

June 30, 2016

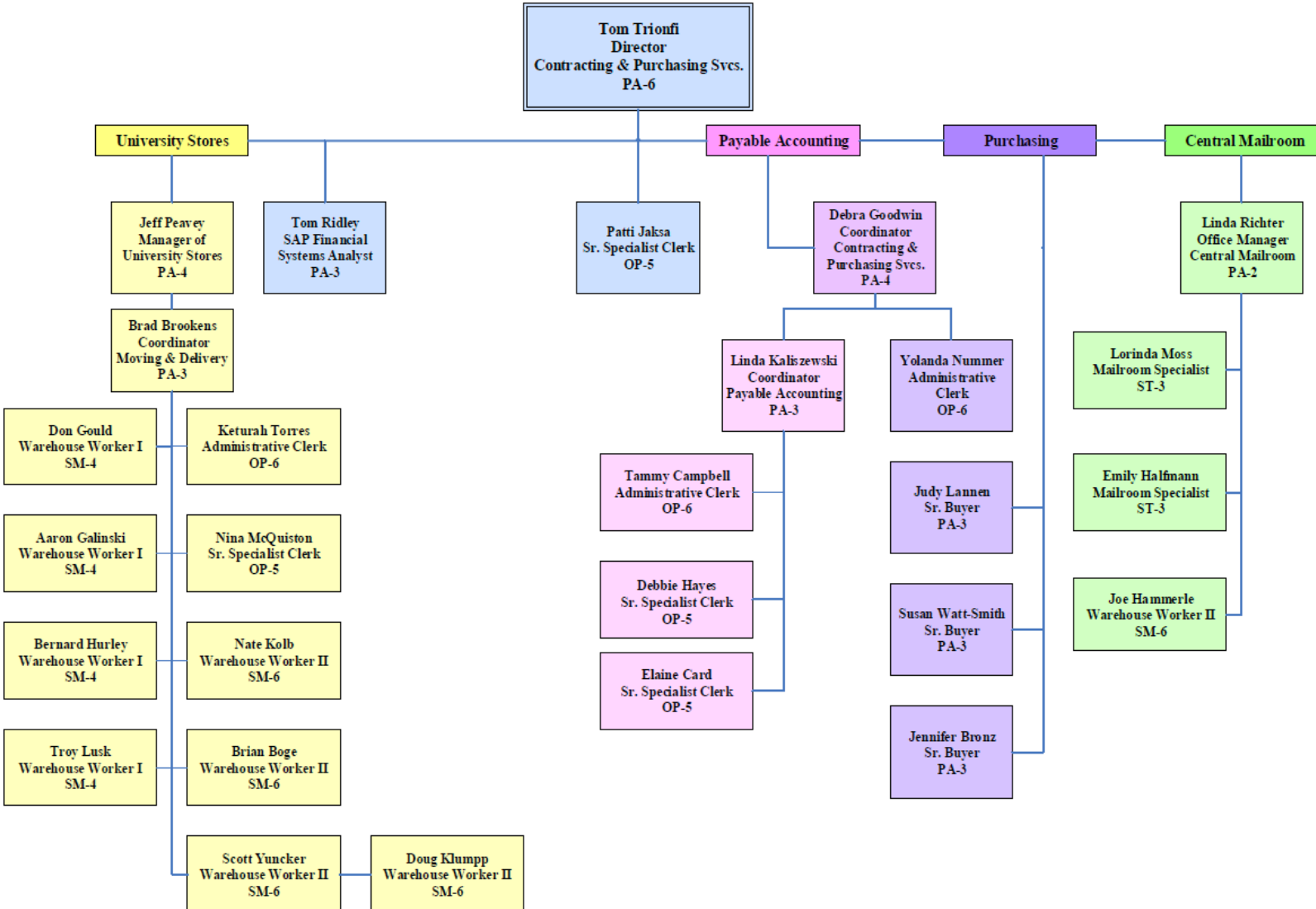
ANNUAL REPORT 2015-2016

**CONTRACTING
&
PURCHASING
SERVICES**



Organizational Structure:

Contracting & Purchasing Services
Organizational Chart



Executive Summary of the Major 2015-16 Accomplishments

- Completed 190 Furniture installs or reconfigurations
- Provide forklift training for all staff at CMU in conjunction with CMU ESS
- Major Setup and take down:
 - Commencement Ceremonies
 - Gymnastics, Wrestling and Athletics functions
 - Special Olympics Summer Games
 - CMU Annual Auction
- Logistics Support for:
 - Active Learning Classrooms & Living and Learning Classrooms
 - CMU Global Campus - mail, supplies, furniture install & reconfigure
 - Recycling & Sustainability efforts at CMU
 - CMU Biological Station, Beaver Island
 - Plant engineering and planning's new buildings and projects
- Monthly Surplus – average Monthly sales = \$3,100 - *Annual Auction, avg. 50,000 and Online sales avg. 3,600 per month.
- 35 Online Auctions – Total Sales= \$36,826
- More than 1,200 computers were data wiped and sent to Public Sale or Recycle
- Recycled over 50,000 pounds of scrap metal
- Direct Savings of \$100,000 for negotiated contract MRO supplies
- Large Cost Avoidance realized on many one-time project purchases
- Conducted warehouse tours for CMU Marketing & Logistics and Business Information Systems Students
- Responsible for data security for salvage computers and copiers
- Identification of equipment and products that may contain hazardous material sent to the sale barn
- Inventory results of +0.04% on 422,336 of value or +\$153 dollars
- C&PS website re-write (from ASP classic to ASP.NET) and database conversion (from Access to SQL). This included numerous website and form enhancements and a planned "Go Live" date of 7/11/16. Most work has been completed other than a couple enhancements and final testing. C & PS staff has realized that the project is much more complex than originally thought as the current website had been created and enhanced over the past 17 years and thus the conversion has many complexities.
- Completed dev req #10460 to add "SAP services" to the web purchase requisition which validates 5 fields entered by departments or buyer. These fields are: Cost Center, Internal Order, WBS and General Ledger number. In addition a vendor search is available in which the buyer can search and select the correct vendor number for the purchase requisition.
- After "Go-Live" for website re-write, P & CS can then utilize improvements made to RFC program (ZFIMM008) with the new/enhanced web purchase requisition that utilizes 5 new fields added (dev reqs #10302 & 10022) to make the process more efficient and user friendly.

- Completed work with OIT developer for ORGS & College of Science and Engineering staff on dev req #10025 to enhance Grant Summary report ZFRGM004 by providing a way to email the grant reports to faculty/staff. The enhancement saves time for many staff within different areas while simplifying grant status information for faculty/staff.
- Completed work with OIT developer and Equipment Inventory department on DevReq#9607 to implement a web Equipment Inventory report that utilizes ABAP query ZCCINVENTORY for departments to execute from the Equipment Inventory website. This report provides departments with real time equipment inventory information in an Excel spreadsheet and allows for exchange of information that needs to be updated back into the SAP Fixed Assets module. This improved functionality was used in the annual equipment inventory and received favorable reviews from campus departments and saved the Equipment Inventory area many hours of report preparation time.
- Nearing completion of an RFC interface (Z_FMM_PARK_NPO_INVOICE), web front end application and Image Now document attachment capability for parking departmental NPO invoices (dev req #9773). This was a very large project that should make NPO processing much more efficient and save AP staff time.
- Completed work to develop new area menu (ZREPORTS) to replace current report tree "FMRA". This replacement is needed since the "SERP" transaction is no longer supported by SAP and existing report trees are "frozen" (e.g. unable to make changes). Collaborated with Accounting Services to update the area menu to make more user friendly for campus departments and include all necessary reports for financial reconciliation. All will be coordinated with security personnel so that the standard user will have the necessary security to run ZREPORTS and attached reports.
- Completed most of the work to develop area menu (ZMMREPORTS) for entire C & PS area which pulls together pertinent reports for each area into one area menu. This will make it much easier (thus more efficient) for each area to determine reports which provide needed information and will better assist themselves and the departments they serve.
- Completed work on purchase order form enhancements via dev req #10142 which included: PO barcode being added and "Authorized Signature" only on last page of PO.
- Work almost completed on dev req # 10092 for GR/IR report in ALV format. This will make exporting the report output to Excel much easier and save time for staff. It will also help Accounting Services with yearend reporting of GR/IR assets/liabilities.
- Completed dev req #10044 to add new fields to grant master for ORGS under "CMU Additional Fields" tab.
- Decreased the number of printed checks through continued PNC and ACH Enrollments.
- Standardized computer purchases with Lenovo/CDW for savings and reducing the computer manufactures on campus that have to be maintained.
- Helped implement new IT Purchasing Policy. This new process that gets IT more involved in IT purchases and software and licensing purchases. This helps reduce duplication or move staff to purchasing from current contracts.
- Additional savings based on the current negotiated contract with NBS/Steelcase over E&I contract for Tier 1 "Day-to-Day" orders resulted in an estimated \$18,400, and Tier 2 & 3 "Project" orders resulted in an estimated savings of \$71,260.

- Purchased 18,435.96 square feet of carpet for various projects on campus. The use of GSA and National Group Purchasing contracts resulted in an approximate savings of \$13,610.00 to department budgets.
- Completed furnishings bid for the Biosciences Building that resulted in \$584,396.48 in savings over project budget total for furnishings of \$1,806,023.00.
- Completed floor equipment bid for FM Custodial Operations department that resulted in \$12,026.54 in savings over budget total for equipment of \$85,865.00.
- Worked with FM Operations and University Stores to issue RFPs for contracted Shredding Services. Seven (7) vendors were invited to participate, and responses were rec'd from three (3) vendors. Bid was awarded to Shred Experts LLC, Saginaw, and services began on Jan 4, 2016. Advantage of award to Shred Experts LLC: scheduled weekly services, one-week turnaround on new shredding requests, excellent customer service, simplified billing process, variety of FERPA/HIPAA/NAID compliant consoles, knowledge of NAID certified procedures.
- Finalize bus service program for CMU students to and from Detroit and Chicago at the start and end of the semesters as well as Thanksgiving, Christmas and Spring Breaks. This program has been discussed over the past several months as there is a need specifically for International students and with recruitment efforts for this service. There is currently no service available that doesn't involve a transfer to get to these locations. Update: This program was implemented starting with Thanksgiving Break It has been well received and reservations have been growing since the implementation. We will review again at the end of the spring semester to determine if we want to continue for next year.
- Rebid contract for Printing of CM Life. This Contract covers printing of CMU's Student Newspaper and total amount of spent on this agreement exceeds \$100,000/year. The bid is sent to multiple printers and evaluation and review of at least 3 proposals will be conducted – Update: We received 4 competitive bids and awarded the 3 year contract to Stafford Printing
- Work with campus departments who utilize the medical and pathological waste disposal contract to evaluate other options. The expenses for this waste disposal have increased dramatically over the past 5 years due to an increase in researchers on campus. We will be looking at other options from the current vendor providing the service to determine if savings can be found by contracting with another University. Current spend is in excess of \$25,000 annually – Update: We are still reviewing possible qualified vendors for this service and I will be meeting with vendors and departments prior to the start of FY 17 to determine if there are other qualified vendors can provide this service at a lower cost

III. Table of Operational Data

Purchasing:

- Processed 131 non-PO contracts that totaled **\$29,735,622**. Eighteen (46) of these were new.

- Processed **5,867** POs valued at **\$41,068,732** with an average value of **\$7,000**.
- The efficiency rating (expenses versus spend) for Purchasing is: **.01** which places it in the top tier of university purchasing departments.
- MBWE Spend: **\$1,550,075.21**

Payables:

- Processed **44,445** invoices totaling **\$185,320,312** and obtained vendor discounts of **\$21,416**. The average invoice was **\$4,170**.
- Processed 5,429 ACH vendor payments totaling \$113,811,361.
- Processed 8,428_checks and an additional 103 manual “rush” checks.
- Processed 1099-Misc forms (668)
- Active Pay: 1,880 vendors enrolled

University Stores:

Completed Moving Requests	1,824
Stores’ Line Items Filled	24,000
Stores Annual Sales	\$1,200,000
Tagged Assets	33,408
Tagged Asset Value	\$124,999,103

Mailroom:

- Processed (metered) over 506,338 pieces of outgoing mail.
- Processed 4,594 UPS packages
- Sorted 514 trays of incoming letter mail (approximately 315,000 letters)
- Sorted 2,824 tubs of incoming flat mail (magazines, newspapers, sales catalogs and flats)

IV. Significant Personnel Changes

Hired Jeff Peavey, Manager of University Stores

Hired Brad Brookens, Coordinator of University Stores

Hired Doug Klumpp as Receiving Clerk SM6

Hired Brian Boge as Furniture Assembly SM6

Hired Aaron Galinski as Moving and Delivery SM4

Hired Joseph Hammerle as Warehouse Worker II in Central Mailroom

Hired Emily Halfmann as Mailroom Specialist ST-3 in Central Mailroom

V. Fundraising/Revenue Generation

University Stores generated from their monthly and annual Sales; **\$117,226.**
Purchasing' consortium/collaborative efforts generated revenue of **\$101,394.**
Central Mailrooms collaborative work efforts generated revenue of **\$39,830.**
Payable Accounting generated from their Active Pay rebate **\$322,704.45.**

VI. SWOT

1. Strengths:

- Operational Efficiencies
- Experienced and Knowledgeable staff
- Very good relationships established with other departments and staff
- Strong service orientation

2. Weaknesses:

- Difficulty in keeping current and complying with external (governmental, IRS) requirements.
- Significant staff turnover the past fiscal year.
- No staffing flexibility to accommodate new expectations of customers.
- New Website
- New demands for services from (Facilities, Research and CMED) out paces ability to respond.
- Diversity of commodity responsibilities makes it difficult to develop "expert" product knowledge in all areas.
- 50% of the staff in the central mailroom is new or new to our department
- Out grown present facilities to provide services we need and would like to offer
- New demands for services to remote campus locations
- Limited access to OIT resources in order to complete projects that require an OIT developer (e.g. OIT development requests can take over a year to be assigned an OIT resource).
- Difficulty in getting some departments to accept change or try new processes.
- Significant workload increases due to increased campus spending and management of the Activepay Card program.
- Workload having increased effect on employee morale and potential burnout.
- Staff turnover this fiscal year (1 of 4 positions)
- Risk of not meeting deadlines due to increasing workload and invoice/PO problems.
- No trained back up for PO or NPO clerk if unexpected long-term absence
- Increase in average backlog for payment processing is periodically at unacceptable levels.

- Difficulty in getting some departments to submit payment requests in a timely manner or follow proper procurement and payment policy/procedures resulting in late payments to vendors/payees..
- Slow system response time which affects productivity.
- Decentralized payables does not lend itself well to automating payables processes as efficiently.
- The implementation of front end imaging through Image Now has created a backlog of unpaid invoices and cleanup.

3. **Opportunities:**

- Additional collaborative service opportunities with external partners that have the potential to generate revenue.
- Potential for implementation of SAP reporting analytics to enhance reporting for campus departments.
- Potential for web/SAP integration to make user experience easier and efficient.
- Potential for SAP HANA implementation.
- Potential for implementation of SAP budgeting module.
- Addition of the College of Medicine, Bio Science, and other initiatives present opportunities with regards to the procurement of new types of specialized equipment and services.
- Opportunity to continue to develop the A/P imaging process in hopes to get processing back to previous levels.
- Strong technical support for our area to provide support in developing an online invoice voucher and payment request process.
- Implementation of the ActivePay program and increasing vendor enrollment should assist in generating revenue to fund a part-time soft funded position. This will allow for redistribution of workload, increase the effectiveness of the Payables staff in trouble shooting payment and purchase order issues, while decreasing turnaround time.
- Staff interest in cross training and changing the office configuration have the potential to increase response and processing time.
- Providing one on one training and group training to specific areas that have difficulty in following university payables and purchasing policies and procedures.
- Creating a web based NPO process.
- Providing one on one training and group training to specific areas that have difficulty in following university payables and purchasing policies and procedures.
- Sale of Saginaw Chippewa Indian Tribe surplus
- Increase use of online auctions and social media

4. **Threats:**

- Continuous University Expansion – New Buildings and Programs without the addition of operational staff.
- Budget reductions and bumping which potentially jeopardizes the employment of knowledgeable, experienced employees who have lower seniority.
- Lack of planning and collaboration on purchases that could be aggregated.
- The result could be less duplication and monetary savings.
- Availability and cost of OIT resources (e.g. eliminated ABAP developer position still unfilled and OIT charging for most of their services).

VII. Progress toward 2015-2016 Goals

- Decrease checks through review and evaluate existing vendors requiring check payments who unable to accept card payments (i.e. payment on credit accounts, garnishments, etc.) and present them with ACH as a final option for payment. Ongoing – **Increased vendor enrollment in both PNC and ACH programs.**
- Successful RFP award and rewrite of purchasing website from ASP Classic to ASP.net and the conversion of Access databases to SQL. – **Most work has been completed other than a couple of enhancements and final testing.**
- Finalize bus service program for CMU students to and from Detroit and Chicago at the start and end of the semesters as well as Thanksgiving, Christmas and Spring Breaks. This program has been discussed over the past several months as there is a need specifically for International students and with recruitment efforts for this service. There is currently no service available that doesn't involve a transfer to get to these locations. **This program was implemented starting with Thanksgiving Break It has been well received and reservations have been growing since the implementation. We will review again at the end of the spring semester to determine if we want to continue for next year.**
- Rebid contract for Printing of CM Life. This Contract covers printing of CMU's Student Newspaper and total amount of spent on this agreement exceeds \$100,000/year. The bid is sent to multiple printers and Evaluation and review of at least 3 proposals will be conducted. **We received 4 competitive bids and awarded the 3 year contract to Stafford Printing**
- Work with campus departments who utilize the medical and pathological waste disposal contract to evaluate other options. The expenses for this waste disposal have increased dramatically over the past 5 years due to an increase in researchers on campus. We will be looking at other options from the current vendor providing the service to determine if savings can be found by contracting with another University. Current spend is in excess of \$25,000 annually. **We are still reviewing possible qualified vendors for this service and I will be meeting with vendors and departments prior to the start of FY 17 to determine if there are other qualified vendors can provide this service at a lower cost**
- Continue to work with OIT and Equipment Inventory department to implement a web Equipment Inventory report for departments to execute from the Equipment Inventory website. This report provides departments the necessary equipment inventory information and allows for communication of information that needs to be updated back into the SAP Fixed Assets module. – **Completed DevReq#9607 to implement a web Equipment Inventory report that utilizes ABAP query ZCCINVENTORY for departments to execute from the Equipment Inventory website.**
- Continue to work with OIT & Accounts Payable department to complete an interface/web application for parking departmental NPO invoices; **Near Completion – worked with OIT Developer/Web Developer and Application Engineer to create an RFC interface (Z_FMM_PARK_NPO_INVOICE), web front end application and Image Now document attachment capability for parking departmental NPO**

invoices(dev requisition #9773). This was a very large project that should make NPO processing much more efficient and save AP staff time.

- Leverage large IT purchases campus wide. Similar to the Solid State Drive bid, to achieve the most savings. **Ongoing**
- Review software/licensing purchases to reduce redundancy and costs. **Ongoing**
- Move CMU employee uniforms purchases to CMU Bookstore. The Bookstore was the most competitive in the bid process. Will be managing and monitoring move for a smooth transition. **Complete**
- Continue to bid out purchases over \$2,500 to achieve optimal savings for the University. **Ongoing**
- Purchase new mail machine and accounting software for the central mailroom, which could possibly give us opportunities for additional savings, and more compliant to postal regulations
- Completed 190 Furniture installs or reconfigurations
- Provide forklift training for all staff at CMU in conjunction with CMU ESS
- Major Setup and take down:
 - Commencement Ceremonies
 - Gymnastics, Wrestling and Athletics functions
 - Special Olympics Summer Games
 - CMU Annual Auction
 - Logistics Support for:
 - Active Learning Classrooms & Living and Learning Classrooms
 - CMU Global Campus - mail, supplies, furniture install & reconfigure
 - Recycling & Sustainability efforts at CMU
 - CMU Biological Station, Beaver Island
 - Plant engineering and planning's new buildings and projects
- More than 1,200 computers were data wiped and sent to Public Sale or Recycle
- Recycled over 50,000 pounds of scrap metal
- Direct Savings of \$100,000 for negotiated contract MRO supplies
- Large Cost Avoidance realized on many one-time project purchases
- Conducted warehouse tours for CMU Marketing & Logistics and Business Information Systems Students
- Identification of equipment and products that may contain hazardous material sent to the sale barn
- Inventory results of +0.04% on 422,336 of value or +\$153 dollars

VIII. Primary Goals for 2016-2017

- New staff cross training to maintain responsiveness and flexibility with job assignments.
- Identify and improve Unit of Measure concerns University Stores stock items with SAP
- Research feasibility of options to reduce off campus storage by CMU departments

- Construction of a CMU storage building
- Use old EMC leased warehouse off Mission Street
- Increase overall University Stores sales
- Promote on line sales and monthly sales on social media to increase exposure and profitability
- Prepare and plan for the required logistics to open the Bioscience building

- Complete work as the project manager for the Contracting and Purchasing Services website re-write and database conversion. Implementation scheduled for 7/11/16.
- After website implementation-- then improvements made to web purchase requisition utilizing RFC ZFIMM008 and 5 new fields can be utilized to make the process more efficient and user friendly. Can begin using upon implementation on 7/11/16.
- After website implementation, begin using "SAP services" with the new web purchase requisition which validates 5 fields entered by departments or buyer. These fields are: Cost Center, Internal Order, WBS and General Ledger number. In addition a vendor search is available in which the buyer can search and select the correct vendor number for the purchase requisition.
- Complete work on DevReq#9773 that utilizes a RFC interface/web application/Image Now document attachment process for parking departmental NPO invoices.
- Complete work with Accounting Services on area menu ZREPORTS to update the presentation of financial reporting and report reconciliation. This includes the area menu ZREPORTS and dev req #10776 to be able to attach URL links to this area menu.
- Complete work with C & PS on area menu ZMMREPORTS to pull together pertinent reports for each area under C & PS and put under one report tree.
- Work with OIT on dev req #10783 for Accounting Services. This is to enhance text areas for 2 reports used by departments in their reconciliation process.
- Work with OIT on dev req #10304 to complete web front end for PO creation.
- Work with OIT on dev req #10093 to complete functionality to print archived purchase orders.
- Work with OIT on dev req #10788 to complete web improvements for Facilities Management including obtaining WO TECO information to enhance survey sending and make much more efficient.
- Work with OIT on dev req #10805 to improve web WO form and create RFC for WO creation for Facilities Management. This will make WO entry much more efficient for FM staff.
- Work with OIT on dev req's #10645 & #10797 for ORGS to update ZFRGM008 GM report.
- Work with OIT on dev req #10864 for ORGS to update 4 programs for CMEP employees to be added on "Responsibilities" tab of the grant master. ORGS needs to report on CMEP grants as well as CMU employee grants. Since CMEP employees are not CMU employees updates need to be made to programs.
- Study and review external systems to be used with existing SAP functionality to make functional areas that I work with-- more efficient (e.g. AUC, Grant process).
- Implement the extended withholding tax functionality for Payable Accounting to enable two tax codes per vendor invoice.

- Continue to take courses to learn ABAP in order to work more efficiently with OIT developers.
- Research and better understand SAP HANA.
- Research and better understand SAP Analytics for reporting.
- Research and understand underutilized Grant module functionality and ways to improve the efficiency of the entire grant process.
- Analyze present systems and procedures to integrate additional functionality, web front end capability, correct problems, streamline processes, write new reports and utilize Mercury QTP for system efficiencies
- Continue to learn FI processes with other FI Analyst in order to provide back up support and training.
- Continue to work on writing/updating procedures for the "Critical Items" spreadsheet.
- Work toward implementation of SAP budgeting software for higher education (if this is determined to be a University goal).
- Develop a furniture "showroom" in the Combined Services Building that provides access to seating samples and new office furniture products. The showroom includes a working office that gives Purchasing staff the opportunity to work closely with other departments within C&PS, as well as FM-Operations, FM-PEP, and Police.
- Develop vehicle standards (4-dr sedan, van, truck) for campus based on the State of Michigan MiDEAL contract.
- Judy: Campus wide multifunction (copier/printer/scanner/fax) equipment agreement. The current 5 year agreement with Ricoh is expiring this year. This agreement includes the City of Mt. Pleasant and the Mt. Pleasant Public schools agreement as well as CMU campus. There are over 150 machines on this agreement that will be replaced with new equipment. This agreement provides revenue back to CMU by providing the Mt Pleasant City and Schools with competitively bid equipment and services through volume purchasing.
- Implementation of Campus wide travel management services agreement. An agreement between CMU and Hamilton Miller Hudson and Fayne has been negotiated and during FY 16-17 we will be providing training and demos to campus departments who choose to utilize the portal for booking airfare, hotel and car rental for business travel. This program provides a comprehensive reporting system for tracking travel costs and savings to CMU travelers who book travel through this site. By providing training and encouraging departments to utilize this system for booking travel future savings will be realized by negotiating volume discounts with travel providers.

IX. Primary goals for next five years

- Explore new services to be offered to CMU departments by the Central Mailroom. (continuing)
- Update major equipment forklifts & keep warehouse and receiving technology current
- Improve Surplus Sale Building up to replacing present facility– currently not weather tight, no restrooms, no running water, no heat
- Work with IT to develop a plan for better data security
- Prepare and plan for the required logistics to open the Biosciences bldg.

- Assist in the development and completion of the new phase of residential housing
- Assist in the creation of a vendor portal as it relates to SAP that would allow vendors to: 1.) Access their account information (e.g., invoices processed, invoices paid, check amount, check number, etc.) 24/7; 2.) Update account information online such as address, phone/fax number, etc., and eventually expand use of the portal. This would reduce the number of phone calls that Accounts Payable staff receives and provide staff time to work on more complicated tasks.
- Work with the Central Receiving area to develop a paperless delivery system with digital signature capability that operates in collaboration with SAP.

VIII. Contingencies/Risk to Achieving those Goals and Strategies to Address

1. Costs and human resources required to implement
2. Senior management support
3. Campus-wide support
4. Limited (IT) resources
5. Aging workforce
6. IRS regulations
7. Federal Granting Agency Regulations
8. Utilize over time as necessary to meet customer demands
9. Supplement labor requirements with Student workers
10. Continue scheduled maintenance on all major equipment to extend useful life and safety
11. Keep knowledge current of systems and software that allow technology to increase efficiency and improve customer service