



Purchasing Workshop

Purchasing and Asset Management Department

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Agenda

- Where we were
- Where we are now
- Challenges
- Looking Forward

Where We Were

- Outdated purchasing policy
 - Previously updated in 2011
- Ambiguity pertaining to process
 - What purchases require council approval?
 - Requisition vs Purchase Order
- Authorized Not to Exceed Value exceeded
- Expired Contracts
- Inaccurate Information from “System of Record”
- Lack of “formal” Purchasing Training

Where We Are Now

- Updated Purchasing Policy Rolled Out 2019
 - ◆ Revised format for ease of use
 - ◆ Clear and Concise language for ease of understanding
 - ◆ New “Procurement Authority” Section
 - ◆ Clarified requirements related to Council Approval
- Purchasing Training
 - Purchasing 101 Course Implemented
 - ◆ Rules and Regulations
 - ◆ Policy and Practice
 - ◆ Requisition vs Purchase Order
 - ◆ Reoccurring

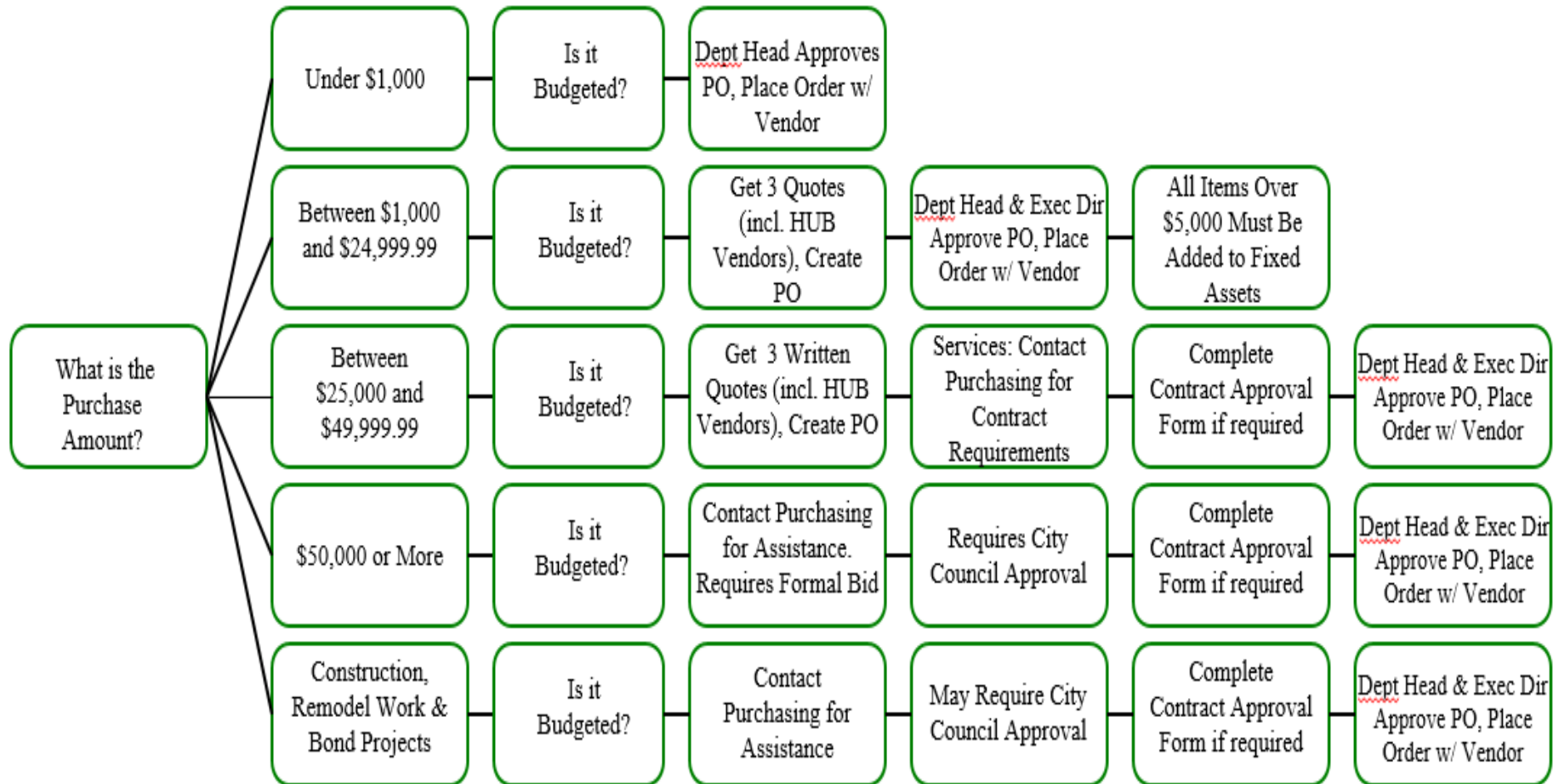
Where We Are Now

- Wholistic program focused on continual improvement
- Increased frequency of Vendor Volume Report
 - (Weekly vs Monthly)
- Quarterly Contracts Meetings
 - ◆ Contract expiration dates
 - ◆ Current spend in relation to NTE Authorization
- Recording of Approved NTE in Incode
- Consolidated database of NTE approvals by FY
- Authorized Spending Limits
 - City Policy: Any cumulative vendor purchases exceeding \$50k require council approval

Where We Are Now

- Implementation of PO Audit
 - Monthly Audit of Five (5) Purchase Orders
 - ◆ Value between \$1,000 - \$50,000
 - ◆ Confirming compliance with Policy
 - Began March 2020

Decision Tree



Purchasing Volume FY 18-19

- PO's Processed

 - 7,879

- Contracts Reviewed/Processed

 - 106

- Bids/Request for Proposal Processed

 - 114

 - ◆ 31 over \$50k

All accomplished with a staff of 2

Challenges Faced

- Exceeding authorized NTE Levels
 - Multiple departments placing orders
 - Requisitions not being finalized in Incode
 - ◆ Dept using Requisition to place order instead of PO
 - Capturing aggregate costs
 - ◆ Postage for water bills/meters for developers/builders
 - Questions related to what requires CC approval
 - ◆ Assumed exceptions (Utilities, Legal Services, Taxes)
 - Cost per Service contracts
 - ◆ ADP

Challenges Faced

■ Incode Limitations

- Inability to generate reports
 - ◆ Volume Report only reflects payments made
 - ◆ PO Spend report includes cancelled/voided amounts
 - ◆ Reports are not always accurate
- Inability to place Vendor Cap
 - ◆ Cannot restrict purchases after certain spend level
- Replacement Cost & Labor

Example

■ CDW

- 23 Purchase Orders for FY19-20 from 5 departments
 - ◆ 2 PO's same day (February 5, 2020)
 - ◆ \$61,163.12 for Police Department
 - ◆ \$43,057.14 for IT
- Volume Spend Report
 - ◆ Volume Spend Report dated 3/25 showed spend of \$34,168.30
 - ◆ Volume Spend Report dated 4/1 showed spend of \$101,484.49
- Total PO's Issued (NTE of \$95k)
 - ◆ \$101,924.11

Looking Forward...

- How to avoid exceeding authorized NTE Levels
 - Finalize Transition from Volume Report to PO Report
 - ◆ Reflects all \$\$ encumbered by created purchase order
 - Department Head Specific Training
- Increase Consistency in Practice
 - Continued Purchasing Training
 - Continued Monthly PO Audits
 - ◆ Summary Results to Department Head / ACM
 - Spot Check of Pending Requisitions
- Policy Review
 - Cumulative Spend over \$50k with a single vendor

