SUBMITTAL TO THE BOARD OF SUPERVISORS  
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA

FROM: COUNTY EXECUTIVE OFFICE  SUBMITTAL DATE: January 19, 1999

SUBJECT: Response to Grand Jury Report: Purchasing Department

RECOMMENDED MOTION: That the Board of Supervisors:

1) Approve, with or without modifications, the attached response to the Grand Jury’s recommendations regarding the Purchasing Department; and

2) Direct the Clerk of the Board to immediately forward the Board’s finalized response to the Grand Jury, to the Presiding Judge, and to the County Clerk-Recorder (for mandatory filing with the State).

BACKGROUND: On December 1, the Board directed staff to prepare a draft of the Board’s response to the Grand Jury’s report regarding the Purchasing Department.

Section 933 of the Penal Code requires that the Board of Supervisors comment on the Grand Jury’s recommendations pertaining to matters under the control of the Board, and that a response be provided to the Presiding Judge of the Consolidated Courts within 90 days after the report was issued.

Attachment

THOMAS M. DeSANTIS  
Deputy County Executive Officer

FINANCIAL DATA:
CURRENT YEAR COST $  
NET COUNTY COST $  
ANNUAL COST $  
IN CURRENT YEAR BUDGET:
BUDGET ADJUSTMENT: FOR FY:

SOURCE OF FUNDS:

C.E.O. RECOMMENDATION: APPROVE

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Mullen, seconded by Supervisor Wilson and duly carried by unanimous vote, IT WAS ORDERED that the above matter is approved as recommended.

Ayes: Büster, Tavaglione, Venable, Wilson and Mullen
Noes: None
Absent: None
Date: January 19, 1999
xc: E.O., Purchasing, Grand Jury, Presiding Judge, Co. Clk-Recorder

GERALD A. MALONEY  
Clerk of the Board  
By:

DIST.
AGENDA NO: 3.6
2. Implement the new concept of the procurement credit card system to facilitate speedier off-site minor purchases.

RECOMMENDATION:

Board and Departmental recommendations:

Environment before activating is on-line requisitioning and order tracking features. Several months, the department will continue to fine-tune the system to stabilize the most of the functionality of the old PIC in this Year 2000 compliant system. Over the next phase have been resolved; even at this early stage, the department reports achieving processes for customers and suppliers. Many of the issues which arose during this initial system and build all the functional interfaces before implementing new modules and system at the beginning of this fiscal year to replace the functionality of the old PIC system. As part of a rigorous testing period, the Supply Services Division activated the new system to enter orders as well as track order status online as recommended by the Grand Jury.

RECOMMENDATION:

Board and Departmental recommendations:

Specific Findings and Recommendations:

Riverside County Purchasing Department

Board Recommendation:
BOARD AND DEPARTMENT RESPONSE:

Concur. Within 60 days, the Department intends to present the Board with a pilot program concept for a Procurement Card program. The concept, under joint development by the Purchasing Department and Auditor-Controller's Office, will include recommended procedures, forms and success evaluation criteria.

DEPARTMENT RECOMMENDATION:

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

DEPARTMENT RESPONSE:

Concur. Applying an industry standard for cost savings simply offers a means for comparison. The industry standard stated in the Department's briefing indicates that the efficiencies of having a Centralized Purchasing structure can result in reduced costs of 10 - 20% of the dollars obligated as opposed to a decentralized procurement approach. This information is supported by research from the Institute of Applied Research division of the National Association of Purchasing Management located at Arizona State University. The Department can eliminate that data point for its briefing and only use it when asked to provide comparative information regarding the advantages of a centralized purchasing operation.

DEPARTMENT RECOMMENDATION:

4. Reestablish the purchasing manager position.

DEPARTMENT RESPONSE:

Concur. The Purchasing Manager position still exists, and can be funded/filled should sufficient resources become available. The Board will continue to carefully weigh all funding priorities as the County proceeds along a multi-year plan to balance ongoing expenditures with ongoing revenues.

DEPARTMENT RECOMMENDATION:

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

DEPARTMENT RESPONSE:

Concur. Purchasing Procedure #034 part 1A requires the buyer to take positive professional action(s) before they can claim credit for a cost savings. The procedure has been amplified to more fully define positive professional action and reduce the possibility
of any confusion. The overall reason for tracking cost savings is simply to help gauge how the Purchasing operation adds value to the process, not only by providing advice and assisting customer departments and suppliers, but also by taking actions to reduce cost that may not have resulted without the intervention of professional purchasing personnel.

**DEPARTMENT RECOMMENDATION:**

6. 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.

**DEPARTMENT RESPONSE:**

Concur. The Purchasing Department continues to hold the Purchasing Liaison meetings with its customers at least twice annually. Holding these meetings in the morning and again in the afternoon has boosted attendance (to an average of 70 persons per day) over the past two years. To ensure effective communication with Department Heads, Purchasing has instituted a vigorous program of "customer visits," and incorporated this process in its managerial and supervisory personnel evaluation program.

To further enhance its outreach effort, the Department will:

A. Include customer visits as an evaluation item for all professional staff in the coming year;

B. Conduct public relations visits on a periodic basis;

C. Continue its use of Customer Satisfaction Surveys (with annual evaluation of results).

The Purchasing Department staff is available to provide consulting services to any public entity within staffing limitations. In an effort to pass along the County's buying power to other public entities, Purchasing includes, where appropriate, a public entity clause (piggyback clause) which allows other entities to buy off our contracts and receive the same pricing and service levels.