

ADMIN. LUNCH & LEARN

FEBRUARY 1, 2012

MATERIALS MANAGEMENT

WHO ARE THESE PEOPLE AND WHY SHOULD I CARE?

FUNDAMENTAL CONCEPTS OF PUBLIC SECTOR PROCUREMENT:

- ❖ **Best value for customer agencies and tax-payers.**



- ❖ **Fair and open competition.**



WHAT IS FAIR AND OPEN COMPETITION?



- **Equal access to business opportunities for all interested vendors.**
- **Fair and equal treatment of all vendors.**
- **Advance public notice of state business opportunities.**
- **Advance disclosure of all mandatory requirements and selection criteria.**
- **Identical information provided to all interested vendors and at the same time.**
- **Selection of vendors based on either lowest price compliant with specifications or best value.**
- **Selection of vendors based solely on criteria and process as defined in bid or RFP.**
- **No vendor organizational conflicts of interest unless acknowledged and waived by Administration.**

WHY DOES THIS MATTER?

- It is our obligation as public servants to be stewards of the public dollar.
- We want to avoid litigation and protests and their associated costs, time delays and degradation of public confidence.
- **And it keeps us out of jail!**



PUBLIC OFFICIALS SCARED STRAIGHT!!!



WORST CASE: PRISON

- Federal government's Chief Procurement Officer (18 months - overturned on appeal)
- Wisconsin Dept. of Admin supervisor (18 months – overturned on appeal)
- Governor of Illinois (78 months)
- Governor of Connecticut (12 months) and his Chief of Staff (30 months)
- California Congressman (100 months)
- ANOTHER Governor of Illinois (14 years)



Humiliation (but no jail time)

- Florida cancels IT contracts valued at \$259.7 million
- Toronto Computer Leasing Inquiry: \$11.3 million investigation shows \$43 million of inappropriate payments
- Google: 2.2 million results for “state government procurement scandals”



SOME GOOD PEOPLE TO KNOW IN MMD:

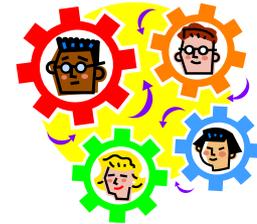
- **Kent Allin, Chief Procurement Officer / Director** kent.allin@state.mn.us
- **Dorothy Lovejoy, Operations Manager** dorothy.lovejoy@state.mn.us
- **Brenda Willard, Assist. Director / Acquisitions Manager** brenda.willard@state.mn.us
- **Betsy Hayes, P/T Services Contracting Manager** betsy.hayes@state.mn.us
- **Alan Dahlgren, MMCAP Manager** alan.dahlgren@state.mn.us



MMD OPERATIONS UNIT

Small Business Program

- Targeted Group
- Economically Disadvantaged



Vendor Management

- SWIFT Vendor File/Vendor Registration
- Suspension/Debarment



MMD OPERATIONS UNIT

Training Coordination and Support - ALP and P/T



Cooperative Purchasing Venture (CPV)

- Membership



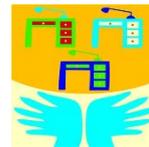
MMD Website/Network/Computer Support



Business Management



General Support Services



MMD ACQUISITIONS UNIT

- **Brenda Willard- Assistant Director / Acquisitions Manager**
(Construction)
- **Jackie Finger - Supervisor**
(Equipment, Vehicles, and Misc.)
- **Luke Jannett - Supervisor**
(IT Hardware, Software, and Misc.)

MANAGE THE PROCUREMENT OF:

- **Goods** 
- **Non Prof/Tech Services** 
- **Construction** 

ACQUISITIONS:

- **Manage over 1600 contracts that are posted on the MMD website**
- **Over 1000 are offered to Cooperative Purchasing Venture (CPV) members**
- **Manage Pcard Program**
- **Savings**
 - ~ **Negotiated: \$102 million**
 - ~ **Other: \$250 million**



PROVIDE A VARIETY OF TRAINING CLASSES:

- **ALP Training and Certification**
(\$10,000 and \$25,000/\$50,000)
- **ALP Overview Training**
- **Construction Training**
- **Conference Training**
- **How to Buy Services**
- **Vendor Training: How to Do Business with the State**
- **CPV Training**



MINNESOTA STATUTE 16C.10

Everything has to be bid over \$2,500, unless exempt by law.

■ **Some exceptions include:**

- **Single Source**
- **Emergency Acquisitions**
- **Goods & Services from:**
 - ~ **Minnesota Correctional Facilities**
 - ~ **DEED/DHS Workshops**
- **Cooperative Agreements**



AGENCY AND CPV INPUT:

Contract Feedback Form

- Updated Form
- New Policy and Procedure



PT CONTRACTS UNIT

Betsy Hayes – Manager

Justin Kaufman – Negotiations Manager

**Lynette Podritz – Contracts Administrator
(Oversight)**

**Kevin Marsh – Contracts Administrator
(Enterprise)**

PT Contracts

Minn. Stat. § 16C.08, Subd. 1:

“professional or technical services” means services that are intellectual in character, including consultation, analysis, evaluation, prediction, planning, programming, or recommendation, and result in the production of a report or the completion of a task.



Legal Framework for PTs

Minnesota Statutes §15.061:

Pursuant to the provisions of sections 16C.03 and 16C.08, the head of state department or agency may, with the approval of the commissioner of administration, contract for professional or technical services in connection with the operation of the department or agency.



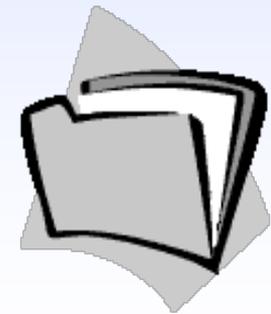
Admin's Oversight Function

- **Review all executive branch state agency contract documents including:**
 - Certification Forms
 - Request for Proposals
 - Contracts
 - Amendments
 - Single Source Requests
 - Emergency Requests
 - Joint Powers Agreements
 - Loan Documents
 - Income Agreements



Statewide PT Data

FY11	Statewide Numbers
Total Documents Approved	5,497
Rush Submittals	471 (8.6%)



Enterprise Contracting

- ASAP-IT
- 902TS Master Contract Program – IT
- Data Analytics
- Court Reporter/Transcription Services
- Enterprise Lean
- Access-IT – Captioning, testing, training, document conversion



Negotiations

- Focus in this area intensified in 2007 as part of the Drive to Excellence
- New resource hired and training curriculum developed
- \$32 million in tracked savings through FY11
- Efforts recognized by Government Procurement Magazine and the Pew Center





MMCAP

Government Serving Government

- Alan Dahlgren - Managing Director
- Sara Turnbow - Contracting & Business Operations
- Rose Svitak - Knowledge & Financial Management
- Heather Pickett - Compliance
- Carolyn O'Donnell - Marketing & Field Services





MMCAP MISSION & ORIGIN

- Minnesota Multistate Contracting Alliance for Pharmacy
- MMCAP's mission is to provide members with the best value in pharmaceuticals and healthcare products and services through volume contracting and diligent contract management.
- Group purchasing organization for government facilities that provide healthcare services
- Began in 1985 as cooperative purchasing venture between MN and WI



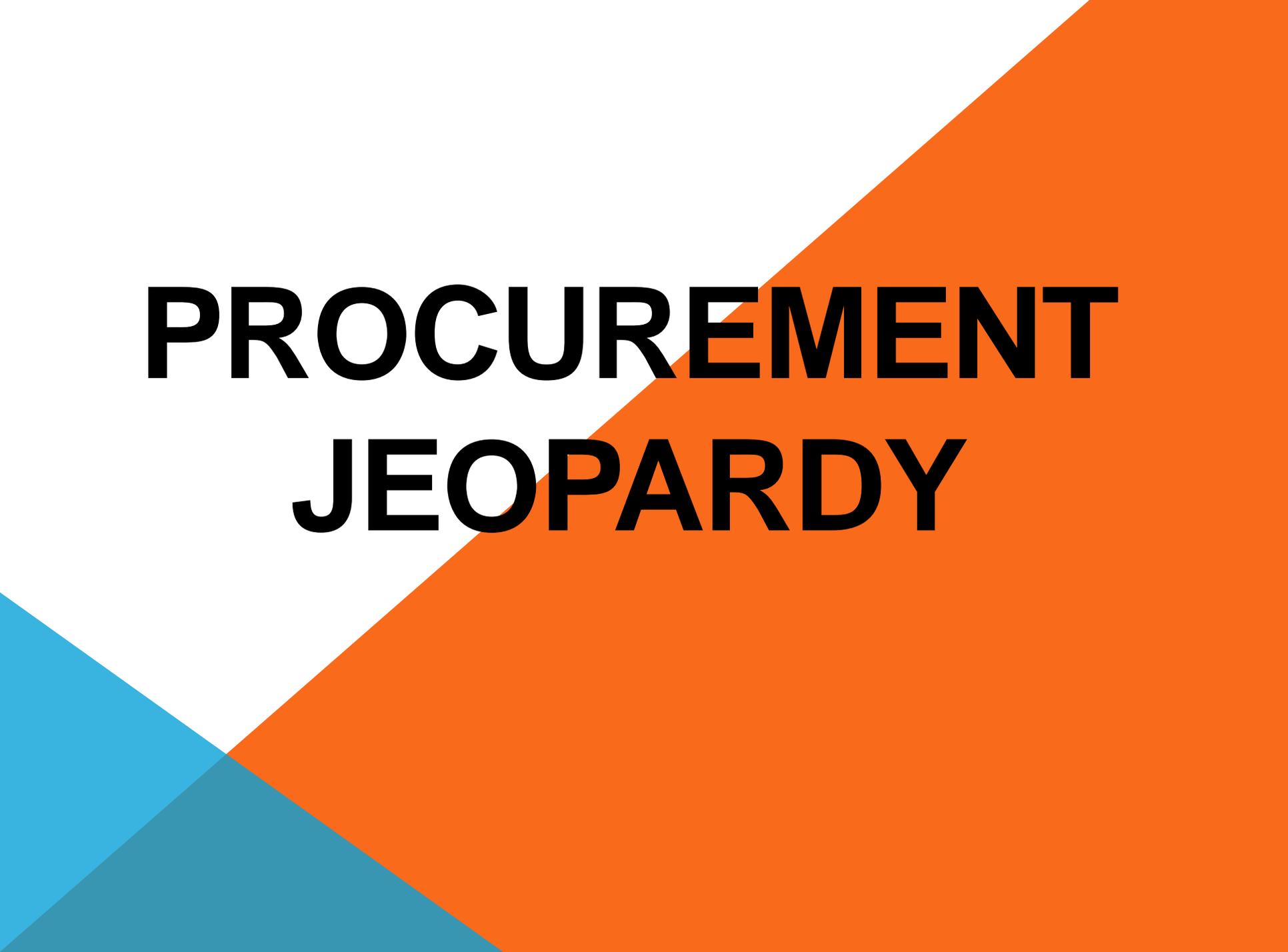
MMCAP MEMBERSHIP

- 46 member states plus the Cities of Chicago and Los Angeles. (\$1.2 Billion in annual purchasing volume.)
- Typical Facility Types
 - Public Health
 - Student Health
 - Nursing Facilities
 - Hospitals/Clinics
 - Corrections
 - Mental Health
 - Substance Abuse Treatment Facilities
 - Facilities for Developmentally Disabled
- Membership is open to entities such as state agencies, counties, cities, school districts and public higher education facilities.



CURRENT PROGRAM OFFERINGS

- ⊙ Pharmaceuticals (Rx, OTC, Vaccine)
- ⊙ Vials and Containers
- ⊙ Pharmaceutical Wholesaler (Distribution) Services
- ⊙ Returned Goods Processing
- ⊙ Pharmaceutical Invoice Auditing
- ⊙ Clinical Pharmacy
- ⊙ Influenza Vaccine
- ⊙ Emergency Preparedness
- ⊙ Specialty Distribution
- ⊙ Drug Testing Kits
- ⊙ Dental Supplies
- ⊙ Medical Supplies
- ⊙ Laboratory Supplies



PROCUREMENT JEOPARDY