

Lock Haven University of Pennsylvania

Procurement Plan

2009-10 to 2012-13

LHU Office of Procurement
301 West Church Street, J214
Lock Haven University

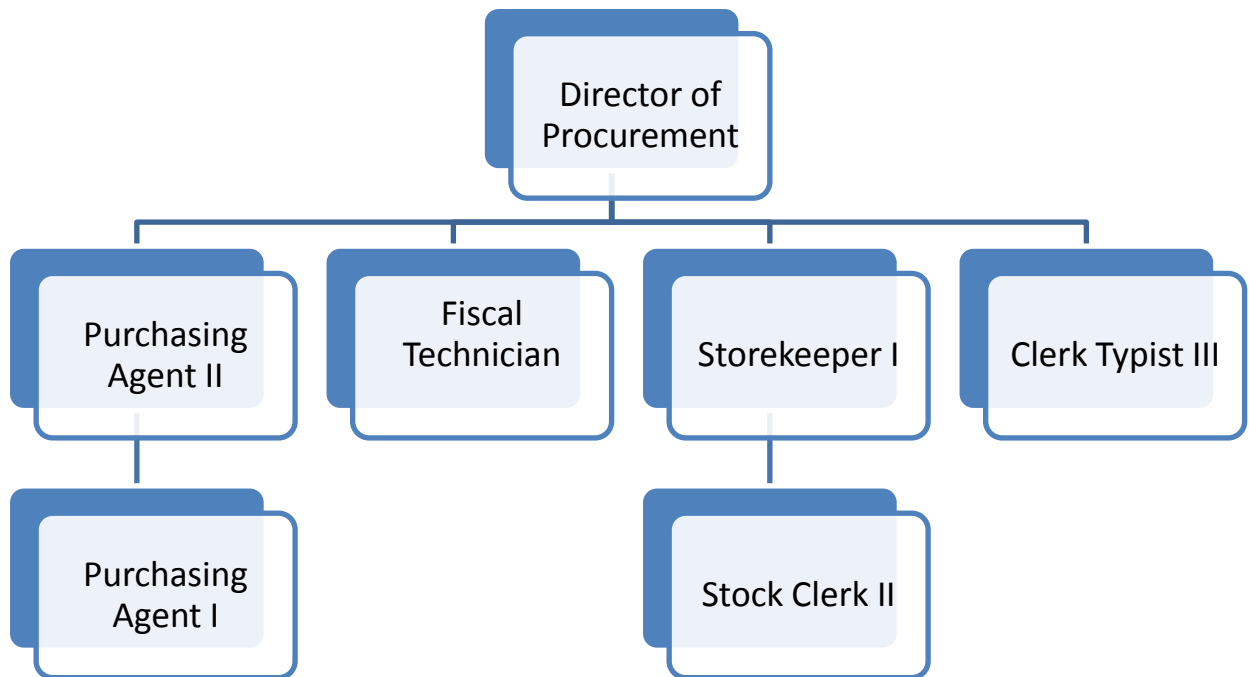
I. Mission

It is the policy of Lock Haven University to maximize the value of goods and services received for the dollars expended by following prudent business practices in its purchasing and contracting activities. It is the charge of the University's Procurement Office to provide the highest level of quality, value, and satisfaction to our internal customers while servicing their needs; maintaining the optimum level of professionalism, integrity, and ethics in support of the University's mission. We hope to make the most value for University dollars. We are here to insure items and services are purchased while adhering to Pennsylvania Procurement Law, and policies and procedures of the State System of Higher Education and Lock Haven University.

II. Organization

The following individuals staff the Office of Procurement:

- Director of Procurement
- Purchasing Agent II
- Purchasing Agent I
- Fiscal Technician
- Storekeeper I
- Stock Clerk II
- Clerk Typist III



The office is formally organized into the following functional areas:

1. Director of Procurement

The President of each university and the Chancellor, or their designees, are designated as contracting officers and, as such, are the only individuals authorized to procure goods, services, supplies, and construction; enter into and administer contracts; and make written determinations with respect to contracts for the State System. The Director of Procurement has specific delegated authority as a Contracting Officer for Lock Haven University under the provisions of Act 57 of 1998 and Board of Governors Policy 1998-04 to the extent and within the limits described.

<i>Primary Delegates (s) for Purchasing & Contracting</i>		
<i>Name</i>	<i>Position Title</i>	<i>Scope of Authority</i>
William T. Hanelly	Vice President for Finance, Administration & Technology	Purchases: Unlimited Contracts: Unlimited
Becky J. Proctor	Director of Procurement	Purchases less than \$100,000 Construction contracts less than \$100,000
Kelly A. Hibbler	Purchasing Agent II	Purchases less than \$1,500

2. Purchasing and Contract Services

Purchasing and Contract Services supports Lock Haven University's roles of education, research and public service by acquiring and managing goods and services which provide the University the greatest value, use of best business practices, and by ensuring the University's compliance with applicable laws, rules and regulations. We are committed to providing exceptional service to all customers, clients and stakeholders, and to maintaining the public's confidence in our stewardship of resources.

3. Travel

Reimbursement to employees for official travel is be made on the basis of approved travel expense vouchers. Purchasing audits all travel approval and expense reports for adherence to PASSHE and University policies before issuing payment. All persons who travel at the University's expense are expected to exercise prudence and economy.

4. Central Receiving

The Central Receiving team strives to provide the best possible service for our University customers and clients, and to maintain good relations with all outside entities rendering

service and goods to the University. Central Receiving accepts the delivery of incoming shipments from common carriers and vendor delivery trucks. Shipments are inspected for damage and conformity with terms and conditions of the purchase order, and are then redelivered to campus destinations. Central Receiving also ships outbound goods on behalf of campus departments that cannot be handled via the University Post Office.

5. University Post Office

The University's on-campus post office provides, for the campus community, the majority of the postal services available at any United States Postal office. Postal Services also provide on-campus delivery of University internal mail, making drops at various campus locations.

III. Committee Involvement

It is the goal of the Procurement Office to provide support and guidance in the solution of all procurement needs. The Procurement Office is a service unit of Lock Haven University.

1. University Days: Annually Lock Haven University focuses on the task of getting ready for the start of the academic year by hosting a week of training and communications sessions.
2. President's Commission on the Status of Women: Provide a supportive campus climate for women in the classroom and in employment settings; provide leadership in fostering an environment that encourages discussion of and attention to sex equity issues; review effective policies that address the problem of sexual harassment; review University policies for their effect on minority women and majority women; identify and correct inequities that may exist in hiring, promotion, tenure, and salary of women faculty, staff, and administrators; and initiate a campus values inventory intended to examine issues, which continue to prevent the inclusion of women in certain areas of University life.
3. Procure-to-Pay Process Review Group: Review and document the current procure-to-pay processes at LHU, to identify bottlenecks and other matters of concern and to discuss and document ideas for improvement. The procure-to-pay process covers the activities from creation of the initial purchase requisition to payment of the vendor invoice after the goods or services have been furnished.
4. H1N1 Committee: Taskforce created to put an emergency action plan in place should students; faculty and/or staff become infected, which includes the Healthy Hands initiative through Grainger.

IV. Current Environment

Lock Haven University is quite literally the economic engine for the local community. Numerous steps are being taken in response to worsening economic conditions facing both PASSHE and the Commonwealth. Significant cost savings have been realized through the joint purchasing of goods and services. Collaborative contracts have been and continue to be established for use by PASSHE as part of a Strategic Sourcing Initiative, which is intended to leverage buying power by taking advantage of volume discounts for all fourteen Universities and the Office of the Chancellor. Lock Haven University is taking advantage of system-wide

volume discounts with the following suppliers: OfficeMax for office supplies, Grainger for janitorial supplies, PNC for P-Card and Corporate/travel card services, and Lenovo for computer equipment. Additional cost savings initiatives are outlined in more detail below.

V. Accomplishments

2009-2010

1. Increased accountability in successfully managing departmental budgets in times of constraints.
2. Eliminated student employment in the Procurement Office and in Central Receiving.
3. Eliminated University supported water cooler services on campus with the exception of Admissions.
4. Made vital enhancements to the website to include pertinent information that was not formerly available.
5. Implemented and enforce new procedures regarding unauthorized purchases and after-the-fact purchase transactions to include the use of Settlement & Release Forms.
6. Conducted end-user training on procurement processes and procedures (ongoing).
7. Increased P-Card spend and streamlined existing processes by utilizing P-Card to include: Comcast (5 accounts), AT&T (cell phones), Verizon (cell phones), Advertising for Marketing & Communications and HR, International Student Travel, Memberships (via each departmental card), Lenovo (tech obs), etcetera.
8. Implementing an electronic requisitioning process within the SAP financial system to provide increased efficiencies, cost savings, reduced processing times, and greater campus access to procurement data. The Division of Finance, Administration & Technology is the "pilot program" for this endeavor.
9. Utilizing Mail Innovations, a high-volume mailing service provider offering an efficient and effective way of delivering large mailings. From postal costs to time in transit to packaging labor, this service streamlines, optimizes, and synchronizes the mailing process.
10. Maintain a union notification log sheet for labor-inclusive contracts (outsourcing) to be shared by Facilities, HR and Procurement.
11. Created a vendor registration form on our website.
12. Implemented the use of online travel documents.
13. Implementing direct deposit of travel reimbursements to faculty and staff.

VI. Major Projects Planned for 2010–2013

1. Implement Address Right® Pro, which is software equipped with powerful tools to optimize the mail preparation process to include the following:
 - Provides accurate delivery address information and identifies bad or non-existent addresses.
 - Verifies that the address falls within a deliverable range, corrects misspellings and adds required USPS ZIP code information.
 - USPS-approved presort methodology that ensures address sorting accuracy and automatically completes USPS required mailing forms.
 - Quickly identifies duplicate addresses and lets you separate or delete them.
 - Accesses the latest USPS National Change of Address information. Updates the most current address information prior to mailing, in real time over the internet, available 24/7.
 - Ensures that you follow postal regulations and instantaneously designs postage-saving barcodes.
2. Implement a procedure for handling and disposing of the University's surplus property to ensure that University property provides value to the full extent of its worth and that its disbursement/disposal will be conducted in an equitable, efficient, and cost-effective manner.
3. Continue implementing an electronic requisitioning process within the SAP financial system to provide increased efficiencies, cost savings, reduced processing times, and greater campus access to procurement data (University Advancement, Student Affairs, Library Acquisitions, and Academic Affairs).
4. Utilize SharePoint for collaboration, supplier communication and records retention.
5. Continue outreach efforts as they pertain to end-user involved training on procurement processes and procedures, including ongoing involvement in New Employee Orientations.
6. Implement a procedure for international student trips formerly run through the Foundation.
7. Eliminate vendor payment by check and initiate electronic funds transfer by using ACH. Benefits include reducing bank charges related to check clearing for both the payee and the University, as well as eliminating the potential for lost or stolen checks and delays in the mailing process.
8. Strive to increase the number of diverse business enterprises that supply goods and services to the University by participating in vendor/trade shows or procurement related community outreach programs related to a diverse vendor pool annually.
9. Increase sustainability efforts by continuing to purchase environmentally preferred goods and services consistent with the mission of Lock Haven University while still remaining cost-effective and in compliance with procurement policy.

VII. Strategies for Achieving Goals

1. Improve organizational efficiency.
2. Take a leading role in business improvement projects.

VIII. Metrics

These shall be measured by manually kept spreadsheets, vendor reporting, BI reporting, and other PASSHE reporting initiatives on a quarterly basis.

1. Cost savings for tangible items (fixed list of items)
 - Calculation: Previous price paid (or list price) **minus** new price **multiplied by** the contract term (if pricing is fixed for term of the contract – if it is not fixed, calculation is either first year volume or reassessed each year).
2. Negotiated Savings
 - Calculation: Price submitted by supplier in initial submission **minus** BAFO.
3. Collaboration Savings
 - Calculation: Individual University cost **minus** cost for multiple university participation.
4. Bid Process Cost Avoidance (amount saved through bid process)
 - Calculation: Average of two highest submittals **minus** price submitted by the supplier receiving the contract award (pre-negotiation).
5. Value Added Savings
 - Scholarships
 - Internships
 - Electronic payment method discounts
 - Procurement card acceptance discounts
 - FREE Training
 - Cost reduction programs
6. Diversity
 - Number of suppliers invited to vendor/trade shows
 - Number of RFQ's/RFP's sent, number responded, number awarded
7. Analyzing Spend
 - Enhance Material Groups for better spend analysis
 - Create report in BI for spend in PA compared to total spend
8. Customer Satisfaction
 - User surveys
 - Turnaround times: creation of requisition to purchase order creation
9. Vendor Evaluation

- Number of late deliveries
- Overages, shortages, packaging
- Number of incorrect invoices
- Invoice issues
- Receipts/invoices without purchase order numbers
- Material returns (reason codes)
- Cost reduction efforts
- Customer satisfaction