

Executive Summary

Project Background and Introduction

The UAF community is generally unsatisfied with the amount of time and complexity involved in making a purchase. The current process is complex, can be inconsistent, has multiple touch points, is time consuming, lacks transparency, and results in workarounds that lead to compliance concerns. It is often unclear to the end user and to the department what information is required for a given procurement and it is difficult to check the status of a request, once started. Procurement & Contract Services (P&CS) often struggles to provide high-level customer service and get the information needed to complete a purchase in a timely manner which contributes to slow purchase order (PO) turn-around.

The Streamlined User-friendly Procurement & Efficient Requisitioning (SUPER) team was charged with mapping the current process, identifying the problem areas, and determining how best to resolve these issues. A summary of their recommendations follows, as well as a detailed report of their findings.

SUPER Purpose

To create a streamlined procurement process that is user-friendly, transparent, and efficient for all stakeholders.

SUPER Team Members

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- Kara Axx, Facilities Services
- Kari Haschke, Geophysical Institute
- Terry Rahlfs, Procurement & Contract Services
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- Kristin Elieff, Office of Information Technology
- Faye Gallant, Margo Griffith, Jennifer Harris, Julie Queen, PIT Crew

Summary of Findings

As part of its process improvement effort, the SUPER team collected data on the time it takes from a request to purchase an item until the Purchase Order for that item is issued.

The team also conducted a campus-wide customer satisfaction survey, covering both how well P&CS provides services, and how important those services are to stakeholders. As part of that survey, the team collected suggestions on how to improve the procurement process. The results of the satisfaction survey and improvement suggestions are attached in the Appendix.

The average cycle time for each step of the process are summarized below:

Request to REQ entry (Unit time)	REQ entry (dept.) to P&CS receipt	P&CS receipt to Buyer assignment	Buyer receipt to PO issued	REQ entry to PO issued	TOTAL: Request to PO issued
3.3 days	2.0 days	0.7 day	5.8 days	9.8 days	21.6 days

Average Unit/Department Time: 5.3 days

Average P&CS/Central Processing Time: 16.3* (not including OGCA sensitive item review)

Total Time: 21.6 Days - Unit Request to PO

The team set the following targets to improve the procurement process:

- Five days for all required elements of requisition completion
- 24 hour turnaround from Banner (requisition) entry to buyer queue in P&CS
- Informal purchases of \$10,000-\$100,000 completed within 7 business days
- Formal purchases (requiring competition) completed within 60 days

Summary of Recommendations

Short term changes within UAF authority

1. **Use Amazon Smile for all University Purchases from Amazon:** Amazon Smile gives 0.5 percent of purchases to the customer's nonprofit of choice. By shopping on smile.amazon.com and selecting the University of Alaska Fairbanks (or UA Foundation) UAF could recognize at least \$4,000 per year in unrestricted revenue based on current purchasing volume. If volume with this vendor were to increase, ability to recognize additional revenue may exist.
2. **Terminate LPOs:** Limited Purchase Orders are paper-based "blank checks" which enable same day purchases. Vendors do not like these and they are expensive and time consuming to process. Replace with department custodial cards (discussed below).
3. **Reduce the number of requisitions (REQs) processed by raising ProCard limits from \$5K to \$10K for departmental purchasers:** ProCards facilitate faster, more efficient processing and eliminate multiple touchpoints and administrative time and effort for relatively small-dollar purchases. By raising the limit to \$10,000 instead of \$5,000, UAF could eliminate up to 635 requisitions and purchase orders, save over \$40,000 in processing time and effort and generate close to \$40,000 in additional rebates. This change could be worth \$80,000 per year and would make the procurement processes decidedly more user-friendly.
 - a. Specifically for trained Procurement Technicians (PTs), increase ProCard limits to \$25,000 to match existing purchasing authority. There is currently a



Summary sheet (ex. keeping a central/shared ProCard ledger to keep track of current commitments and stay ahead of Banner). (Resources are posted on website).

8. **Roll out improved P&CS website.** In progress, targeted for completion in July 2015. The new website communicates processes clearly, makes information and training resources easier to find, and answers frequently asked questions.
9. **Revise and implement improved Banner Procurement training, to provide needed context to the current information.** The team is in the process of revising the Banner Procurement training to be easier to access, more streamlined, and more relevant. (In progress, target date: July 2015)
10. **Include P&CS staff in the OGCA Harmonization meetings whenever equipment or services in excess of \$100k is planned on restricted awards.** This allows all parties to have the necessary information at an early date, reducing the frequency of “rush” or emergency procurements on restricted funds, which involve greater levels of review and complexity.
11. **Regular monthly or quarterly “all-hands” meetings between P&CS and Procurement Technicians (PTs) to ensure everyone is on the same page regarding current processes and expectations.** These meetings will help PTs absorb the institutional knowledge of P&CS while P&CS will benefit from being up to date on departmental concerns and issues. (Implemented).
12. **Streamline departmental routing and approvals (no more than three):** SUPER recommends, as a best practice for departments, a maximum of three touches at the department before a requisition is submitted to P&CS: Requestor or Principal Investigator, Procurement Technician or Fiscal Technician, and Business Manager or Fiscal Officer (if needed). For purchases on restricted funds, the Procurement/Fiscal Technician should be trained to identify whether the purchase is allowable and funds are available before proceeding, so that the Grant Technician or Business Manager can simply be informed of the procurement, rather than needing to approve before it can advance through the process.
13. **Reduce extra steps for OGCA to check sensitive account codes:** When a requisition is entered into Banner, if it has a sensitive account code on a restricted fund, a notification email is sent to the defined Grant Technician in OGCA to review and approve. This step adds an additional two days (on average) to the procurement process, and regularly results in repeating and duplicating work. SUPER recommends the following options to address this delay: OGCA delegates approval of sensitive account code purchases to unit Fiscal Officers, beginning with those in high volume research units; OGCA identifies a “fast track” list of departments with proven expertise, and automatically approves items from those departments without an



additional review step, similar to UAF Travel processes; or OGCA and unit representatives review the sensitive accounts list to determine whether all any items should be removed.

- 14. Implement PT partnerships via shared services:** To maximize the value of the Procurement Technician (PT) program, SUPER recommends that trained PTs partner to serve multiple units in a buddy or backup system. This ensures continuous levels of service in the units regardless of staff absences, eliminating delays caused by one person being out, and builds expertise. For units that do not have a high enough transactional volume to require a dedicated PT, having the ability to partner with other low volume units (or a single high volume unit) would enable those units to benefit from the faster processing and expert level service regardless of size.

Longer term changes within UAF authority

- 1. e-Procurement:** e-Procurement addresses one of the SUPER team's key rubs in the procurement process, the lack of transparency for end users and departments. Depending on implementation choices and customization, the process could ultimately eliminate the requisition step for departments. For purchases within a department's purchasing authority, that do not have additional requirements, this streamlines simple purchases immensely. Implementing this level of access moves the role of Procurement away from basic approvals and pushing transactions through the process, freeing time for more value added steps in securing best pricing and recognizing savings. Opportunity may exist to eliminate the ongoing annual expense of EAB (\$90,000/year for UA, but UAF currently covers \$60,000/year), offsetting the cost of the e-Procurement system. The option preferred by the SUPER team is ESM Solutions, a cloud based procurement system designed for public sector procurements with the ability to integrate with Banner and DocuSign.
- 2. One-card System:** Eliminate separate travel cards and ProCards, which require double administrative work. UA would be eligible for additional vendor discounts and rebates if business card use increases. In this budget climate, any opportunities for reduced pricing or additional revenue is critical. Additionally, Procurement can make internal process changes (that UAF controls) to reduce requisitions for travel procurement and increase credit card use, which is traditionally much faster, by allowing lodging charges on ProCards. In the long term, moving to a one-card system (all UA procurement and travel on one-card) is most preferred.

Longer term changes within UA authority- Banner changes

The SUPER team met with UA Banner Finance and requested the following improvements to the Banner procurement screens, which will reduce manual work and increase transparency. If UAF elects to move to an e-Procurement system in the near term, some of these items may be unnecessary. *Unless otherwise noted, status in Banner Finance is unknown.*



1. The ability to auto-generate an email to the requester anytime a REQ changes status.
Completed.
2. Assign a date/time stamp to a REQ when a PO is printed (Evisions)
3. Banner assign the next available PO# within the UAF sequence when the REQ prints.
Completed (changed internally). Supported by this change, UAF P&CS also moved to electronic filing for POs, reducing printing costs and processing time.
4. Biweekly report that provides REQ# and Buyer Queue for any REQ that does not have a sequence #1; to eliminate review for "orphan" lines
5. Allow print preview feature in Banner showing full page PO prior to print to check formatting issues
6. Stop each necessity to "touch every line" for POs prior to completion; this occurs twice when processing a PO
7. Stop the auto-populate function in the Vendor ID field; if the requisitioner leaves it blank; when printing a PO, the system auto-populates the space with the last ID that was entered - this causes undue work to verify every ID entered
8. Make it possible to allow Vendor ID changes to a completed PO without canceling the PO and starting over
9. When a P&CS procurement officer uses a ProCard on behalf of a unit/department, there is no way to track this in Banner; enable a tracking mechanism in Banner for centrally procured credit card transactions.
10. Make email addresses and W9 information visible in PO screens FPAREQN & FPAPURR - P&CS and departments spends unnecessary time trying to discover if a W9 is already on file (or not) or if an entry into FTM2VND can be made

Additional Banner change may need to be submitted to SW Financial Systems:

1. Remove NSF checking/overriding at PO step if no financial changes have been made

Summary of Conclusions

The SUPER team's recommendations are designed to reduce time consuming manual work and redundant steps, increase transparency, improve knowledge sharing across the institution, and increase ease-of-use for end users. Most of these recommendations can be implemented at UAF through a change in internal procedures. These recommendations should be implemented without delay.

Additional recommendations, including moving to an e-procurement system and Banner changes, could require greater collaboration within the UA system and will need a strong commitment from UAF leadership to pursue.

Additional project teams and facilitation may be necessary to implement these recommendations.

A full summary of rubs, recommendations, and software analysis is included in the Appendix.