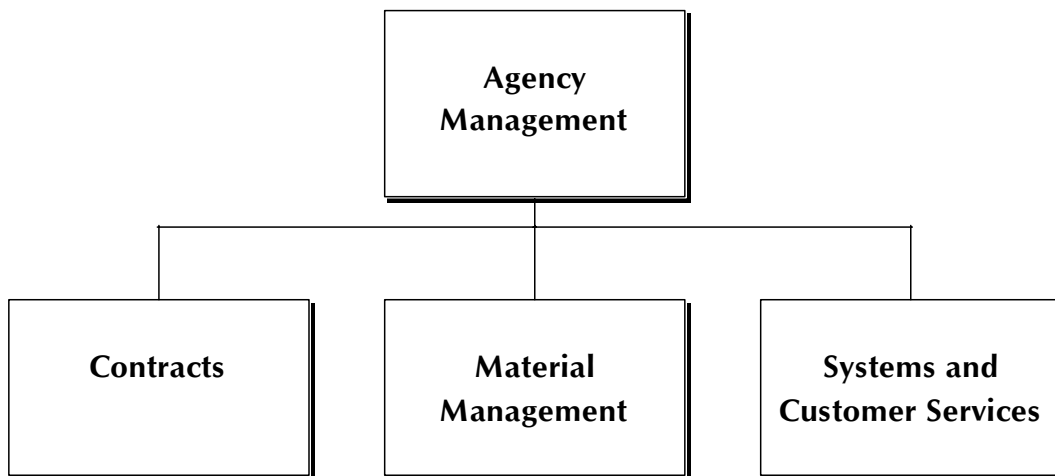


# Department of Purchasing and Supply Management



## Mission

The Department of Purchasing and Supply Management is committed to providing the resources that establish the foundation for quality service to the community.

## Focus

The Department of Purchasing and Supply Management strives to develop strategic alliances with suppliers and County departments to secure quality goods and services in a timely manner and at a reasonable cost, while ensuring that all purchasing actions are conducted fairly and impartially and in accordance with applicable legal requirements.

In FY 2007, Fairfax County continued a multi-year effort to expand the range of services and commodities delivered through contracts. Since FY 2003, the value of orders processed by the Department of Purchasing and Supply Management increased by an average of almost 10 percent per year. The Department of Purchasing and Supply Management is able to respond to the increased demand for services without significant additional resources due in part to technology investments. Enhanced technology has enabled the department to improve operating efficiency within the department as well as to provide user departments with better purchasing tools for delegated procurement tasks. The County's partnership with eVA, Virginia's statewide e-procurement application, provides County users with improved sourcing for goods and services, and provides County business partners with increased access to sales opportunities. In FY 2007, 88.5 percent of purchasing transactions were processed through electronic commerce.

## ***THINKING STRATEGICALLY***

Strategic issues for the department include:

- Procuring and managing an increasing number of service contracts, in addition to contracting for goods;
- Streamlining and standardizing departmental procurement practices to present user departments with a consistent and efficient experience for all procurement actions;
- Empowering agencies to act quickly and effectively in procuring necessary supplies and materials;
- Participating in state, regional and national programs to harness the competitive advantage of combined requirements and to increase value to taxpayers through increased rebates;
- Investing in technology to provide user-friendly access to the procurement function and to increase productivity; and
- Encouraging small and minority businesses to provide goods and services to the County.

## Department of Purchasing and Supply Management

The Department of Purchasing and Supply Management strives to be meaningfully involved in acquisition activities for the delivery of County programs. The department makes a contribution throughout each stage of the purchasing process. The FY 2005 restructuring of the department's procurement teams from a commodity-based to a customer-focused structure was designed to accommodate the growing shift from procurement of goods through the traditional, low-bid award process to the procurement of services through the more complex and lengthier Request for Proposal process. The revised team structure also facilitates improved contract administration and management responsibility that accompanies service contracts by allowing the development of closer interdepartmental relationships and increased partnering opportunities with contractors. The department's challenge is to create contracts that enable the County to assess contractor performance and hold the contractor accountable for specified outcomes in alignment with programmatic objectives.

The Department of Purchasing and Supply Management launched an environmentally preferable (or green) purchasing program in FY 2005. Green purchasing includes the acquisition of recycled content products, environmentally preferable products and services, bio-based products, energy- and water-efficient products, alternative fuel vehicles, products using renewable energy, and alternatives to hazardous or toxic chemicals. The department continues to seek opportunities to promote environmentally preferable products and services to County customers.

Starting in FY 2006, the department has taken on a more strategic role in emergency planning and response. As a Federal Emergency Management Agency (FEMA) designated Emergency Support Function, the department will supply key logistical management and support for local, regional and statewide emergency management.

The Vendor Relations Division, formed in FY 2006, supports the Board of Supervisors' Supplier Diversity program. The division provides outreach and education programs to assist the small, women- and minority-owned business community in their efforts to do business with the Fairfax County government. Recent expansion of the program includes development of expanded partnerships in the local vendor community, including such organizations as the Women's Business Enterprise National Council. The Vendor Relations Division also supports the Fairfax County Small Business Commission.

# Department of Purchasing and Supply Management

## Budget and Staff Resources

Agency Summary		
Category	FY 2007 Actual	FY 2008 Adopted Budget Plan
Authorized Positions/Staff Years		
Regular	54/ 54	54/ 54
Expenditures:		
Personnel Services	\$3,119,400	\$3,319,303
Operating Expenses	1,823,565	1,771,219
Capital Equipment	9,863	0
<b>Total Expenditures</b>	<b>\$4,952,828</b>	<b>\$5,090,522</b>
Income:		
Contract Rebates	\$841,203	\$942,769
<b>Total Income</b>	<b>\$841,203</b>	<b>\$942,769</b>
<b>Net Cost to the County</b>	<b>\$4,111,625</b>	<b>\$4,147,753</b>

## SUMMARY OF ALL AGENCY LOBS (FY 2008 Adopted Budget Data)

Number	LOB Title	Net LOB Cost	Number of Positions	LOB SYE
12-01	Central Purchasing and Contracting for County and Schools	\$2,176,510	25	25.0
12-02	Supplier Diversity Program	\$244,665	4	4.0
12-03	Warehouse Operations	\$659,063	11	11.0
12-04	Procurement Assistance and Compliance	\$516,974	7	7.0
12-05	Agency Management	\$550,541	7	7.0
<b>TOTAL</b>		<b>\$4,147,753</b>	<b>54</b>	<b>54.0</b>

# Department of Purchasing and Supply Management

## LOBS SUMMARY

### 12-01: Central Purchasing and Contracting for County and Schools

<i>Fund/Agency: 001/12</i>		<i>Department of Purchasing and Supply Management</i>
<i>LOB #: 12-01</i>		<i>Central Purchasing and Contracting for County and Schools</i>
Personnel Services		\$1,584,217
Operating Expenses		\$1,535,062
Recovered Costs		\$0
Capital Equipment		\$0
<b>Total LOB Cost:</b>		<b>\$3,119,279</b>
Federal Revenue		\$0
State Revenue		\$0
User Fee Revenue		\$0
Other Revenue		\$942,769
<b>Total Revenue:</b>		<b>\$942,769</b>
<b>Net LOB Cost:</b>		<b>\$2,176,510</b>
Positions/SYE involved in the delivery of this LOB		25 / 25.0

#### ► LOB Summary

Central Purchasing and Contracting delivers innovative, responsive, and accountable public procurement services. Purchasing and contract management services are provided to Fairfax County departments, Fairfax County Public Schools (FCPS), and other assigned Boards and Authorities. Public Procurement is a mandatory governmental function as identified in the Virginia Public Procurement Act and the Fairfax County Purchasing Resolution. Central Purchasing and Contracting also includes systems management and administration for all County and FCPS users of the mainframe-based *County and Schools Procurement System* (iCASPS), Web site, Procurement Card Program, and electronic commerce initiatives.

# Department of Purchasing and Supply Management

To meet the procurement and contracting needs of its customer base, Central Purchasing and Contracting focuses on two business practices. First, Central Purchasing and Contracting has implemented a balanced approach to procurement support whereby large dollar, complex procurements are centrally performed by a highly trained and professionally certified staff, while small dollar, less complex purchases are delegated to using agencies whose performance is monitored through an oversight process. In FY 2007, 96 percent of procurement requests representing 17 percent of total procurement dollar volume were processed by the delegated departments. Central Purchasing and Contracting processed four percent of the total purchase requests representing 83 percent of all dollars spent. Second, Central Purchasing and Contracting has enhanced its ability and capacity to provide effective procurement support by implementing highly successful electronic procurement programs such as the Procurement Card Program, the distributed online ordering of office supplies, and eVA, Virginia's online procurement portal. Central Purchasing and Contracting also participates in regional and national cooperative programs, an effective tool that reduces prices and administrative costs by combining the purchasing power of multiple organizations while leveraging the experience and expertise of entities with specialized knowledge.

Over the past several years, the department has seen a shift in workload from the relatively straightforward purchase of goods through the Invitation for Bid process, to the purchase of services, through the more complex Request for Proposal method. The increased number of service contracts has also increased the need for resources devoted to the management and administration of contracts after award. Central Purchasing and Contracting currently manages over 2,700 active contracts, an 18 percent increase over FY 2003.

Funding for the Central Purchasing and Contracting program is provided entirely through the General Fund. The Department of Purchasing and Supply Management does receive offsetting expenditure revenues from rebates generated through the National Association of Counties Government Purchasing Alliance (GPA) cooperative purchasing program and the County's procurement card and office supplies contracts. In FY 2007, these revenues constituted an \$841,000 reduction in the net cost to the County for the Central Purchasing and Contracting program.

Other significant characteristics of this activity include:

## **CENTRAL PURCHASING AND CONTRACTING SUPPORT**

### **Contract Administration**

Fairfax County contracts are awarded and administered by a staff of 16 who establish pricing, terms, and conditions through competitive bidding or competitive negotiations. Central Purchasing administers over 2,700 contracts annually. Administration activities include: monitoring and resolving contract performance and payment problems; processing changes to contract items, terms, and conditions; and providing liaison between contractor and program personnel.

Central Purchasing and Contracting issues approximately 375 solicitations annually and makes between 700 and 900 formal contract awards annually. With almost 4,000 formal contract awards made since FY2003, the department has received only four valid protests. The contract specialists in DPSM are increasingly involved in complex contract negotiations and review of financial statements, ensuring that the County has the best possible contract terms. Overall procurement dollar volume has increased by 47 percent since FY 2003. The

# Department of Purchasing and Supply Management

Department of Purchasing and Supply Management is striving to streamline and improve the solicitation and contract award process as part of the strategic plan.

## **Cooperative Purchasing Agreements**

The Department of Purchasing and Supply Management encourages the use of rider, cooperative, and state contracts to the maximum extent feasible seeking to increase efficiencies and reduce administrative expenses.

**National Contracts** - Serves as advisory board member and lead jurisdiction on a number of national contracts for the Government Purchasing Alliance (GPA) sponsored by the National Institute of Governmental Purchasing, National Association of Counties, and U.S. Conference of Mayors.

**Regional Cooperative Purchasing** - Actively participates in the Metropolitan Council of Governments Chief Procurement Officers committee and serves as lead jurisdiction on a number of cooperative contracts for the 42 participating jurisdictions.

## **DELEGATED PURCHASING PROGRAMS**

Along with the delegation of low dollar value purchase orders (Small Purchase Orders or SO's), DPSM also manages the following delegated programs, which allow County departments to process their requirements directly:

**eVA** – DPSM provides management oversight of County implementation of the state of Virginia's electronic procurement portal. This tool facilitates electronic bidding at the informal procurement level as well as purchasing from established contracts.

**Office Supplies** – DPSM administers the office supply program which provides online ordering of office supplies through a national office supplies contract. This program with Office Depot steers 88 percent of the 67,000 orders placed annually to online ordering. Online ordering increases both county and vendor efficiencies and earned the County and Public Schools an annual rebate of \$687,000 in FY 2007.

**Purchasing Card Program** - Manages a purchasing card (p-card) program that processes thousands of procurement transactions each year and accounts for over \$73 million of the total procurement volume. Over 2,700 cards have been issued to 350 operational elements throughout the County and the Public School system. Almost 175,000 procurement transactions are completed each year using the p-card and users express a very high level of satisfaction with the program as indicated on the Department of Purchasing and Supply Management's annual customer satisfaction survey. Cards typically have a \$2,500 single purchase limit. The p-card program offers an effective tool for delegating purchasing tasks to the program level, while maintaining strong controls through system tools and a robust oversight program. The Department continuously seeks opportunities to identify and move high-volume purchase order contractors to accept the p-card in lieu of purchase orders.

**Legislative Initiative** – As part of the Department's strategic plan, it is seeking legislative authority to increase the formal procurement threshold to \$100,000. If the Virginia Public Procurement Act is amended as proposed, then the department will proceed with a phased implementation that includes enhanced end-user training and procedures.

# Department of Purchasing and Supply Management

## SYSTEMS SUPPORT

**User Assistance** - Provides functional and systems support and training to 1,660 users of the County and Schools Procurement System (iCASPS), including Department of Purchasing and Supply Management professional staff, as well as user departments.

**Management Information** - Provides management information to staff, policymakers, and citizens on past, current, and future procurement activities.

**Financial Controls** - Maintains data integrity as well as systems security and controls over iCASPS. Ensures that separation of duties is maintained throughout the entire procurement to payment process.

### ► Method of Service Provision

Central Purchasing and Contracting functions are performed by County staff supplemented by temporary staff and/or college interns. Hours of operation are Monday through Friday, 8:00 a.m. – 4:30 p.m. During the year, work hours may vary due to systems installation or maintenance activities which may require work to be performed during non-business hours in order to prevent disruption to County operations. Forty-one percent of staff members are set up to telework from remote work sites or home computers.

### ► Mandate Information

This LOB is federally or state mandated as noted on page 5 of the 2007 Federal and State Mandates Report. The percentage of this LOB's resources utilized to satisfy the mandate is 100 percent.

## 12-02: Supplier Diversity Program

Fund/Agency: 001/12		Department of Purchasing and Supply Management
LOB #: 12-02	Supplier Diversity Program	
Personnel Services		\$221,291
Operating Expenses		\$23,374
Recovered Costs		\$0
Capital Equipment		\$0
<b>Total LOB Cost:</b>		\$244,665
Federal Revenue		\$0
State Revenue		\$0
User Fee Revenue		\$0
Other Revenue		\$0
<b>Total Revenue:</b>		\$0
<b>Net LOB Cost:</b>		\$244,665
Positions/SYE involved in the delivery of this LOB		4 / 4.0

# Department of Purchasing and Supply Management

## ► LOB Summary

A 1981 Board of Supervisors mandate created the Small Business Enterprise Program (SBEP), in order to increase the participation of the small and minority business community in County procurement activities. In 2006, the Board redesignated the SBEP program as the “Supplier Diversity Program” and DPSM established the Vendor Relations Division (VRD) to support the program. Supplier diversity has been a focus within the County for decades. The County has diligently worked to break down barriers for small, woman-, and minority-owned (SWAM) vendors to do business with the County. The primary responsibility of the Supplier Diversity Program is to ensure that SWAM businesses are treated fairly and have an opportunity to compete for the County's contract dollars. The Fairfax County definition for SWAM businesses is as follows and is in accordance with the definitions used by the Commonwealth of Virginia:

**Small Business Enterprise** – Shall mean an independently owned and operated business which, together with affiliates, has 250 or fewer employees, or average annual gross receipts of \$10 million or less average over the previous three years.

**Minority Business Enterprise** – A business concern that is at least 51 percent owned by one or more minority individuals or in the case of a corporation, partnership, or limited liability company or other entity, at least 51 percent of the equity ownership interest in the corporation, partnership, or limited liability company or other entity is owned by one or more minority individuals and both the management and daily business operations are controlled by one or more minority individuals.

**Woman-Owned Business Enterprise** – A business concern that is at least 51 percent owned by one or more women who are citizens of the United States or non-citizens who are in full compliance with United States immigration law, or in the case of a corporation, partnership, or limited liability company or other entity, at least 51 percent of the equity ownership interest is owned by one or more women who are citizens of the United States or non-citizens who are in full compliance with United States immigration law, and both the management and daily business operations are controlled by one or more women who are citizens of the United States or non-citizens who are in full compliance with United States immigration law.

The Vendor Relations Division engages in a variety of outreach efforts, including counseling and assistance, which are intended to maximize prime and subcontract opportunities for small, minority-owned businesses, and women-owned businesses. These efforts include the following activities:

Planning and conducting seminars, training, and counseling for the business community;

Advising staff, and providing leadership, and direction for the County Small Business Enterprise Program activities;

Planning, developing, and implementing County-wide program policies, procedures, and practices;

Representing the County to national, state and local audiences through participation at conferences;



# Department of Purchasing and Supply Management

Performing continual reviews and evaluations of small business activity within the acquisition operations of the County; and

Maintaining vendor resource information for small and large businesses, and educational and non-profit organizations.

The Department actively participates and/or partners with:

- Virginia Minority Supplier Development Council
- Women's Business Enterprise National Council
- U.S. Hispanic Chamber of Commerce
- National Procurement Council
- U.S. Women's Chamber of Commerce
- U.S. Department of Labor
- U.S. Small Business Administration
- U.S. General Services Administration
- Virginia Hispanic Chamber of Commerce
- Fairfax County local/regional chambers of commerce
- Community Business Partnership
- Women's Business Center
- Fairfax County EDA
- Greater Washington Ibero American Chamber of Commerce
- National Minority Supplier Development Council

In FY 2007 the Vendor Relations Division implemented two initiatives to reach small, minority-owned, and women-owned businesses and to help them grow. In the same year, almost \$250 million or 45 percent of County procurement dollars went to small, woman-owned or minority (SWAM) businesses. This is over double the amount spent with SWAM businesses in FY 2003.

1. Captured SWAM statistics for vendors responding to formal solicitations. This information will help staff to identify commodity areas with little or no SWAM participation.
2. Conducted quarterly workshops for County staff on how to locate and do business with SWAM vendors. It is anticipated that the workshops will be held monthly starting in FY 2009.

The Supplier Diversity Program has additional responsibility of providing staff support to the Small Business Commission appointed by the Board of Supervisors.

Funding for the Supplier Diversity Program is provided entirely through the General Fund in the budget of the Department of Purchasing and Supply Management.

## ► Method of Service Provision

Merit County employees provide the majority of the functions during standard County work hours (8:00 a.m. – 4:30 p.m.) and also during scheduled evening meetings in support of the Small Business Commission. Services are provided to firms directly through individual consultations, responding to inquiries, seminars, referrals, and distribution of educational materials.

# Department of Purchasing and Supply Management

## ► Mandate Information

This LOB is state mandated as noted on page 5 of the 2007 Federal and State Mandates Report. The percentage of this LOB's resources utilized to satisfy the mandate is 100 percent.

## 12-03: Warehouse Operations

<i>Fund/Agency: 001/12</i>		<i>Department of Purchasing and Supply Management</i>
<i>LOB #: 12-03</i>		<i>Warehouse Operations</i>
Personnel Services		\$511,115
Operating Expenses		\$147,948
Recovered Costs		\$0
Capital Equipment		\$0
<b>Total LOB Cost:</b>		\$659,063
Federal Revenue		\$0
State Revenue		\$0
User Fee Revenue		\$0
Other Revenue		\$0
<b>Total Revenue:</b>		\$0
<b>Net LOB Cost:</b>		\$659,063
Positions/SYE involved in the delivery of this LOB		11 / 11.0

## ► LOB Summary

The County Consolidated Warehouse serves as a central receiving and distribution point for supplies and equipment and provides temporary storage and distribution of supplies and equipment to all County departments. The County Consolidated Warehouse is used for storage of consignment stock from other departments, the County's electronic voting machines, and supplies and materials for the Office for Children's School Age Child Care (SACC) Program. County Library books for new and renovated facilities are stored prior to being put into circulation. Each workday Warehouse personnel and vehicles collect, sort, and redistribute County Library materials throughout the entire County Library system. The County Consolidated Warehouse manages County property that is excessed by an agency or made surplus by the County and ensures its proper disposal; this includes redistribution, sale, or disposal. The County Consolidated Warehouse has also assumed a vital role in emergency response at the local, state and regional levels.

### Library Book Distribution

Library book collection and distribution is the single largest distribution activity for the County Consolidated Warehouse.

An average of 300 bins of books are collected, sorted, and delivered each day, equaling over 7.4 million books per year.

Four warehouse drivers and trucks spend 100 percent of each day in support of the Library Book Distribution program.

# Department of Purchasing and Supply Management

Books purchased for new and renovated facilities are stored at the County Consolidated Warehouse and are delivered to the appropriate facility upon completion.

## **Distribution and Storage**

Distribution for Electoral Board - The Warehouse stores, delivers, and retrieves up to 800 voting machines for each election.

Distribution for Human Services programs - The Warehouse stores and distributes equipment, materials, and supplies for –

125 school year School Age Child Care Centers three times per year;  
23 winter SACC sites once per year; and  
25 summer SACC sites once per year.

Distribution for the Human Services Recreation Warehouse - The Warehouse distributes and picks up supplies and large equipment for 126 recreational sites.

## **Other**

Storage of Consignment Stock – The County Consolidated Warehouse stores materials for various County agencies that are purchased in bulk and for which the user agency does not have the necessary storage space.

Storage and Delivery of Department of Information Technology (DIT) Paper Inventory - The Warehouse receives, stores, and delivers all bulk paper to meet the daily operational requirements of the DIT Data Center.

Print Shop Distribution - The County Consolidated Warehouse picks up completed materials from the County Print Shop and makes delivery to the appropriate County agencies outside of the Government Center.

## **Management of Excess and Surplus Property**

The County Consolidated Warehouse handles pick-up, temporary storage, redistribution and/or transfer, and the sale of excess and surplus property from all County agencies. This property includes:

- Fleet vehicles
- Furniture
- Police confiscated property
- Computers and related equipment
- General office equipment

A contract auctioneer picks up the property and handles the advertisement, temporary storage, and sale of the goods. Auctions are monitored by County staff and generated approximately \$1.6 million in revenue in FY 2007.

# Department of Purchasing and Supply Management

## Support of Emergency Response Efforts

The County Consolidated Warehouse is a key player in emergency planning and response on the local, regional and state-wide levels. The Warehouse will provide storage and distribution during emergency situations. Warehouse staff members currently participate in emergency planning and drills at all levels to test and exercise their plans and capabilities.

Funding for the County Consolidated Warehouse is provided entirely through the General Fund. However, as noted above, in FY 2007 sale of surplus material and equipment generated almost \$1.6 million which was distributed as revenue to the appropriate departments.

## ► Method of Service Provision

The County Consolidated Warehouse is staffed by County employees. The management of excess and surplus property is performed by County employees and contract auctioneers.

## ► Mandate Information

A portion of this LOB is federally or state mandated as noted on page 5 of the 2007 Federal and State Mandates Report. The percentage of this LOB's resources utilized to satisfy the mandate is 50 percent.

## 12-04: Procurement Assistance and Compliance

<i>Fund/Agency: 001/12</i>		<i>Department of Purchasing and Supply Management</i>
<i>LOB #: 12-04</i>		<i>Procurement Assistance and Compliance</i>
Personnel Services		\$484,215
Operating Expenses		\$32,759
Recovered Costs		\$0
Capital Equipment		\$0
<b>Total LOB Cost:</b>		<b>\$516,974</b>
Federal Revenue		\$0
State Revenue		\$0
User Fee Revenue		\$0
Other Revenue		\$0
<b>Total Revenue:</b>		<b>\$0</b>
<b>Net LOB Cost:</b>		<b>\$516,974</b>
Positions/SYE involved in the delivery of this LOB		7 / 7.0

## ► LOB Summary

The Fairfax County Purchasing Resolution stipulates that the Director of the Department of Purchasing and Supply Management shall be the County Purchasing Agent and charges the Director to "carry out the principles of modern central purchasing and supply management in accordance with applicable laws and regulations..." The Resolution also specifically assigns the Director "oversight responsibility over all County warehouses and storerooms" and the responsibility of

# Department of Purchasing and Supply Management

“maintaining the County and Fairfax County Public Schools (FCPS) fixed assets accountability program.”

## **General**

The Procurement Assistance and Compliance Program encompasses all of the Department’s organized customer service and oversight initiatives. The program is funded from the County’s general operating fund and consists primarily of two teams, one that focuses on inventory and fixed asset oversight and a second that focuses on delegated procurement oversight.

## **Procurement Assistance**

The entire department is involved in customer assistance through daily contact with our customers. However, the Procurement Assistance and Compliance Program provides focused attention to customer assistance through:

Visits to all County agencies to identify and resolve purchasing issues.

Quarterly “issues meetings” with major customers. During those sessions working level customers as well as managers are engaged in meaningful dialog about problems they encounter accomplishing procurement and supply management tasks. Staff also holds regularly scheduled focus group meetings for specific user groups, such as CASPS users and customer department Contract Managers.

The CASPS Help Desk supports all County departments except Fairfax County Public Schools. In FY 2007, the Help Desk responded to 667 assistance requests. The number of requests has decreased significantly (down from 774 in FY 2006) by web-enabling CASPS to make it more intuitive and user friendly.

Training, both formal in scheduled classes and informal during site visits. Informal on-the-job training is a primary objective of the Procurement and Assistance Program and constitutes a major portion of each site visit.

## **Procurement Compliance**

The Procurement Assistance and Compliance Program is also the formal oversight program through which the Director ensures customer compliance with purchasing and supply management regulations for:

Delegated procurement authority – to verify that agencies who exercise small purchase authority (up to \$10,000) follow the correct procedures;

Consumable inventory management – to verify that sound inventory management procedures are being employed to maintain the accuracy and accountability of the County’s consumable inventories; and

Fixed assets inventory management – to verify that County and FCPS Property Managers are accurately recording and reporting all capital equipment possessed by their agency.

## Department of Purchasing and Supply Management

### Procurement Oversight

In FY 1990, agencies were authorized to issue “limited purchase orders” valued at \$100 or less. It is estimated that less than \$500,000 was spent via this “limited purchase order” process. In FY 1993, the small purchase order was introduced and agencies were delegated purchase authority up to \$500 per order. By FY 1995, the volume of small purchase orders had reached 19,769 valued at \$5.63 million and the need for oversight of delegated purchasing was clearly established. At inception in 1996, the delegated procurement authority oversight program focused on the proper use of small purchase orders, and blanket purchase orders by County agencies.

Today, the agencies are empowered to use a large array of small purchasing tools that include the small purchase order (\$10,000 per order), the blanket purchase order, procurement card, and a web site for ordering office supplies, and eVA, an electronic shopping mall. In FY 2007, the agencies issued the following orders:

<u>Type of Order</u>	<u>Number</u>	<u>Value (\$ mil)</u>
Small Purchase	20,105	\$33.19
Blanket Purchase	1,564	\$175.00
Internet/P-card	<u>239,928</u>	<u>\$73.14</u>
Total	261,597	\$281.33

Each of these tools presents different vulnerabilities and levels of risk and requires a separate set of procedures and internal controls that make oversight a complex function. The procurement assistance and compliance team uses a standard protocol to review agency procurement activities and endeavors to visit and report on each of the County’s agencies once each 18 months. Over the last two years, very few significant discrepancies have been detected in the delegated procurement activities of the agencies reviewed. Those discrepancies uncovered were corrected immediately.

### Consumable Inventory Oversight

The County’s consumable inventory has decreased in size from \$4.1 million in FY 2001 to \$3.5 million in FY 2007. Reductions have been achieved through the use of term contracts with next-day delivery terms for office supplies and similar readily available consumables and through consistent monitoring of the inventories to ensure that inventory turnover rates are satisfactory and obsolete stock is deleted. The accuracy of the inventory, as portrayed below, has increased markedly because of the quarterly spot checks and the training rendered during the spot check visits.

<u>Indicator</u>	<u>Standard</u>	<u>FY 1991</u>	<u>FY 2001</u>	<u>FY 2007</u>
Inventory Accuracy Rate	95%	95%	98%	98%

# Department of Purchasing and Supply Management

## Fixed Asset Inventory Oversight

The County and the Public Schools fixed asset inventory decreased in value and size dramatically in FY 1996 when the threshold for classifying equipment as capital assets was raised from \$500 to \$5,000. This change made the inventories much more manageable and led to a remarkable improvement in the inventory accuracy rate for the property account. The effort of the combined County and Schools team to accomplish this is continually compounded as the County population grows and the number and size of facilities, especially schools, increases. The chart below summarizes the dynamics of the inventory.

<b>Indicator</b>	<b>FY 1995</b>	<b>FY 1996</b>	<b>FY 2001</b>	<b>FY 2007</b>
# Assets	110,435	8,219	12,511	16,756
Value of Assets (\$mil)	\$361	\$217	\$318	\$512
Accuracy Rate	unknown	unknown	98%	97%

## ► **Method of Service Provision**

All functions are provided by County or Fairfax County Public Schools employees. Normal working hours are 8:00 a.m. to 4:30 p.m. Monday through Friday.

The delegated procurement authority, consumable inventory, and fixed assets inventory oversight is exercised primarily through scheduled site visits to interview responsible personnel, review internal controls, records and reports, sample completed work, conduct “spot check” inventories, and conduct informal training. All visits conclude with a written report that summarizes findings and recommendations.

Customer service is a primary responsibility of all DPSM employees and a part of every customer contact. It is enhanced through formal “touch points” like the iCASPS “Help Desk”, the various spot checks and assistance/compliance visits, and cyclical meetings with customers.

## ► **Mandate Information**

There is no federal or state mandate for this LOB.

# Department of Purchasing and Supply Management

## 12-05: Agency Management

<b>Fund/Agency: 001/12</b>		<b>Department of Purchasing and Supply Management</b>
<b>LOB #: 12-05</b>		<b>Agency Management</b>
Personnel Services		\$518,465
Operating Expenses		\$32,076
Recovered Costs		\$0
Capital Equipment		\$0
<b>Total LOB Cost:</b>		<b>\$550,541</b>
Federal Revenue		\$0
State Revenue		\$0
User Fee Revenue		\$0
Other Revenue		\$0
<b>Total Revenue:</b>		<b>\$0</b>
<b>Net LOB Cost:</b>		<b>\$550,541</b>
Positions/SYE involved in the delivery of this LOB		7 / 7.0

### ► LOB Summary

The Agency Management activity provides strategic planning and leadership, managerial oversight, and administrative support to the Department of Purchasing and Supply Management. This includes serving as the Purchasing Agent for the Board of Supervisors and the Fairfax County Public School Board as well as providing internal staff support to the 54 employees of the Department, to include overall human resources support and fiscal management activities. Agency Management activities are intricately interwoven into the overall operation of the Department. In addition, the Agency Management activity also manages procurement-related training and educational opportunities for County departmental customers and, most recently, has become involved in emergency planning activities for the Department as well as other County departments and organizations outside of the County.

#### General

The Director of Purchasing and Supply Management provides procurement policy direction for all County departments. The Agency Management activity includes responsibility for keeping abreast of all procurement regulation changes, both at the state and federal level, and ensuring all regulatory requirements are included in the Fairfax County Purchasing Resolution.

While the trend towards increased delegation of purchasing volume continues (over 90 percent of all purchasing transactions are conducted as 'field' orders), the Department continues to process an increased dollar volume of purchase orders. The three underlying principles of the procurement program remain unchanged:

Equity – to provide access to all potential bidders competing for government business;

Integrity – to minimize the opportunity for corruption in the procurement process; and

Economy and Efficiency – to procure quality goods and services at the lowest possible price and to ensure the internal processes used are efficient and effective



# Department of Purchasing and Supply Management

## Procurement Training

The Agency Management activity, in conjunction with each of the Department's other lines of business, provides procurement-related training to internal and external customers. Over the past few years, the Department has devoted increased resources to development and presentation of a variety of training opportunities including the full-day, instructor-led "Purchasing 101", segments of Dollars and Sense training for new managers, IT Project Manager training, procurement card program manager training, and system training for users of iCASPS and other electronic procurement tools. The Department also presents several conferences and forums, including the annual P2P Conference for County financial and procurement customers, and the Contract Managers forums directed at department contract managers. Most recently the Department has designed and implemented online user training for both the procurement card and the iCASPS system. Enhanced procurement training for customers and vendors is a significant element of the department's strategic plan.

## Emergency Planning and Response

Because of the increasing demand for participation in emergency preparedness activities, including development of a Continuity of Operations Plan (COOP), increased staff training requirements, and participation in various local, regional, state and national planning efforts and preparedness drills, the Agency Management activity has dedicated a position to the Department's preparation for and participation in emergency response activities.

Funding for the Agency Management activity is provided entirely through the General Fund. The Department of Purchasing and Supply Management does receive offsetting expenditure revenues from rebates generated through the Government Purchasing Alliance (GPA) national cooperative purchasing program and the procurement card program. These revenues are allocated to the Central Purchasing and Contracting activity for County and Schools program.

The Department of Purchasing and Supply Management continues to operate a best-in-class procurement program. Specific accomplishments are discussed further in the Central Purchasing and Contracting program; however, the department is recognized regionally and nationally as a model for innovation and efficiency.

## ► **Method of Service Provision**

Services provided under the Agency Management activity are delivered directly through merit County employees during standard County work hours (8:00 a.m. – 4:30 p.m.).

## ► **Mandate Information**

There is no federal or state mandate for this LOB.

# Department of Purchasing and Supply Management

## **AGENCY PERFORMANCE MEASURES**

### **Objectives**

- To maintain the percentage of formal contract actions awarded without valid protest or legal actions at 99.5 percent or greater.
- To maintain the cost of procuring \$100 worth of goods or services at \$0.20 or less, without a degradation of service.
- To maintain the dollar value of contracts awarded to small and minority businesses (processed through the mainframe procurement system) at 40 percent or greater.
- To complete 95 percent of purchase requisitions (PR) against a valid contract within 10 days.
- To complete (from issue to award) 85 percent of all formal solicitations processed within the Department's established standard.
- To fulfill 90 percent of customer requests for material pick up and distribution within 5 days of receipt of a request document.
- To provide a process for customers to identify and obtain items from excess property, reaching a customer satisfaction level of at least 90 percent.
- To support circulation of library materials through DPSM book distribution program by transferring 60 percent or more of total circulation annually with a long-term target of 64 percent.
- To accurately track and maintain the County's consumable and fixed assets inventories, maintaining an accuracy rate of at least 98 percent.
- To increase the use of electronic commerce, Internet ordering and procurement card for delivering orders to suppliers by delivering 88 percent of orders via electronic commerce and achieving 100 percent of rebates.
- To maintain the percent of help desk calls closed in one day or less at 95 percent or higher.
- To complete 100 percent of scheduled procurement assistance and compliance reviews.

# Department of Purchasing and Supply Management

Indicator	Prior Year Actuals		Current Estimate	Future Estimate	LOB Reference Number
	FY 2006 Actual	FY 2007 Estimate/Actual	FY 2008	FY 2009	
Output:					
Formal contractual actions processed	910	800 / 725	800	725	12-01
Value of purchase orders, procurement card, and Internet transactions processed (millions)	\$616.30	\$659.50 / \$632.70	\$660.00	\$688.38	12-01
Total dollars awarded to small and minority businesses (millions) (1)	\$248.00	\$256.00 / \$250.00	\$255.00	\$260.00	12-02
Vendors attending monthly vendor workshop	124	130 / 140	150	160	12-02
Purchase requisitions converted to purchase orders (2)	7,094.0	7,100.0 / 6,172.0	5,250.0	5,100.0	12-01
Active contracts	2,677	2,784 / 2,795	2,865	2,936	12-01
Contractual awards processed	910	800 / 725	800	725	12-01
Pick-up and redistribution requests received annually	NA	NA	2,000	2,000	12-03
Number of books transferred annually	NA	NA	NA	7,737,600	12-03
Pick-up and redistribution requests fulfilled annually for excess/surplus property	NA	NA	650	650	12-03
Line items carried in Consumable Inventory Account	14,079	13,500 / 13,131	12,900	12,500	12-04
Fixed assets in the Capital Equipment Account	16,049	16,500 / 16,756	16,750	17,000	12-04
Small Purchase Orders and Purchase Orders sent electronically via EDI	4,916	4,900 / 5,140	5,100	5,225	12-01
Percent of office supply orders submitted via Internet	88%	87% / 88%	88%	88%	12-01
Value of procurement card purchases (in millions)	\$73.60	\$80.00 / \$73.10	\$75.00	\$80.00	12-01

# Department of Purchasing and Supply Management

Indicator	Prior Year Actuals		Current Estimate	Future Estimate	LOB Reference Number
	FY 2006 Actual	FY 2007 Estimate/Actual	FY 2008	FY 2009	
Output:					
Rebates and incentives received	\$1,599,100	\$1,947,000 / \$1,773,876	\$1,800,000	\$1,947,000	12-01
Assistance/help desk calls received/processed	774	700 / 584	600	500	12-04
Procurement Assistance and Compliance reviews completed (4)	NA	13 / 14	14	15	12-04
Efficiency:					
Cost per formal contractual action	\$55	\$63 / \$69	\$62	\$71	12-01
Cost per \$100 of goods or services procured	\$0.17	\$0.17 / \$0.19	\$0.20	\$0.20	12-01
Average cost to educate and assist small and minority businesses	\$5.46	\$6.48 / \$5.98	\$6.67	\$6.53	12-02
Purchase requisitions converted to purchase orders per buyer staff	591	546 / 475	328	319	12-01
Active contracts managed per buyer staff (3)	223.0	163.0 / 175.0	239.0	245.0	12-01
Formal contractual actions managed per buyer (3)	76.0	47.0 / 45.0	50.0	45.3	12-01
Administrative processing cost for a pick-up or redistribution request	NA	NA	\$4.77	\$4.96	12-03
Transfer cost per book	NA	NA	NA	\$0.031	12-03
Cost to fulfill a pick-up and redistribution request for excess/surplus property pick-up or delivery	NA	NA	\$127.95	\$133.07	12-03
Cost per line item to maintain consumable inventory accuracy of at least 95 percent (5)	\$3.26	\$4.78 / \$4.92	\$4.95	\$5.11	12-04
Cost per fixed asset to maintain at least 95 percent inventory accuracy	\$6.98	\$6.95 / \$6.84	\$7.22	\$7.11	12-04
Cost per \$1 of rebate received	\$0.06	\$0.06 / \$0.07	\$0.07	\$0.07	12-01
Average time to close each help desk call answered (hours)	2.0	2.5 / 1.5	2.0	2.0	12-04
Procurement Assistance and Compliance reviews completed per analyst (4)	NA	3.2 / 3.5	3.5	3.7	12-04

# Department of Purchasing and Supply Management

Indicator	Prior Year Actuals		Current Estimate	Future Estimate	LOB Reference Number
	FY 2006 Actual	FY 2007 Estimate/Actual	FY 2008	FY 2009	
Service Quality:					
Percent of contractual actions receiving valid protest	0.0%	0.5% / 0.1%	0.3%	0.3%	12-01
Percent of customers indicating satisfaction with service	92%	95% / 86%	90%	92%	12-01
Percent of small and minority businesses rating workshops as satisfactory or better	100.0%	100.0% / 100.0%	98.0%	98.0%	12-02
Percent satisfaction with the process to acquire goods and services based on annual customer satisfaction survey	85%	88% / 85%	90%	90%	12-01
Percent satisfaction with timeliness of process to establish a contract	66%	75% / 69%	70%	73%	12-01
Percent of customers indicating satisfaction with Warehouse pick-up and redistribution services	NA	NA	90%	90%	12-03
Percentage of books transferred within 1 working day	NA	NA	NA	98.0%	12-03
Percent of customers indicating satisfaction with the process for obtaining excess property	NA	NA	90%	90%	12-03
Percent of customers rating consumable inventory tracking as satisfactory or better	91%	95% / 94%	95%	95%	12-04
Percent of customers satisfied with the procurement card program	97%	95% / 95%	95%	95%	12-01
Percent of customers rating help desk as satisfactory or better	94%	95% / 94%	95%	95%	12-04
Percent of customers stating the Procurement Assistance and Compliance review revealed areas for improvement (4)	NA	90% / 100%	90%	90%	12-04
Percent of customers stating the Procurement Assistance and Compliance review strengthened internal controls (4)	NA	90% / 100%	90%	90%	12-04

# Department of Purchasing and Supply Management

Indicator	Prior Year Actuals		Current Estimate	Future Estimate	LOB Reference Number
	FY 2006 Actual	FY 2007 Estimate/Actual	FY 2008	FY 2009	
Outcome:					
Percent of formal contractual actions awarded without valid protest	100.0%	99.5% / 99.9%	99.5%	99.5%	12-01
Percent change in cost to procure \$100 of goods or services	(47.0%)	0.0% / 12.0%	5.3%	(15.0%)	12-01
Percent of procurement dollars awarded to small and minority businesses (2)	45.7%	44.1% / 45.0%	43.7%	40.0%	12-02
Percent of requisitions completed within 10 days	91.0%	95.0% / 95.1%	95.0%	95.0%	12-01
Percent of formal solicitations completed within the established procurement schedule	77%	85% / 82%	85%	85%	12-01
Percent of pick-up and redistribution requests processed within 5 days of receipt of request	NA	NA	90%	90%	12-03
Percentage of annual library circulation transferred by DPSM	NA	NA	NA	60%	12-03
Percent of excess property pick-up and redistribution requests processed within 5 days of receipt of request	NA	NA	90%	90%	12-03
Percent of consumable items accurately tracked	98%	98% / 98%	98%	98%	12-04
Percent of fixed assets accurately tracked	99%	98% / 97%	98%	98%	12-04
Percent of rebates achieved relative to plan	139.0%	100.0% / 91.0%	100.0%	100.0%	12-01
Percent of orders transmitted via electronic commerce	87.3%	88.0% / 88.5%	88.0%	88.0%	12-01
Percent of help desk calls closed in one day or less	98%	95% / 96%	95%	95%	12-04
Percent of Procurement Assistance and Compliance reviews completed as scheduled (4)	NA	100.0% / 100.0%	100.0%	100.0%	12-04

(1) "Total dollars awarded to small, woman- and minority-owned businesses" and "Percent of procurement dollars awarded to small, woman- and minority-owned businesses" calculations do not include purchases through procurement card, since classification data is not available for those purchases. The FY 2005 increase over FY 2004 in dollars awarded to small and minority businesses is partially the result of a re-definition by the Commonwealth of Virginia for this category of suppliers, as well as a focused effort by department staff to classify previously unclassified vendors.

(2) In December 2007, Small Purchase Order limit increased from \$5,000 to \$10,000, decreasing the number of purchase orders that require buyer approval.

(3) In FY 2007, increased staff resources were directed to professional procurement activities, reducing the number of active contracts managed per buyer staff and the number of formal solicitations managed per staff.

(4) New FY 2007 indicator.

(5) The Department of Purchasing and Supply Management (DPSM) provides inventory oversight and assistance to agencies that maintain inventories. DPSM's staff cost per inventory line item has increased steadily since FY 2005 because, while the steady reduction in the number of line items creates efficiencies for the user agencies, the number of inventory sites and cost to support those sites remains static for DPSM.