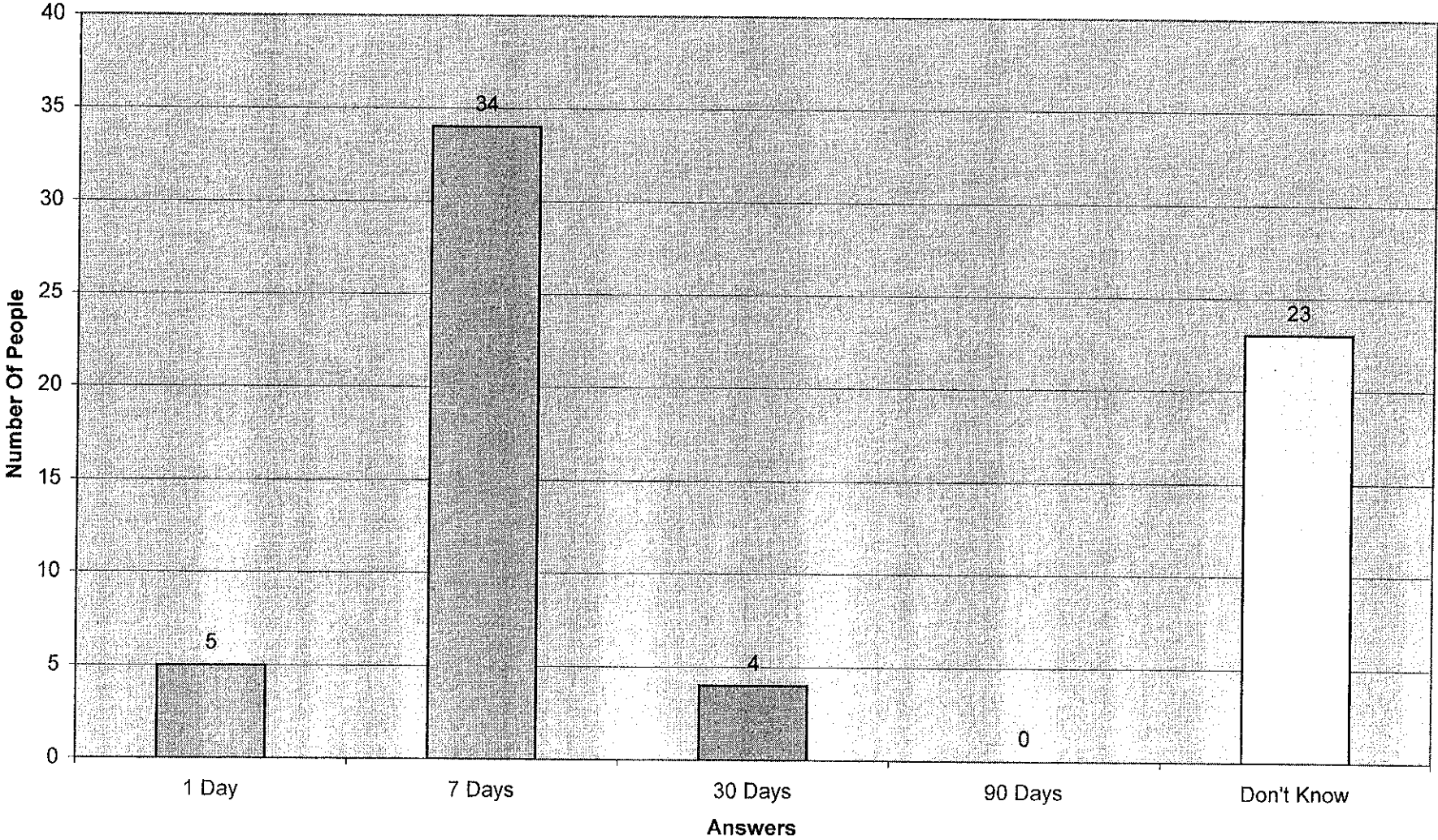
**Question # 15:  
Do You Have Access And/Or Basic Knowledge Of The Purchasing Process In The Banner System?**



**Question # 16:**  
**If You Answered Yes To Do You Have Access And/Or Basic Knowledge, How Often Do You Place Requisition Orders?**

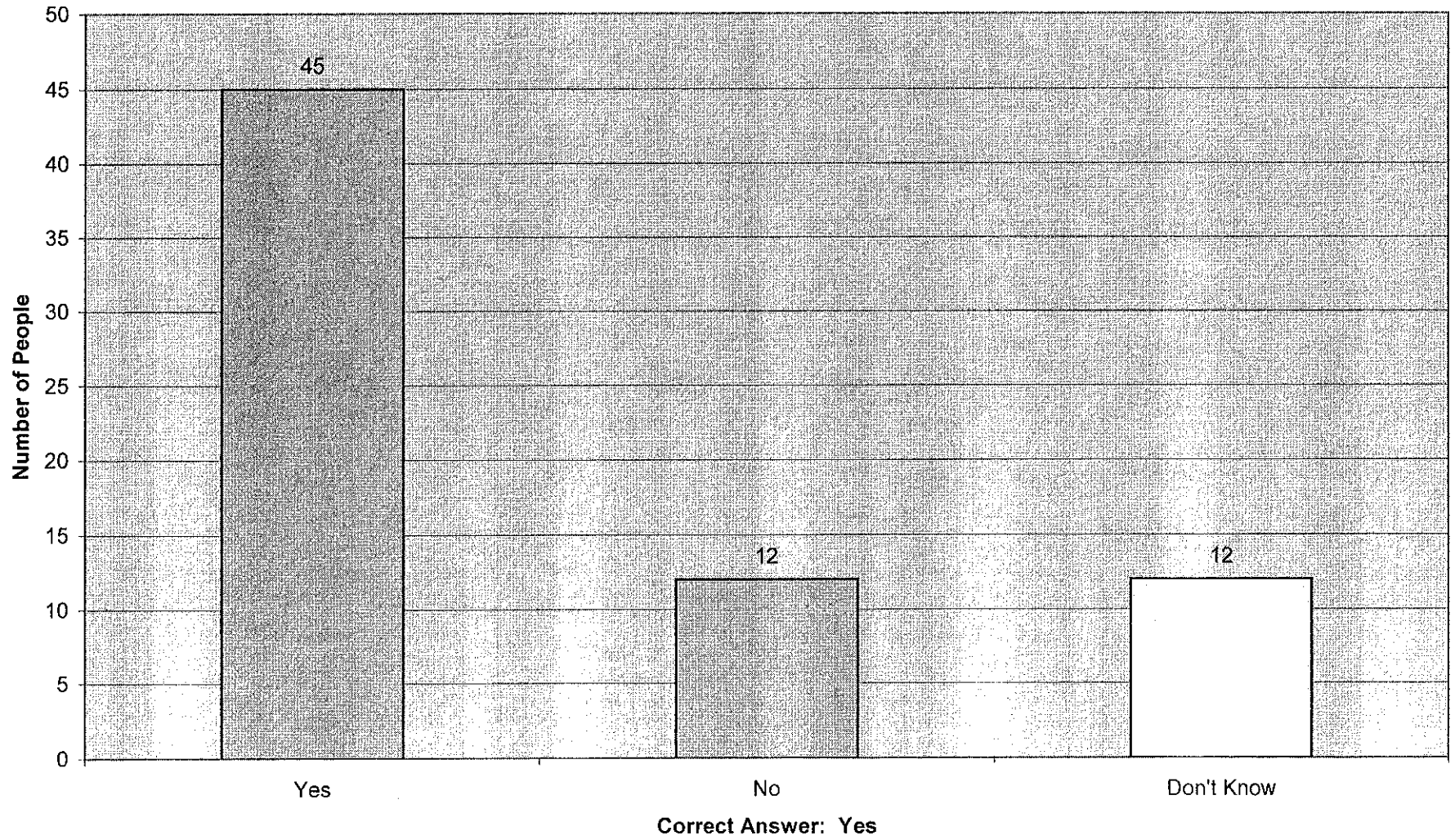


**Question # 17:  
How Long Does It Take To Issue A Purchase Order?**

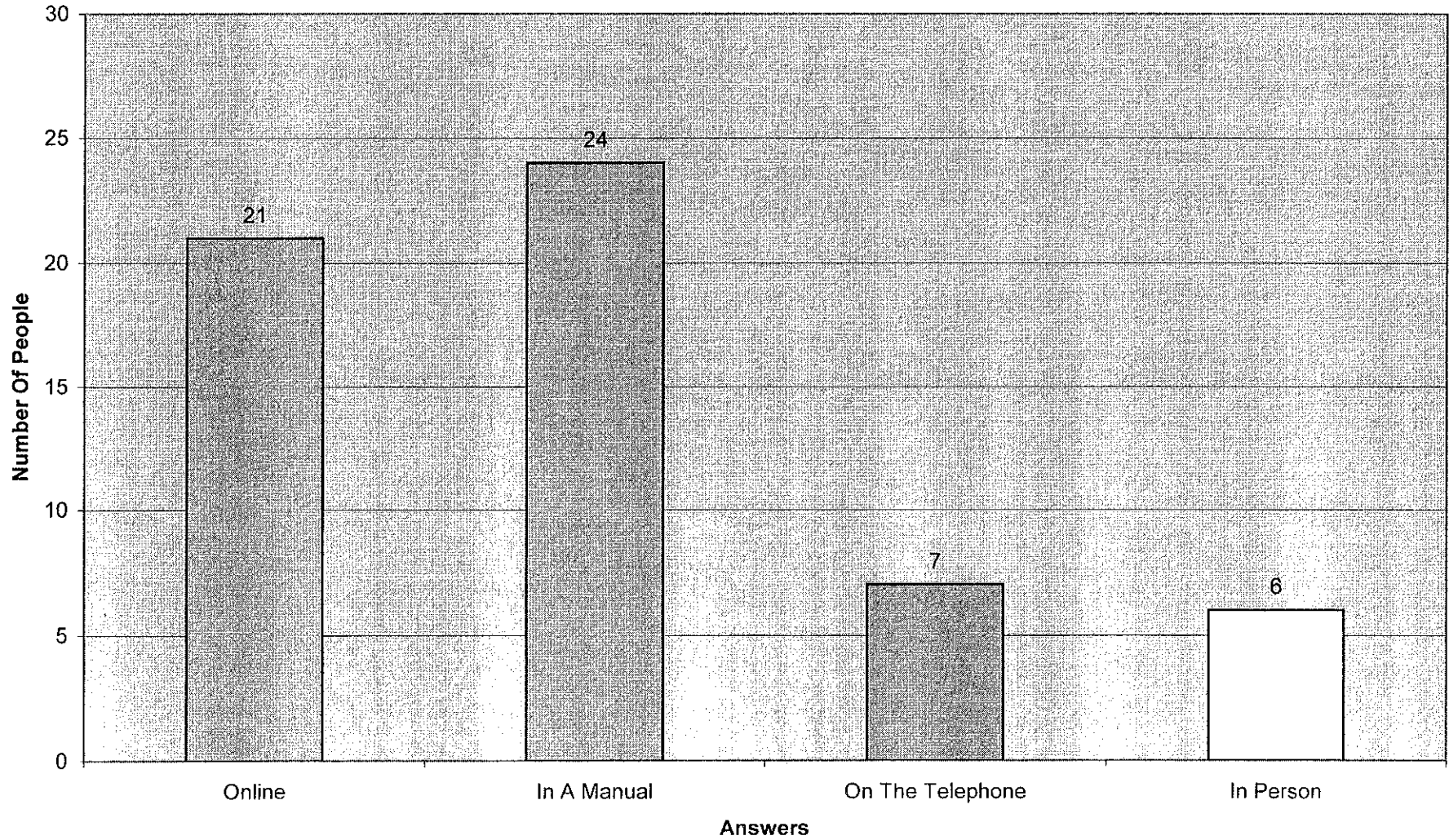


**Question # 18:**

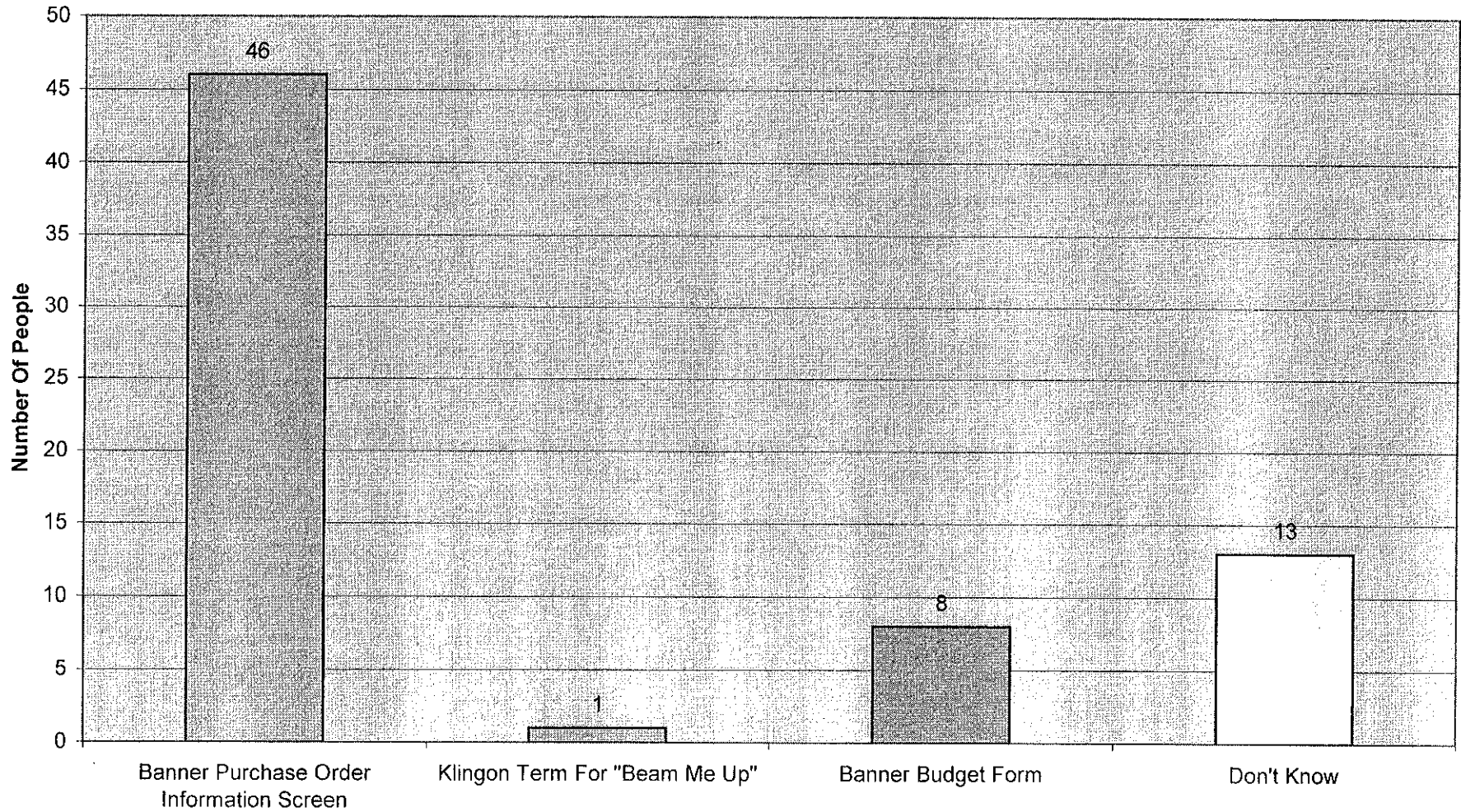
**Can Items Being Ordered On A Purchase Order Be Charged To Two Different Accounts?**



**Question # 19:**  
**Where Would You Like To Find Assistance With Banner Requisitions?**



**Question # 20:  
FOIDOCH Is?**



**Correct Answer: Banner Purchase Order....**



**Purchase Orders**

<b>Department</b>	<b>Series</b>	<b>Type</b>	<b>Count</b>	<b>Amount</b>	<b>Average Days Requisition to PO</b>	<b># of Requisitions Converted to PO</b>
<b>2001</b>						
Findlay Bookstore	300's	supply	221			
Findlay Bookstore	FT	books	45			
Toledo Bookstore	400/500's	supply	744			
Toledo Bookstore	TT's	books	185			
Purchasing	ZZ	equipment	66			
Purchasing	P	goods/svc	4313		9	3473
			5574	\$21,733,597		
<b>2002</b>						
Findlay Bookstore	300's	supply	96			
Findlay Bookstore	FT	books	234			
Toledo Bookstore	400/500's	supply	620			
Toledo Bookstore	TT's	books	808			
Purchasing	ZZ	equipment	13			
Purchasing	P	goods/svc	4660		11	3882
			6431	\$21,060,259		
<b>2003</b>						
Findlay Bookstore	300's	supply	106			
Findlay Bookstore	FT	books	253			
Toledo Bookstore	400/500's	supply	558			
Toledo Bookstore	TT's	books	745			
Purchasing	ZZ	equipment	28			
Purchasing	P	goods/svc	4499		10	3799
Accounts Payable	T	travel	638			
			6827	\$27,886,320		
<b>2004</b>						
Findlay Bookstore	300's	supply	109			
Findlay Bookstore	FT	books	220			
Toledo Bookstore	400/500's	supply	594			
Toledo Bookstore	TT's	books	676			
Purchasing	ZZ	equipment	59			
Purchasing	P	goods/svc	4686		10	3698
Accounts Payable	T	travel	1186			
			7530	\$29,674,121		
<b>2005 10 months Jan 1 - Oct 20th</b>						
Findlay Bookstore	300's	supply	108			
Findlay Bookstore	FT	books	184			
Toledo Bookstore	400/500's	supply	435			
Toledo Bookstore	TT's	books	554			
Purchasing	ZZ	equipment	23			
Purchasing	P	goods/svc	4910		11	3690
Accounts Payable	T	travel	1097			
			7311	\$32,508,312		

**Change Orders - Manual Process**

		<b>Count</b>	<b>Amount</b>
2001		250	\$157,354
2002		315	\$495,698
2003		322	\$485,535
2004		578	\$1,374,135
2005	10 months	418	\$991,764
<b>Total</b>		<b>1883</b>	<b>\$3,504,486</b>

**Direct Pay Forms - Manual Process**

2001		11,444	\$19,584,407
2002		9,982	\$16,131,039
2003		9,629	\$19,100,510
2004		8,690	\$18,185,514
2005	10 months	8,579	\$16,541,172
<b>Total</b>		<b>48,324</b>	<b>\$89,542,642</b>

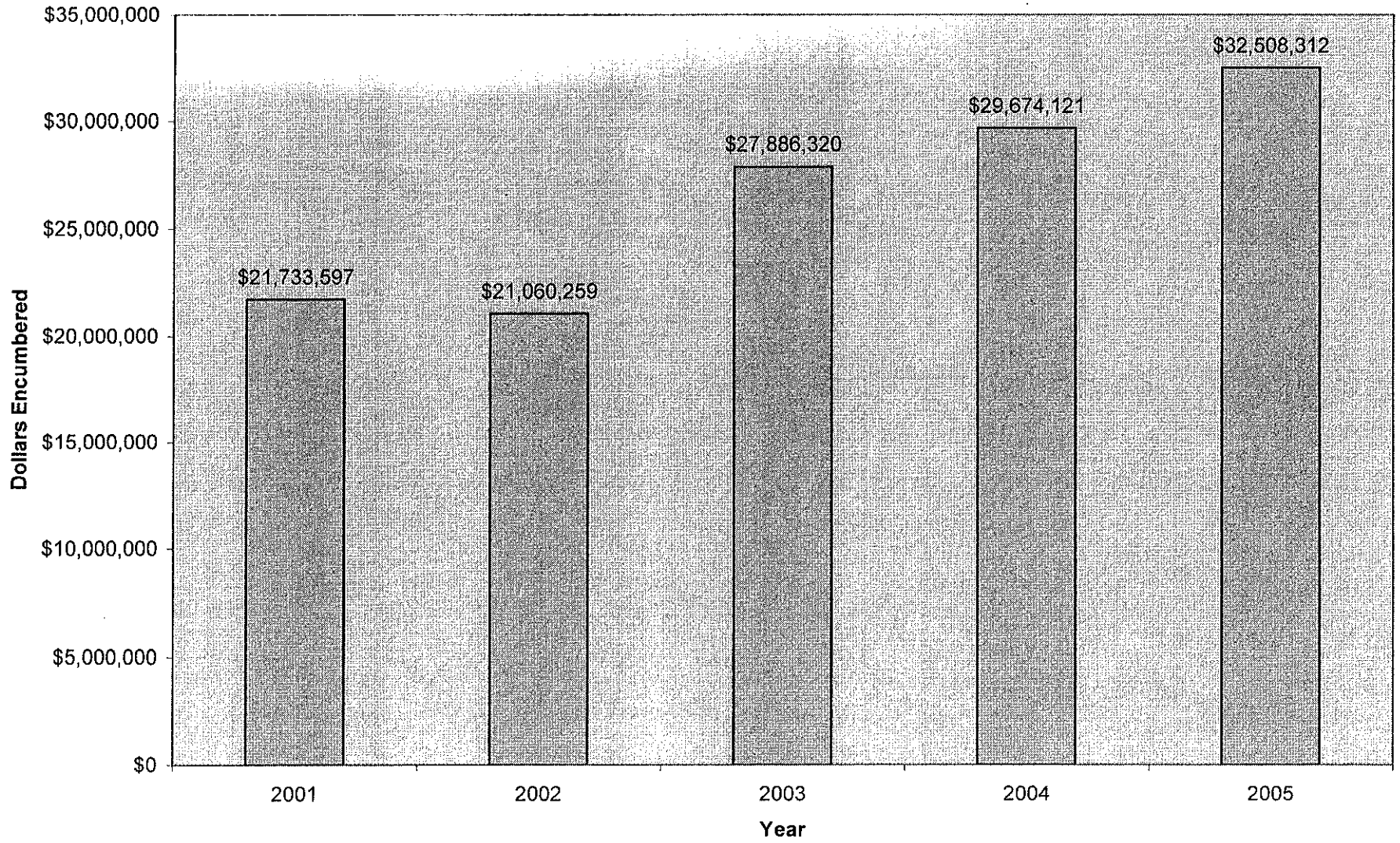
**Purchase Orders**

2001		5,574	\$21,733,597
2002		6,431	\$21,060,259
2003		6,827	\$27,886,320
2004		7,530	\$29,674,121
2005		7,311	\$32,508,312
<b>Total</b>		<b>33,673</b>	<b>\$132,862,609</b>

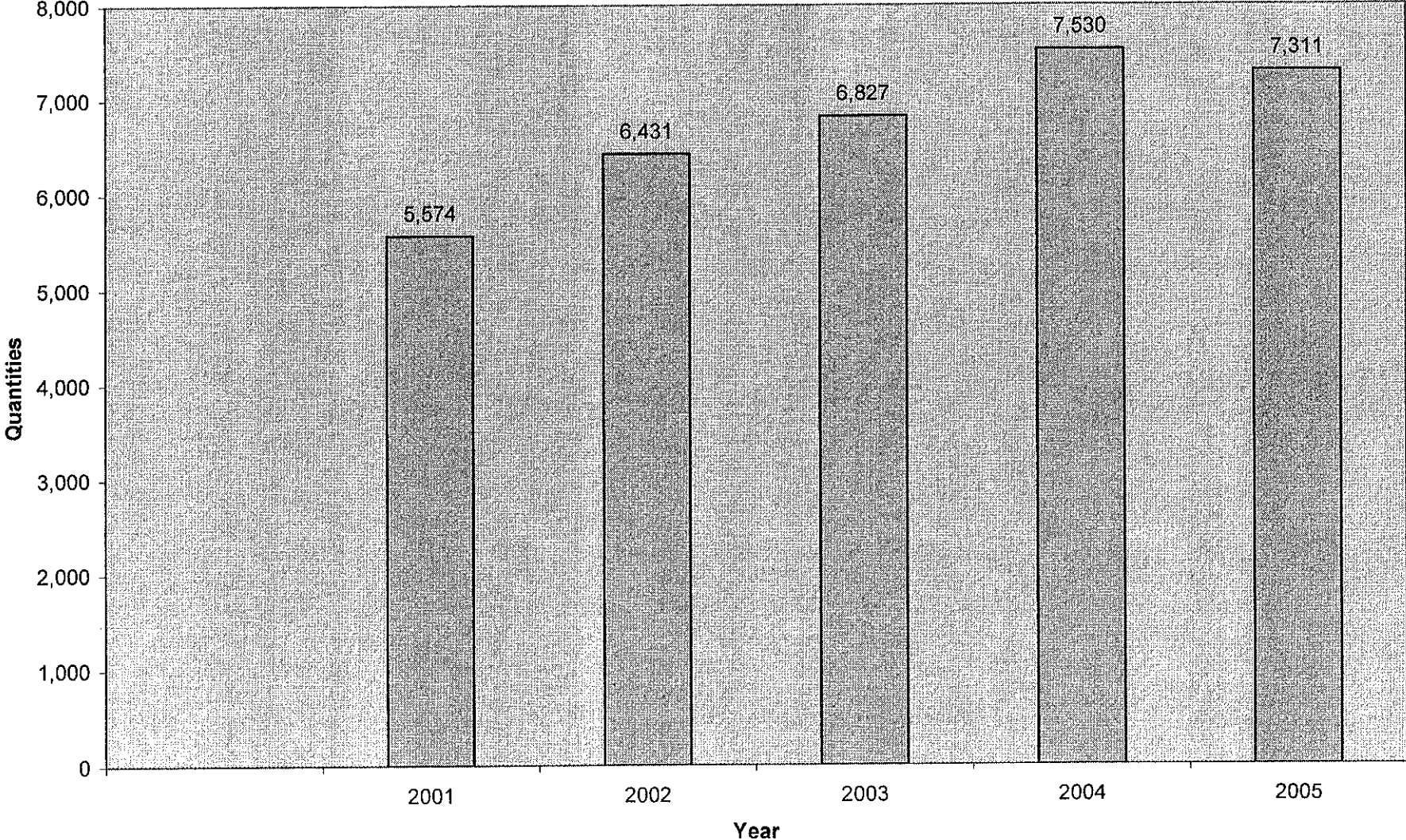
**Invoices applied to PO's**

<b>Count</b>	<b>Amount</b>
12,613	\$16,525,422
14,179	\$21,091,420
15,131	\$24,896,172
16,824	\$27,088,236
15,109	28,416,478
<b>73,856</b>	<b>\$118,017,728</b>

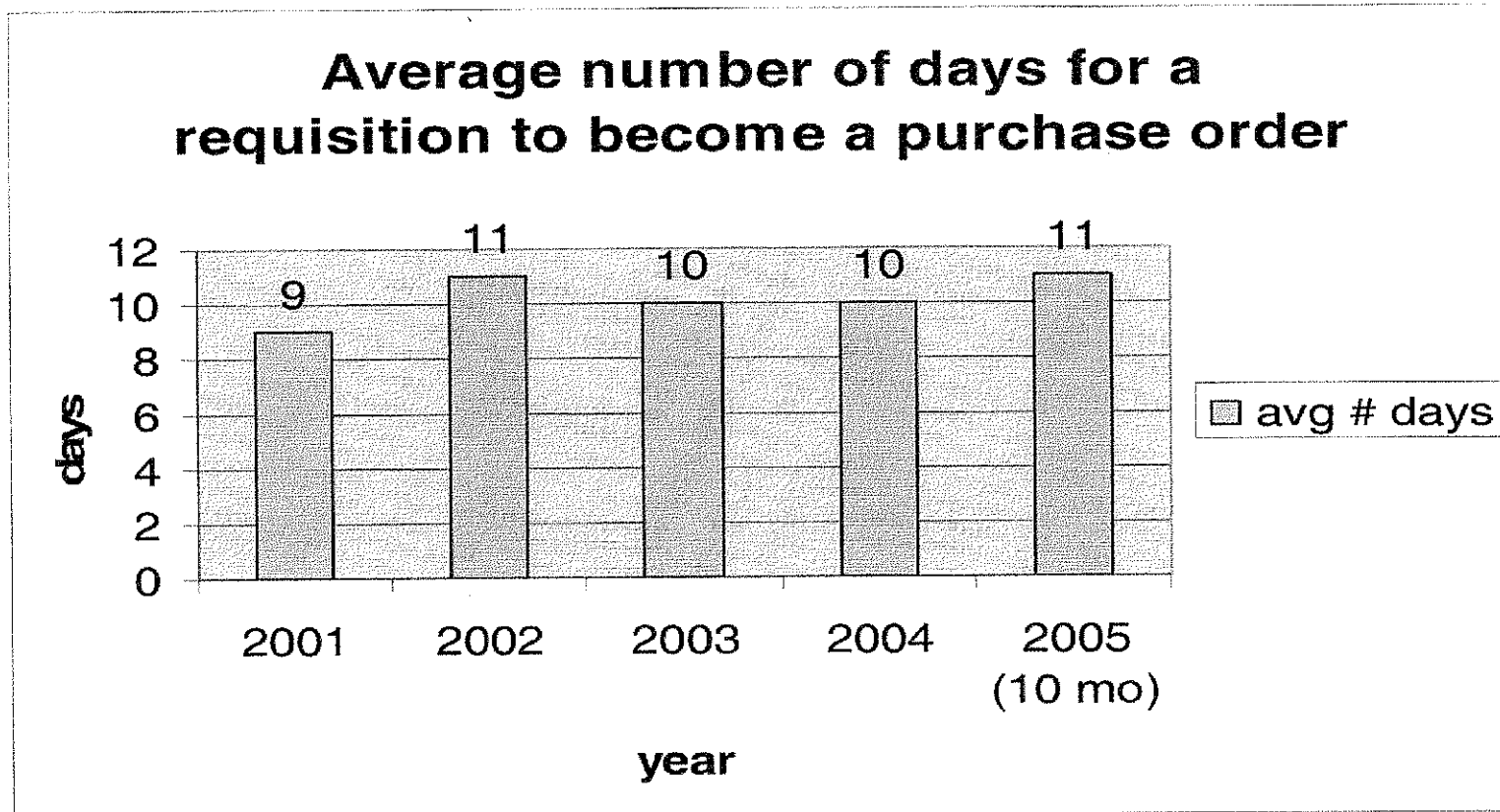
### Fiscal Years Purchase Orders Dollars Encumbered



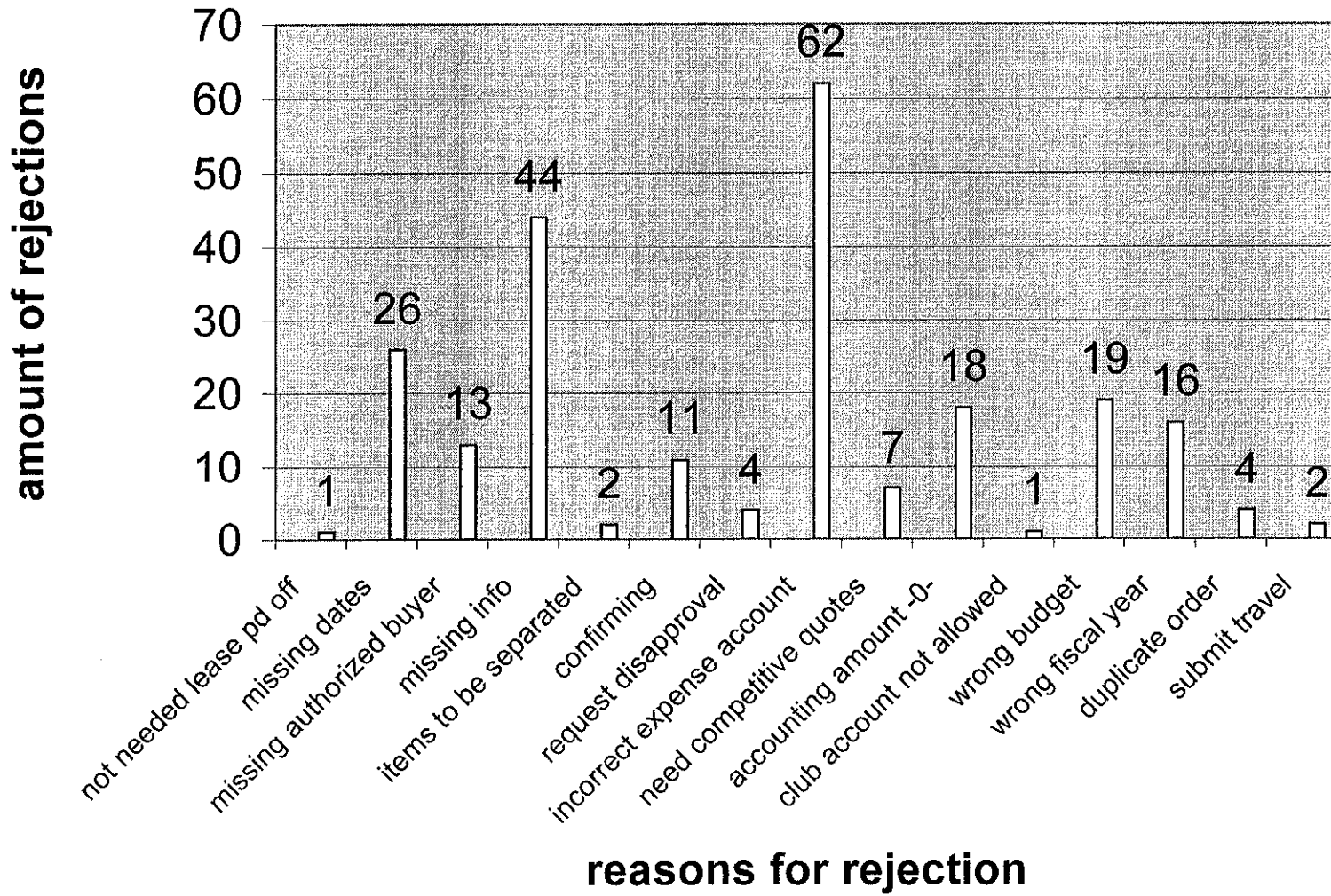
**Fiscal Year Purchase Orders Processed**



# How Many Days Current Process Takes?



## Requisition Rejections (July - Nov 2005)



## FORCE FIELD ANALYSIS

### Driving Forces

### Restraining Forces

Policy  
Advocates/support  
Purchasing Process Team  
Steering Committee  
Acquisition Time  
Efficient use of labor  
Duplication-multiple approvals  
Lack of formalized training  
Department "ownership" of budget

Leadership  
Resistance to change (why)  
Past Practice  
Training/Education of users  
Training Time  
Cost

### Actions:

1. Provide time and staff for re-training
2. Provide continued training for employees new to the purchasing process
3. Clearly define the role and responsibility of the Budget Authority
4. Clearly define college purchasing policy and/or terminology
5. Provide electronic reference manual
6. Change approval queues in Banner system

## **IMPROVEMENT THEORY AND IMPLEMENTATION PLAN**

The focus of the Purchasing Process Team was to look at the current process and make recommendations on where changes could occur to shorten acquisition time. The college has designated staff as Budget Authorities. As we see it under the current flow chart process, Budget Authority really does not have authority to purchase goods. It appears that two other individuals make that decision after the Budget Authority has approved the requisition. Our improvement theory would recommend that once the Budget Authority has approved the requisition and the purchasing agent has reviewed for necessary and correct accounting information, the PO should automatically be approved unless there is non-sufficient funds in that account. The college is putting into the hands of the Budget Authority to check their account for sufficient funds before the requisition process has begun and if not sufficient in funds, has completed the fund transfer process before the requisition is entered into the Banner system.



## IDEAS FOR IMPROVEMENT

1. Retrain current users into four potential groups
  - a. Administrative (budget authorities)
  - b. Support (those entering requisitions)
  - c. Lab (those in charge of labs/supplies for lab)
  - d. Faculty (what departmental monies cover and what they do not)
2. Retrain as necessary due to banner upgrades
3. Train new employees, have training before Banner access is granted
4. Improve purchasing process by removing steps from the approval process
5. Review need for additional staff in procurement department
6. Eliminate the need for “pools” that make up current budget
  - a. Fact: NO legal restrictions
  - b. Give departments base line budget amount, spend as they need to and would not have to worry about transferring funds from one pool to another.
  - c. Departmental credit cards versus PO
7. Reference Materials and Training
  - a. On-line (intranet), keep up to date as banner upgrades occur
  - b. On-line FAQ
8. Policy into meaningful language – for example: Who is employee to be designated
9. Responsibilities of Budget Authority, why have all the approvals for Purchase Orders if Budget Authority is held accountable to manage their department monies for funds released by Budget Analyst/Treasurer
10. Timely feedback when Purchase Order is disapproved using Banner general message form.

## RECOMMENDATIONS

1. Make designated employee (Board of Trustees policy) the Budget Authority – only Purchase Orders over \$10,000 are routed to the Vice President, Business Affairs.

**Who:** Board of Trustees, Sr. Vice President Business Affairs  
**What:** Board of Trustees policy  
**When:** By May 5, 2006  
**How:** Rewriting policy and submit to Board, February 2006 meeting  
**Why:** To decrease acquisition time and have an understandable purchasing policy.

2. Provide comprehensive training to current users entering requisitions and to current Budget Authorities. Develop training plan for new employees and resource materials.

**Who:** Manager of Procurement, Purchasing Agent, Budget Analyst  
**What:** Provide re-training of current employees and develop training plan for new employees.  
**When:** February 2006 – June 2006  
**How:** Securing room on campus to provide hands on training of the purchasing process in the Banner system. Offer various levels of training based on employee responsibility as it pertains to the purchasing process:

- a. Administrative (budget authorities)
  - Budget management training
- b. Support (those entering requisitions)
- c. Lab (those in charge of labs/supplies for lab)
- d. Faculty (what departmental monies cover and what they do not)

Develop training process for employees new to the purchasing process either as new hires or as job responsibilities change.  
Provide training/resource materials on the intranet.  
**Why:** To eliminate the number of requisitions that are disapproved and the number of purchase orders that are disapproved for non-sufficient funds.

3. Provide timely feedback for documents that are disapproved using the Banner general message form.

**Who:** Manager of Procurement, Purchasing Agent, Budget Analyst, Senior VP of Business Affairs and actual budget authorities  
**What:** Provide timely feedback for documents that are disapproved using the Banner general message form

**When:** February 2006 – provide training to use general message form  
**How:** When member of this group disapproves a requisition or purchase order for any reason, provide timely feedback (preferably as soon as it is disapproved) to the submitter so that the document can be corrected and proceed through the process  
**Why:** To eliminate the number and length of time that requisitions and purchase orders are sitting in the “incomplete” pool waiting for action

4. Eliminate budget pools – use lump sum budget.

**Who:** Budget Analyst, Sr. Vice President  
**What:** Provide a lump sum budget – eliminating pools  
**When:** Develop policy March 2006; make changes to Banner April 2006 for fiscal year 2007  
**How:** Budget analyst communicates bottom line budget to all budget authorities  
**Why:** To eliminate transfers from one pool to another – this would decrease acquisition time.

5. Hire Procurement Clerk as recommended in 2001.

**Who:** Procurement Manager  
**What:** New employee  
**When:** April 2006  
**How:** Develop funding for search committee  
**Why:** To provide support services in the Procurement Office and to allow Purchasing Agent and other staff to provide quality training on requisitions and purchase order process.

ID	Task Name	Duration	Start	Finish	1st Quarter			2nd Quarter			3rd Qu
					Dec	Jan	Feb	Mar	Apr	May	Jun
1	<b>Make designated employee Budget Authority for P.O's under \$10,000</b>	90 days	Mon 1/2/06	Fri 5/5/06							
2	Develop Change in Board Policy	30 days	Mon 1/2/06	Fri 2/10/06							
3	Change Banner Rule Set	30 days	Mon 2/13/06	Fri 3/24/06							
4	Announce Changes	30 days	Mon 3/27/06	Fri 5/5/06							
5											
6	<b>Provide Comprehensive training to Budget Authority &amp; others</b>	120 days	Mon 1/2/06	Fri 6/16/06							
7	Develop Training Program	30 days	Mon 1/2/06	Fri 2/10/06							
8	Provide Training	90 days	Mon 2/13/06	Fri 6/16/06							
9											
10	Provide Timely feedback for Documents that are disapproved	30 days	Mon 1/2/06	Fri 2/10/06							
11											
12	<b>Eliminate Budget Pools</b>	75 days?	Mon 1/2/06	Fri 4/14/06							
13	Develop Policy	60 days	Mon 1/2/06	Fri 3/24/06							
14	Make Changes to Banner	15 days?	Mon 3/27/06	Fri 4/14/06							
15											
16	<b>Hire Procurement Clerk</b>	72 days?	Mon 1/2/06	Tue 4/11/06							
17	Develop Funding Model	30 days?	Mon 1/2/06	Fri 2/10/06							
18	Develop Job Description	14 days	Mon 2/13/06	Thu 3/2/06							
19	Form Search Committee	2 days	Fri 3/3/06	Mon 3/6/06							
20	Open Search	21 days	Tue 3/7/06	Tue 4/4/06							
21	Hire Procurement Clerk	5 days?	Wed 4/5/06	Tue 4/11/06							

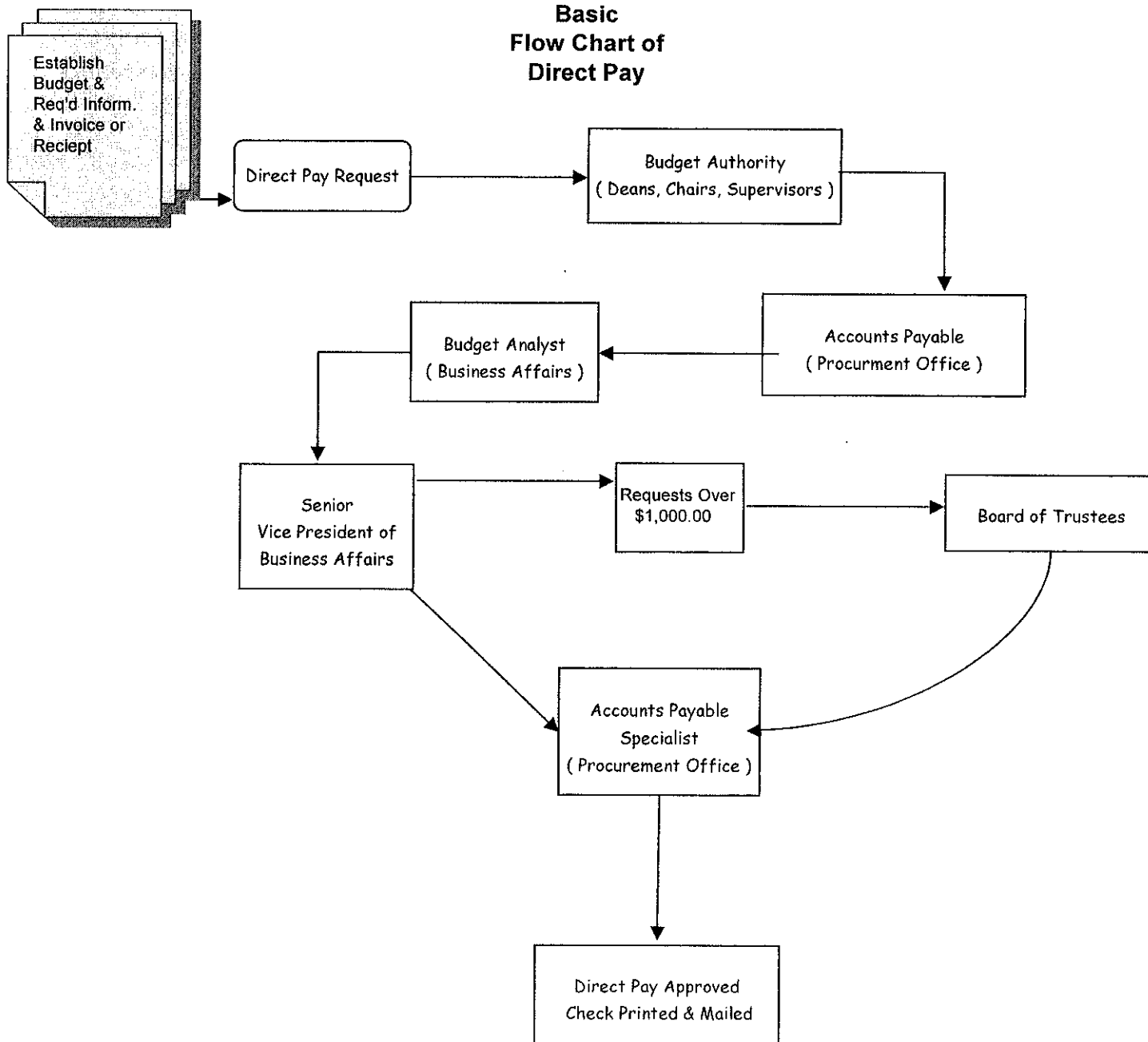
Project: Purchasing Project  
Date: Mon 12/5/05

Task		Rolled Up Task		External Tasks	
Progress		Rolled Up Milestone		Project Summary	
Milestone		Rolled Up Progress		Group By Summary	
Summary		Split		Deadline	

## **IDEAS FOR OTHER TEAM PROJECTS**

The team identified both the current purchasing and direct pay processes. The focus for the team was on the current purchasing process. The team realizes that the two processes are similar in flow, one electronically, the other by paper, and strongly recommends the direct pay process follow the changes that are implemented to the purchasing process.

### Basic Flow Chart of Direct Pay



**THANK YOU – Dr. Christa Adams and the Steering Committee** for having the vision to strengthen the college community through collaboration. We are proud to have become team members in this improvement process.

**THANK YOU – Stan Jensen, Ph.D** for providing the framework for positive change, and the belief that our teams can succeed.

**THANK YOU – Matthew Lewis, Computer Analyst** for providing accurate data, from our SCT Banner system.

**THANK YOU – Jacqueline Dieter, Procurement Manager** for assuring our flow charts correctly document the current process.

**THANK YOU – Michele Johnson and William Schmoekel**, our team champions for your encouragement and hard work.

**THANK YOU –** to all employees who completed the survey, which serves as the basis for our recommendations.

**Steering Committee Feedback**

Process Team Name: **Purchasing Team**

Date: **December 9, 2005**

Team Champions: **Michele Johnson and Bill Schmoekel**

Recommendations for Improvement:

Support

1. Make designated employee (Board of Trustees policy) the Budget Authority, only purchase orders over \$10,000 (Board of Trustees policy) are routed to the Vice President, Business Affairs for approval. \_\_\_\_\_
2. Provide comprehensive training to current users entering requisitions and to current budget authorities. Develop training plan for new employees, and resource materials. \_\_\_\_\_
3. Provide timely feedback for documents that are disapproved Using the Banner General Message Form (GUAMESG) \_\_\_\_\_
4. Eliminate budget pools – use lump sum budget in Banner \_\_\_\_\_
5. Hire Procurement Clerk as recommended in 2001 \_\_\_\_\_

Team Feedback Meeting – Date: \_\_\_\_\_

Sponsor: \_\_\_\_\_

Leader: \_\_\_\_\_