

Purchasing/Material Services Department

Background

The primary function of the Purchasing/Material Services Department is to provide materials and services to county departments and agencies through cost effective procurement. The Purchasing/Material Services Department is a fully-matured and professional organization possessing all the attributes that are expected in a department of its size. The department consists of four divisions: Purchasing, Central Mail, Supply and Printing, that service Riverside County government.

The Purchasing Division, funded by the General Fund, had a work volume of 12,000 purchase orders and an additional 11,000 low-volume purchase agreements. There were 500 pro-actively established buying agreements and 300 formal requests for quotes/proposals. These activities resulted in a total money volume of \$142,000,000.

Also funded by the General Fund, the Central Mail Division delivered 3,800,000 pieces of USPS mail, 250,000 interoffice pieces, and 6,700 packages in 270 mail stops per day.

The Supply Division showed an inventory of 1,200 items. The average value of the in-house inventory was \$412,000. There were 12,000 sales orders and 58,000 line items shipped in 22,000 deliveries. The sales volume exceeded \$7,250,000.

The Printing Division did 8,500 jobs consisting of 46,600,000 impressions with an average processing time of Quickprint in 1.5 days and Offset printing in eight days. This division is the flagship operation of the Purchasing/Material Services Department.

The funds for the Printing and Supply Divisions come from charges to other county departments for their services which makes them self-sufficient.

The work and money volume figures for these divisions are for fiscal year 1997-98.

Findings

1.A random sampling shows considerable dissatisfaction among county offices in regard to the current computer inventory and on-line system in tracking lost orders.

2.The concept of a limited use procurement credit card, coded for specific use, was presented to the Board of Supervisors. The new card will facilitate small and immediately needed purchases at off-site locations and will allow direct billing to the county.

3.Unrealistic statistics are used in regard to reporting operational efficiencies and cost savings such as the estimate resulting in the spread from \$11,000,000 -\$23,000,000.

4. There is too much hands-on involvement by the director and assistant director since the purchasing manager position for the Purchasing Division was eliminated due to frequent budget and personnel cutbacks.

5. In Cost Savings Procedure #034, cost savings are allowed to be reported and credited if the cost savings are created by a supplier lowering a price previously paid.

6. The Purchasing/Material Services Department is staffed by trained professionals with long-term service in the county. Their work and potential benefit to the county is not adequately recognized or appreciated.

Recommendations

The Board of Supervisors:

Look into providing a viable interactive computer inventory and order system as soon as possible, with the capability for other departments and agencies to easily access.

The Board of Supervisors and the Purchasing/Material Department:

Implement the new concept of the procurement credit card system to facilitate speedier off-site minor purchases.

The Purchasing/Material Services Department:

1. Establish their own true cost savings and not glean from a manual or other industry standards.

2. Reestablish the purchasing manager position.

3. Rewrite Procedure #034 by modifying it to change situations where the buyer played no part in achieving the reduction or eliminate part 1A.

4. Expand its public relations program and meet with each agency or department at least twice a year to discuss mutual ways to improve performances. In addition, they should meet with other agencies, districts and authorities to assist in their purchases or act as consultants.