

# Procurement Process Review, Analysis, and Recommendations

## City of Rockville, Maryland

31 July 2014

By

Kenneth D. Hayslette, CPPO, C.P.M., CPCM

## Procurement Processes Analysis Report

### Overview

*“Real improvement in government isn't a cut-and-paste process. The best leaders look forward to what might be, not backward to what was.”*

Patrick Ibarra

One of the tasks given to me when I accepted the Purchasing Manager position was to review the City's procurement processes, policies, and procedures and to make recommendations for improvements and enhancements based upon my knowledge of and experiences in applying the best public procurement and contracting practices. I viewed this task not as finding fault with anything, but, rather with building upon the current successful processes and systems to achieve better results for the City.

The current City procurement processes and procedures are not defective or significantly deficient. From my viewpoint the current processes and related procedures could be more efficient and effective, especially given the trends in customer service. It also appears that there is a significant difference in philosophy between how Mr. Cohen and Ms. Ford view the procurement function and how I view the function. The City of Rockville could continue to be successful using the existing systems and processes; however, I believe that the City would be more successful by incorporating certain philosophical and procedural changes. I define such successes as those points when the City is solving the most problems with the least amount of resources. This definition of success is subjective, but, it can usually be quantified.

The following is a brief synopsis of my philosophy and beliefs as they apply to this task.

The focus of Purchasing Division should be on the needs of our clients' final customers (end-users). A client is a City employee whom we serve that will be directly impacted by our work. The Purchasing Division's primary role is to ensure that the City Departments / Divisions (client agencies) can accomplish their respective goals, objectives, and missions in the quickest, most economical manner while maintaining procurement and contracting systems of the highest integrity, professionalism, and ethical standards. Costs to the taxpayers and rate payers must be balanced with the quality of the commodity or service procured and the timeliness of the delivery / performance to the client agency's ultimate customer / end-user. Adoption and implementation of these concepts require a shift in the "traditional" and stereotypical City procurement paradigms.

## **Procurement Processes Analysis Report**

While all City employees are stewards of the taxpayers' and citizens' resources, the Purchasing Division's key role is to obtain the highest overall return on investment of those resources entrusted to us by the taxpayers and citizens. The ultimate goal is to make all stakeholders better off through good stewardship of their resources and our labor and time.

The procurement process in general is a communications process. To be successful we must effectively and efficiently facilitate communications between our clients and potential solution providers (contractors). We must also be interpreters and translators by translating and interpreting governmental languages into business or citizen languages and vice versa. This has nothing to do with the traditional languages such as English and Spanish, even though this issue is another opportunity for success. It has to do with the cultural and esoteric definitions used by governments and the sometimes opposing definitions used by others such as business people and lay people.

Public procurement is a "service" operation designed to assist and facilitate our users, clients, customers, and stakeholders in successfully achieving their respective goals and objectives. We should be providing certain internal consulting services to assist each empowered and responsible City employee and client agency in successfully accomplishing its mission, goals, and objectives.

It is my philosophy that the Purchasing Division should exercise a facilitation role more than a control role. We should be primarily solution finders, not gate keepers. We should provide our clients with all of the tools, services, and knowledge required for them to successfully accomplish their respective goals and objectives. We must also provide the legal and ethical guidelines and boundaries for them to stay within while they are striving to meet their goals and objectives. The legal requirements for procurement and contracts are boundaries that cannot be crossed without potentially severe repercussions to the City. Open, honest, and ethical conduct between and among City employees and contractors is another boundary that must be rigorously enforced. Failure by any party to abide by these requirements should be quickly and consistently punished.

Other than the problems with the Senior Center and Gude Drive construction projects, the City apparently has not encountered any significant contract or procurement problems in many years. Most of the City staff are acquainted with the basic City procurement processes and procedures, and, are generally compliant. There appears to be a small amount of rogue buying outside of the procurement parameters and a few individuals that do not want to be bound by the City's procurement procedures.

## Procurement Processes Analysis Report

The City's Purchasing Code, Chapter 17, is written as a procedures manual rather than a set of guiding policies, however, it covers most of the "standard" public procurement practices. The Purchasing Code's last significant update was in 2011; however, the Code does not address many of the procurement and contracting challenges, issues, and practices that have arisen in the past decade.

There are no adopted and published Purchasing Policies. The City's Purchasing Manual and the Purchasing Guide are still "works-in-progress." The Purchasing Manual sections posted on I-Rock appear thought out, but, there is a lack of cohesion among the concepts in the different sections. The Purchasing Guide is currently being re-written to reflect the requirements of the current Code. No work will be performed on the Purchasing Manual until after the Purchasing Code is revised and adopted.

The primary obstacle to implementing a more efficient and effective procurement function is the City's culture of antagonistic opposition to change. The term "culture" used herein means the set of behaviors consistently exhibited and reinforced by the City leadership. While the "if-it's-not-broke, don't fix-it" paradigm has merits in some instances, waiting for a failure to occur before addressing a potential problem goes against all principles of fiduciary responsibility.

The advantage of having a very stable workforce with minimal turn-over has significant benefits, however it also has serious drawbacks in that many City staff have no public sector experiences except with Rockville, and therefore, they are hesitant / resistant to changes. They feel that they have been successful using the current processes and do not want or need to change. The repetitive refrains of "we have always done it this way," and "we have never had a problem before" reveal a culture of near-sighted mentality.

Many individuals profess a desire to implement changes to make the City more efficient and effective, but, 'not now – let's wait till later.' It took time for the City's culture to develop, and it will take time for the culture to change, however, most of the City leadership directly and indirectly communicate their pessimism that the City can or will make any significant positive cultural changes within the next decade.

A secondary challenge to implementing a more efficient and effective procurement function is the City's culture of non-accountability and non-responsibility. It appears that only a few individuals, usually in the lower tiers of the organizational hierarchy, are ever held accountable for their actions or inactions. When one person or organizational entity is allowed to circumvent the procurement system without consequence, then everyone else wants to also, and, many do with impunity.

## Procurement Processes Analysis Report

The pervasive attitude that Rockville is a “wealthy city” is directly impacting the City’s taxpayers and ratepayers. While most of the City staff are cost conscious, many more are not. Getting their requested goods and services is significantly more important than cost avoidance, best value and return on investment to most of the Purchasing Division’s clients and customers.

Another challenge to implementing a more efficient and effective procurement function is the apparent value, or rather lack thereof, that the leadership places on the procurement processes. New employees are provided with more information and rules on parking than they are on stewardship of the public’s resources or the basic procurement regulations.

Definitions of terms used herein:

Process: the transformation of an input into an output and/or outcome.

System: one or more interrelated and interconnected processes that function to achieve a specific outcome.

Project: a transformative activity that has a discrete beginning and definite ending.

Program: a set of projects or systems that have a definite outcome goal(s) and may have a definite ending.

The following is an analysis of some of the key procurement processes. There are still many procurement related processes that are being used but do not have as many impacts or opportunities for improvement as these.

## Procurement Processes Analysis Report

### Chart 1 - Process Definitions

Process	Definition / Description
Strategic Planning	the process of determining the goals, objectives and schedules for a department and/or a project or program
Requirements Identification	the process of clearly identifying and documenting the needs of the City.
Source Selection	the process of finding the right supplier to fulfill the needs of the City within prescribed legal and procedural parameters.
Award	the process of awarding a contract once the contractor has been chosen through the Source Selection process.
Indefinite Quantity / Indefinite Delivery Contract	the process of developing and awarding contracts for commodities and services that are repetitiously bought and proscribing procedures for the use and management of such contracts.
Change Order / Contract Modification	the process of making changes to a contract once it has been awarded.
Contract Administration	the process of managing the contract from the time it is been awarded until it is closed out.
Construction	the process of building any structure, building, or other improvements including roadways, utilities, and facility site work, from the time the need is identified until the time it is completed and all contracts have been properly closed out.
Protest / Dispute	the processes of resolving differences concerning the award or administration of a contract.
Emergency Procurement	the process of procuring commodities, services, and construction during emergency and disaster situations.
Fiscal Management	the process of ensuring that the funds for any contract are properly budgeted and accounted for using approved budgeting and accounting practices.
Asset Management	the process of managing assets from the time their need is identified until the asset is disposed of.
Inbound Logistics	the process of moving commodities from one place to another, usually from the contractor's facilities to City facilities.

**Chart 2 - Input → Output → Outcome**

Process	Input(s)	Activities	Output(s)	Outcome
Strategic Planning	Directions from Mayor & Council and City Manager	research, planning, documentation, communications	Goals, Objectives, Tactical Plans	Mayor and Council and/or City Manager's desires met.
Requirements Identification	a need by the City	identify, classify, and document need	written documentation to be incorporated into one of the Source Selection processes	A solution to the need is clearly identified so it can be procured.
Source Selection	Identified requirements	acquisition processes	recommendation for award	A contractor has been identified to resolve the City's need.
Award	Contractor selection from Source Selection Process	award by authorized person(s)	Purchase Order and/or Contract Document	A contractor ready to begin resolving the City's needs.
Indefinite Quantity / Indefinite Delivery Contract	Identified repetitive requirements.	acquisition, award, and contract administration processes	Contracts	Repetitively required commodities and services are readily available to the City.
Change Order	a need for a change to a contract from either the City, the contractor or other party	Review, evaluate, negotiate change request.	Change order document (modified PO and/or contract amendment)	Need for change satisfied.
Contract Administration	A contract document and the requirements of the City.	Manage all phases of contract from start up to close out.	Multiple -	City's need is solved.

Rockville Procurement Process Analysis

Process	Input(s)	Activities	Output(s)	Outcome
Fiscal Management	Mayor and Council / City Manager approved fiscal policy	Contract Administration, Asset Management	Funds to accomplish contractual obligations	Solutions within approved fiscal policy.
Asset Management	Acquisition of an asset	Identification, use, protection, and disposal of asset.	Asset control and disposal	Utility of use, return on investment.
Construction	Need for construction	Acquisition of construction project, management of project.	A capital improvement	Need solved.
Protest / Dispute	A communication on a solicitation or contract issue.	Listen and understand issue, research, decisions.	A decision (verbal or written) communicated to the initiator of the issue.	Resolution of issue.
Emergency Procurement	A need by the City during an emergency situation.	Expeditious acquisition of needed commodity and/or services including award and contract administration.	Contract, commodity and/or service received.	City's need is solved.

**Chart 3 - Process Participants**

Process	Primary Participants	Other Participants	Beneficial Participants
Strategic Planning	Mayor and Council, City Manager, Department Directors.	Purchasing Division, City Attorney	Citizens, Stakeholders
Requirements Identification	Department Directors, Departmental Staff, Affected stakeholders	Purchasing Division, Risk Management, Contractors	
Source Selection	Purchasing Division, Contractors	City Manager, City Attorney, Department Directors, Departmental Staff, Risk Management	
Award	Mayor and Council, City Manager, Department Directors, Purchasing Division	City Attorney, City Clerk, Finance / Budget	Contractors
Indefinite Quantity / Indefinite Delivery Contract	Departmental Staff, Purchasing Division, Contractors	City Attorney, Department Directors, Risk Management	
Change Order	Department Directors, Purchasing Division, Contractors	Mayor and Council, City Manager, City Attorney, Departmental Staff, Risk Management, Finance / Budget	
Contract Administration	Department Directors, Departmental Staff, Contractors	Purchasing Division, City Attorney, City Clerk, Finance / Budget	
Fiscal Management	Finance / Budget / Accounting, City Clerk, Mayor and Council, City Manager, Department Directors, Purchasing Division	Departmental Staff	Taxpayers, Rate payers, Contractors
Asset Management	City Clerk, Finance / Accounting, Mayor and Council, City Manager, Department Directors,	Departmental Staff, Contractors	Taxpayers, Rate payers

Rockville Procurement Process Analysis

Process	Primary Participants	Other Participants	Beneficial Participants
	Purchasing Division		
Construction	Mayor and Council, City Manager, Department Directors, Purchasing Division, Contractors	City Attorney, Department Directors, Departmental Staff, Risk Management, Finance / Budget	Stakeholders End-Users, Taxpayers.
Inbound Logistics	Purchasing Division, Contractors	Department Directors, Departmental Staff	
Protest / Dispute	Purchasing Division, Contractors, City Manager, City Attorney	City Manager, City Attorney, Department Directors, Departmental Staff, Finance / Budget	
Emergency Procurement	City Manager, Department Directors, Purchasing Division, Contractors	City Attorney, Department Directors, Departmental Staff, Risk Management, Finance / Budget	Citizens

## Key Procurement Processes

<p><b>STRATEGIC PLANNING</b></p>	<p>The process of determining the goals, objectives, outcomes, resources, and schedules for the City, a Department, and/or a project or program.</p>
<p>Current Analysis:</p>	<p>A. The Mayor and Council have some very broad politically based “strategic” statements.          B. The Purchasing Division does not have any strategic plans or a strategic planning process.          C. The Purchasing Division, including the Stockroom, does not have its own mission statement, goals, or objectives other than the simplistic ones listed in the Budget book.</p>
<p>Recommendations:</p>	<ol style="list-style-type: none"> <li>1. Change the name and thus paradigm from Purchasing (buying stuff) to Procurement (management of the entire cycle from identifying need to contract award through contact close-out and audit through disposal of any surplus.)</li> <li>2. Purchasing staff should annually invest the necessary time to develop / revise:             <ol style="list-style-type: none"> <li>a. A Purchasing Division mission statement that accurately reflects the purpose of the Division in congruence with the missions of the Finance Department and the City Manager;</li> <li>b. A Purchasing Division Vision statement that clearly states how we envision the Purchasing (Procurement) Division will ideally function in the next 2-5 years.</li> <li>c. Realistic and achievable goals with measurable outcomes and schedules based upon the mission statement;</li> <li>d. Realistic and achievable objectives for each goal with measurable outcomes and schedules based upon available resources;</li> <li>e. A strategic plan to accomplish the each of the objectives;</li> <li>f. Tactical plans to accomplish each of the strategic plans.</li> </ol> </li> <li>3. The Stockroom should have its own mission and vision statements, goals, objectives, and strategic plans.</li> <li>4. The Purchasing Manager shall review, analyze, and measure success of each strategic and tactical plan on a quarterly basis, or, upon accomplishment of an objective, and present a report to all appropriate City staff.</li> <li>5. Purchasing Manager shall also:             <ol style="list-style-type: none"> <li>a. In conjunction with Departments, develop annual procurement plans in April / May based upon the next fiscal year’s budget.</li> <li>b. Coordinate CIP procurement projects with clients with time schedules.</li> <li>c. Conduct regular supplier spend analysis to identify opportunities for consolidating contracts or negotiating better prices.</li> </ol> </li> </ol>

	<p>d. Conduct regular commodity spend analysis to identify opportunities for economies of scale and lower contract administration costs.</p> <p>6. Develop processes to semi-annually document achievement / accomplishment of goals and objectives or analyze causes for failure.</p>
Challenges & Constraints	<p>1. Rockville’s apparent cultural biases against meaningful planning processes – (sic) ‘why should I plan, we’ve bought this many times before without any planning.’</p> <p>2. Rockville’s apparent cultural biases for action – “get things done NOW (or yesterday)!” without adequate (or any) planning or analysis of current and future implications and/or consequences.</p> <p>3. Internal attitudes – (sic) ‘it isn’t worth the time to do this because it will not matter what [Purchasing] develops since the [City’s leadership] does not care about such.’</p> <p>4. Time and resources to invest in analyzing and developing the plans and still achieve our goal of supporting our clients in obtaining products and services in a timely efficient and effective manner.</p>

<b>STRATEGIC PLANNING</b> Sub-Process: <b>Acquisition Planning</b>	The process of identifying needs and developing plans and strategies to acquire goods and services that integrates with the City’s and the Department’s overarching strategic plans.
Current Analysis	<p>A. If any acquisition planning is performed, it is on an exception basis.</p> <p>B. There are no formal processes, guidelines or procedures to aid our clients in developing any type of real acquisition plans.</p> <p>C. Purchasing has no defined processes for acquisition planning either.</p>
Recommendations	<p>1. Develop templates for the different types of procurement acquisitions – goods, contractual services, professional services, technology, and construction.</p> <p>2. Train Procurement Team members in project management planning processes; internal and external (may require formal classes).</p> <p>3. Conduct introductory, intermediate, and advanced classes in the planning processes for appropriate client staff.</p> <p>4. Develop and conduct refresher classes for all incorporating lessons learned and new technologies.</p> <p>5. Encourage dialog and communications among Purchasing Team members and clients in arriving at mutually achievable plans.</p>
Challenges & Constraints	<p>1. Time</p> <p>2. Financial resources</p>

<p><b>PROCUREMENT REQUIREMENTS IDENTIFICATION</b></p>	<p>The process of clearly identifying and documenting the needs, and wants, of a requesting Department (client) – [specifications / Scope of Work, evaluation criteria, acceptance criteria, schedules, constraints].</p>
<p>Current Analysis</p>	<ul style="list-style-type: none"> <li>A. A few clients provide clear and unambiguous requirements with their requisitions; others provide vague requirements apparently because they do not (a) know what they really need, (b) do not know how to adequately describe their need or their desired outcome, (c) have been directed by their leadership that it is Purchasing’s responsibility to handle it.</li> <li>B. Requirements for products are generally adequate.</li> <li>C. Requirements for services are generally <u>inadequate</u> and lack performance criteria and acceptance criteria. (See also <a href="#">Contract Administration</a>)</li> <li>D. Requirements for information technology, including software solutions, are usually incomplete, inadequate, and lack performance criteria and acceptance criteria.</li> <li>E. The adequacy of construction requirements depends more on the design professionals’ abilities and the City’s oversight of their design products. (See also <a href="#">Construction, Contract Administration</a>). Requirements for Public Works’ projects are usually adequate. Requirements for Recreation and Parks’ projects are usually inadequate and incomplete.</li> <li>F. Many product specifications are copied verbatim from product brochures without the client or end-user analyzing if the product will achieve the City’s goals, or, if the specifications are proprietary.</li> <li>G. Some individuals that submit specifications do not understand what they are trying to buy (stage risers).</li> <li>H. Clients routinely resubmit the same requirements for products and services that were procured in the past, even though the product or service has been discontinued or obsolete for years and the client is aware of such.</li> <li>I. There is only marginal evidence of clients performing any market research on needed products or services unless they want to sole-source a procurement.</li> <li>J. There is no evidence that any comprehensive needs analysis is performed prior to compiling specifications / scope of work and submitting a requisition, other than the information compiled for the budget request.</li> <li>K. In accordance with the <i>Rockville Way</i> mantras on “Customer Service,” Purchasing staff invests time and effort in accommodating the various clients’ personalities / attitudes / knowledge / experiences and analyzes and conducts the requirements identification themselves in order to obtain the product or service for the City and its stakeholders in a timely</li> </ul>

	manner.
Recommendations	<ol style="list-style-type: none"> <li>1. Develop minimum standards for completeness, thoroughness, and documentation of product specifications (in current draft of Purchasing Guide).</li> <li>2. Develop minimum standards for completeness, thoroughness, and documentation of service’s scope of work including minimum performance criteria, performance evaluation criteria and surveillance processes, and a basic contract administration plan. (See <a href="#">Contract Administration</a>)</li> <li>3. Publish these standards in Procurement Manual and on I-Rock (or other intranet site).</li> <li>4. Develop training programs on needs analysis / root cause analysis and how to use it in determining minimum needs and requirements.</li> <li>5. Develop and conduct training programs on conducting market research.</li> <li>6. Develop and conduct training programs on how to apply each set of standards.</li> <li>7. After 60-80% of clients have participated in training, reject any requisition or procurement project that does not comply with the minimum standards.</li> <li>8. Assess and revise standards at least annually.</li> <li>9. Develop and conduct regular refresher training classes on market research, needs analysis, and specification / scope standards.</li> </ol>
Challenges & Constraints	<ol style="list-style-type: none"> <li>1. Resistance from clients that have not been providing adequate needs requirements, and, still getting their products and/or services procured without personal or organizational consequences.</li> <li>2. Lack of support from City leadership to enforce the minimum standards especially when it may result in a delayed project.</li> <li>3. Time and resources to invest in developing the standards and still achieve our goal of supporting our clients in obtaining products and services in a timely efficient and effective manner.</li> <li>4. Time and resources to invest in developing and conducting the training.</li> </ol>
Notes	<p>This process is closely linked with the acquisition planning sub-process.</p> <p>The return on investment of this process will ultimately result in a more timely acquisition of the required products or services, and, better resolution of the clients’ needs.</p>

<b>SOURCE SELECTION</b>	The process of finding the right supplier / contractor to fulfill the needs of the City within prescribed legal and procedural parameters.
	<p>This core process includes the following sub-processes analyzed below:</p> <ul style="list-style-type: none"> <li>• Small Procurement Section 17-81</li> <li>• Request for telephone quotes</li> <li>• Request for Quotes (RFQ) written</li> <li>• Competitive Sealed Bidding (Invitation For Bids) 17-61</li> <li>• Competitive Sealed Proposals (Request For Proposals) 17-62</li> <li>• Non-competitive – Section 17-82 Sole Source</li> <li>• Non-competitive - Section 17-87 Exemptions</li> <li>• Non-competitive - Section 17-88 Special Procurements</li> <li>• Non-competitive – Section 17-17 Cooperative Procurement</li> </ul>

<b>SOURCE SELECTION: Sub-process: Small Procurement</b>	The processes of using the P-Card, GAX, and petty cash to procure low value (<\$3,000 per transaction), low risk, non-recurring products and services.
Current Analysis	<p>A. Most sampled transactions comply with the procedures.          B. Evidence of using small procurement processes for recurring purchases.          C. Significant issues of contracting for services performed on City property without ascertaining and documenting risks and obtaining insurance if required.          D. Issues of staff signing contractors’ contracts.          E. No risk analysis of transaction.</p>
Recommendations	<p>1. Revise current procedures to clearly identify permitted versus not-permitted types of small purchases and related documentations.          2. Develop and post on-line training for small procurements.</p>
Challenges & Constraints	<p>1. Time          2. Culture</p>

<p><b>SOURCE SELECTION:</b> Sub-process: – <b>Small Procurement – P-Card</b></p>	<p>The processes of using the P-Card to procure low value (&lt;\$3,000 per transaction), low risk, non-recurring products and services.</p>
<p>Current Analysis</p>	<ul style="list-style-type: none"> <li>A. Issues of splitting orders. Some think that if you order 2 or more different items, they can pay for each item order if it is under \$3,000 and that this is not splitting an order. (e.g.: beach balls &amp; fans)</li> <li>B. Apparent philosophical differences between promoting the use of P-Cards to maximize P-Card rebate versus most efficient and effective procurement.</li> <li>C. Issues of using P-Card for recurring purchases (examples: Taxicab vouchers for Senior Center &gt; \$57,000 / year; paper for print shop &gt;\$15,000/year).</li> <li>D. Inconsistent communications among Purchasing and Finance staff of processes and procedures.</li> <li>E. Inconsistent use of “old” forms.</li> <li>F. P-Card approvers, supervisors and higher, are not held accountable to verify that all of the P-card purchases are valid and comply with procedures.</li> <li>G. Some P-Card holders consistently do not reconcile their accounts in accordance with the schedule, and usually without consequences.</li> <li>H. P-Card holders do not monitor their spending until they reach their limits and then request a temporary increase, which causes extra non-value adding work by Purchasing to increase the limits and decrease the limits.</li> <li>I. Conflicts about buying commodities with P-Card that are stocked in the stockroom.</li> <li>J. Significant number transactions on City P-Card for personal use without any consequences, especially for repeat offenders.</li> </ul>
<p>Recommendations</p>	<ul style="list-style-type: none"> <li>1. Develop a consistent message on the role of the P-Card in the City procurement process.</li> <li>2. Re-analyze the desired uses of the P-Card.</li> <li>3. Revise P-Card manual to reflect best practices and detailed examples of appropriate and inappropriate behaviors.</li> <li>4. Require annual refresher course for all P-Card users. Purchasing will conduct one class per quarter.</li> <li>5. Utilize JP Morgan Bank’s current online systems to eliminate all paper reconciliations.</li> <li>6. Enforce P-Card procedures and rescind P-Cards for cardholders that repeatedly fail to abide by procedures for at least 30 days for 2<sup>nd</sup> violation, 90 days for 3<sup>rd</sup> violation, and permanently for more</li> </ul>

	<p>4<sup>th</sup> violations. Document employee's personnel file so failure to abide by procedures will be used in performance evaluations.</p> <p>7. Hold P-Card approvers accountable for approving transactions.</p>
Challenges & Constraints	<ol style="list-style-type: none"> <li>1. Time and resources to document implications and consequences of change to less-paper system.</li> <li>2. Time to develop new procedures, rewrite manual and develop and conduct training.</li> <li>3. Rockville's culture against change in moving to a less-paper system, especially entrenched staff.</li> <li>4. Rockville's culture against holding individuals, supervisors, and managers accountable for their actions / inactions.</li> </ol>

<b>SOURCE SELECTION:</b> Sub-process: – <b>Request For Telephone Quotation (&lt;\$5,000)</b>	The decentralized process of authorizing client staff to select a supplier / contractor to resolve a City need by obtaining telephone quotes for small value procurements (< \$5,000).
Current Analysis	<ol style="list-style-type: none"> <li>A. Clients appear to be using this process appropriately.</li> <li>B. Per Section 17-63, all quotes must be awarded based on low price only irrespective of the product or service being procured.</li> <li>C. Insufficient audits of telephone quotes.</li> </ol>
Recommendations	<ol style="list-style-type: none"> <li>1. Revise Procurement Code allow for best value award.</li> <li>2. Revise Procurement Manual accordingly.</li> <li>3. Conduct random audit of at least 10% of telephone quotes per month.</li> <li>4. Develop and conduct regular training.</li> </ol>
Challenges & Constraints	Time

<b>SOURCE SELECTION:</b> Sub-process: – <b>Request For Written Quotation (\$3,000 - \$30,000)</b>	The decentralized process to select a supplier / contractor to resolve a City need valued at less than \$30,000 based solely on lowest responsive price offered. Authorized client staff are permitted to develop the Request For Quote (RFQ) and obtain written quotes from selected suppliers / contractors.
Current Analysis	<ol style="list-style-type: none"> <li>A. Very few clients are performing this process. Purchasing staff develop and process almost all Requests For Written Quotations (RFQ).</li> <li>B. Per Section 17-63, all quotes must be awarded based on low price only, irrespective of the product or service being procured.</li> <li>C. RFQ template is poorly designed with inappropriate and internally inconsistent terms and conditions. It is difficult to create and causes confusion to potential offerors.</li> <li>D. Awards are not consistently posted on the City's website prior to</li> </ol>

	award / execution of contract/ PO. (see <a href="#">Protests</a> )
Recommendations	<ol style="list-style-type: none"> <li>1. Revise Procurement Code to allow for limited best value award.</li> <li>2. Revise Procurement Manual accordingly.</li> <li>3. Develop user-friendly (internally and to potential suppliers / contractors) RFQ templates with appropriate terms and conditions. Templates: product, contractual service, professional service, technology, construction / remodeling / facility maintenance.</li> <li>4. Develop and conduct training on the RFQ procedures and use of the appropriate template.</li> <li>5. Require all clients to use the appropriate RFQ template for all procurement transactions valued at less than \$30,000, with Purchasing staff reviewing for approval or reject before posting.</li> <li>6. Develop a Decentralized Purchasing process whereby certain trained and certified individuals would be allowed to complete the entire process including entering the purchase order information. A Purchasing Team member would be required to review the documentation prior to releasing the purchase order to the selected supplier / contractor.</li> </ol>
Challenges & Constraints	<ol style="list-style-type: none"> <li>1. Time and resources.</li> <li>2. Rockville culture that it is solely Purchasing's role to develop RFQs.</li> <li>3. Rockville culture to reduce potential risk to the lowest amount irrespective of the risk/reward equation.</li> </ol>
Notes	The long-term return on investments is that the clients would obtain their products and services quicker, and, Purchasing could invest its time on higher valued and/or higher risk procurement projects

<b>SOURCE SELECTION:</b> Sub-process: <b>Competitive Sealed Bidding</b>	The formal process to select a supplier / contractor to resolve a City need valued at \$30,000 or more based solely on lowest responsive price offered.
Current Analysis	<ol style="list-style-type: none"> <li>A. The Competitive Sealed Bidding (Invitation For Bids (IFB)) process appears to be working satisfactorily.</li> <li>B. The IFBs are posted on the City's website, eMaryland Marketplace, and sent directly to known providers. This process appears to generate adequate responses.</li> <li>C. May 2013 – City IFB template was procedurally inconsistent, redundant, internally incongruent, and focused on the bureaucratic minutia rather than on the City needs.</li> <li>D. August 2013 – April 2014 – Working with City Attorney's Office, the basic IFB template is more consistent and internally congruent, but, still has issues with appropriateness and enforceability of terms and conditions.</li> </ol>

	<p>E. Awards are not consistently posted on the City’s website prior to award / execution of contract/ PO. (see <a href="#">Protests</a>)</p> <p>F. Over-reliance on written communications.</p> <p>G. Debriefing of a bidder is rare.</p> <p>H. Pre-bid conferences are not recorded. Minutes are inadequate.</p>
Recommendations	<ol style="list-style-type: none"> <li>1. Develop standard, but customizable, templates for products, equipment, contractual services, professional services, construction, and intellectual property procurements.</li> <li>2. Post standard contractual terms and conditions for each type of procurement on the City’s website. Replace the pages of standard contractual terms and conditions with a single clause and link that incorporates the appropriate standard contractual terms and conditions for that procurement into the IFB.</li> <li>3. Develop process and procedures for posting recommendation for award at least 5 days prior to execution of contract.</li> <li>4. Develop and include in all solicitations basic procedures for a bidder to request a debriefing.</li> <li>5. Develop process and basic procedures to, at minimum, audio record all pre-bid conferences and video record any site visit conference. Develop basic template for minutes of pre-bid meeting for the contract file.</li> <li>6. Increase use of non-written communications – pictures, video, audio – in solicitation documents (think beyond ink!)</li> </ol>
Challenges & Constraints	<p>Time to invest in making changes while dealing with the consequences of using inferior templates in order to get work processed.</p>

<b>SOURCE SELECTION:</b> Sub-process: <b>Competitive Sealed Proposals</b>	<p>The formal process to select a supplier / contractor to provide a solution to the City’s need based on factors in addition to the price offered.</p>
Current Analysis	<ol style="list-style-type: none"> <li>A. The current RFP processes are inadequately undocumented, ambiguous and inconsistent.</li> <li>B. Evaluation processes ambiguous and inconsistent.</li> <li>C. City does not have practical processes for negotiations.</li> <li>D. City code restricts negotiation to the sequential process which is generally provides more advantages to the contractor than the City.</li> <li>E. Inconsistent methods of posting of awards and notifying non-awarded offerors.</li> <li>F. No debriefing processes and resistance to debriefing non-awarded proposers.</li> <li>G.</li> </ol>
Recommendations	<ol style="list-style-type: none"> <li>1. Change Code 17-62 to incorporate current best practices for the RFP process.</li> </ol>

	<ol style="list-style-type: none"> <li>2. Change code to allow for concurrent negotiations.</li> <li>3. Develop standard, but customizable, RFP templates for products, equipment, contractual services, professional services, and intellectual property procurements.</li> <li>4. Post standard contractual terms and conditions for each type of procurement on the City’s website. Replace the pages of standard contractual terms and conditions with a single clause and link that incorporates the appropriate standard contractual terms and conditions for that procurement into the RFP and ensuing contract.</li> <li>5. Develop and include in all solicitations basic procedures for an offeror to request a debriefing prior to formal award of the contract.</li> </ol>
Challenges & Constraints	<ol style="list-style-type: none"> <li>1. The City’s apparent cultural aversion to investing time in preparing for and conducting competitive negotiations.</li> <li>2.</li> </ol>

<b>SOURCE SELECTION:</b> Sub-process: Non-competitive - Section 17-87 Exemptions	The process to select a supplier / contractor to provide a solution to the City’s need without competition based on the list of exemptions in Code Section 17-87.
Current Analysis	<ol style="list-style-type: none"> <li>A. This process is not used frequently.</li> <li>B. Some exemptions defy reason.</li> </ol>
Recommendations	<ol style="list-style-type: none"> <li>1. Reassess the exemptions.</li> <li>2. Modify Code.</li> </ol>
Challenges & Constraints	<ol style="list-style-type: none"> <li>1. Time</li> <li>2. Cultural implications.</li> </ol>

<b>SOURCE SELECTION:</b> Sub-process: Non-competitive - Section 17-71(b) Cooperative Procurements (Rider / Piggy-back)	The process to select a supplier / contractor to provide a solution to the City’s need based upon another governmental agency’s competitive process.
Current Analysis	<ol style="list-style-type: none"> <li>A. No justification of choosing a contract to ride.</li> <li>B. Shopping of agencies to pick a preferred contractor</li> </ol>
Recommendations	<ol style="list-style-type: none"> <li>1. Join and participate with more national cooperatives.</li> <li>2. Require a signed memo from Department Director justifying the request for the Rider Contract including the following minimum information:             <ol style="list-style-type: none"> <li>i. Description of the need for the rider contract;</li> </ol> </li> </ol>

	<ul style="list-style-type: none"> <li>ii. Details describing the market research conducted in identifying potential rider contracts;</li> <li>iii. Details describing how and why the proposed contract was selected;</li> <li>iv. Details describing the basis of how price reasonableness was established;</li> <li>v. Justification as to why the proposed rider contract is better for the City than for the City to conduct full and open competition.</li> </ul> <p>3. Add GSA and FSS contracts as approved “rider” contracts – must follow award instructions</p>
Challenges & Constraints	

<b>SOURCE SELECTION:</b> Sub-process: <b>Non-competitive – Section 17-82(a) Sole Source</b>	The process to select a supplier / contractor to provide a solution to the City’s need without competition based on an assumption that the contractor is the only source of the solution.
Current Analysis	<ul style="list-style-type: none"> <li>A. Sole source justification documentation is very weak.</li> <li>B. Too many sole source awards that could easily be competed.</li> </ul>
Recommendations	<ul style="list-style-type: none"> <li>1. Have “real” sole sources approved by M&amp;C for a 5 year period.</li> <li>2. Post all potential sole / single procurements on the City website for at least 10 business days to allow for responses.</li> <li>3. Revise sole source justification forms</li> </ul>
Challenges & Constraints	<p>Historical precedent / culture.</p> <p>Lack of planning.</p>

<b>SOURCE SELECTION:</b> Sub-process: Non-competitive Section 17-88 - Special Procurement	The process to select a supplier / contractor to provide a solution to the City’s need without competition based on justification that using a competitive process would not be in the City’s best interests.
Current Analysis	This process in used infrequently.
Recommendations	Post all potential special procurements on the City website for at least 10 business days to allow for responses.
Challenges & Constraints	

<p><b>NEW SOURCE SELECTION PROCESS INVITATION TO NEGOTIATE (ITN)</b>  <b>Current Analysis</b></p> <p><b>Recommendations Challenges &amp; Constraints</b></p>	<p><b>A multi-step formal solicitation process to be used when all of the potential ideas and concepts cannot be clearly put down in writing with everyone having the same understanding of them, and, there are multiple potential solutions to provide the desired outcome(s).</b></p> <p><b>Use the RFP process is limited by how well the potential solutions can be identified and how well the evaluation criteria can be selected.</b></p> <p><b>ITN process for innovative solutions, especially technology Change to paradigms</b></p>
--	---

<b>AWARD</b>	The process of awarding a contract once the contractor has been chosen through the Source Selection process.
Current Analysis	<p>A. The process appears to be generally used in accordance with the Purchasing Code.</p> <p>B. Mayor &amp; Council agenda items can be and are changed after Purchasing’s approval, sometimes misleading the Mayor &amp; Council</p> <p>C. Many contracts are approved by City Attorney and signed by City Manager without any encumbrances / purchase order (HR training contracts, insurance, broker, attorneys, etc.).</p> <p>D. While Code allows for IFB to be awarded based on “best value” this is not being used to the City’s best interests.</p>
Recommendations	<ol style="list-style-type: none"> <li>1. Purchasing Manager should conduct a pre-award audit of every formal contract award.</li> <li>2. Streamline City Manager approval process. [<i>May 2014 – in-process to use email instead of paper memos.</i>]</li> <li>3. Define “award” in Code.</li> <li>4. Post proposed awards of formal contracts on City website at least 10 days before award / M&amp;C.</li> <li>5. Move Purchasing’s approval up to just before City Manager approval on all procurement award agenda items.</li> <li>6. Include initial government estimate (IGE) on each agenda item with explanations if award price exceeds IGE.</li> <li>7. Increase use of digital signatures (need formal policies and procedures).</li> <li>8. Change Code and paradigms to focus on TCO and Best Value awards.</li> </ol>
Challenges & Constraints	

<b>INDEFINITE QUANTITY /</b>	The process of developing and awarding contracts for commodities and services that are repetitiously procured and proscribing
------------------------------	---

<b>INDEFINITE DELIVERY (IDIQ) CONTRACT (As Required Contracts)</b>	procedures for the use and management of such contracts.
Current Analysis	<p>A. This process is not adequately described or used in the procurement transactions.</p> <p>B. The Master Agreement function in CGI/AMS is used for some procurements.</p> <p>C. Most clients are unaware of the benefits and constraints of this process.</p> <p>D. Clients must guess at their annual requirements and encumber that amount which usually requires multiple change orders as the fiscal year progresses (non-value-adding activity)</p> <p>E. Some Department Directors are adamantly opposed to the Master Agreement system because in the past a person abused it. (See initial comment on culture of non-accountability).</p>
Recommendations	<p>1. Develop clear step-by-step instructions on establishing and using the Master Agreement processes.</p> <p>2. Establish Master Agreements for 80%+ of all IDIQ type commodities and services.</p> <p>3. Develop Blanket Ordering Agreement (BOA), Delivery Order, and Task Order templates, procedures, and instructions and implement for as-required professional and contractual services.</p>
Challenges & Constraints	Some clients may not adequately manage their expenditure and budgets.

<b>CONTRACT ADMINISTRATION</b>	The process of managing the contract from the time it is been awarded until it is closed out.
Current Analysis	<p>A. Very little formal or documented contract administration occurs, even with construction contracts.</p> <p>B. No requirements to develop a contract administration plan prior to issuing the solicitation.</p> <p>C. “Contracts” managed outside of Purchasing (Grants, Insurance, HUD)</p> <p>D. Use of purchase order as the contract in lieu of a bilaterally signed contract document for service and construction procurements.</p> <p>E. Use of purchase order as a notice to proceed for service and construction procurements.</p> <p>F. Use of Excel spreadsheet to list multi-year contracts, but, no formalized actions by clients or Purchasing to keep up with expirations and extensions.</p> <p>G. No contact close-out processes or procedures.</p>

<p>Recommendations</p>	<ol style="list-style-type: none"> <li>1. Develop policies and procedures for administering the different types of contracts – products, contractual services, professional services, construction, insurance, and technology.</li> <li>2. Require formal contract administration plan for every major procurement project that includes:             <ol style="list-style-type: none"> <li>a. Inspection, Measurement, and Outcome Analytic procedures.</li> <li>b. Contract close-out</li> <li>c. Contractor performance review and documentation procedures and forms.</li> </ol> </li> <li>3. Develop and conduct training</li> <li>4. Certification of client staff in Contract Administration (COR/COTR)</li> <li>5. Develop a process to follow-up after a project is awarded to measure success.</li> <li>6. Develop clear procedures for change / modification processes - responsibilities, timelines, authorities, documentation</li> <li>7. Develop a service contractor score sheet with areas for corrective actions. Model on Performance Based Service Contract (PBSC) concepts</li> <li>8. Include evaluateable contract administration duties in job classifications for departmental staff performing contract administration.</li> <li>9. Require Project Management Professional (PMP) or Certified Construction Manager (CCM) certification on anyone administering a construction contract.</li> <li>10. Contractor performance, evaluation, &amp; documentation process, procedures, forms, database(?)(CGI?)</li> </ol>
<p>Challenges &amp; Constraints</p>	<p>Resources Not a leadership priority</p>

<p><b>CONTRACT ADMINISTRATION</b> <b>Sub-process</b> <b>Contract Modification / Change Order</b></p>	<p>The process of making changes to a contract once it has been awarded.</p>
<p>Current Analysis</p>	<ol style="list-style-type: none"> <li>A. Clients request change orders without documentation or justifications.</li> <li>B. Accounting permitted overpayment of purchase orders by 10% without any justification or documentation. Note: This practice was terminated in July 2013.</li> <li>C. Client pay for changes using the GAX process. Note: Accounting has begun to stop this practice when they become aware of it: e.g.: when final payment request and GAX are</li> </ol>

	<p>submitted simultaneously.</p> <p>D. There are few written procedures on contract modifications / change orders.</p> <p>E. Inconsistent practices – depends on client and what is being changed and whether it is a formal contract or a purchase order.</p> <p>F. Unclear as to who is authorized to sign contract modifications at what value.</p> <p>G. Abuse – using change process to continue to add work to professional services contracts.</p> <p>H. Rarely use negotiation or conduct price determinations prior to approving changes.</p> <p>I. Many construction contract modifications are being approved by field personnel and then being bundled together for a formal contract modification based on arbitrary conditions.</p> <p>J. Bonds are not regularly modified with changes to the values or schedules of the contract.</p> <p>K. It is difficult to determine when a PO has been modified and what the change is.</p>
Recommendations	<ol style="list-style-type: none"> <li>1. Develop clear procedures for change / modification processes - responsibilities, timelines, authorities, documentation requirements, and approvals.</li> <li>2. Establish consistent methods to document changes to POs.</li> <li>3. Train</li> <li>4. Enforce</li> </ol>
Challenges & Constraints	<p>Time</p> <p>Culture of non-accountability</p>

<b>CONTRACT RISK MANAGEMENT</b>	The systematic process of identifying, quantifying, analyzing, and responding to project and contract risk. It includes maximizing the probability and consequences of positive events and minimizing the probability and consequences of adverse events.
Current Analysis	<ol style="list-style-type: none"> <li>A. Rarely conducted or performed</li> <li>B. <i>I size fits all</i> - Same insurance requirements regardless of type or value contract or risks.</li> </ol>
Recommendations	<ol style="list-style-type: none"> <li>1. As part of the <a href="#">Acquisition Planning</a> process, conduct a contract risk management assessment and include appropriate strategies in the solicitation and ensuing contract.</li> <li>2. As part of the <a href="#">Contract Administration</a> planning process, perform risk surveillance and update the risk mitigation components of the project plan and contract as required.</li> <li>3. Change insurance requirements to reflect the risk to the City for the project.</li> <li>4. Develop risk analysis matrix and appropriate insurance requirements</li> <li>5. Require "rectification" coverage for design / construction</li> </ol>

	projects with significant funding issues or possibility of design issues.
Challenges & Constraints	Some Assistant City Attorneys do not support changing insurance requirements.

<b>CONTRACT RISK MANAGEMENT</b> sub-process <b>Insurance Certificates</b>	The process of receiving, filing, and managing insurance certificates by contract.
Current Analysis	<ul style="list-style-type: none"> <li>A. Extremely labor intensive process to maintain files – only 60-80% accurate.</li> <li>B. It takes a lot of time to identify the appropriate contract, pull the file, and then refile with updated certificates.</li> <li>C. Not all files updated on Multi-year contract spreadsheet.</li> <li>D. Updated insurance certificates are usually filed with appropriate contracts documents.</li> <li>E. If a contractor has more than one City contract, it must submit certificates for each contract – which must be filed and managed individually.</li> </ul>
Recommendations	<ul style="list-style-type: none"> <li>1. Allow a contractor to file a single certificate which would be maintained in a central database.</li> <li>2. Enable electronic filing of certificates (Acord e-forms).</li> </ul>
Challenges & Constraints	Culture Time
Notes	Within the past 14 months, Risk Management has asked for a copy of only 1 certificate out of the hundreds maintained on an annual basis.

<b>CONSTRUCTION</b>	The process of building any structure, building, or other improvements including roadways, utilities, and facility site work, from the time the need is identified until the time the project is completed and accepted, and, all contracts have been properly closed out and audited.
Current Analysis	<ul style="list-style-type: none"> <li>A. Inconsistent practices – depends on client and what is being constructed.</li> <li>B. Conflicted definitions between construction and maintenance.</li> <li>C. <b>BAD</b> bid and contract Ts &amp; Cs.</li> <li>D. <i>I size fits all</i> - Same bid and contract requirements regardless of type or value of construction.</li> <li>E. No Davis-Bacon policies or procedures (major issue for Federal grant funded construction projects.)</li> <li>F. Over reliance on design team to manage projects.</li> <li>G. The City’s philosophy and culture is against holding contractor’s</li> </ul>

	<p>accountable to the contract terms and conditions.</p> <p>H. The City wastes money by requiring performance and payment bonds, and liability insurance, and will not use them to protect the City or enforce the contract.</p>
Recommendations	<ol style="list-style-type: none"> <li>1. In accordance with Finance Director’s direction, reject any requisition back to the requester for a construction project that does not have an engineer’s cost estimate attached, and/or, that is for less than the attached engineers estimate.</li> <li>2. Buy / license Architects Institute of America (AIA) or Engineers Joint Contract Documents Committee (EJCDC) construction contact documents and modify to fit Maryland’s and City’s legal requirements.</li> <li>3. Develop standard templates for the various types of construction projects, and, have adopted by City Attorney’s Office.</li> <li>4. Develop standard contract administration plan templates, checklists, and forms for the various types of construction projects</li> <li>5. Use New Owners Representative contract to assist in contract administration processes.</li> <li>6. Develop and consistently use policies and procedures for retainage, liquidated damages, lien releases.</li> <li>7. Add Design-Build, Contract Management, Construction Management at Risk, and Job Order Contracting to Code.</li> <li>8. Require subcontracting plan from proposed awarded contractor prior to award. Analyze before award.</li> </ol>
Challenges & Constraints	Lack of support from City leadership to enforce the requirements especially when it may result in a delayed project.

<b>EMERGENCY PROCUREMENT</b>	The process of procuring commodities, services, and construction during emergency and disaster situations.
Current Analysis	<ol style="list-style-type: none"> <li>A. Not often used.</li> <li>B. Forms and procedures are very vague.</li> <li>C. No training.</li> <li>D. No documented emergency / disaster plans or procedures</li> </ol>
Recommendations	<ol style="list-style-type: none"> <li>1. FEMA / EMI Training for Jonathan, Pat, Jessie, Warren, Kelvin, retraining for Ken</li> <li>2. Disaster POs</li> <li>3. Purchasing Continuity of Operations Plans</li> <li>4. Emergency P-Card procedures and documentation</li> <li>5. Emergency P-Cards</li> </ol>
Challenges & Constraints	<ol style="list-style-type: none"> <li>A. Time</li> <li>B. Resources</li> <li>C. Culture</li> </ol> <p>Not a leadership priority.</p>

<b>FISCAL MANAGEMENT</b>	The process of ensuring that the funds for any contract are properly budgeted and accounted for using approved budgeting and accounting practices.
Current Analysis	<p>A. This process is generally conducted in accordance with policy, however, there does not appear to be any repercussions when procurements are made outside of policy.</p> <p>B. Purchasing resources are used to manage Departments’ non-procurement responsibilities (grants, etc.).</p> <p>C. Purchasing Team members are castigated when Departments venture outside of the policy.</p>
Recommendations	<p>1. Formal clear, written policies on fiscal management.</p> <p>2. Accountability by Department Directors and Division Managers when policy is violated.</p>
Challenges & Constraints	<p>1. Rockville culture.</p> <p>2. Not a leadership priority.</p>

<b>ASSET MANAGEMENT</b>	The process of managing an asset from the time its need is identified until the asset is disposed of.
Current Analysis	<p>A. No formal policies on asset management.</p> <p>B. Very little evidence of any management except annual inventory.</p>
Recommendations	<p>1. Develop policies and procedures, implement them, and train user.</p> <p>2. Conduct regular and irregular inventories of assets.</p> <p>3. Implement Asset Management sub-system in CGI/AMS.</p>
Challenges & Constraints	Not a leadership priority.

<b>ASSET MANAGEMENT: Sub-Process: Surplus</b>	The process of identifying, inventorying, and disposing of a fixed asset.
Current Analysis	<p>A. No formal policies and procedures on asset management.</p> <p>B. No formal analysis or reporting except on some auction results.</p> <p>C. No oversight of vehicle or equipment disposals – Public Works Fleet is managing without any documented authority or accountability.</p> <p>D. Inadequate resources – must rely on Recreation and Park’s staff to pick-up surplus and deliver to stockroom, and, Recreation and Park’s staff are reluctant to perform.</p> <p>E. No marketing to promote the surplus items.</p>
Recommendations	<p>1. Develop formal policy and procedures for all surplus items.</p> <p>2. Either formally grant authority to Fleet to conduct the auctions or bring function back to Stockroom.</p> <p>3. Inter-department agreement with appropriate chargeback for time and resources to move surplus.</p>

	4. Invest time to clean, arrange, photograph, market and post info on the surplus before and during the auctions.(example: by investing \$300 to paint patrol cars, we earned an average of \$3,000 more per car as compared to the same un-painted cars.)
Challenges & Constraints	Not a leadership priority.

<b>ENVIRONMENTALLY PREFERRED PROCUREMENT</b>	The process of identifying and procuring products and services that have a lesser or reduced effect on human health and the environment when compared with competing products or services that serve the same purpose.
Current Analysis	The City is not actively addressing this process even though it is in the City Code.
Recommendations	<ol style="list-style-type: none"> <li>1. Change policy from just environmental issue to sustainability philosophy.</li> <li>2. Develop policy and procedures</li> <li>3. Use Team approach to determine best candidates</li> <li>4. Get M&amp;C buy-in</li> <li>5. Enforcement</li> </ol>
Challenges & Constraints	Not a leadership priority.

<b>PROTEST</b>	The process of resolving differences concerning the specifications / scope or the award of a contract.
Current Analysis	<ol style="list-style-type: none"> <li>A. only 1 protest in past 12 months</li> <li>B. Current Code Section impractical.</li> <li>C. Retaliatory attitudes</li> </ol>
Recommendations	<ol style="list-style-type: none"> <li>1. Adopt proposed Code change</li> <li>2. Develop written policies and procedures</li> <li>3. Use debriefing to minimize potential for protests</li> <li>4. Adopt a protest bond policy for critical projects and/or superfluous protests.</li> </ol>
Challenges & Constraints	?

<b>INBOUND LOGISTICS</b>	The processes of moving commodities from one place to another, usually from the contractor’s facilities to City facilities.
Current Analysis	The City is not addressing this process at all.
Recommendations	While most of the City’s procurements include transportation and delivery as a part of the purchase price, the City may be losing opportunities to both save money and to expedite receipt of product. By controlling the inbound freight options on large value purchases or purchases with multiple deliveries from out of the immediate area, the City could determine which carrier to use and control the delivery process so that it is more advantageous to the City than to

	the commodity supplier.
Challenges & Constraints	<ul style="list-style-type: none"> <li><input type="checkbox"/> The advantages to this process are decreased total costs of ownership and improved timeliness.</li> <li><input type="checkbox"/> The disadvantage is that it takes time to train and keep updated both Purchasing and client staff on the various changing rules and regulations of Inbound Logistics and then time to properly management it.</li> <li><input type="checkbox"/> An analysis of current inbound freight charges and opportunities would be required before proceeding to implement this process.</li> </ul>
Notes	Low priority due to low volumes of commodities.

<b>CGI / AMS FINANCIAL SYSTEMS</b>	
Current Analysis	<ul style="list-style-type: none"> <li>A. Not up to date –</li> <li>B. Most of procurement and inventory system turned off or in work-around mode.</li> <li>C. Insufficient City resources to maintain system – reliance on CGI</li> <li>D. No formal training program</li> </ul>
Recommendations	<ul style="list-style-type: none"> <li>1. Bring the system up to date to current version release.</li> <li>2. Activate all procurement sub-systems</li> <li>3. Develop a formal training program.</li> <li>4. Implement changes using pilot projects.</li> </ul>
Challenges & Constraints	<ul style="list-style-type: none"> <li>A. Resources</li> <li>B. Lack of decision making on ERP project</li> </ul>

<b>PAYMENT</b>	The process of compensating a contactor / supplier for products and/or services that have been received by the City.
Current Analysis	<ul style="list-style-type: none"> <li>A. Few records of inspection</li> <li>B. Abuse</li> <li>C. Lax oversight</li> <li>D. Use of GAX for competitive procurement</li> <li>E. +10% allowance ( eliminated January 2014)</li> <li>F. Prepayments</li> <li>G. Slow payments</li> </ul>
Recommendations	<ul style="list-style-type: none"> <li>1. Prompt payment discounts,</li> <li>2. Late payment penalties</li> <li>3. Only permit prepayment with a bond in place or prior written approval by City Attorney and City Manager.</li> </ul>
Challenges & Constraints	culture