



Procurement Best Practices for Arizona School Districts

Presented by The Greater Phoenix
Purchasing Consortium of Schools
(GPPCS)

First Edition
2022

Disclaimer

This information is best practice recommendations, based upon our experience as procurement professionals, for our respective agencies/districts.

Dedication

By Monique Harris, CPPB

"We are a relatively small districts so of course there are many time constraints. My new purchasing person has not received much of my time so a guide would be a wonderful resource."

– Mary A. Love

Meeting the needs of your district while maintaining compliance with all of the applicable laws is especially challenging when you are a new Arizona School District procurement professional. Mary's quote above reminds me that many new procurement professionals enter a purchasing department that is anxiously awaiting someone to hit the ground running. Because of this situation, many new procurement professionals learn by unintentional mistakes. While there are many workshops and classes that new procurement professionals ***must*** attend, they still need an additional resource to complement these educational opportunities. Hence, the Procurement Best Practices for Arizona School Districts handbook was born. ***This handbook will provide best practices for new procurement professionals .***

This book is dedicated to all NEW Arizona School District Procurement Professionals.

Acknowledgments

My name is Monique Harris, and I introduced this idea to create a Best Practice Handbook at a GPPCS meeting in the summer of 2017. I am grateful and so very appreciative to ALL that participated in this project.

This publication was only made possible due to the hard work and effort by many contributors including but not limited to the following:

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- Plus, many others...

"Success is no accident. It is hard work, perseverance, learning, studying, sacrifice and most of all, love of what you are doing or learning to do."

– Pele

Thank you all for your contributions!!

Foreword

By Jennifer Muñoz

I remember the day almost too clearly when I was told I was going to be responsible for all of the procurement functions in the district I worked for at the time. To be completely honest, that was the first time I had ever heard the word “procurement” in my life! I was told we had a “bad audit” in our last year and since I had done a “good job” with the accounting duties I had at the time, they thought I was the best candidate to oversee the procurement functions from that point on! My very first project that I was told to work on was to issue an “RFP” for Worker’s Compensation Insurance within my first couple of weeks since the auditors said we needed a contract for it, of course. All I thought was, “What the heck is an ‘RFP?!’” The entire concept was completely new to me, and I had one starting point: to call our old purchasing technician who was now at another district. I worked at a very small district so there was no one else that could train me. When I understood that I needed to issue a Request for Proposals . . . “RFP” . . . this was the term I needed to start sinking my feet into the unknown waters. So there I was, sitting in my desk, searching on Google! To my surprise, I found out that there were actual Rules and Laws on this stuff! The next thing I did was begin to print them all out and I started creating my binders, labeling them with all the rules I could find.

Foreword

I found checklists of what should be in a procurement folder (compliments of Mesa Public Schools Buyer Resource Page) and off I went with my highlighter! This was a very exhausting and terrifying part of my career when I already knew we “needed” a good audit. And although it was a challenge, I credit my entire success that I have had in my career to this stage in my life. I was forced, in a way, to find out **where** the rules were, **what** sets of rules we have to abide by, and I had to **rely on my resources**, not just my own judgment. I asked questions (lots of them) and I am eternally grateful for all the amazing colleagues in our procurement world that were and **are** always willing to help me. We had perfect audit that year in procurement functions. I had reconciled over 2 years of Capital Assets, provided vendor total reports that included an explanation of the form of procurement that was performed for every single purchase that was over \$1,000 whether it was a verbal quote, written quote, cooperative contract, or an IFB, or RFP that I had administered. I performed Due Diligence on every cooperative contract we utilized and created forms, procedures, and checklists to ensure compliance for my district. Then the 08/09 fiscal year ended, and 09/10 fiscal year came with more State Budget cuts than we could’ve imagined, and my position was reduced to a 4-hour position.

Foreword

In 2009, my family and I left our hometown in Yuma, AZ and I accepted a position as a Buyer Assistant at Mesa Public Schools. In the course of five years, by 2014 I had grown my family by two, and was accepting my second administrative position as a Purchasing Manager for Gilbert Public Schools while I was serving as President of Greater Phoenix Purchasing Consortium of Schools (GPPCS). My passion as I served on the Board of GPPCS for three consecutive years (Secretary, Vice President, and President) was to continue to share this same experience that I had with all procurement professionals new, and even experienced. GPPCS has had a very large impact on my career and the wealth of knowledge and experience that is shared among the members is something that I treasure in my heart. I credit much of my success as a procurement professional very highly to GPPCS and the people dedicated to serve it. I still remember my first days in procurement, and I always said “anyone can learn it” because it is true. No one will “know” everything there is to know, but we must know how to obtain the answers. We must continue to share our great resources and I am honored to contribute to this Best Practice Guide which will benefit many procurement professionals in the years to come.

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Basic Procurement

Section 1

What rules govern school district procurement?

PURCHASING 101

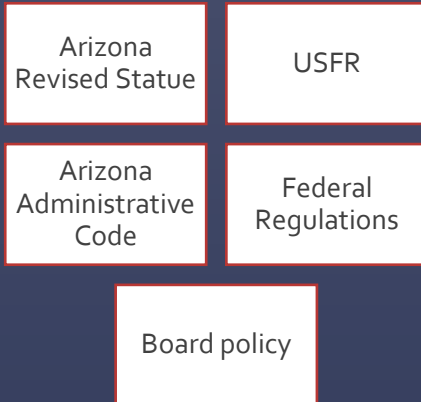
By

Lourdes Banuelos

Why we do what we do...

"It is our duty to fairly and ethically procure commodities and services with professional integrity as custodians of public tax dollars."

Who sets the rules?



Rules Exist ~ Rules are **NOT** optional ~ Rules apply to Everyone ~ Rules are not always clear ~ Penalties for not following the rules.

Thresholds

SPENDING ALL FUNDS \$10,000 TO \$99,999
– THREE **WRITTEN** QUOTES NEEDED

SPENDING ALL FUNDS \$100,000 AND ABOVE – **FORMAL** RFP OR IFB MUST BE DONE

Purchasing department will process – Timeline 3-4 months.

NOTE: Thresholds are as a District, not per site or department.

AFTER THE FACT

An "After the Fact" purchase is an **UNAUTHORIZED** commitment of District public funds. It is a violation of the Arizona Revised Statute, Article 10 of the Arizona Administrative Code, and Governing Board Policy. Auditors; USFR Compliance Questionnaire - #EXPo2 (Expenditures)

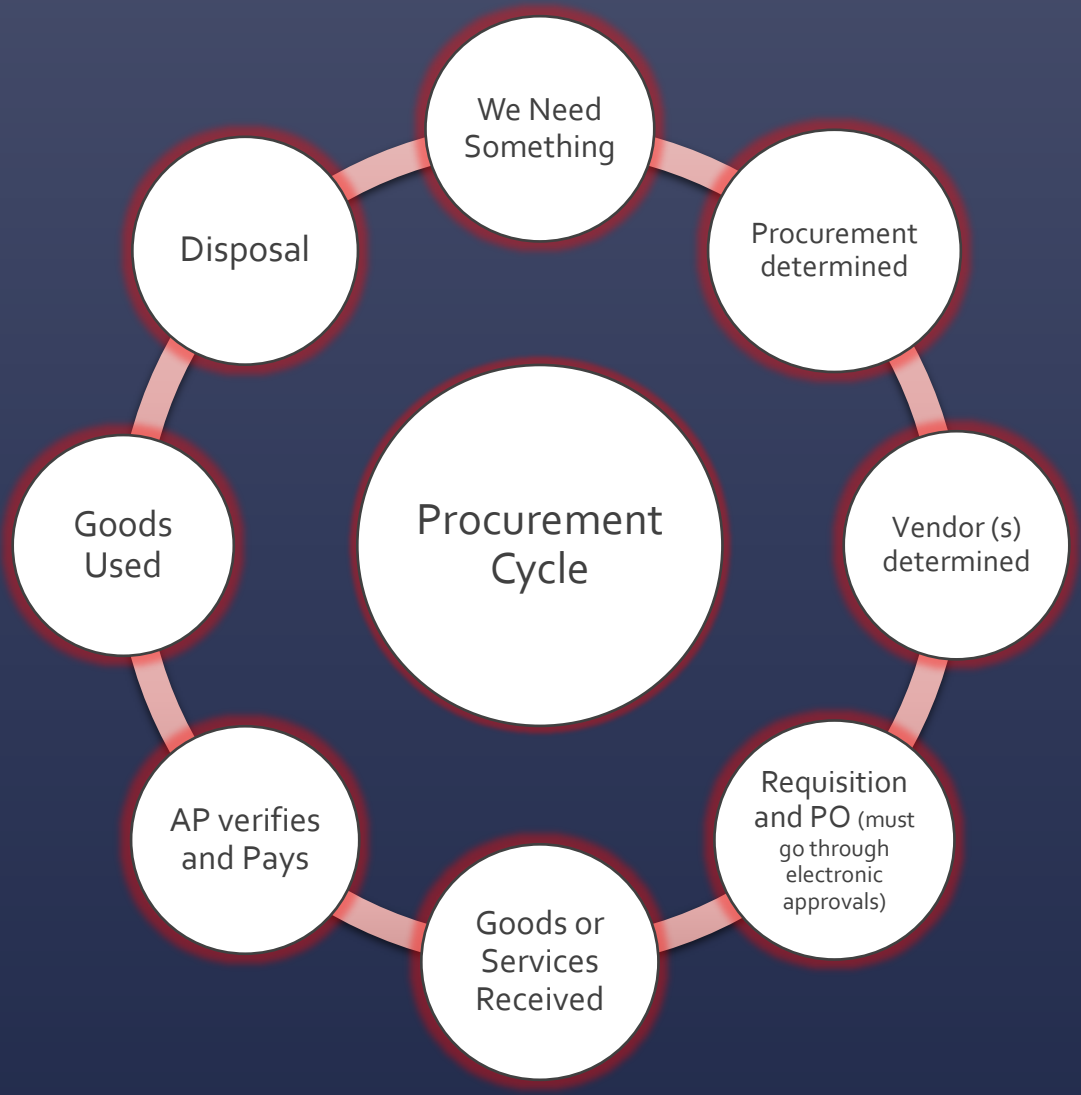
The District monitored budget capacity in budget-controlled funds and cash balances in cash-controlled funds before approving purchase orders (PO) and authorizing expenditures, except as authorized in A.R.S. 15-207, 15-304, and 15-916. (YES/NO)

Each After the Fact also represents a potential audit finding for the District. When an employee makes a purchase without ensuring that a purchase order has been issued, s/he assumes personal liability for the expense. The District is not responsible for payment of any product or service provided without an authorized PO.

Some common examples of after the fact purchase orders:

- Conference Registrations
- Walk in Store
- Ordering items at time of quote
- Re-Using PO once it is closed
- Scheduling services/presentations and committing to vendors before

Please help us maintain a positive relationship with our vendors by avoiding unauthorized purchases.



Purchase Order Types		
ITEMIZED	Walk- In PO (Handcarry)	BLANKET
One-Time Use	One-Time Use	For the Year
<u>Line item detail</u> (<u>Description & Item</u> <u>Numbers</u>) Tax & Shipping	If "Walk-in" (i.e.: Costco, Fry's) must state a general description of items being purchase so account code can be verified	For items like Utilities, Phone, Fuel, Diesel, Insurance, Benefits.
No Substitutions!	"Use by" Date	To and From Dates Example: 7/1/20xx to 6/30/20xx
Open until item(s) received or cancelled	Name of Person Shopping	
Shipped To Warehouse for proper receiving	Not to Exceed Amount Must be listed	Not to Exceed Amount Must be listed
Quote From Vendor Attached in Visions	Select "Pick Up" In Requester Field	
	<u>NO CAPITAL ITEMS</u>	<u>NO CAPITAL ITEMS</u>

What we need to set up a Vendor

- W-9
- Credit App's (If applicable)
- Conflict of Interest Form
- EPLS Check
- AZ Purchasing Registration
<http://www.azpurchasing.org/>

Conflict of Interest

Arizona State law (ARS, 38-503)

Requires you to disclose any substantial interest you or your relatives have in any Tolleson Union High School District #24 vote, contract, sale or purchase. A Tolleson Union School District #214 Board Member or employee must complete and submit this form promptly when a situation arises or may arise that requires disclosure.

Federal Law (2 CFR 200.112)

Requires the non-Federal entity must disclose in writing any potential conflict of interest to the Federal awarding agency or pass-through entity in accordance with applicable Federal awarding agency policy.

“Substantial Interest” Defined: A “substantial interest” is any financial or ownership interest, direct or indirect, that isn’t a “remote interest.” For instance, employment by a firm creates a substantial interest. The situations that qualify as “remote interests” under a law are very limited.

Persons Covered: The law covers governing members and full-time, part-time and contract employees. Also, any substantial interest of these relatives will be attributed to your: spouse, child, grandchild, parent, grandparent, brother or sister -- whole or half blood - and their spouses and parents, or a brother, sister or child of a spouse.

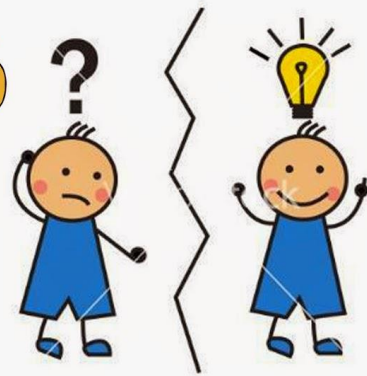
When in doubt... take the "Self Test"



Can explain your purchase to the
Governing Board, Media and Auditors?
If so... then it is okay!

Want to learn about Federal Procurement...

The curious
questions

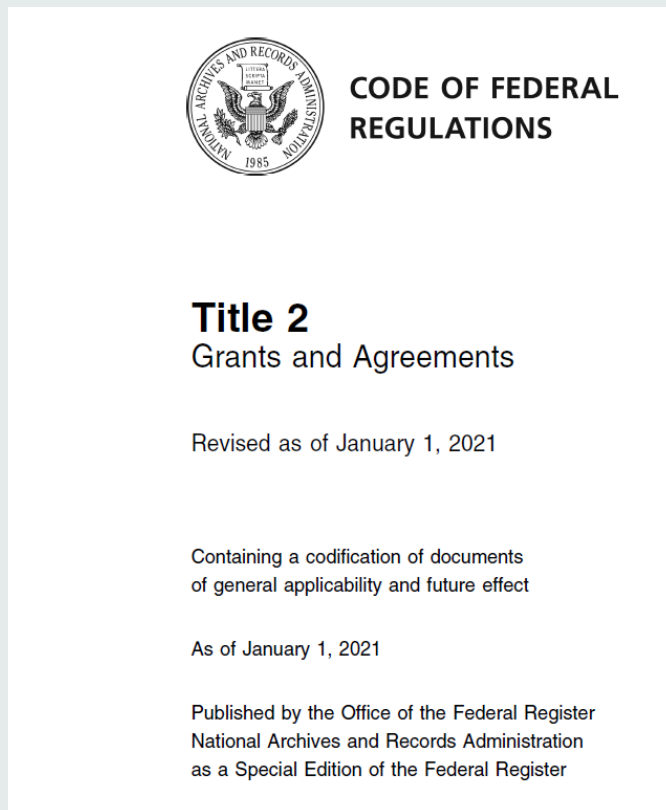


Code of Federal Regulations

The Code of Federal Regulations is a codification of the general and permanent rules published in the Federal Register by the Executive departments and agencies of the Federal Government. The Code is divided into 50 titles which represent broad areas subject to Federal regulation. Each title is divided into chapters which usually bear the name of the issuing agency. Each chapter is further subdivided into parts covering specific regulatory areas. Each volume of the Code is revised at least once each calendar year and issued on a quarterly basis approximately as follows:

Title 1 through Title 16.....as of January 1st
Title 17 through Title 27as of April 1st
Title 28 through Title 41as of July 1st
Title 42 through Title 50.....as of October 1st

The appropriate revision date is printed on the cover of each volume.



- What is the structure of a CFR citation (e.g. 21 CFR 310.502 Revised as of April 1, 1997)?

The following describes how information is contained in a CFR citation.

- Title:** The numeric value to the left of "CFR"
- Part:** The numeric value to the right of "CFR" and preceding the period (".")
- Section/Subpart:** The numeric value to the right of the period (".") A subpart is a letter of the alphabet (A-Z) that is used to retrieve an entire subpart of the CFR rather than many individual sections. For example: Subpart E.
- Revision Year:** Four digit year from the "Revised as of" text represents the year being cited. The revision year is not always available when the CFR is cited.
- Example: 21 CFR 310.502 Revised as of April 1, 1997
- Title: 21
- Part: 310
- Section: 502
- Year: 1997

CHAPTER II—OFFICE OF MANAGEMENT AND BUDGET GUIDANCE

<i>Part</i>		<i>Page</i>
200	Uniform administrative requirements, cost principles, and audit requirements for Federal awards	81
201–299	[Reserved]	

Citations on the following pages will reference the most recently issued volume of Title 2 Part 200.

****References are made to the e-CFR for regular updates for unofficial editorial compilation of CFR material and Federal Register amendments produced by the Office of the Federal Register and the Government Publishing Office. It is available at www.ecfr.gov.

Education Department General Administrative Regulations (EDGAR) per US Department of Education

Presented by: Lourdes Banuelos & Bobby William

Prior December 26, 2014 EDGAR was covered by Title 34 Code of Federal Regulations.

Post December 26, 2014 EDGAR was transmitted over 2 CFR Part 200.

2 CFR 200.35 Revised as of January 1, 2021

200.35 Federal Agency

Federal agency means an “agency” as defined at 5 U.S.C. 551(1) and further clarified by 5 U.S.C. 552(f).

5 U.S.C. 551 (1)

Agency: Each authority of the Federal Government.

5 U. S. C. 552 (f)

(f) For purposes of this section, the term “agency” as defined in section 551(1) of this title includes any Executive department, military government, Government Corporation, Government controlled corporation, or other establishment in the executive branch of the Government (including the Executive Office of the President), or any independent regulatory agency.

2 CFR 200.64 Revised as of January 1, 2021

200.64 Local Government

Local government means any unit of government within a state, including a:

- a) County;
- b) Borough;
- c) Municipality;
- d) City;
- e) Town;
- f) Township;

- g) Parish;
- h) Local public authority, including any public housing, agency under the United States Housing Act of 1937;
- i) Special District;
- j) School District
- k) Intrastate District;
- l) Council of Governments, whether or not incorporated as a nonprofit corporation under state law; and any other agency or instrumentality of a multi-, regional, or intra-state or local government.

2 CFR 200.69 Revised as of January 1, 2021

200.69 Non-Federal Entity

Non- Federal entity means a state, local government, Indian tribe, institution of higher education (IHE, or nonprofit organization that carries out a Federal award as a recipient or subrecipient.

2 CFR 200.74 Revised as of January 1, 2021

200.74 Pass-through Entity

Pass- through entity means a non- Federal entity that provides a subaward to a subrecipient to carry out part of a Federal program.

Specific to Funds 100-399

What are our thresholds? What Procurement Methods are allowed?

2 CFR 200.320 Revised January 1, 2021

200.320 Methods of Procurement to be followed

- (a) Informal procurement methods
 - 1) Micro-purchases
 - 2) Small Purchases
- b) Formal procurement methods
 - 1) Sealed bids
 - 2) Proposals
- c) Noncompetitive procurement
 - 1) Purchases not exceeding micro-purchase threshold
 - 2) Sole source
 - 3) Emergency procurement

What compliance requirements do we have when we spend certain dollar amounts?

2 CFR 200.67 Revised January 1, 2021

200.67 Micro-purchase

Micro-purchase means a purchase of supplies or services using simplified acquisition procedures, the aggregate amount of which does not exceed the micro-purchase threshold. Micro-purchase procedures comprise a subset of a non-Federal entity's small purchase procedures. The non-Federal entity uses such procedures in order to expedite the completion of its lowest-dollar small purchase transactions and minimize the associated administrative burden and cost. The micro-purchase threshold is set by the Federal Acquisition Regulation at 48 CFR Subpart 2.1 (Definitions). It is \$3,000 except as otherwise discussed in Subpart 2.1 of that regulation, but this threshold is periodically adjusted for inflation.

**** M-18-18 Raised the Micro-Purchase threshold to \$10,000. This update is incorporated in 2 e-CFR 2.101 Definitions****

2 CFR 200.88 Revised January 1, 2021

200.88 Simplified acquisition threshold

Simplified acquisition threshold means the dollar amount below which a non-Federal entity may purchase property or services using small purchase methods. Non-Federal entities adopt small purchase procedures in order to expedite the purchase of items costing less than the simplified acquisition threshold. The simplified acquisition threshold is set by the Federal Acquisition Regulation at 48 CFR Subpart 2.1 (Definitions) and in accordance with 41 U.S.C. 1908. As of the publication of this part, the simplified acquisition threshold is \$150,000, except as otherwise discussed in Subpart 2.1 of that regulation, but this threshold is periodically adjusted for inflation. (Also see definition of 200.67 Micro-Purchase).

**** M-18-18 Raised the Simplified Acquisition Threshold to \$250,000. This update is incorporated in 2 e-CFR 2.101 Definitions****

2 CFR 200.324 Revised January 1, 2021 200.324 Contract cost and price.

- a) The non-Federal entity **must perform a cost or price analysis** in connection with every procurement action in excess of the Simplified Acquisition Threshold including contract modifications. The method and degree of analysis is dependent on the facts surrounding the particular procurement situation, but as a starting point, the non-Federal entity must make independent estimates before receiving bids or proposals.
- b) The non-Federal entity must negotiate profit as a separate element of the price for each contract in which there is no price competition and in all cases where cost analysis is performed. To establish a fair and reasonable profit, consideration must be given to the complexity of the work to be performed, the risk borne by the contractor, the contractor's investment, the amount of subcontracting, the quality of its record of past performance, and industry profit rates in the surrounding geographical area for similar work.
- c) Cost or prices based on estimated costs for contracts under the Federal award are allowable only to the extent that costs incurred or cost estimates included in negotiated prices would be allowable for the non-Federal entity under Subpart E- Cost Principles of this part. The non-Federal entity may reference its own cost principles that comply with the Federal cost principles.
- d) The cost plus a percentage of cost and percentage of construction cost methods of contracting must not be used.

Appendix II to Part 200 – Contract provisions for Non-Federal Entity Contracts Under Federal Awards

- a) Civilian Agency Acquisition Council & Defense Acquisition Regulation Council - **Over \$150,000**
- b) Termination for cause and convenience - **Over \$100,00**
- c) Equal Employment Opportunity
- d) Davis-Bacon Act (**prime construction over \$2,000**) & Copeland "Anti-Kickback" Act
- e) Contract Work Hours and Safety Standards Act – **Over \$10,000**
- f) Right to inventions
- g) Clean Air Act & Federal Water Pollution Control Act – **Over \$150,000**
- h) Department and Suspension
- i) Byrd Anti-Lobbying – **Over \$10,000**
- j) Procurement of recovered materials – see 200.322

2 CFR 200.317 Revised January 2021 200.317 Procurement by States

When procuring property and services under a Federal award, a state must follow the same properties and procedures it uses when procurements from its non-Federal funds. The state will comply with 200.322 Procurement of recovered materials and ensure that every purchase order or other contract includes any clauses required by section 200.326 Contract provisions. All other non-Federal entities, including subrecipients of a state, will follow 200.318 General procurement standards through 200.326 Contract Provisions.

2 CFR 200.318 Revised January 2021 General Procurement Standards

(a) The non-Federal entity must use its own documented procurement procedures which reflect applicable State, local, and tribal laws and regulations, provided that the procurements conform to applicable Federal law and the Standards identified in this part.

Can we use IGA's?

200.318 General procurement standards.
(e) To foster greater economy and efficiency, and in accordance with efforts to promote cost-effective use of shared services across the Federal Government, the non-Federal entity is encouraged to enter into state and local intergovernmental agreements or inter-entity agreements where appropriate for procurement or use of common or shared goods and services.

Working with End-Users

Section 2

What are some best practices when working with end-users?

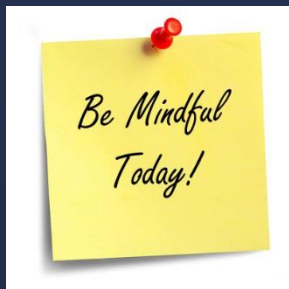
Communication:
This is key, I
strive to help all
my end users
any way that I
can. Educate on
the proper
procedures, and
teach them how
to help give me
the correct
information I
need to do my
Job.

*By
Bobby
Williams II*



Mindful Task

By
Monique
Harris,
CPPB



My mindful task #1: ACTIVELY LISTEN. We cannot create an effective contract or make the most advantageous purchase if we do not know what the end-users need to do their jobs effectively and efficiently. You have to actively listen to them. **My mindful task #2: Don't be a KNOW-IT-ALL.** As procurement professionals, we have to manage a variety of contracts with many different commodities. Therefore, we know a little about a lot of things. However, we do not know everything and we need our end-users to educate us on products and services. **My mindful task #3: BE A RESOURCE.** I want my end-users to call me seeking advice or even to ask simple questions. I want them to know that I am their go-to person when they are considering making a purchase. Also, do not use acronyms that they do not understand. If I say USFR, I tell them what that means (*Uniform System of Financial Records*). **My mindful task #4: GET THEM INVOLVED.** When I am renewing a contract, I send my departments a document to ask for their approval and their input. I set up meetings to discuss rebids on contracts. I have them review my solicitations so that they can ask questions about the terms and conditions. While they work with me to create the scope of work, sharing the entire bid opens the door up for discussion on other parts of the solicitation. I use this as an avenue to educate my end users.

Mindful Task

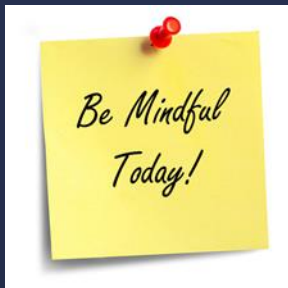
By
Monique
Harris,
CPPB



I have had several opportunities to volunteer and work at schools. I was able to explain what being a BUYER means. While we have many stakeholders, our students are our primary stakeholders. Our job does not exist without them. Working with students provided me with three important reminders. **First**, of why I work so hard every day for my students. **Second**, the teachers and students have a chance to interact with me in their environment. **Thirdly**, I get to expose a new generation to my world of public procurement. A funny example of this was a kindergarten student asking me why I could not buy them normal size toilets like what they have at home. Again, volunteering with them allows me to talk about my job and hopefully inspire new future Buyers.

Mindful Task

By
Monique
Harris,
CPPB



Moreover, I remind myself that purchasing needs to be more purpose-driven and not just process driven. *I love promoting a conscious culture.* We have a higher purpose. Everything we do impacts people. Vendors are people, students are people, staff are people, taxpayers are people. We should be people-centric because in our business PEOPLE matter! We are all interconnected. All stakeholders need each other. Do Not Forget....We are all in the same boat!

Lastly, please remember that you are the most important stakeholder. Do not get burnt out. People who are more purpose-driven tend to burn out at a higher rate because they are not doing the things they need to do to replenish themselves. *You have a duty towards yourself first so that you can do more for others!* Yes, mindfulness includes taking care of YOU!

Lari Staples



Arizona School District purchasing professionals live in a world of compliance: compliance with Arizona Revised Statutes, compliance with the Uniform System of Financial Records, compliance with Governing Board Policies. Does your position of ensuring compliance seem at odds with providing great service to your customers? If you find that it can sometimes be challenging to meet your customers' expectations while staying compliant with rules and regulations, here are some tips that may help you bridge the gap.

Don't assume they know the rules. Have you ever thought, "Why would they do that? They've been here long enough to know the rules!" I've found that if they didn't follow the rules they A) didn't know them, B) forgot them, or C) didn't think they applied to this situation. As purchasing professionals, it's our job to know the details of the rules, all of the nuances, the gray areas. Even with great training, you can't expect your customers to understand them at the same level that you do, and you can't expect them to apply the rules correctly to every situation. Rather than simmer in frustration, find an opportunity for education. Give your customer a call, talk through the situation, let them know what went wrong, and how it should be done differently in the future. And follow up with an email for documentation.

Find a solution that meets the customer's need and complies with the rules. Take the approach of a problem solver. Who could be better to think outside of the box to find a creative, legal solution than the person that best understands the rules? Listen carefully to your customer's needs. Put yourself in their shoes. Accept the challenge of finding a solution that will meet their needs, while complying with the rules. If your customer knows that you are willing to be their partner in finding a legal solution, they will be a lot more willing to bend a little on their side to find a win-win solution.

Explain the rules in basic terms, no jargon. In the business office, acronyms like RFP, USFR and SDER are common language. But if you want to build a bridge to your customer, substitute commonplace language for these types of terms. Instead of saying, "Expenditures that exceed \$100,000 cumulatively in any given commodity during the fiscal year must be procured through a formal solicitation process", try saying, "If you want to buy something that will be more than \$100,000, we're required to go through a formal process that is led by the Purchasing Department." Your customer will appreciate having the rules laid out in an easy-to-understand manner that they can connect with.

Lari Staples

CUSTOMER
SERVICE



If you can't comply with a request, be specific about why not, and offer an alternative. Occasionally, there are requests from our customers that we simply can't comply with. Maybe it's a legal issue, maybe it's a timing issue, or maybe it's a budget issue. If you've put yourself in their shoes, and tried to produce a solution, but can't find one, let them know. Be specific about the particular issues that you are unable to comply with. Even if you can't meet their request exactly as stated, is there an alternative you can offer that at least solves part of their request? Brainstorm with your customer to find other ways of achieving their goal. Stay polite and courteous. Frustrations and tempers can rise when a customer's needs seem to be at odds with business rules and regulations. Take a deep breath and remember, it's not about you, and it's not about them, it's about finding a solution. Don't take it personally. Stay in the problem solver mode, and keep talking through different options. The more your customers realize that you will always do what you can to find a legal solution, the less they will get upset when a situation doesn't work out the way they anticipated.

Great customer service is something that comes from within. It's more about who you are, than what you do. Do you go the extra mile? Do you make an extra effort? Customer service has to be genuine and it has to be consistent. It comes from truly caring about your customers, connecting with them, understanding their point of view. And understanding that when the purchasing department provides great customer service to the schools, it has a ripple effect that reaches our ultimate customers – the kids.

Additional Duties Assigned

Section 3

Tips on how to handle wearing multiple hats and perform at an effective level

Pareto Charts

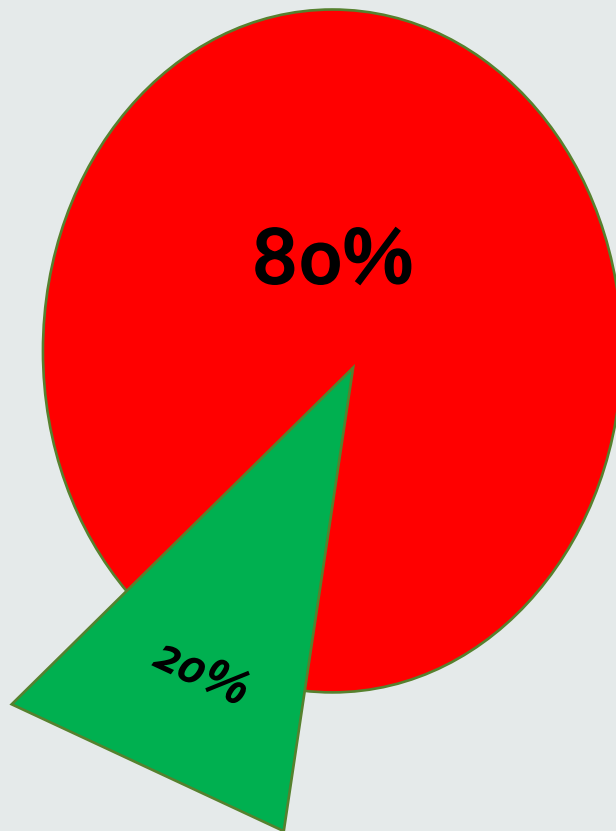
Pareto charts are a method of organizing errors, problems, or defects to help focus on problem-solving efforts. They are based on the work of Vilfredo Pareto, a 19th century economist. Joseph M. Juran popularized Pareto's work when he suggested that 80% of a firm's problems are a result of only 20% of the causes.

Pareto Charts: A graphic way of classifying problems by their level of importance, often referred to as the 80-20 rule.

Want to learn more, continue to next page.....

Procurement 501

Understanding and Applying the 80/20 Rule



By Mark Kinsey & Sue Rose

Pareto Principle

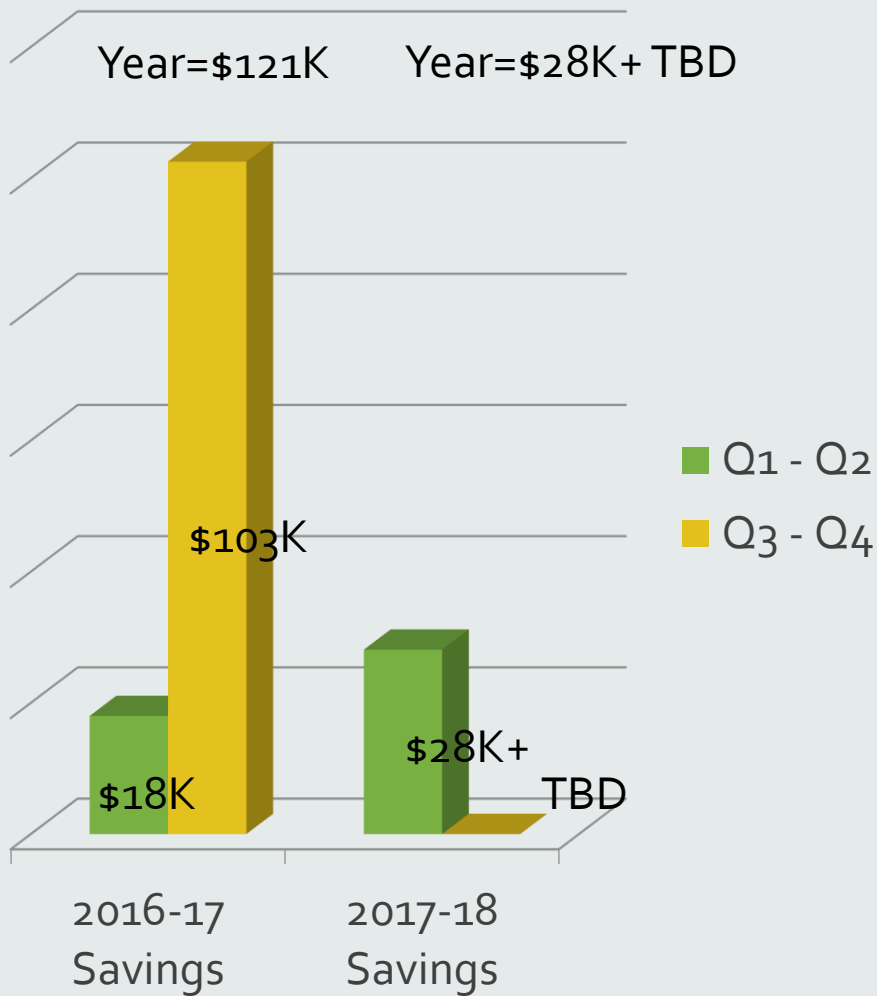
From Wikipedia, the free encyclopedia...

The Pareto Principle is derived from Vilfredo Pareto's observation that only a "vital few" of the peapods in his garden produced the majority of peas.

The Pareto principle (also known as the 80/20 rule, the law of the vital few, or the principle of factor sparsity)[1] states that, for many events, roughly 80% of the effects come from 20% of the causes.[2] Management consultant Joseph M. Juran suggested the principle and named it after Italian economist Vilfredo Pareto, who noted the 80/20 connection while at the University of Lausanne in 1896, as published in his first paper, "Cours d'économie politique".

Essentially, Pareto showed that approximately 80% of the land in Italy was owned by 20% of the population; Pareto developed the principle by observing that about 20% of the peapods in his garden contained 80% of the peas.[3]

MUSD Procurement Savings/Cost Avoidance



Note: 2015-16 Savings = \$44K

Procurement 501

- What “value” does your Procurement function bring to the table every day? **COMPLIANCE FIRST**, seeking *best value, hard \$ savings, soft \$ savings, Least Total Cost (SPO)*
- How can your team increase this value while maintaining compliance and customer service levels?
- Have you mapped and “leaned” your processes to ensure maximum efficiency for your team, your internal, and external customers?

“How do you find the answers to the above questions”

Hint: *80/20 analysis of your workload/throughput/output*

SPO – One Procurement

Highlights from SPO Conference in Phoenix on 10/27/17

SPO Procurement Vision:
Be the Leader and Partner of Choice
in End-to-End Procurement Solutions

Mission:
Deliver Maximum value for every dollar

SPO making unprecedented steps to be more responsive to all cooperative members!



Arizona Management System (AMS)



Overview

Understanding the 80/20 Pareto Rule:

- Have you Identified your major duties/tasks?
- Have you assigned a time value and procurement value to each task?
- Have you analyzed the associated spend with each of these tasks?

Applying this Rule:

- Which task do you think is taking 80 percent of your time relative to 20 percent or fewer impact to your goal of Best Value/Savings to the District?

Objective:

- Solve one of your major 80/20 failures
- Leave with process to keep repeating this with your team

80/20 – Understanding (Analyzing) Your Spend

Issued 3800 Purchase Orders (July-Oct)

- 1300 issued in July; 65 per workday
- 2500 issued August-October; 40 per workday
- Total Value of \$33.3 million

Staffing:
2.3 Buyers
Assigned Commodities

Issued 1100 POs value > \$1,000
(NEGOTIATION)

- = 28 percent of POs issued
- \$32.6 million of spend
- 1-10 percent savings/cost avoidance would be **\$326K+**

Food Service
Janitorial
Construction
Architects
IT/Utilities
(\$326K)

Issued remaining 2700 POs < \$1,000 **(NEG & PROCESS)**

- = 72 percent of POs issued
- \$700K of spend
- 5 percent savings/cost avoidance would be **\$35K**

Small Blanket Pos
Office Supplies
Athletics/SACT
School Supplies
Travel
(\$35K)

80/20 – Understanding (Analyzing) Your Spend

The \$326K question?

"How do we put 80 percent of our time on these purchases?"

Issued 1100 POs value > \$1000 (**NEGOTIATION**)

- = 28 percent of POs issued
- \$32.6 million of spend
- 1 percent savings/cost avoidance would be **\$326K**



- 1) #1 way is to find ways to reduce time spent on smaller value procurements; use Pcard, punchouts
- 1) Get involved early in the big contract, projects, etc.; negotiate wherever possible
- 2) Closely review cooperative contracts; don't be afraid to hard bid "your Scope"
- 3) Determine procurement strategy to maximize funds available
- 4) Think "inside" and "outside" the box
- 5) Create maximum competition for the agency \$

Purchase Order 18XXXX

Less than \$1,000 Pos? What is most efficient process?
PO or PCARD?

Other Concerns:

- Without Fraud!
- Auditor compliant!

MEDCO SUPPLY, MASUEN & SURGICAL SUPPLY	Saline Wash	1803336	\$5.01	Open	10/12/2017
MEDCO SUPPLY, MASUEN & SURGICAL SUPPLY	Eye Wash	1803336	\$2.43	Open	10/12/2017
MEDCO SUPPLY, MASUEN & SURGICAL SUPPLY	Replacement Spigots	1803336	\$8.52	Open	10/12/2017
MEDCO SUPPLY, MASUEN & SURGICAL SUPPLY	Roam Roller 2nd Edition	1803336	\$15.32	Open	10/12/2017
MEDCO SUPPLY, MASUEN & SURGICAL SUPPLY	Pro 21 Scissors	1803336	\$27.34	Open	10/12/2017
MEDCO SUPPLY, MASUEN & SURGICAL SUPPLY	Pro Trainer Scissors	1803336	\$7.91	Open	10/12/2017
MEDCO SUPPLY, MASUEN & SURGICAL SUPPLY	Left Med Splint	1803336	\$4.16	Open	10/12/2017
MEDCO SUPPLY, MASUEN & SURGICAL SUPPLY	Right Med Splint	1803336	\$4.16	Open	10/12/2017
MEDCO SUPPLY, MASUEN & SURGICAL SUPPLY	32 oz Spray	1803336	\$4.29	Open	10/12/2017
MEDCO SUPPLY, MASUEN & SURGICAL SUPPLY	Power Flex	1803336	\$28.31	Open	10/12/2017
MEDCO SUPPLY, MASUEN & SURGICAL SUPPLY	Foam Wrap	1803336	\$31.39	Open	10/12/2017
MEDCO SUPPLY, MASUEN & SURGICAL SUPPLY	Flexi Wrap	1803336	\$35.14	Open	10/12/2017
MEDCO SUPPLY, MASUEN & SURGICAL SUPPLY	Power FLex w/ Absorbent Foam	1803336	\$20.09	Open	10/12/2017
MEDCO SUPPLY, MASUEN & SURGICAL SUPPLY	Foam Roller Storage Cart	1803336	\$110.28	Open	10/12/2017

Getting Started

- Perform a daily task review
- What are the five major tasks you are working on each day
- Perform a PO database review
- Look at your actual spend and try to categorize
- Relate this to amount of time you are spending on approving, processing these requisitions
- Can this be done better?
- Team review and prioritization meeting
- What one task (of significance in terms of time or potential savings) are we going to start with to map out the process “as is” and “should/could be”
- Engage internal and external suppliers/customers who are part of the process

Your Task Review - Homework

What are your five major tasks during a typical week?

- 1) _____ Hrs) _____
- 2) _____ Hrs) _____
- 3) _____ Hrs) _____
- 4) _____ Hrs) _____
- 5) _____ Hrs) _____

What is really important that you are not getting done?

- 1) _____ Hrs) _____
- 2) _____ Hrs) _____
- 3) _____ Hrs) _____

MUSD Procurement Director

My tasks for a week in review...

- | | |
|---|----------------------------------|
| 1) Mon-Fri: Review reqs /issuing POs | Hrs) 3 hr per day / 15 hrs week |
| 2) Mon-Fri: "Managing" emails | Hrs) 2 hr per day / 10 hrs week |
| 3) Mon-Fri: District/Vendor Meetings | Hrs) 1 hr per day / 5 hrs week |
| 4) Mon-Fri: Policy/Guidance /Due Diligence | Hrs) 1 hr per day / 5 hrs week |
| 5) Mon-Fri: Fire Fighting (avoiding ATF) | Hrs) 1+ hr per day / 5+ hrs week |
| *****Hrs: 8+ per day / 40+ per week | |

Note (additional things that I attempt to fit in the above or off time):

- 1) **Finding/tracking savings/value**
- 2) Contract administration,
- 3) **Strategic Planning,**
- 4) site visits/training,
- 5) consult with peers,
- 6) work with accounts payable, and
- 7) Other duties as assigned

MUSD Ideas in Progress

- Negotiation training
- Requisition templates
- Procurement punch outs
- Maximizing “appropriate” use of PCARD and Blanket POs
- Student Activity fund process, moving it to full electronic and full student participation via Chromebooks
- Seeking out Best Practices
- Visions team coming in to look at processes
- In all of these endeavors, take the time to map process:

“As is”

Action

“Should/could be”

Summary

- 1) Mission = Compliance and Best Value/Lowest Total Cost
- 2) How? Identify/map all processes (using AMS or something like that)
 - May not remove compliance requirements/but may improve
- 3) Prioritize by percent of time or savings impact on your agency
- 4) Must have leadership support or it will fail
- 5) Listen, Communicate, Improve

Commit to Self Semi-Annual examination/change plan

Procurement 501

Understanding and Applying the 80/20 Rule



*Mark Kinsey
& Sue Rose*

Additional Duties Assigned

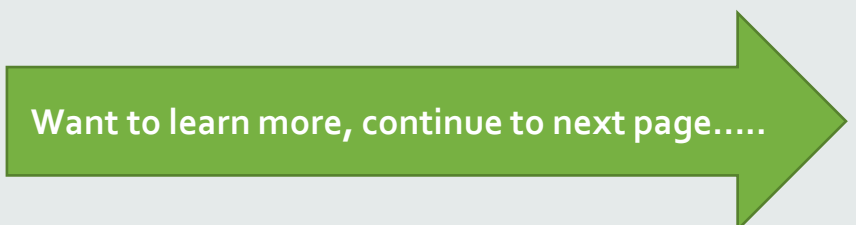
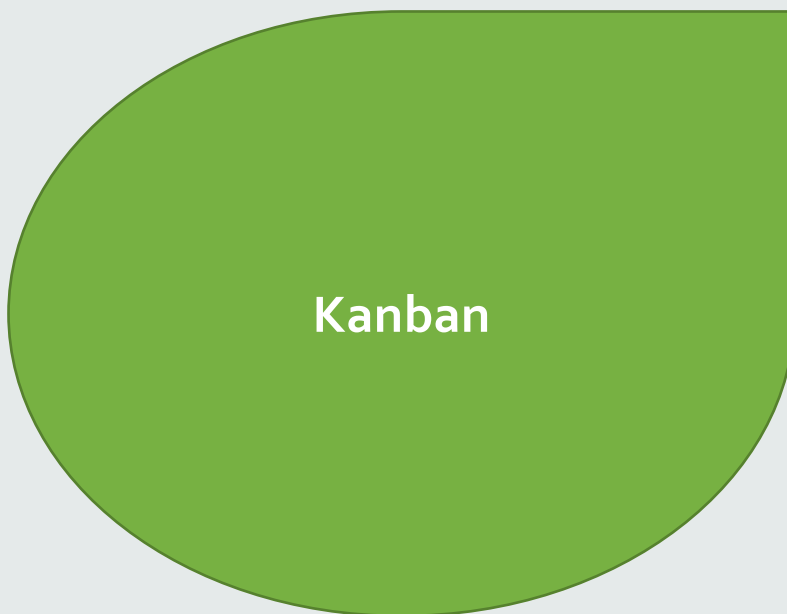
Section 3 - Continue

Want MORE Tips on how to handle wearing multiple hats and perform at an effective level



Kanban

Kanban is a lean method to manage and improve work across human systems. This approach aims to manage work by balancing demands with available capacity, and by improving the handling of system-level bottlenecks. - Wikipedia



Managing your day by not allowing your day to manage you!

By Monique Harris, CPPB

"Instant gratification is just an illusion, EVERYTHING is a process" – Monique Harris, CPPB. This is a quote that I created once I started working in public education. I quickly found out what the small print that says "other duties as assigned" means you will be wearing multiple hats. The quote I created was my own personal reminder that you are not a magician. Instant gratification is just an illusion and is not realistic in the world of procurement. There is no magic wand that you can wave to make things happen instantaneously. At one point, I was performing my duties as the buyer and managing the centralized warehouse inventory, furnishing new schools builds (6 schools), and managing our public surplus. As the only buyer over 26 sites and approving 95% of the requisitions, you would think, how can you get anything done. Well, I am a big believer in finding a path that works for you so that you do not become overwhelmed. My path was found when I attended a Kanban presentation at a NIGP conference. ***(Side note: AASBO, NIGP, GPPCS, and other meetings, workshop, and conferences are extremely valuable when it comes to improving yourself as a procurement professional).*** As mentioned, Kanban became my sanctuary to discover peace of mind in my hectic workday. You may ask...what is Kanban? Well Kanban is a Japanese philosophy used in manufacturing. The idea is that you maximize your results by minimizing your task. It is a visual workflow management tool that can ensure that you get more done with minimum stress.

Managing your day by not allowing your day to manage you!

By Monique Harris, CPPB

You can read more about Kanban at

<https://www.planview.com/resources/articles/what-is-kanban/>




While Kanban is utilized mostly in a manufacturing environment, I have adapted it to my purchasing project management workflow. It is very simple to implement. The day I attended the NIGP workshop on Kanban, I drove to Fry's and purchased a .99 cents poster board. I added 4 columns to the board. The first column is TO DO Items. The second column WORK IN PROGRESS with a #2 next to the title to remind me that I can only have 2 task in this column which implies minimum assignment. The third column is titled BLOCKED/Waiting. Finally the last and fourth column is titled DONE. I write out my task on sticky notes and move the notes according to the section that applies to the task. The aforementioned link really does an excellent job explaining the core elements of Kanban. First, you visualize your work. You cannot know where you are going without knowing where you need to start. So add the task or the project on a sticky note and placing it in the TO DO Items column allows you to see what needs to be done. Second, limit work in process or work in progress. When you limit the task in the Work in Progress column, you will reduce the time it takes for the work to travel through your Kanban system. The sticky notes are essential because if you find that someone is blocking your progress, you can simply move the sticky note from work in process to BLOCKED/Waiting. When you have completed the task, you move it to the DONE column which really starts to pile up over the school year.

Managing your day by not allowing your day to manage you!

By Monique Harris, CPPB

The DONE column will serve as a constant reminder what you have completed so far during the school year. I clear out my DONE column in July, and it feels really good to review all of the task and projects that I accomplished over the past 12 months. However, the most important column on your Kanban board will be the Work in Progress column. You should NEVER have more than 2 sticky notes in this column. I know you are thinking, my day is crazy and I have so many people coming into my office and asking for this or asking for that. Well, simply add the task on the board in your To Do Items. You can then prioritize the urgent requests. Remember, the idea is to map your current workflow, visualize your work, focus on the flow, limit your work in process, and complete the task with less stress. Do not discount this idea until you have tried it. With that said, it is okay to ask for help. I wanted to spend more time with contract administration and contract management, and I voiced this to my management team. My amazing leadership team revised the workflow so that some of the more clerical functions could be handled by others which would free up some time for me to do more contract administration and contract management. Again, you can only do what you can do. We all have the same 24 hours in the day. You do not want to spend your day being stressed out by your workload. The workload will not disappear, but with the help of Kanban or whatever system you choose to use (LEAN, Six Sigma, etc.) you can discover peace of mind that you are working smarter to get your work done with less stress.

Monique's Kanban Board

TO DO ITEMS	Work in Progress (2 Task Only)	BLOCKED/ Waiting	DONE
			

My Story

Section 4

Attention New Procurement Professional:

You are NOT alone.

Enjoy relatable stories shared by procurement professionals in the beginning of their careers and some AMAZING advice from seasoned procurement peeps.

My Story by Mark Kinsey

I began work at Marana Unified School District in the spring of 2006. I was hired as the Procurement Manager and joined a small purchasing team of two purchasing agents and myself. I hit the ground running as we prepared for the end of the school year and Fiscal Year end closed out. I left Marana in late 2007 but returned as Director of Procurement in 2017.

I don't want to call it a 12-step program, but as I recall, and as I used upon my return this year, the things that helped me the most are as follows:

- 1) **Listen and learn** - how are things being done, what are the priorities, especially where there is a concern about "legality"
- 2) **Read and learn** - everything that was done previously to your arrival
- 3) **Do not be afraid to say, "I don't know, but I will find out!"**
- 4) Ask lots of questions of your team, your District team, and other procurement professionals
- 5) Ask for another procurement professional to come take a look at what you are doing
- 6) Don't settle for the response "it has always been done that way"; ask why it is done that way, is it right?
- 7) Find out what is really important in your District; how Procurement can help achieve that mission/those goals
- 8) **Get organized and put systems in place to ensure standardization of process and efforts**
- 9) READ and get to know State Procurement Code, Board Policy, School Procurement Rules, and USFR right away
- 10) **Thank people every day for what they are doing!**
- 11) Don't be afraid to ask for help, reach out to your financial services team and contracted auditors early on to understand where your District's weaknesses have been in the past
- 12) **REPEAT!**

My Story by Janet Nevarez

As you know, I myself am new to procurement, I am glad Mary suggested becoming in such an important project. I don't have the experience or knowledge that the rest of the group has, but my daily basis consist of learning something new every day and being part of the group helps and supports that. Just last meeting, I was having such a hard week, and to know and realize that I am not the only one in there that at one point feels lost, like it's too much and to try and catch up with everyone's expectations, it's hard it's really hard, but it sure helps to know that it's not that I can't or that it's too much because others at one point felt the same way. So thank you so much for giving me the comfort that as a new buyer I need. I have little feedback, but I am sure that it'll help someone else when they feel as lost as I feel at the time and to know that it's ok and it'll get better.

My advice would be; Don't give up!!! Use whichever resource is more helpful to you and hold on to it because that'll be your constant rescuer.

My lesson learned; I walked into this job with no experience, so it became a challenge to meet everyone's expectation, don't be so hard on yourself. Every day you're going to learn something new, there is a whole world of procurement that you need to learn, process, and know how to use. Take one day at a time, it'll be hard, confusing and overwhelming but it'll be all worth it.

Storytelling: I, myself am a new buyer. I am in the learning process and are nowhere near mastering procurement as I wish I did. I walked into this job having no experience; using any resource my supervisor gives me and trying to use it to its best. There have been days where it's too much, so many steps, so many codes so many little details that make it confusing and hard, having everyone around with expectations and very little rooms for mistakes, it becomes almost too hard

My Story by Janet Nevarez

I've made one too many mistakes, but mistakes are part of learning, and every mistake has made me learn the process.

Have lots of patience with yourself even if others don't. I kept pushing myself to know or to master everything there is to know and that's what was making it so hard for me. Ask questions as insignificant or illogical as they may seem and when you think you are not doing enough stop and look back where you started and see where you are at and you'll realize what a long way you've come and all that you've accomplished, it may seem very little to others but take one day at a time, one thing at a time, it'll help you get through the hard days. Loving what you do is the best payback you'll have for all those times where you felt so confused, so overwhelmed, and that you just couldn't. Love what you do everything else will come little by little.

My Story by Monique Harris, CPPB

Prior to starting in the purchasing department, I attended a 1-day AASBO purchasing class. My new boss thought it would be a great plan for me to get some training prior to starting in his department. It was a good idea that I did because on my very first day in the procurement department, the lady that was training me resigned. Within a few weeks, I found myself training a new person though I was also new. My issue was that people did not treat me like I was new. They would constantly tell me that I told them to do something last year, or I rejected something they did two years ago. I felt like I was in the twilight zone. They would look at me perplexingly when I would tell them that I was not here last year. Finally, I decided to own this "experienced status." When they would say I told them to do something last year, I would simply smile and focus on solving the current issue. ***I overcame my challenge by embracing my challenge.*** I did more research, and I put more effort and time into studying the procurement code and the USFR guidelines. The results, within a year, I was leading the furniture renovation project for the district. I became the experienced resource that they needed and it worked out for me. The exposure to presenting to the executive team and addressing issues with teachers and principals led to me advancing in my career. My advice to new buyers, attend the 1-day purchasing class and the 4-day purchasing class as soon as the first one is available to you. ***Make sure that you attend AASBO and NIGP conferences so that you can get additional training at workshops.*** Also, start doing due diligence as soon as possible on other cooperative contracts because the experience of reviewing and assessing other's work will help you improve your own contracts. Do not fret because you will always be learning in procurement. You will never know everything. This career choice requires ongoing training and you will be a life learner. ***Most importantly, you will be surrounded by people who truly want you to succeed.*** I have experienced this personally. Procurement professionals at other districts will always be there to support you and mentor you. Therefore, make sure to introduce yourself and exchange cards at conferences and GPPCS meetings. ***You are never alone in our procurement world.***

My Story by Gary Barkman, CPPB

During my first year in public procurement, I was requested to purchase a fish farm for one of our school sites. I didn't even know what that was, let alone know where to find it.

To make things worse, I was between buyers, my current buyer was promoted and working with his new commodities while the buyer to replace him was not in our District yet. I consulted with the newly promoted buyer and the indication was to make the purchase. We were off and running. To make a long story short, the fish farm being requested was under the \$5,000.00 threshold that was in place at the time, (approximately 2002). Let me be very clear here. No procurement rules were violated but the protocols in place were a little hazy.

Nonetheless, I purchased the fish farm and when it arrived at the school site, many people were amazed, including my group at our Operations site. The Director of Operations held a construction meeting. During this meeting, we were asked, "Who's the moron that purchased the fish farm for one of our school sites. Well, as I crouched in my seat with head down and hand held high, I heard, "Barkman, I should have known!" I was asked the cost of this fish farm and when answering \$4,200.00 and change, he replied, "You wanna bet?"

Bound to be right, I challenged him to review the purchase order. He indicated that there's more than the cost of the outright fish farm to consider when putting this type of project together. Our Director went on to elaborate that we had to consider, slabs, plumbing, piping, electrical, project design, etc.

My Story by Gary Barkman, CPPB

To make another long story short, he calculated this project to be around \$23,000.00 plus in total. Now don't I look foolish and I've already indicated that no procurement rules were violated and this was true, according to rule. The moral of that story is to know all the hands that need to touch the project, prior to making the final purchase, as our decisions may tax those around us to come up with considerable time, effort and funding.

I was truly unaware that others needed to be consulted. After all, I was merely purchasing a fish farm, or so I thought, as I was just a commodity buyer. This one purchase lives with me to this day, as by some, I'm known as "Fish Farm Boy". There are those that are still in our District and know the story, but that number is dwindling. One day, I'll be the only person that truly knows "Fish Farm Boy".

From a professional standpoint, this one purchase helped me in ways you would never think possible. It opened my eyes to the resources available and the need to check with their departments, to see what they may know regarding upcoming projects for the District.

My Story by Kim Hadley

As a new Purchasing Specialist, I had no idea what my job REALLY entailed. I knew that I would be buying “stuff” for the district. I had no idea that I would soon learn about construction projects, cooperatives, contracts, bids and so much more. But I soon figured out that really what my job MOST entailed was customer service. When I transferred to the Procurement Office at my district office, I had been a district employee for almost 14 years. I had dealt with students, parents, teachers, principals, administrators and all other school district personnel in between. Now my job would be to build a bridge between all of those people, who have little to no understanding of how Procurement works, and the Procurement process.

One day I was on the phone with an office manager explaining how some part of the process works when she said: “Can you hold on a minute; I have a student that needs my attention?” I said “Sure, no problem.” Having come from the school environment I totally understand that the office manager wears many different hats in their job. Our district phones have cameras, and hers happened to be on, so I sat and watched as she dealt with a crying kindergartener standing in front of her. The poor little guy had just urinated in his pants and there was no nurse in the office to assist him. I then realized that, while her understanding of Procurement was important, it wasn’t the most important thing at that time! So I told her to please deal with the student and call me back when she was able. I learned day that a little patience and understanding is the key to working in Procurement.

My Story by Rebecca Reber

ALWAYS ROOM FOR GROWTH

I was a purchasing supervisor for two different major hospitals in the greater Phoenix area for approximately 17 years prior to moving into the world of Arizona School District Procurement. I had a vast knowledge of working with many different levels of vendors and staff and I supervised as many as 18 to 20 persons during my hospital procurement experience. The hospitals both worked with national buying groups and did some purchasing via contracted agreements, however, the laws for procurement at both hospitals, were not governed by dollar amount expenditures, nor had as strict of laws as Arizona school districts.

I began working in school district procurement almost 17 years ago in what is considered medium-sized districts - three different districts total. I QUICKLY learned that I had a lot of ROOM for GROWTH. Early on I was introduced to the GPPCS group and a couple of years later; I also became a member of AASBO. I also became a member of the SAVE organization (back when meetings were held separate from GPPCS). I took advantage of the various purchasing and GFA classes offered by the AASBO organization. I have also had some one-on-one training with other organizations that support and uplift the Arizona procurement processes. All have been a tremendous help to me throughout the years.

My Story by Rebecca Reber

My advice to new professionals in Arizona School District purchasing:

Recognize early on that a little knowledge can be dangerous, and additional knowledge always helps you be a better asset in performing your work duties.

Be open-minded and willing to ask questions of your peers and of those who teach these classes. I have learned that no question is too trivial and those you ask are willing to share and assist.

Share what you have learned and what works for you - because many others face the same circumstances, and we learn from one another.

Be willing to assist with bid/proposal writing and evaluations that may affect your district, and which are done for the good of the GPPCS /SAVE groups.

Make a strong effort to attend the monthly meetings and additional training classes. The attendance at these meetings is vital to keeping current on purchasing laws and how they affect your district(s).

Expand your knowledge by attending meetings that keep you informed on school district business in general. It will help you do your job better and it will increase your understanding of how what you do fits in the overall school district arena.

Prepare early each year and follow the rules with every procurement, which will allow your district to pass audits with great reviews. (This makes for a happy boss).

My Story by Rebecca Reber

My purchasing career has always fed my family and provided a roof over our heads, and I am very grateful to have spent the past 34 years doing something that I find both fulfilling and rewarding. I am passionate about purchasing and, while I don't love every little detail about my job, (which includes fixed assets reporting, and inventorying, and tagging, in addition to all of the purchasing, and, at times, supervising warehouse personnel) I love the ins and outs of purchasing and the variety of exposure to all types of needs for each district where I have worked. I have been involved in construction purchases which include RFQ writing, textbook adoption purchases, writing a huge variety of bids and proposals, and buying pencils, paper, and Band-Aids and everything in between.

My hope for you is that you will love what you do and always be willing to learn.

My Story by Suzan Huerta Contreras

I did not have any purchasing experience but on my first day as a buyer 17 years ago was with Food & Nutrition which is a whole different world. This wasn't a small district and it was also a growing one as well. The position had been vacant for some time so I had no one to train me.

My Director and Supervisor at the time gave me a tour of the department/facility and showed me my desk and said "Please get familiar with your area and let us know if you need anything" while my phone was ringing off the hook and cafeteria managers were walking into the office and asking questions.

Thank God, I had a purchasing department that I could call but they did not know anything about Food & Nutrition but they helped me out with specifications, quotes, RFPs, thresholds, state contracts, etc.

A few years later I attended the 3-day Procurement course hosted by AASBO which really put things in perspective. Mainly working in my warehouse to get familiar with all of the food products and supplies got me thru it all. It did take about 2 years to get familiar with commodities, menus and the entire process of Food and Nutrition but 17 years later I am still procuring Food and Nutrition and loving it.

My advice to others is to take as many AASBO classes as possible and reach out to all of your resources, GPPCS, Mohave state contracts and network as much as much as you can with other districts.

My Story by Lari Staples, CPPO

My career in school district purchasing began in October 2000. I was working as a Secretary to a Business Manager when I received a call from the new Superintendent of a district I had worked at previously. He stated he had a purchasing job open and would like to discuss the opportunity with me. I shared with him that I knew nothing about school district purchasing, but he still wanted to meet. At our meeting, I again shared that I knew nothing about purchasing. He stated, "All you need to know is 5, 15, 30. That's all there is to it." At the time, the purchasing thresholds were \$5,000 for verbal quotes, \$15,000 for written quotes, and \$30,000 for formal solicitations. His belief was, if you were aware of these thresholds, there wasn't much more to know about the job.

I accepted the job and quickly learned there was much more to a school district purchasing professional than simply watching dollar thresholds. For the next many years, I learned about contract management, public procurement contract law, procurement ethics, Arizona Revised Statutes, federal rules and regulations, fixed assets compliance, warehouse management, accounts payable processes, USFR account codes and so much more. I have been fortunate to work in districts that supported professional development and even supported me through public procurement classes at ASU in order to obtain my CPPO (Certified Public Procurement Officer) certification in April 2007. And I continue to grow and learn since we seem to be in an ever-changing world of increasing regulations and scrutiny.

That Superintendent's words still stick with me today, as a reminder that so many outside of our field do not understand the breadth and depth of the knowledge that we need to be effective procurement professionals. It's not only our job to educate ourselves about the position, but also to share that knowledge with others outside of purchasing so that we can build bridges, understanding, and respect.

My Story by Bobby Williams

Customer Service is what I strive to excel at. So when starting as the new Procurement Coordinator for my district, I would receive calls occasionally to help end users on reports and errors with the PO system. Within a couple of months, my entire district realized that my customer service was exceedingly superb, even in areas that had nothing to do with Purchasing. I basically cross trained myself in other areas to assist in being customer service oriented. By the end of my first year, I would receive 90% of all incoming calls to the finance department. This became overwhelming, as much as I wanted to help, and be the best at what I did, I had to scale back. Being an hourly paid employee, there are only so many hours in a day and I had to learn how to utilize that time in the most efficient manner. Learning to delegate those calls to other departments, and educating end-users on how to help themselves on certain things was how I managed to balance the increased call volume my second year. Being helpful is great, being TOO helpful can be a problem sometimes as well.

My Story by Victoria Farrar, MBA

Advice: Procurement is a content area that is bound by endless rules, and it's easy to forget the needs of the customers we serve. While we must follow the rules, we can do so with smiles on our faces, warmth in our voices, and tact in our emails. It is easy to have rash personalities and strict mannerisms, but we must remain customer service oriented.

Lesson Learned: Learn all you can, and continue asking questions, be involved in GPPCS, AASBO, and any other Procurement Professional Development you are able to.

Contract Administration & Contract Management

Section 5

Looking for Guidance in building a Strong Contract Administration and Management Program?

Can't Buy Me Love in Contract Administration

*Lloyd B. Windle II, CPPO, C.P.M., CPPB
City of Tucson
Contract Administration Manager
Contract Administration & Management
Program (CAMP)*

Contract Compliance Program

The Lost Child of Procurement

As we begin, I want you to think about the following question as we explore Contract Compliance.

1. Why do I refer to Contract Compliance as “The Lost Child of Procurement?”

But more importantly, I have the following challenge for you.

1. What is the ONE take away from this conversation that you will implement in your agency?

So keep these two questions in mind as we explore this case study.



Discussion Goals

- ✓ Build, Implement, and Grow Program.
- ✓ Implement Value Add Activities that Compliment Existing Contracting Tasks.
- ✓ Identify and Implement “Quick Wins.”
- ✓ Create and Implement Effective “Tools/Templates.”
- ✓ Engage in Continuous Program Improvement.

The discussion goals for this section include:

- Breadth and Depth of the Program
- Initial Vision vs Future Vision
- Complimentary Value Added Activities such as SOW and specs to improve Quality
- Relationship Building and Partnerships
- Quick Wins and Tools
- Process Improvement



to



First, Let's think of contract administration as a "lifecycle" program. A Cradle to Grave for contracts and the services/products acquired. From the planning/creating of the competitive solicitation, to competitive solicitation process, to contract award, to post contract award activities, to contract closeout and finally the eventual destruction of the contract documentation.

With the Lifecycle of Contracts in mind,

- What do you want your program to look like?
- What do you want it to accomplish?
- No matter how big or how small.

Lets Go CAMPing!



Basic? Like camping with the bare necessities such as driving the tent stakes into the ground, having a cooking fire and campfire, sleeping bags ... or

Cadillac? Like in an RV with full comforts of your home... or is it

Somewhere in between?

It is important to have a vision and understand the vision for the program so that you can chart a path for success.

What is the initial vision you want to attain?

What is the future vision?

It's important to define the extent of the program. This will provide you with guidance and focus when developing the program.

And of course, the above all depends on a number of variables in your control and NOT in your control.

Thousands and Thousands of Dollars ...

- By happenstance.
- By the customer.
- By the ...



So how do you get started? The City got started with the Procurement Department recovering hundreds of thousands of dollars over several years. Some by pure happenstance. Some when notified by the customer. Some when notified by the supplier! By a show of hands, anyone been notified by a supplier that they overbilled you and owe you money?

Anyone conduct audits through intentional effort? If so, is this a Procurement employee?

Has that occurred in your agency?

How were you made aware?

Share the story of the fuel supplier, tires, medical supplies, road and ground materials,

By recovering \$500,000+ by sheer happenstance, Procurement began to build a case to create a program. But was that enough to sell Executive Leadership?

Probably not. But why?

Let me explain in this way.

Visibility



You see, Contract Compliance has not necessarily been visible on the radar screen and consequently not a priority.

Would you agree with that statement?

That appears to have changed recently with all the training activity and discussions on Contract Administration. Now let me state that I am specifically excluding programs such as Davis Bacon, Small Business Enterprise and Disadvantaged Business Enterprise. Contract Compliance for today's discussion is suited for Goods and Services as those are the contracting types where less oversight occurs. Construction contracts typically are more regimented and contain compliance requirements. That is not to say that these contracts should be excluded from the program or there is not room for improvement.

For the Procurement Professional, it has not necessarily been a priority for us. Would you agree? And the question is. Why Not? Why hasn't it been? More importantly ... Should it be? I strongly suggest that it should.

That said. How can we make it a priority and elevate Procurement in the Agency?

Let's Assume the Program is Not Standardized ...

- Who?
- What?
- When?
- Where?
- Why?
- How?



Regardless of your agency's program, let's explore how to sell a formal compliance program where one does not exist or where it is informal or where it resides at the Department level in the agency. Let's assume the program is NOT standardized, not centralized and possibly not residing in Procurement!

- Who is involved?
- What do you sell?
- When is it needed?
- Where do you begin?
- Why is it necessary?
- How do you do it?

The answers to these questions should tie back to the vision of the program that was identified earlier



How will you git er done?

So what is your FIRST step? It's probably Procurement's favorite 8 letter word.



What word is it?





What market and agency specific research to conduct, gather and capture?

What market and agency specific research to conduct, gather and capture?

1. Program
2. Policy
3. Procedures
4. Processes
5. Best Practices
6. Templates, Checklists, Forms
7. Guidance Documents
8. Articles
9. Publications

Host event with agency stakeholders to obtain a baseline of the current status.

Invite stakeholders to participate in building the program and gather their input.

PM, Contract Representatives, Supervisors...

Reps from all Departments

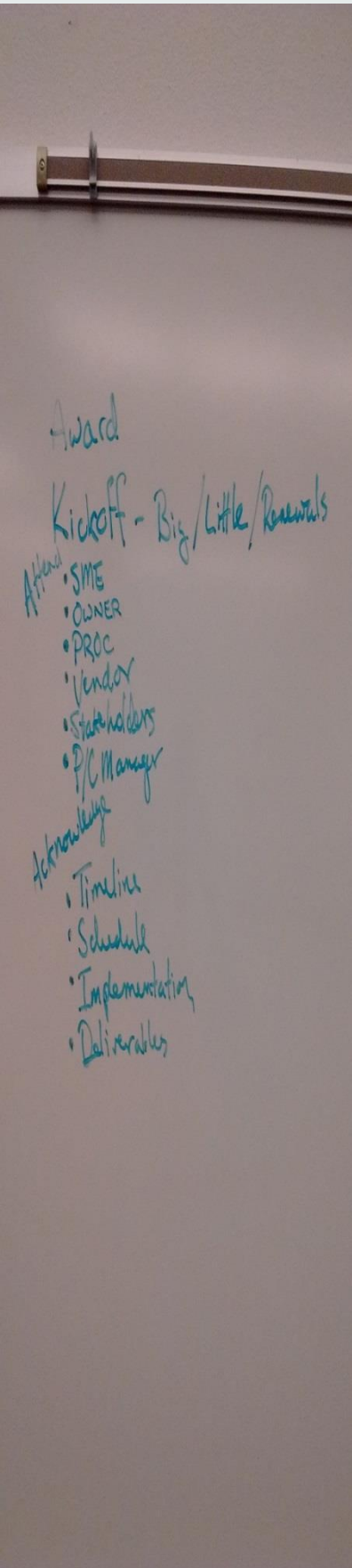
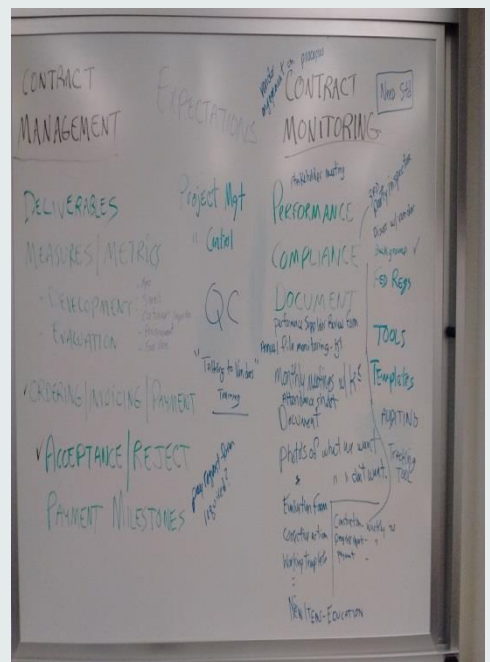
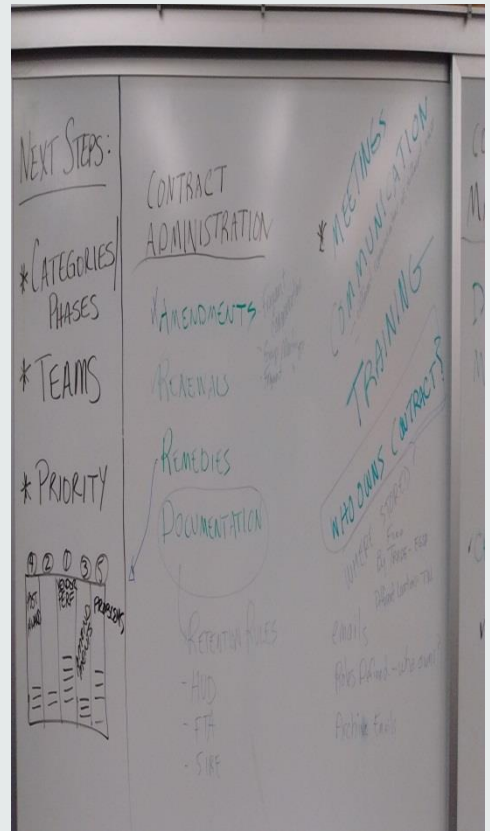
Establish a "Buy In"

Enlist & Empower them!

Staff who interact with the suppliers on a daily basis

Goal is to establish a baseline of current activity, task and most importantly ... opportunities!

TRANSLATION – Establish acceptance & need for a program.



2018 Nsite Survey Results

- 42% of agencies have an INFORMAL Contract Administration Program.
- 28% have NO written program.
- 28% have a FORMAL, written program led by Procurement. 4% led by Non-Procurement.
- Most programs are relatively new, aged between 0 to 5 years
- Only 18% have a mature program defined as 6+ years in age

The results of this survey was confirmed at Forum in Austin.

What does this snapshot tell us?

What picture does it paint?

2018 Nsite Survey Results

- Incentives/Disincentives – 16%
- Deliverables - 92%
- Defined Roles & Responsibilities – 83%
- Performance Measures/Metrics – 58%
- Payment Milestones – 50%

Here are the highlights of the survey conducted through Nsite in 2018. Those listed in RED are considered opportunities while those in GREEN are where agencies are excelling.

2018 Nsite Survey Results

- Vendor Compliance Reports/Corrective Action Plans – 31% each
- Status and Performance/Activity Reporting – 37%
- Contract Kickoff Meeting – 54%
- Invoice & Payment Review Approval Process - 77%
- Contract Renewal – 71%

Lots of opportunity to positively impact our respective agency! So from the data, we now have some level of understanding of where Contract Compliance sits in your agency.

So .. Where to you go from here?



So what does this data, surveys, articles, etc. tell you? All points to Procurement not being involved to a large extent in the post contract award activities. That could be due to many things in an agency.

- **Lack of Resources.** Shortages of labor. Many are not at full staff for the workload that must be completed.
- **Lack of skills/knowledge.**
- **Lack of training** for those who manage the day-to-day operations of the supplier
- **Executive Leadership is UNAWARE** of the extent of post contract award problems

Data indicates that Procurement was primarily involved in a reactionary role and that Procurement's role in Compliance IS minimal, only when called upon and it's not centralized in Procurement. It's truly The Lost Child of Procurement.

Is this surprising at all?

Getting to



So it's important to note that the steps I am presenting are not necessarily sequential. Multiple steps could be occurring at the same time or steps could be in a different order. The important thing is the content. So, now that you are armed with information and knowledge, let's get to YES.

First, you MUST gain the support of Upper Management in your agency. That might be your Director, Executive Leadership Team, Superintendent's Office, etc. It will be driven by your organization chart.

So, Let's get to YES!

Executive Management Support

- *Discuss justification.*
- *Findings and recovery by happenstance.*
- *Contract Leakage statistics from IACCM.*
 - *Calculate potential recovery dollars.*
 - *Process improvements.*
 - *Standardize templates/forms.*
 - *Develop checklists.*

Provide statistics on contract leakage. Anyone know what this term means?

- Findings and recovery by happenstance
- Discuss the program goals and parameters
- Discuss resources needed
- Explain benefits of pursuing
- Layout the vision and general plan
- Discuss the 6 questions
- Calculate potential recovery dollars
- Process improvements
- Standardize templates/forms
- Develop checklists



Now that it is approved, what is next?

Time to Create a centralized, standard, formal program that leverages appropriate agency staff.

- Implement best practices
- Create standards
- Accountability for program, customers and suppliers
- Improve Performance
- Improve quality of contracts
- The Big One! - Recover \$ - through "Intentional Auditing"
- Reduce overpayments occurrences
- Reduce unnecessary communications with supplier, and between end users and contracting staff



In the End, it's a PREVENTATIVE program. Let's prevent the undesirable outcomes through the intentional design of the program.



So how much money do you think your agency is flushing down the toilet?

Due to:

Vague SOW/Specs

No contract compliance requirements

No standard practices

No standard processes

Staff not knowledgeable or skilled

Contract Leakage

So what is it costing your agency?

Sources of these Leaks are

1. Poor Contract Quality
2. Inadequate Contract Management
3. Contracting Costs

Research published in IACCM indicates that Average Contract Value Leakage is 9%.

Think about that. 9% is LOST once the contract is used.

A \$10M contract loses \$900,000 through its life in combined hard and soft dollars.

Hard Leakage

- Invoicing Errors
- Unrealized Price Adjustments
- Non-Compliant Work

Soft Leakage

- Delivery Failures
- Poor Customer Service
- Lost Renewal Opportunities
- Lost Business

IACCM, Leak-Proofing Your Contracts Processes, May 8, 2018

Contract Administration Problems

Contract Type	Rank
Construction	1
Contracted Services	2
Professional Services	3
Software	4
Capital Outlay	5
Supplies/Small Purchases	6
Leases	7

Typical Problems For Each Contract Type

Rank	Supplies & Small Purchases	Capital Purchases	Professional Services	Contracted Services	Software	Leases	Construction
1	Delays	Delays	Change Orders	Poor Performance	Cost	Cost	Change Orders
2	Cost	Cost	Delays	Delays	Other	Other	Delays
3	Poor Performance	Change Orders	Cost	Acceptance	Delays	Delays	Cost
4	Change Order	Poor Performance	Conflict	Conflict	Acceptance	Poor Performance	Subcontractors
5	Wrong Products	Other	Acceptance	Change Order	Change Order	Acceptance	Conflict
6	Other	Conflict	Poor Performance	Cost	Poor Performance	Change Order	Acceptance
7	Conflict	Subcontractors	Subcontractors	Risk of Failure	Conflict	Conflict	Poor Performance
8	Acceptance	Acceptance	Other	Subcontractors	Risk of Failure	Risk of Failure	Risk of Failure
9	Risk of Failure	Risk of Failure	Risk of Failure	Other	Wrong Product	Subcontractors	Wrong Products
10	Subcontractors	Wrong Product	Wrong Product	Wrong Product	Subcontractors	Wrong Product	Other

Davison, W. D., & Sebastian, R. J. (In press). The relationship between contract administration problems and contract type. *Journal of Public Procurement*.

Now that we know the types of problems, what can we (Procurement) do PROACTIVELY to mitigate, reduce, eliminate the risks? Where should the focus be placed?

Exercise

Let's read this simple term that was included in a contract that ended up in litigation.

"These out-of-pocket expenses include court reporting services, expert witness fees, reasonable travel expenses, if any, fees paid to trial witnesses and the cost to create demonstrative trial exhibits."

Why did it reach litigation?

What about the written language was troublesome?

Include is key word :

Client – a term of limitation

Lawyer – a term of expansion



**Who did the judge
rule in favor of?**

**What did the court
say?**

**Both interpretations
reasonable. Ruled
against the party
who wrote the
contract.**

Case Study - Example of Value Added by Procurement

Issues

- Software system in “perpetual” installation/implementation mode.
- 18 months of ongoing issues.
- Customer did not know how to or who to ask for assistance.
- Communication ineffective

Stakeholders – ITD, Transportation, Courts, DMV, Citizens

ISSUES:

- 1) Frequent system slowness.
- 2) Frequent failure of overnight processes.
- 3) Duplicate records in database.
- 4) Records with incomplete data.
- 5) Tickets in limbo – letter never sent

CONSEQUENCES:

- 1) Lost revenue
- 2) Manually entering ticket information

Keep this example in mind when we get to the Quick Wins Matrix

Case Study - Example of Value Added by Procurement

Solutions

- Change in leadership.
- Standardized, weekly meetings.
- Instituted an issues log to update progress/status.
- Prioritize Issues.
- Single point of contact (Agency and Vendor)

Changes in leadership for Agency and Vendor

- Added resources
- Added new test environment
- Monitoring of overnight “tasks/processes” that run.
- Upgrade hardware

Define Program

- ✓ Small & Focused or Large & Comprehensive
- ✓ Policy
- ✓ Procedures
- ✓ Guidance Documents
- ✓ Best Practices
- ✓ Templates
- ✓ Checklists
- ✓ Forms
- ✓ Tools



Define Program

My favorite picture on this slide is the one of the old tools. You see, when my parents needed 24/7 care they went into a skilled nursing home. I was left with the responsibility of taking care of their affairs and eventually cleaning out my parent's home to prep it for sale. My parents were depression era born kids and as such kept everything (almost) that had perceived value. During the intense long days of tossing out worthless items, donating many things to help those less fortunate, I came across a tool box hand built by my Father and one by my Grandfather. I was amazed they were still here and intact. As I opened both, I saw the collection of hand tools that each had used as carpenters TRAINED by the Amish community. If these tools could speak, there would be thousands of tales to tell throughout their history. And yes, the tools STILL operate as they were made. Now I am handy around the house with tools but not to the extent of either of them. My tools are of a different nature. Not less significant and not any less impactful over time.



***So I ask you - When you leave your agency,
what tools will you develop that will have a
lasting impact on those that follow?
Is there a toolbox to store them in?
Will you have left a legacy?***

Contract Audit/Review Process

- Obtain List of Contracts
- Input from Contracting Staff, End Users, Accounts Payable and Contract Representatives
- Define Scope
- Conduct Audit/Review
- Document Findings and Recommendations
- Issue Letter to Vendor
- Issue Reports to Impacted Staff



Development

SUCCESS TRAITS:

WHO

end users
contracting staff
suppliers

WHAT

Customize content
Relevant experience and examples
Tools
Guidance Docs

HOW

Conversation
Presentation/Workshops
Video



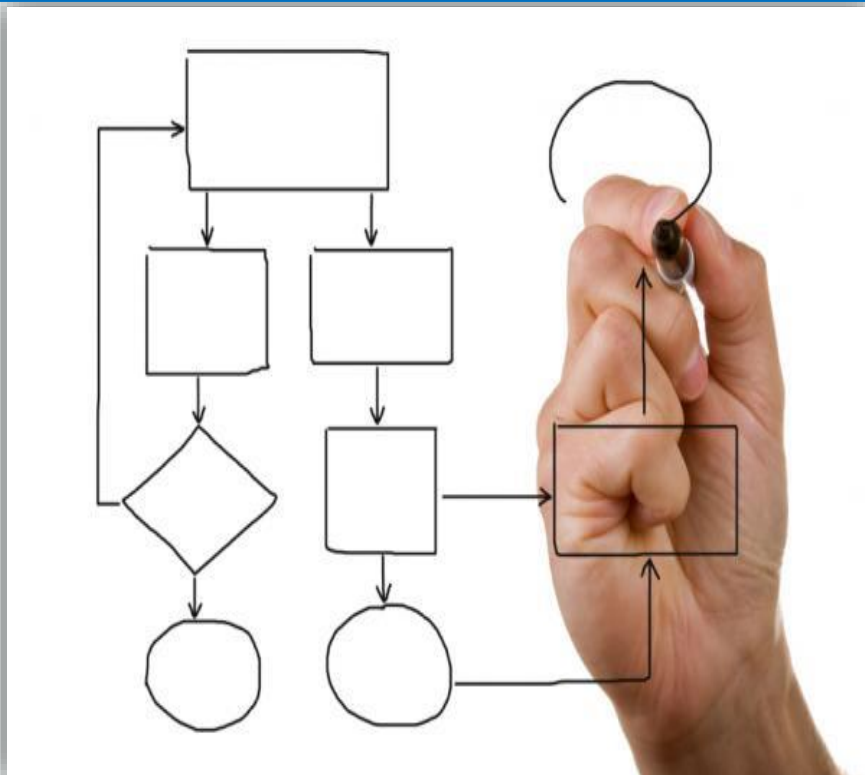
Understand Your Agencies Structure

How will you distribute the program?

- *Email?*
- *Website?*
- *Face-2-Face?*

How is your agency structured?

Are there distribution channels that reach the intended audience?



Rollout & Implementation

HOW

- Distribution Channels
- A/P – Invoices
- Finance Leads
- PM's

WHEN

Be mindful of competing events such as year end processing

WHAT

- Quick Wins initially
- Checklists, Forms,

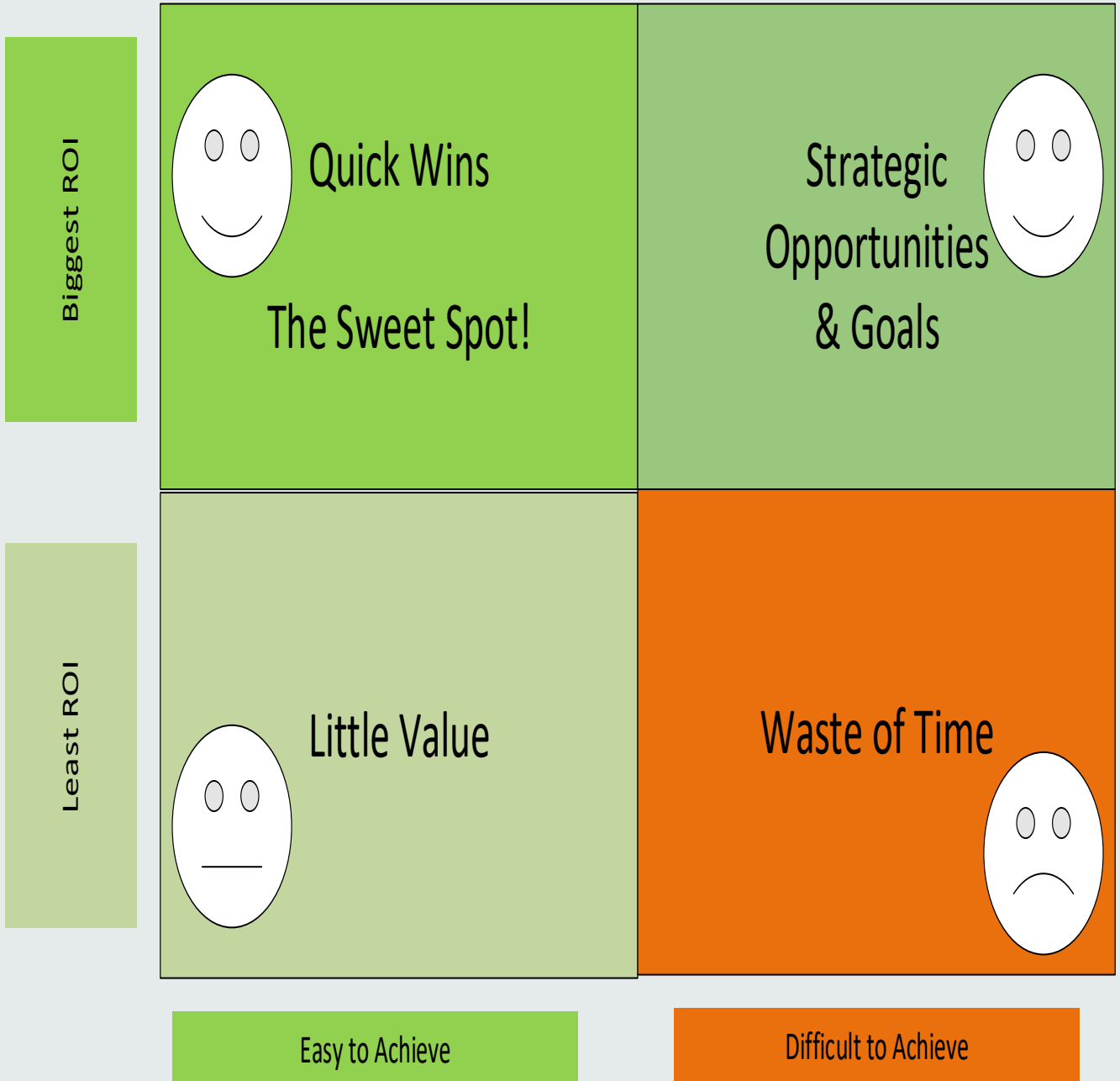
What Media

- Email
- Website
- Education sessions



How do you identify the Quick Wins?

- Hosted Event
- Contracting Staff
- Customers who use contracts
- Statistics
- Research
- Surveys



Where would the Software example be located?

Let's discuss the following. A customer was having difficulty with arriving at a resolution for a tow where customer disputed a \$128 charge that had been paid!. Arghh! It was frustrating that after numerous emails and phone calls over several months that nothing had occurred. After reading the contract and understanding the terms, I was able to make a quick phone call to recover the \$128. This was a relationship builder and added credibility to the program.

Based upon the research, events, etc. here are some ideas for Quick Wins.



1. Invoice Review and Payment Approval Checklist
2. Contract Summary Document
3. Receiving, Inspection and Acceptance Checklist
4. Kickoff Meeting Agenda (54% of agencies don't do this. Hosted event said this was a priority.)
5. Implementation and Payment Milestones Template
6. Guidance for Developing a Negotiations Strategy
7. Right to Audit term added to standard T&C
8. Records term revised.
9. Cooperative Administrative Fee process implemented.

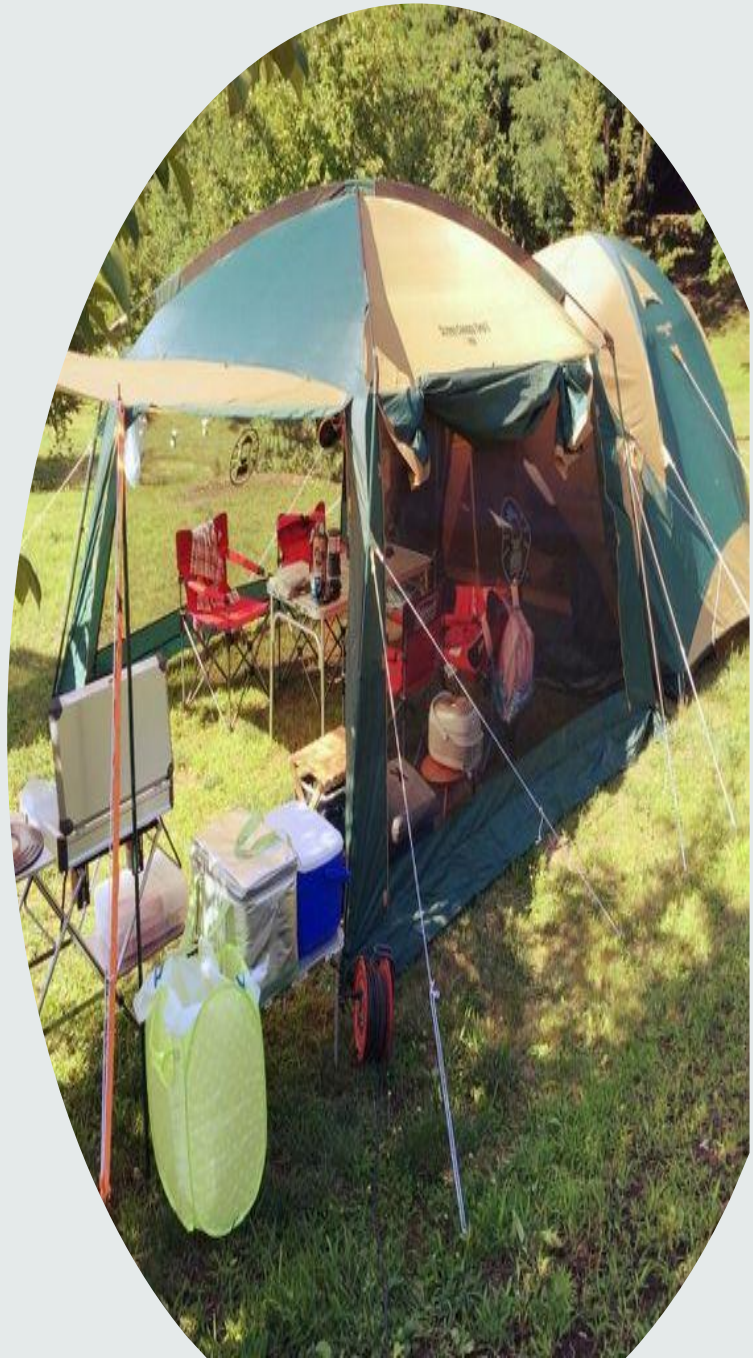


1. Add staff to primarily focus on auditing of invoices and payments.
2. Development partnerships/liaisons with each Department
3. Establish a multi-department, multi-division user group to create and implement best practices and standards
4. Hold monthly/quarterly meetings with liaisons/user group
5. Publish a monthly newsletter
6. Partner with A/P to distribute checklists to staff who review and approve invoices
7. Partner with Finance to relay messages to customers on contract compliance issues like billing and payment.
8. Partner with higher education to obtain Student Interns
9. Leverage
10. Internal Auditors
11. End Users
12. Contracting Staff
13. Higher Education Partnerships



1. Document results
2. Obtain feedback from customers
3. Review
4. Revise
5. Engage

**Now
Set Up
your
Camp!**



Procurement Cycle & Stakeholders by Missy Mudry



How did we get here?

In Quick overview of procurement cycle

1. Hey I need X....
2. Who, what, when, where, how & why
3. MOA to get stuff /o
4. Issued solicitation or Coop DD/determination – criteria used for resultant contract(s) defined in SOW
5. Award - congratulations, this is a huge win! You've made it this far so now what....
6. Post Award functions

Type of purchase impact on this process and related admin functions ex.) 1XO vs. 5 YR term vs. Construction or system upgrade/changeover

**Coop contract purchase is a bit different in contract admin because working w/agency on many admin functions
Sourcing – ensure member/participation agreement; review documentation to perform DD and make related determinations

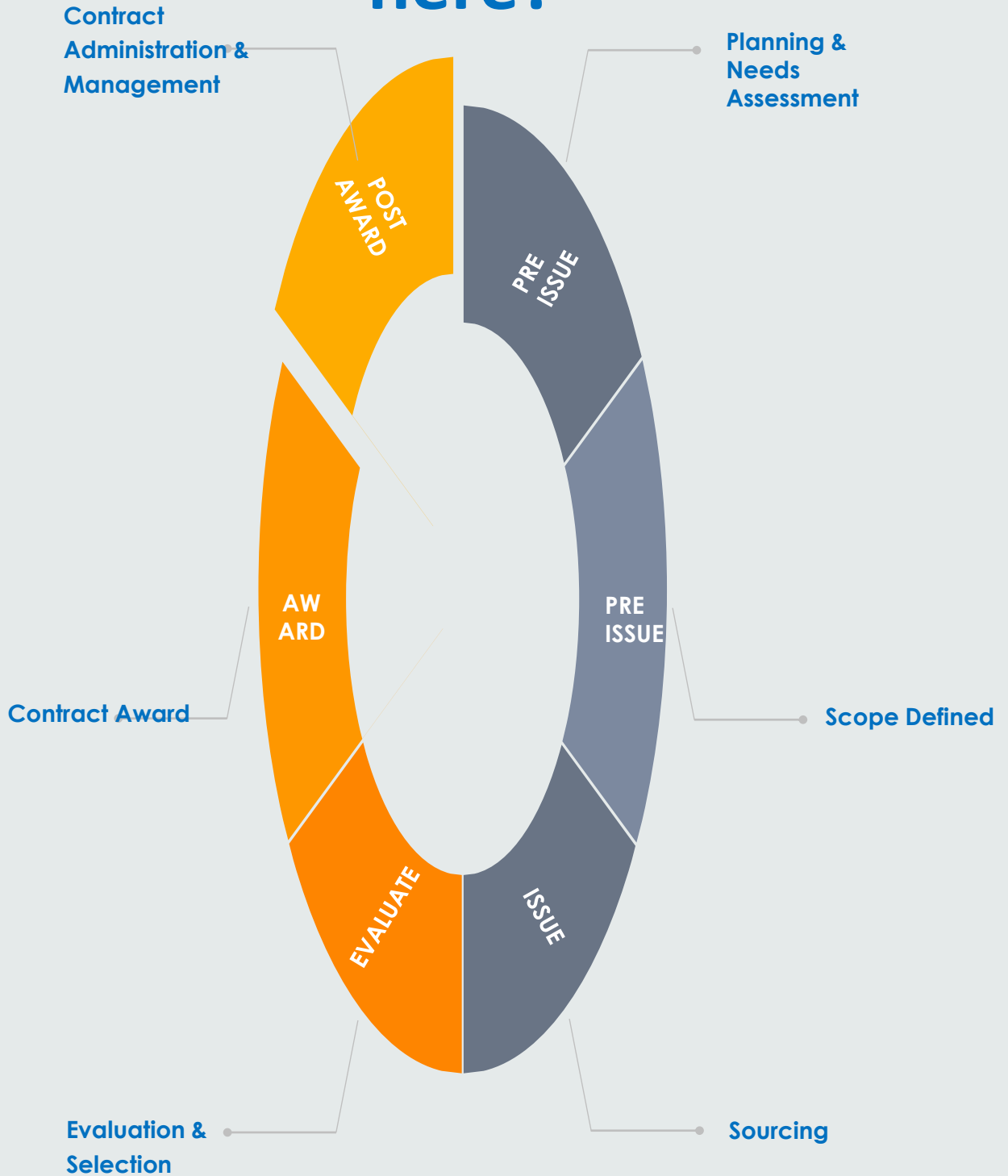
9X out of 10 = peace out; see you in a year or when you need something or something is wrong

Reality is this is where it dies

So many missed opportunities in this MOA

How did we get

here?



Awarded Contract



Party Time! Now what is the #1 priority after contract award?

Getting X – said product/service

Ensure same page expectations – this should be defined w/in contract docs

Performance



Ex) Public entity/owner gets software upgrade finalized before 1st day for teachers

Vendor – gets paid for providing X w/in contract terms, i.e. payment is key here

Net 30 statutory obligation



Stakeholders

Purchasing isn't just transactional – process cycle

Public schools and entities are under intense scrutiny -- everyone is watching with vested interests

Today's focus will be end users and vendors, but keep in mind many other stakeholders



- *Taxpayers*
- *Students*
- *Teachers*
- *Leadership*
- *Finance*
- *Suppliers*
- *Legal*
- *Parents*
- *Community*



Vendors, Community, Parents + Students

1. This is replicated for all stakeholders - \$\$\$ spent by taxpayers but also safety, security other factors. Public = higher standards
2. The story of procurement – who, what, when, where, how and why
3. Businesses, sales, growth and strategic innovations (P3 Partnerships)

Many of these stakeholders do not understand the process or rationale why we do what we do!



External

Needs & Wants

Responsibility

Transparency

Opportunity

End Users, Admin,
Teachers/GB

1. Need for Speed - Wanted it yesterday – often last to know + processes are slow so by award/movement often frustrated peeps involved
2. Cost savings - stretch \$ = more stuff & things
3. Compliance

Understanding Needs &
Wants = Benefits



Internal

Needs & Wants

Timeliness

Cost Savings

Compliance

*Reality is negativity breeds contempt and it's everywhere
in today's world*

Us vs Them mentality

*Mutually beneficial = not one party "putting the screws"
to the other*

AND often highbrow "vendors are trying to pull one over"

*Owners putting it to them wanting everything under sun;
not paying on time....*

*Relationships built on trust and solidified w/contract
language*

*Proudly hold this title – often the person able to bridge
the gap*

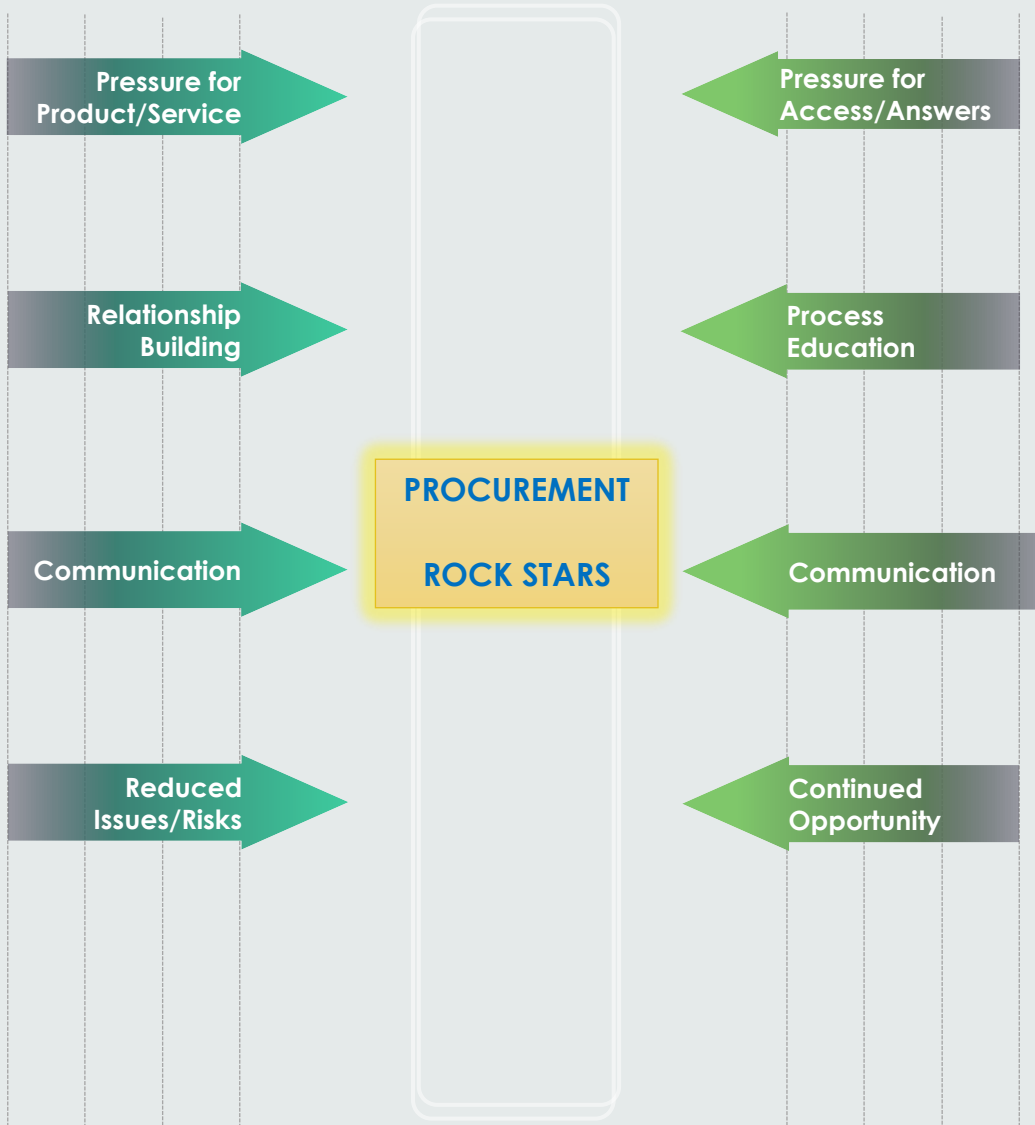
Communication is fundamental!

*Procurement is the face of the purchase and responsible
party for compliance aka keeping people out of the news
and even despite our best efforts, it happens.*

Bridge the Gap

Internal Stakeholders

External Stakeholders



What prohibits fulfilling the needs and wants? What makes it harder for Procurement to be a Rockstar?

1. Poor Performance = Quality/Service/
2. Nuff said
3. Some of these have a domino effect –
4. Leakage – in depth below**
5. Cost increases/change orders
6. Conflicts – these can be mitigated on the front end
7. Risks of failure
8. Subcontractors = prime contract holder's responsibility

Tangible: invoicing errors, unrealized price adjustments, non-compliant work/subs

Intangible: poor customer service, lost renewal opportunities, lost business

Lloyd Windle at NIGP national conference: research published *IACCM, Leak-Proofing Your Contracts Processes, May 8, 2018*
Average Contract Value Leakage is 9%. \$10M loses \$900,000 through its life in combined hard and soft dollars.

Contract Administration Hurdles

Poor Performance

Delays

Wrong Product

Contract Leakage

Cost Increases/Change Orders

Conflicts

Risk of Failure

Subcontractor Issues

UNDESIRABLE RESULTS!

Bottom line – both internal and external stakeholders suffer from all of the above. Let's talk about strategy!

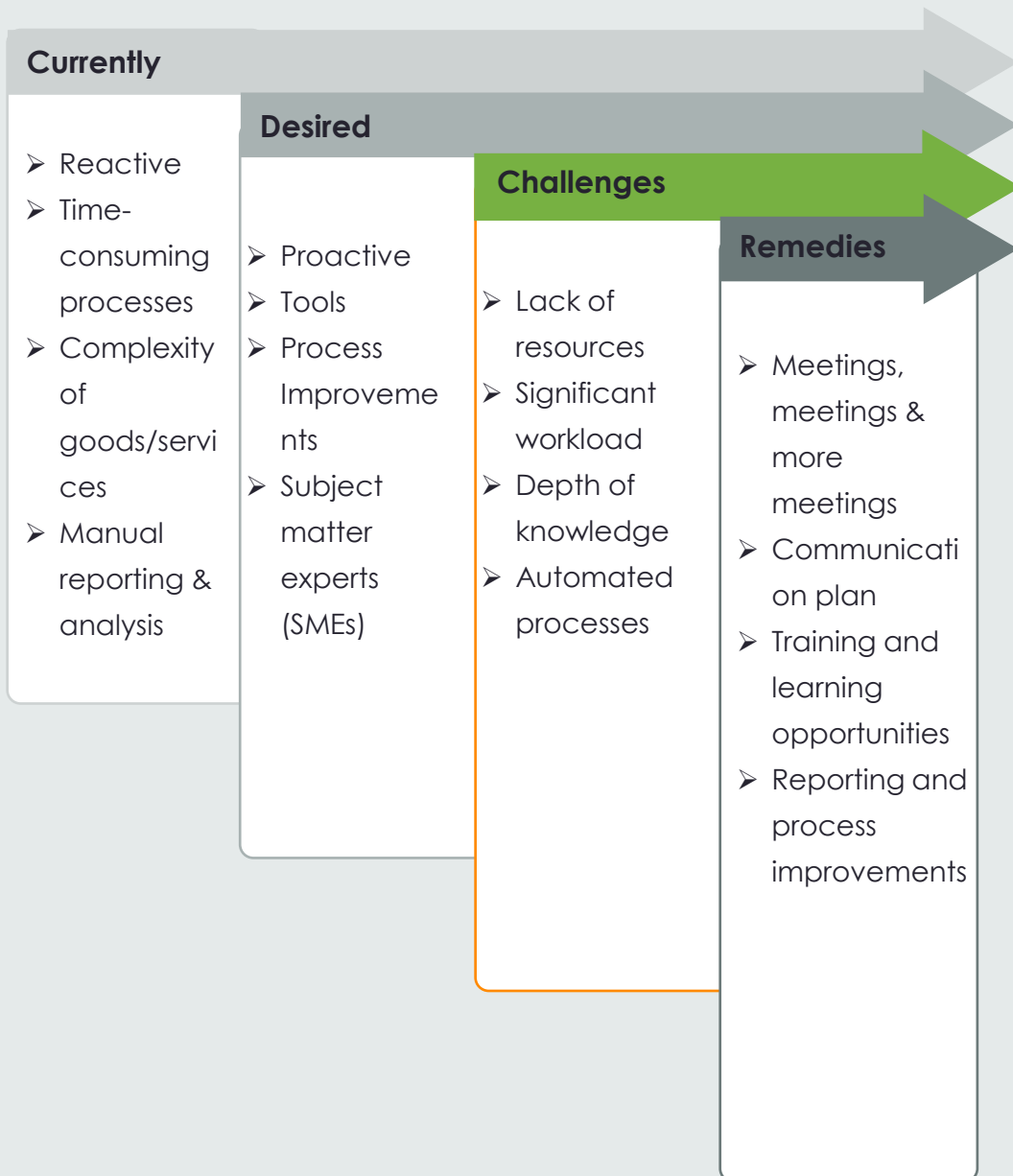
How do we get there?

- Contract administration tends to take a back seat unless there is a problem with the contract;
- Internal stakeholders and procurement reactive rather than proactive
- Time-consuming manual processes still present in many procurement offices;
- Complexity of goods and services being purchased;
- Manually collecting and managing usage/spend data from contractors via Excel or Access

Roles and responsibilities:

- How performance will be evaluated, including milestones and metrics;
- Method of Approach for reporting/evaluating
- Tools and processes; and
- Process for resolution of disputes and claims.

How do we get there?



These contracts help to make the wheel keep turning! Often multi-term/renewing service/product needs

Defined Requirements – at this point, do not pass go if not!

Collecting meaningful data and establishing performance metrics

Using tracking tools to monitor spending patterns and whether a contract is working as intended

Reporting tools and having processes in place for identifying deficiencies

Communication between All parties before, during, and after keeps EVERYONE informed of compliance statuses and potential issues that may arise

Meetings = kick off and regular meetings/on-site visits - helps to monitor and discuss the contract & performance

Training

Performance and needs for existing may change w/in duration

Accountability

Best Practice

Activities



Groundhog Day

Wash, rinse & repeat

Many wearing multiple hats, working w/limited time or support

Purchases under the \$100K threshold for competitive sealed offers take the most time and large admin burden

Internal = set up plan together
Helps w/longer term strategic goals

Ex.) Bond projects; system wide upgrades (financial software)

External
Don't be pesky and yet don't be silent either
Delicate balance



Work together for successful contract performance throughout its term.

Mutually beneficial

Build relationships with customer agencies;

Maintain communications and business relationships with contractors;

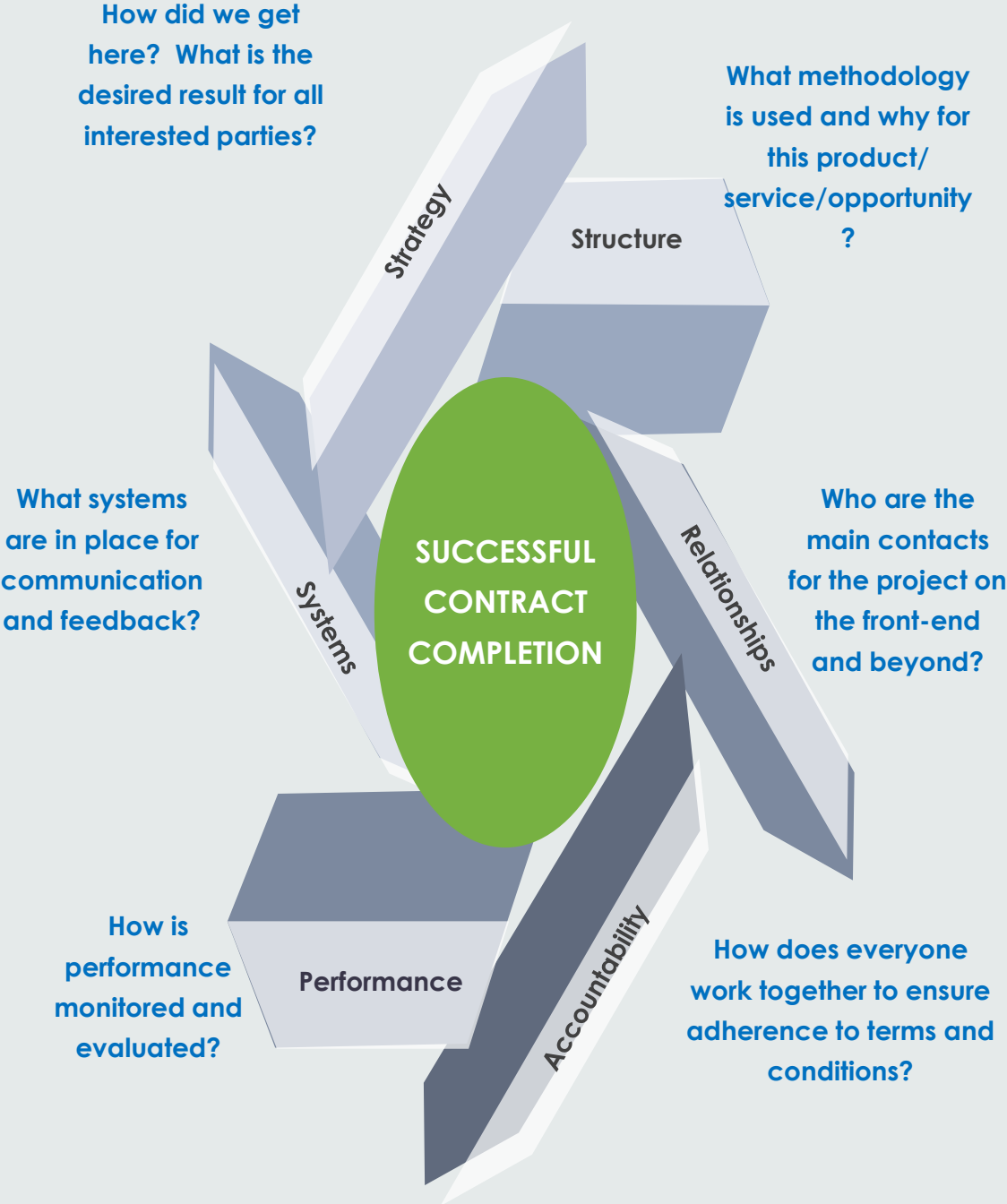
Ensure needs are met and obligations fulfilled

Reporting on performance and need

Managing your contracts holds not only contractors but your end users accountable to the terms and conditions.

ALL ON the same Page!

Rewards



Procurement Issues

Section 6

Conflict of Interest and After the Facts

Conflict of Interest By Tammy Delgado

Review the Arizona Law

A.R.S. 38-503

Any public officer or employee who has, or whose relative has, a substantial interest in any decision of a public agency shall make known such interest in the official records of such public agency and shall refrain from participating in any manner as an officer or employee in such decision.

Definitions

“Substantial Interest”: means any pecuniary or proprietary interest, either direct or indirect, other than a remote interest.

“Remote Interest”:

E. The ownership of less than three percent of the shares of a corporation for profit, provided the total annual income from dividends, including the value of stock dividends, from the corporation does not exceed five percent of the total annual income of such officer or employee and any other payments made to him by the corporation do not exceed five percent of his total annual income.

F. That of a public officer or employee in being reimbursed for his actual and necessary expenses incurred in the performance of official duty.

H. That of a public school board members when the relative involved is not a dependent, as defined in section 43-1001. or a spouse.



*Wait
.....What?*

This language is confusing.

Here is a slightly more simplified definition from the Auditor General Handbook:

If the public officer, employee, or a relative is a recipient of public services provided by the governmental agency of which he or she is employed, and those services are available on the same terms to the general public, the public officer or employee has a remote interest in any decision affecting those services. (A.R.S. 38-502 (10)(g))



*Let's break
it down
further....*

“Relative” – Means the spouse, child’s child, parent, grandparent, brother or sister of the whole or half blood, and their spouses and the parents, brother, sister, or child of a spouse.

“Refrain From” – Means NO involvement. No recommending, no attendance at meetings, even if just to listen. In terms of conducting school related business.

Definitions Continued....

Relative List

- Spouse
- Child
- Grandchild
- Parent
- Grandparent
- Brother
- Sister
- Stepbrother
- Stepsister
- Brother-in-Law
- Sister-in-Law
- Brother In-Law Parents
- Sister In-Law Parents

Spouse Relative's

- Father In-Laws
- Mother In-Laws
- Brother
- Sister
- Stepchild

House Bill 2663

(effective fiscal year 2018-19)

- New Requirements and Sanctions
- Amends 15-213
 - Conflict of Interest Laws have been sharpened for school districts.
 - Requires State Board of Education to amend School District procurement rules.
 - Expands Attorney General Powers
 - Prevents reprisals against employees who report violations.
 - Defines “gifts or benefit”
 - Specifically spells out penalties for accepting gifts depending on value.
 - No more subjective tests for school districts
 - \$300 Rule

More Information....

Current Law 38-504

- Prohibited Acts / Subjective Test
 - Defined As: A public officer or employee shall not use or attempt to use the officer's or employee's official position to secure any valuable benefit for the officer or employee that would not ordinarily accrue to the officer's or employee's official duties if the thing or benefit is of such character as to manifest a substantial and improper influence on the officer or employee duties.
 - Also referred to as the \$300 Test.

New Law House Bill 2663

- School District and Employee are subject new penalties. If you have a relative or conflict of interest, this needs to be made known and documented. The employee has to refrain from the entire procurement process.
- A GIFT OR BENEFIT DOES NOT INCLUDE AN ITEM OF NOMINAL VALUE SUCH AS GREETING CARD, T-SHIRT, MUG, OR PEN.

More Information....

Criminal Ramifications

- Under HB 2663, violations of the AZ Conflict of Interest Laws have significant charges.
- A Person who:
 - 1) Intentionally or knowingly violates any provision of sections 38-503 through 38-505 is guilty of a CLASS 6 Felony.
 - 2) Recklessly or negligently violates any provision of sections 38-503 through 35-505 is guilty of a CLASS 1 MISDEMEANOR.
 - 3) A person found guilty of an offense described in subsections of this section shall forfeit his public office or employment if any.

A.R.S. 38-510

A “person” is an Employee who supervises, participates in any contracting process, including recommending services, purchasing and financial transactions or any sorts on behalf of the school district.

What's NEXT

If a conflict exists....

- Complete the Conflict of Interest Form/Policy GBEAA
- Return the form to Human Resources
- Complete the Annual Testing.

After-the-Fact Procurements

By

Cheryl Burt

What is an After-the-Fact Purchase?

An After-the-Fact purchase is an **unauthorized** commitment of District funds.

An After-the-Fact procurement occurs when

- A PO not issued prior to making a purchase;
- An invoice exceeds the amount stated on the purchase order; or
- Cumulative purchases exceed the not to exceed (NTE) dollar amount stated on an open PO.

So, what's the big deal?

An After-the-Fact purchase is a violation of

- Arizona Revised Statutes
- Article 10 of the Arizona Administrative Code
- Uniform System of Financial Records for Arizona School Districts
- Tolleson Union High School District Governing Board policy

Each After-the-Fact poses a risk of a potential audit exception for the District.

What are the Consequences for the District?

After-the-Fact purchases will result in delay of payment to the vendor while additional paperwork is prepared. You will be asked to provide an explanation of why the After-the-Fact occurred

and describe preventive steps that will be taken to avoid the After-the-Fact in the future. Your site administration will have to approve the After-the-Fact. Delayed payment may affect the District's ability to use that vendor in the future. Late payments can also have a negative affect on the District's credit rating.

Re-occurring violations by the District can result in a withholding of 10% of our funding on a monthly basis until the District is back into compliance. This equates to approximately \$200,000 a month.

Violation can also have severe consequences for you too...

The District can deny the After-the-Fact request, at which point you would be responsible for making the payment personally. Remember, without a PO, the District has not contracted with the vendor, you have!

Even if the District makes payment, the State could require habitual offenders to repay the costs, 20% penalty, legal fees, and interest.

The worst offenders can be convicted of a Class IV felony.

The District could impose disciplinary action, up to and including loss of employment.

A PO is the Contract

The purchase Order signed and issued by the Purchasing Department is the legal contract between the vendor and the District. A requisition is a request for purchase. The purchase may not be made until a PO has been issued.

The purchase Order contains specific terms and conditions which protect the District and the vendor during and after the purchase.

Separate vendor contracts, approved by the District, may also be included with the Purchase Order to constitute a contract.

Things to Remember

- Only the Superintendent and her designees are authorized to commit District funds.
- A requisition **IS NOT** a Purchase Order.
- There are penalties for not following the rules. The most severe of these penalties are assessed against *individuals*, not school districts.
- An emergency procurement is for the health, safety and welfare of the students and staff and not to cover a lack of planning or to provide a convenient way to purchase.
- Plan ahead.
- If a Purchase Order has not been issued, DO NOT place an order!
 - If in doubt, call the Purchasing Department for assistance.

I have an After-the-Fact.

Now what?

After-the-Fact Process

After the identification of the After-the-Fact, the individual will be required to review this presentation and complete the short question section.

A Certificate will be generated for presentation and signature by the individual's supervisor.

A new requisition will be entered, or a PO revision processed. The signed Certificate will be attached to the requisition.

At any time in the approval process, the After-the-Fact may be denied and the individual will be required to make payment. Any denial may be appealed with the Chief Financial Officer of Business Services.

Are you ready?

Let's get started.

It won't be that bad; it's not really timed. And you might learn something too.



1). Does this smell like an After-the-Fact purchase?

The student club fundraiser starts tomorrow. The students have completed the student club minutes authorizing the purchase. The advisor purchases the items and will submit receipts for reimbursement.

Is this an After-the-Fact purchase?

[Yes](#)

[No](#)

2). Does this smell like an After-the-Fact purchase?

I still have \$50 available on my office supplies PO; just enough to buy the supplies I need for tomorrow's meeting. The expiration date listed on the PO was last Thursday. Since I have money left on the PO, I can go ahead and make my purchase.

Is this an After-the-Fact purchase?

[Yes](#)

[No](#)

1). You're right, this is an After-the-Fact purchase

Even though the students have authorized the purchase of the items, no PO has been issued. An authorized PO is required prior to the purchase, or commitment to purchase (i.e. placing an order over the phone)

Also note: The District avoids reimbursing employees for purchases as it is impossible to track cumulative expenditures and ensure that the purchase is in compliance with the procurement rules. If an employee reimbursement is needed (approved travel expenses for example), a PO has to be issued to the employee prior to the expenditure.



[Continue Quiz →](#)

1). Oops!

Read the explanation below and try the question again

Even though the students have authorized the purchase of the items, no PO has been issued. An authorized PO is required prior to the purchase, or commitment to purchase (i.e. placing an order over the phone).

Note: The District avoids reimbursing employees for purchases as it is impossible to track cumulative expenditures and ensure that the purchase is in compliance with the procurement rules. If an employee reimbursement is needed (approved travel expenses for example), a PO has to be issued to the employee prior to the expenditure.

[Continue Quiz →](#)

2). You're right, this is an After-the-Fact purchase

Even though funds were still available on the Purchase Order, the PO has expired. The expiration date signals the end of the Purchase Order. A revision extending the expiration date must be processed prior to the expiration date. After the expiration date, the PO is no longer valid and a new PO must be issued.



[← Back to question](#)

[Continue Quiz →](#)

2). Oops!

Read the explanation below and try the question again

Even though funds were still available on the Purchase Order, the PO has expired. The expiration date signals the end of the Purchase Order. A revision extending the expiration date must be processed prior to the expiration date. After the expiration date, the PO is no longer valid and a new PO must be issued.

[← Back to question](#)

[Continue Quiz →](#)

3). Does this smell like a After-the-Fact purchase?

Oops! I overspent on my blanket PO. I will revise my PO increasing the dollar amount to cover the extra purchase.

Is this an After-the-Fact purchase?

[Yes](#) [No](#)

4). Does this smell like a After-the-Fact purchase?

I've entered the requisition. It has approvals and is now sitting with AP. I can make my purchase as conversion is only a formality.

Is this an After-the-Fact purchase?

[Yes](#) [No](#)

5). Does this smell like an After-the-Fact purchase?

I just looked up my requisition in iVisions and see that it has been assigned a PO number. I will have the PO in the mail tomorrow, but I can't wait. I have to call the vendor and place my order today to obtain that discount.

Is this an After-the-Fact purchase?

[Yes](#) [No](#)

3). You're right, this is an After-the-Fact purchase

The Purchase Order defines the terms of the purchase. The "Not to Exceed" amount is inclusive of all costs, including tax and freight. The PO authorizes purchases up to a certain dollar amount. The PO must be increased prior to making additional purchases that will exceed the "Not to Exceed" amount.



[← Back to question](#)

[Continue Quiz →](#)

3). Oops! Read the explanation below and try the question again

The Purchase Order defines the terms of the purchase. The “Not to Exceed” amount is inclusive of all costs, including tax and freight. The PO authorizes purchases up to a certain dollar amount. The PO must be increased prior to making additional purchases that will exceed the “Not to Exceed” amount.

[← Back to question](#)

[Continue Quiz →](#)

4). You're right, this is an After-the-Fact purchase

A requisition is a request to make a purchase. The purchase has not been authorized until the requisition has been converted into a PO. A PO is the District commitment of payment to the vendor.



4). Oops! Read the explanation below and try the question again

A requisition is a request to make a purchase. The purchase has not been authorized until the requisition has been converted into a PO. A PO is the District commitment of payment to the vendor..

5). You're right, this is not an After-the-Fact purchase

While it is better to wait until you have received a copy of the PO before making a purchase, the requisition has received the required approvals and has been converted into a PO.



5). Oops! Read the explanation below and try the question again

While it is better to wait until you have received a copy of the PO before making a purchase, the requisition has received the required approvals and has been converted into a PO.

After the Facts, create the following consequences;

- ◇ Delay in payment to the vendor
- ◇ Audit finding
- ◇ Withholding of District funds
- ◇ Penalties imposed on the individual
- ◇ After-the-Facts are serious

Is this correct?

Yes

No



You're right, After-the-Fact purchases can have severe consequences for all those involved.

[Continue Quiz →](#)

Oops!

Read the explanation below and try the question

After-the-Fact purchases can have severe consequences for all those involved.

- Vendors need, and deserve to be paid timely.
- The District can receive an audit finding whenever we do not follow the rules.
- A potential consequence for habitually not following the rules is withholding of District funds.
- Penalties can be imposed on the individual, as well as the District.

Does this smell like an After-the-Fact purchase?

I can be held personally responsible for making payment on an After-the-Fact purchase:

Yes

No



You're getting the idea!

The most severe After-the-Fact penalties can be imposed on the individual:

- You will have to complete this training.
- You will have to ask your administrator to sign off on the Certificate.
- The District could deny your request for an After-the-Fact purchase and you could have to personally make a payment to the vendor.
- Even if the District pays the After-the-Fact, the State could require you to repay the funds as well as 20% penalty, interest and attorney fees.

[Almost done →](#)

Oops!

Read the explanation below and try the question again

The most severe After-the-Fact penalties can be imposed on the individual:

- You will have to complete this training.
- You will have to ask your administrator to sign off on the Certificate.
- The District could deny your request for an After-the-Fact purchase and you could have to personally make a payment to the vendor.
- Even if the District pays the After-the-Fact, the State could require you to repay the funds as well as 20% penalty, interest and attorney fees.

Congratulations!

You are now an Purchasing Superstar

One more thing:

- Complete the Certificate on the next page.
- Print and sign where indicated.
- Have your administrator sign.
- Attach Certificate to your requisition or PO being revised.

Bonus Material

Section 7

What is GPPCS?

What is SAVE?

What is the SFB?

Inspiring the Next Generation

How to Advance in the World of Purchasing

What is CPPB/CPPO?

Helpful Links

Final Thoughts

What is GPPCS ?

By Jennifer Munoz, Ken Carter, &
Bill Munch

The History of GPPCS

By Jennifer Munoz, Bill Munch, & Ken Carter

The Greater Phoenix Purchasing Consortium of Schools began in the late 1990's when a group of school district procurement professionals who first established what was known as East Valley Purchasing Consortium (EVPC) joined forces with districts throughout the entire Phoenix valley. EVPC started with an idea that neighboring school districts that purchase common, standardized commodities and services can benefit through cooperative purchasing by effectively communicating their procurement needs and leveraging the opportunity to obtain volume discounts and streamline their procurement efforts. EVPC began with only a handful of districts in the East Valley. In 1998, Washington Elementary School District led the way in requesting that the west valley school districts be allowed to join the Consortium to reap the benefits of what the Consortium had to offer. It was then that the EVPC became the GPPCS. In 2002, the membership was opened to charter schools. Full membership is granted to charter schools that are subject to the procurement rules as prescribed in A.A.C. R7-2-1001 et seq., the "School District Procurement Code." Charter Schools exempt from the Code, while not full members, may participate in and use GPPCS contracts at the discretion of the Consortium as other public entities. GPPCS has since transformed into a well-known Consortium of over fifty school districts and charter schools throughout the Greater Phoenix area that develops cooperative purchasing contract on behalf of its members.

In 1998, the very first GPPCS meeting took place at Tempe Elementary School District by a call to order of Bill Munch who served as the first President of this newly expanded consortium. Some of the founding fathers (and mothers), and early Past Presidents include Ken Carter, Howard Kropp, Caroline Brackley, Anita McLemore, Michelle Hamilton, Tina Ziegler, Bonnie Gonzalez, Lupita Gomez and many, many more.

The History of GPPCS

By Jennifer Munoz, Bill Munch, & Ken Carter

Cooperative contracting became more and more widespread, but the heart of GPPCS remained to save time and money for cooperative members. On June 20, 2007, GPPCS voted to combine its meetings and officers with the statewide purchasing consortium known as the Strategic Alliance for Volume Expenditures (SAVE). The GPPCS partnership with SAVE expanded the membership to not only include school districts within the Greater Phoenix area but to now include all school districts, cities, towns, municipalities, etc. throughout the entire State of Arizona. Both consortiums, however still retain their autonomy and the combination of meetings and officers is only to facilitate efficiencies for both groups. Some of the residing Presidents during this time included Rebecca Seifert, Claudia Leon, Karen Fleetwood, Lila McLeery, Jani Fasulo, and many others. Today, every member of GPPCS is also a member of SAVE. GPPCS and SAVE are both Purchasing Consortiums that are comprised from the Cooperative Purchase Agreements that each public member entity has signed in order to participate in the various cooperative contracts. In 2014, school district procurement took a big turn with the newly effective Procurement Reform which changed a very large portion of the language Procurement Professionals had come to know and understand. This reform caused an immediate need for learning and understanding. GPPCS began to expand its platform to not only discuss cooperative contracting opportunities, however, but to include new professional development opportunities for all to come and address a “Back to Basics” mindset of digging into the rules and exploring Best Practice ideas for one another to utilize in the workforce. Procurement Professionals came together, addressed topics of interest and began to share solutions as a group of how we could comply with rule changes. Experts were invited to join the monthly meetings to answer questions and clarify many of the rule changes with the group.

The History of GPPCS

By Jennifer Munoz, Bill Munch, & Ken Carter

Michelle Hamilton, Bill Munch, Ken Carter, Anita McLemore, Lupita Gomez were members of the Procurement Rules Committee, and they were all invited to share updates with the group on a regular basis. The Auditor General's Office, State Procurement Office, consultants which represent auditing firms, and a wide range of procurement consultants were invited and attended meetings. Some of the residing Presidents during this time included Jennifer Muñoz, Rebecca Reber, Patricia Lorenzen, Monique Harris, Bobby Williams, Roger Spivey, Lourdes Banuelos, and Cindi Hostetler.

GPPCS continues to this day to bring educational opportunities for new procurement professionals as well as serve as a consortium of cooperative purchasing opportunities to save time and money to all cooperative members throughout the State of Arizona.

How to Join the GPPCS Serve

To Join GPPCS: Membership (GPPCS) – Patty Northey, Mesa Public Schools at PLnorthey@mpsaz.org

GPPCS WEBSITE: <http://gppcs.org>

GPPCS Mailing List Email: gppcs@mpsaz.org

If you are outside the GPPCS boundaries but would like to communicate with Arizona School District Procurement Professional:

peepsaz@googlegroups.com

To join the Google Groups "Procurement Education Exchange Portal Service AZ" group please contact: Michelle Hamilton adds emails to the PEEPSAZ email list. Please contact her at MLHamilton@mpsaz.org

What is S.A.V.E. ?

By Kristy Garcia

History of "S.A.V.E."

By

Kristy Garcia

The Strategic Alliance for Volume Expenditures (S.A.V.E.) is a consortium of school districts and governmental jurisdictions in the State of Arizona. It was formed in 1999 when a group of government procurement leaders decided to formalize their informal group.

Founding members included Robert Descheemaker (State Procurement Office), George Kitamura (City of Chandler), Daniel Bergin (Attorney General's Office), and Ron Gauthier (City of Tempe). These four created the S.A.V.E. coop agreement which we all use today. An expanded group of City procurement leaders including Herman Koebergen (City of Peoria) then approved and created the S.A.V.E. name.

From there monthly meetings were held with The Greater Phoenix Purchasing Consortium of Schools (GPPCS) which was founded around the same time with the same intent and goals of purchasing common, standardized commodities and services benefiting all agencies by effectively communicating their procurement needs and leveraging the opportunity to obtain volume discounts and streamline their procurement efforts.

History of "S.A.V.E."

By

Kristy Garcia

Voluntary purchasing agreements between and among public agencies in the State of Arizona have been shown to improve competition, quality, services, provide lower prices for materials and services, and avoid duplication of efforts; and the participating agencies desire the free exchange of information, technology, and other services that may assist in improving the efficiency or economy of the procurement of necessary materials and services.

Cooperative purchasing results from written agreements wherein lead agencies volunteer to purchase specified materials and services for themselves and participating cooperative members by compiling quantity estimates, preparing the bid or proposal solicitation, receiving bid or proposals and awarding a contract for use by all participating members. The lead agency is responsible for placing, receipt and payment of its own orders only, while individual procuring parties separately process and pay for their own requirements.

Today S.A.V.E. is comprised of over 300 agencies, ranging from municipalities, counties, higher education (universities and colleges), charter schools, political agencies, fire districts, school districts, and hospitals.

How to Join the SAVE Serve

Membership (SAVE) – Kristy Garcia, City of Mesa. To join the SAVE Mailing List email: Kristy.Garcia@MesaAZ.gov

What is SFB ?

Arizona School Facilities Board
Information

What is the Arizona School Facilities Board (SFB) Contributed by SFB via Stephanie Vassar

The School Facilities Board was established in 1998 as a result of a lawsuit mandating equity in school districts across the State (StudentsFIRST). This required the assembly of a team of dedicated, focused, and skilled individuals to usher in a new millennium of state funding for school districts. Dedicated members that have been with the agency for years are Kerry Campbell, Deputy Director of Operations, Amber Peterson, Deputy Director of Finance, Judy Shurley, current Fiscal Services Manager and John Penczar, Chief Information Officer. The infusion of \$1.3 billion over the course of six years (2000-2006) brought all Arizona schools into compliance with the newly established Guidelines. The Agency also constructed 300 new school projects throughout the State. As the Board evolved, so have the funding programs managed by the SFB.

Arizona SFB: <https://sfb.az.gov/>

The Deficiencies Correction Program was set up in 2006; while the Building Renewal Program was set up in 2013, it was replaced with the Building Renewal Grant Program starting in 2008, to assist school districts in sustaining the useful life of their building assets. The grant program covers deficiencies in all building systems including HVAC, roofing, electrical, plumbing, surfaces, special systems, and special equipment. The SFB also manages the Emergency Deficiencies Correction Program that is used to address facilities needs that do not meet the requirements of the Building Renewal Grant Program. Looking ahead to the next 20 years for the School Facilities Board, we can imagine all Arizona schools as engaging learning environments where kids in Arizona thrive, incorporating trending pedagogy utilizing flexible learning spaces and furniture, natural lighting, and casual collision spaces. Also, in the coming years, we will be focusing efforts to improve the SFB's value proposition as a nationally recognized resource for sought-after best practices and expertise in secure school design.

Inspiring the Next Generation

“Giving Kids a Dream”

By Rebecca Seifert

History

Our partnership with Scales Elementary began during the 2017-2018 school year. I felt that it was important for our team to connect with the schools for a variety of reasons. I emailed principals asking them if they would be interested in having our team volunteer at their school. The only stipulation was that we needed to do something that would interaction with students. Mr. Wolf from Scales Technology Academy immediately responded. For the 2017-2018 school, year, there were four people on our team. Each person would volunteer once per month. Two worked with the Playworks program that helps students learn social/emotional skills through games and other play activities. The other two volunteered as classroom assistants in fourth-grade math. Scales was assigned a new principal for the 2018-2019 school year who wanted us to create project-based learning opportunities for two fifth grade classes.

How it Works

At the beginning of the school year, I meet with the principal to review the prior year and to see what their vision is for the program for the current year. Once a basic plan is developed, I bring the results to my team to see who wants to participate and confirm they will commit to being there consistently. Then we dream about what the program will look like from our perspective. For 2018-2019, we split into teams of two and each team serves in fifth grade once per month. Team A is assigned to one class and Team B is assigned to the other. We teach the class about school district procurement and how we use the math skills they are learning on a daily basis to be successful in our profession. We are literally “giving them a dream” to become a procurement professional because most of these students have never heard of purchasing or procurement.

“Giving Kids a Dream”

By Rebecca Seifert

Why the Program is Important

Benefits for the School:

1. It offers an opportunity for extra help for no cost for those schools that do not have as much community/parental support as others.
2. It gives them the opportunity to build relationships with and receive support from the District Office – often there seems to be a disconnect between the two. Working together reminds us we are on the same team working towards student happiness and success.
3. Their voice is heard – as we are exposed to the classroom and we build relationships, they have the chance to show us what they need, what they’d like, what works and what doesn’t work.

Benefits for the Students:

1. They are able to see real-world applications for the skills they are learning
2. It helps them dream about their futures and gives them another path to think about.
3. They have the chance to connect with another adult that can be a positive influence on their lives
4. They are able to stretch their minds and practical problem-solving.

“Giving Kids a Dream”

By Rebecca Seifert

Benefits for the Purchasing Team:

1. It gives us an emotional connection with our purpose. Our jobs can be stressful and demanding. Connecting with the kids reminds us why what we do is so vital to our society.
2. Being in the classroom is invigorating. Our staff is so excited to share their experience when they return to the office.
3. We have the ability to build deeper relationships with the school staff. We are willing to share time and resources with them to engage their students. They are willing to open their classroom to us and teach us how to help their kids. I’m surprised to hear how many teachers have no idea the purchasing department exists nor do they know that we buy everything around them and more!
4. Being in the classroom gives us the opportunity to see things from a different perspective. I now understand how important stretching our dollars really is. We also receive student input on a variety of products we purchase – anything from markers to wiggly seats. Believe me when I say that students have insights that we as adults would never think of.
5. We have two hours every month to expose kids to the world of purchasing.

“Giving Kids a Dream”

By Rebecca Seifert

As I look around the room at conferences and events, I do not see many millennials, nor have I had many qualified applicants for positions we’ve had available. It’s concerning, to say the least for the future of our districts and profession. This program gives us an opportunity to “grow” buyers and other finance professionals starting at a young age. I was impressed when I saw how interested and engaged the kids were in learning what we do and how we do it. We had one student even ask us where he could find the budget information on our website!

This program is meaningful work not only for the students but for the school staff and our staff as well. The principal and I hope that other departments will participate at other schools in the future. Purchasing is a career, it’s profitable, it’s rewarding, and we have a significant opportunity to make a difference in our community. Other departments can say the same. Exposing children to as many options for their future as we can help them dream which gives them hope. I wish we would have started years ago.

“To laugh often and much; To appreciate beauty, to find the best in others; To leave the world a better place; To know even one life has breathed easier because you have lived. This is to have succeeded.”

– Ralph Waldo Emerson

How to Advance in the World of Purchasing?

By Anita Case, Eva Dino, Marty
Topham, and Lourdes Banuelos

Overview

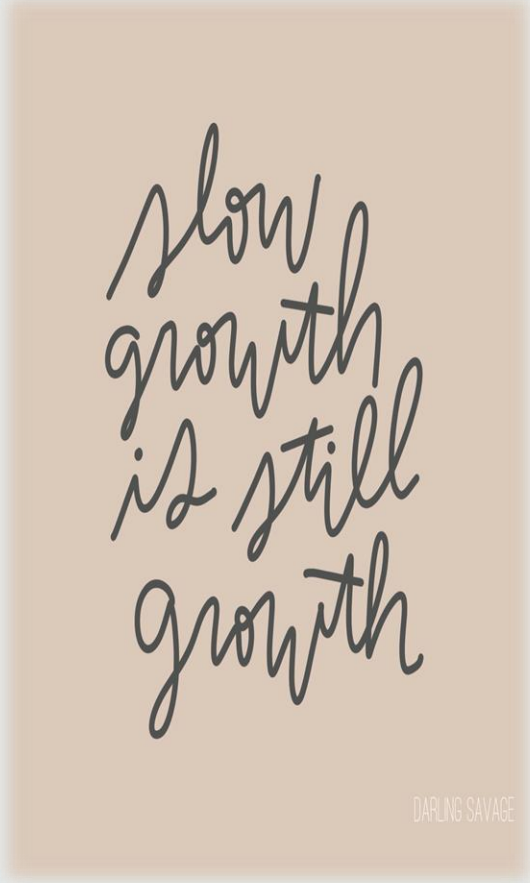
- What is purchasing? Various roles within the profession

- Top five strategies to get promoted
 - 1) One step at a time
 - 2) Never stop learning
 - 3) Identify your goals
 - 4) Allow for setbacks
 - 5) Have fun!

- Resources



One step at a time



slow
growth
is still
growth

DARLING SAVAGE

- 1) Focus on your day-to-day activities
- 2) Celebrate your accomplishments
- 3) Baby Steps
- 4) Be consistent

Never Stop Learning

- Professional Development/Memberships
- Education
- Cross training
- Mentor – Be one or find one
- Find inspiration



Identify your goals

Develop your career plan

- Be realistic
- Starting small can give broader experience

Apply for all open positions

Certification will open more doors

- CPPB/CPPO/NIGP-CPP



Allow for Setbacks

- This is an everchanging world
- Stay positive
- Continue working hard
- Request feedback and accept constructive criticism
- Don't be too hard on yourself



Great Job!

Have Fun



Have Fun!

- ✓ Be yourself
- ✓ Don't hesitate to contribute ideas
- ✓ Flexible personality
- ✓ Be approachable



Resources

AASBO

- <https://www.aasbo.org/>
- Ana Sanchez, Director of Business and Membership Services
- Annual Membership - \$175 – Most districts will cover this cost

Take part! Join email listings!



Resources

NIGP



- NIGP stands for the National Institute of Governmental Purchasing, Inc.
- The Arizona Capitol Chapter of NIGP was established to:
- Develop efficient purchasing methods in the in the field of governmental, educational, and public institutional procurement
- To encourage maintenance of ethical standards in buying and selling
- To promote uniform public purchasing laws and simplified standards and specifications
- To sponsor activities that may be useful in providing its members with knowledge for efficient procurement.
- An outlet to Procurement Certifications such as CPPB, CPPO & CPP

Resource

NIGP

NIGP provides the opportunity to network with other procurement professionals from the federal government, cities, states, provinces, counties, schools & colleges, libraries, hospitals, and other public agencies in Arizona & throughout the US.

Membership will help you do your job more effectively and efficiently and raise the level of professionalism among your staff. Member benefits, including the following:

- Educational seminars & webinars at member-only discounts, including review courses for Purchasing Certifications
- Annual Regional Conference
- Articles that help keep you up-to-date on best procurement practices.
- Gain access to colleagues at other agencies who can brainstorm with you to solve procurement problems.

Active member annual dues are \$40.00 per year (pro-rated to \$20 for NEW MEMBERS ONLY who join after January 1).

Website: www.aznigp.org

Guess Who I Am?

By Monique Harris, CPPB

Facts about this person:

- He started playing sports to stay out of trouble but was told he was not very good at baseball, basketball, or football.
- He was told that he was big with no natural talent.
- He was cut from his 9th grade basketball team.
- He was told that his feet were too big and his movements were too clumsy.
- He won three consecutive titles from 2000 to 2002 as a member of the Los Angeles Lakers. He won his fourth and final title with the Miami Heat in 2006.

Who am I?



Shaquille O'Neal

C | 7' 1", 325 lbs

Born Mar 6, 1972 in Newark, NJ (Age: 45)

Drafted 1992: 1st Rnd, 1st by ORL

College LSU

Experience 19 years

- **1999–2000 MVP award**
- **1992–93 NBA Rookie of the Year award**
- **15 All-Star game selections**
- **Three All-Star Game MVP awards**
- **Three Finals MVP awards**
- **Two scoring titles**
- **14 All-NBA team selections**
- **Three NBA All-Defensive Team selections.**
- **He is one of only three players to win NBA MVP, All-Star game MVP and Finals MVP awards in the same year (2000).**

Positive message

“Every great dream begins with a dreamer. Always remember, you have within you the strength, the patience, and the passion to reach for the stars.”

– Harriet Tubman

The purpose of this quote is to remind you that there exist unlimited possibilities in the procurement industry. Do not allow other people's opinions or self-imposed limitations to discourage you from your goals. Dream big and go after that promotion you seek! – Monique Harris, CPPB

CPPB/CPPO

Welcome to The UPPCC Website – <https://www.uppcc.org/>

The Universal Public Procurement Certification Council (UPPCC) is an independent entity formed to govern and administer the Certified Public Procurement Officer (CPPO) and Certified Professional Public Buyer (CPPB) certification programs.

The CPPO and CPPB programs are the most highly regarded and well-respected certifications among procurement professionals and their employers in the public sector. To date, the UPPCC has certified well over 13,000 professionals primarily within the US and Canada, but in other nations around the globe.

Retrieved from: <https://www.uppcc.org/>

For more information on CPPO and CPPB and the NIGP-CPP please check out the below link:

<https://www.nigp.org/certification/nigp-cpp-and-cppo-cppb>

"What you get by achieving your goals is not as important as what you become by achieving your goals." –Zig Ziglar

What you need to know about the CPPB/CPPO *by Anita Case*

CPPO

<https://uppcc.org/Certification>

Eligibility Requirements

- Bachelors Degree or higher earned from an accredited institution of higher learning
- 5 years of procurement experience within the previous 10 years of which a minimum of 3 years is in a management or supervisory position. A minimum of 50% of the required years of experience must be in public sector (remaining experience may be from either public or private sector), and
- 96 contact hours of procurement-related coursework/training completed within the previous 10 years

What you need to know about the CPPB/CPPO *by Anita Case*

CPPB

<https://uppcc.org/Certification>

1

Option 1 - with degree

- Completion of a 2-year, post-secondary education program that results in a degree, diploma or certificate
- *3 years of experience within the previous 10 years. A minimum of 50% of the required years of experience must be in public sector (remaining experience may be from either public or private sector)*
- *72 contacts hours of procurement-related coursework/training completed within the previous 10 years*

2

Option 2 - no degree

- *5 years of experience within the previous 10 years. A minimum of 50% of the required years of experience must be in public sector (remaining experience may be from either public or private sector)*
- *72 contacts hours of procurement-related coursework/training completed within the previous 10 years*

Application Process

+ #1 Update/Create a MyUPGCC Account

+ #2 Gather Documentation and Order Transcripts

+ #3 Submit the Completed Online Application by the Posted Deadline

+ #4 Prepare for Testing (join a study group, take a review course, self-study)

+ #5 Receive Application Approval and Pay the Exam Scheduling Fee

+ #6 Receive Authorization To Test (ATT)

+ #7 Schedule A Testing Appointment

+ #8 Test for Your Certification

+ #9 Earn your CPPB Certification

What you need to know about the CPPB/CPPO *by Anita Case*

When I applied for the exam, I got pushback on experience. I was a Purchasing Technician.

I had to have my previous supervisor submit a “Working Position Description” and plead the case that a Purchasing Technician does in fact deal in purchasing.

Application Fee - <https://uppcc.org/Certification>

Exam Scheduling Fee - <https://uppcc.org/Certification>

I attended the NIGP – CPPB Review sessions. The class began in March. I attended 3 or 4 sessions. The instructor was Maria Brisette. She provided study material and practice tests that were very helpful.

I took the CPPB exam on 5/8/20.

I was notified of my results on July 1st.

Upcoming Exam windows in May and October – no application fee for second test

Helpful Links

Helpful Links

- AZ Revised Statutes: <https://www.azleg.gov/arsDetail/?title=15>
- Retention Schedule:
 - https://azlibrary.gov/sites/default/files/arm-all-general-schedules_2020-9-12.pdf
- Code of Federal Regulations: <https://www.govinfo.gov/app/collection/cfr/2020/>
- Uniform System of Financial Records for Arizona School Districts (USFR):
<https://www.azauditor.gov/usfr>
- Arizona School Facilities Board (SFB): <https://sfb.az.gov/>
- Arizona Administrator Code:
 - https://apps.azsos.gov/public_services/Title_07/7-02.pdf
- Bid/Contract Templates are found at:
 - http://www.mpsaz.org/purchasing/purchasing_home/buyer-resources/
- GPPCS Mailing List email: gppcs@mpsaz.org
- SAVE Mailing List email: Kristy.Garcia@MesaAZ.gov
- GPPCS Email/Name/School Changes: PLnorthey@mpsaz.org (Patty Northey)
- GPPCS WEBSITE: <http://gppcs.org>
- Arizona Association of School Business Officials (AASBO): <https://www.aasbo.org/>
- Arizona State Capitol Chapter of NIGP (AZ NIGP): <https://www.aznigp.org/>
- NIGP The Institute for Public Procurement: <https://www.nigp.org/>

Final Thoughts

Final Thoughts

By Tom Peeler

In 1981, I decided to make a major career change from facilities maintenance to purchasing. I knew that I would be buying toilet paper, pencils, crayons, cleaning materials, and many more of the items that contribute to the successful operation of a school district.

However, at that time I could not have predicted that I would be involved in purchasing a used airplane, a flight simulator and pilot training lessons for high school students. All of these purchases were important parts of an aeronautics program at one of our magnet high schools.

If nothing else, school district purchasing is as dynamic as it is challenging. Many items that we buy today will be nothing but memories in the future. Many items in future purchases have not yet been invented or developed. However, all of the materials, equipment, and services we purchase play an important role in the successful education of children.

Final Thoughts

By Tom Peeler

School district purchasing is a challenging field. It is an increasingly technical field. It is highly regulated but requires sound judgment to successfully comply with the regulations. It is constantly scrutinized by others. It is often viewed as an unnecessary roadblock.

In spite of this, school district purchasing is still a rewarding and refreshing career. The purchasing professional plays an essential role in the success of a school district. Without successful completion of the purchasing puzzle of providing materials, equipment, and services in the right quality, in the right quantity, at the right place, at the right time, and at the right price, our school operations grind to a halt. Add to that the challenges of purchasing ever-changing items under the aforementioned regulations and scrutiny, and you have a job that can be as rewarding as it is demanding.

Now retired, I am occasionally asked if I would still choose purchasing as my career field. My answer is always the same, "In a heartbeat!"



Thank You

*We hope you enjoyed this
publication and found it to be
helpful and impactful!*