

# **Administrative and Educational Support Report**

## **Materials Management**

**Annual Action Plan**  
**Annual Assessment Report**

**June 2005 – May 2006**



**Annual Action Plan: June 1, 2005–May 31, 2006**

**Unit:** Department of Materials Management

**UTPA Mission:** The University of Texas-Pan American (UTPA) serves the higher education needs of a rapidly growing, international, multicultural population in the South Texas Region. The University preserves, transmits and creates knowledge to serve the cultural, civic, and economic advancement of the region and the state. The University provides students advanced instruction in academic programs offered through innovative delivery systems that lead to professional certification, and baccalaureate, master’s and doctoral degrees. Through teaching, research, creative activity and public service, UTPA prepares students for lifelong learning and leadership roles in the state, nation and world community.

**Division:** Business Affairs      **Unit Head:** Frances A. Rios

**Unit Mission:** The Department of Materials Management strives to provide efficient and responsive procurement and related services to University departments with exceptional customer service and with the highest standards of ethics.

**Unit Goal:** To provide cost-effective and efficient services for University departments while ensuring compliance with relevant University, UT System, State, and Federal regulations.

**Link to UTPA Goal(s):** 3. Improve UTPA’s organizational effectiveness

| Unit Objective<br>(Action Priority: #1 is highest)              | Link to UTPA Objective | Expected Outcome for Unit Objective (AA-Measurable Objective)          | Strategy(ies) to Achieve Expected Outcomes  | Assessment Criteria, Evaluation Methods for Expected Outcome  | New Resources Needed in FY06 |
|---|------------------------|--|---|---|------------------------------|
| To provide cost-effective and efficient purchasing services (1) | 7                      | Decreased low value transaction workload in the Purchasing Department. | <ul style="list-style-type: none"> <li>Conduct customer surveys.</li> <li>Benchmark other UT components.</li> <li>Study transactions processed by Purchasing Dept. buyers.</li> </ul> | <ul style="list-style-type: none"> <li>Customer feedback.</li> <li>Benchmarking other UT components.</li> <li>Performance reports on transaction types processed by Purchasing Dept. buyers.</li> </ul> | None                         |
|   | 7                      | Implementation of  | <ul style="list-style-type: none"> <li>Seek customer</li> </ul>   | <ul style="list-style-type: none"> <li>Customer oral and</li> </ul>   | Reassignment of duties       |

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|---|------------------------|--|--|---|--|
|   |                        | procurement card system that will provide a more efficient and cost-effective method of purchasing and paying for small dollar transactions. | feedback.<br><ul style="list-style-type: none"> <li>Study transactions processed by Central Purchasing and Small Purchase Order (SPO) Program requiring prepayments.</li> </ul>                              | written feedback.<br><ul style="list-style-type: none"> <li>Analysis of volume of prepayment transactions and local vendors not accepting purchase orders.</li> <li>Pilot program analysis.</li> </ul>    | within existing staff initially. Extent of program acceptance and participation impacting current staff resources to monitor/manage program cannot be determined for FY06. |
| To provide efficient receiving, delivery, and shipping of goods (2) | 7                      | More accurate method of identifying incoming packages that are not properly identified with purchase order number by the shipper.            | <ul style="list-style-type: none"> <li>Seek feedback from customers, Purchasing Department, and vendors.</li> <li>Analyze incoming packages that are not identified with a purchase order number.</li> </ul> | <ul style="list-style-type: none"> <li>Feedback from customers, Purchasing Department, and vendors.</li> <li>Analysis of incoming packages not properly identified with purchase order number.</li> </ul> | None   |
|   | 7                      | One-stop solution for shipment of outbound packages for departments.   | <ul style="list-style-type: none"> <li>Analyze current process of outbound shipments.</li> <li>Research Internet-based solutions.</li> </ul>   | <ul style="list-style-type: none"> <li>Analysis of current process of outbound shipments.</li> <li>Research on Internet-based shipping companies.</li> </ul>  | None   |
| To provide efficient and cost-effective travel services (3)         | 7                      | To facilitate process for requesting of non-employee travel.   | <ul style="list-style-type: none"> <li>Seek feedback from customers and Accounts Payable.</li> <li>Analyze the current process for non-employee travel requests.</li> </ul>                                  | <ul style="list-style-type: none"> <li>Feedback from customers and Accounts Payable.</li> <li>Analysis of current travel request process.</li> </ul>  | None   |

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|---|------------------------|---|--|--|------------------------------|
| To promote economic prosperity for Historically Underutilized Businesses (HUBs) (4) | 7                      | Increased use of HUBs by SPO Program users.                   | <ul style="list-style-type: none"> <li>• Analyze current spending trends of departments issuing SPOs.</li> <li>• Seek SPO user feedback on why HUBs are not used for purchases.</li> </ul> | <ul style="list-style-type: none"> <li>• Analysis of spending trends of departments.</li> <li>• SPO user feedback.</li> </ul>                              | None                         |
| To provide efficient contract processing services (5)                               | 7                      | Decreased contract processing cycle time.                     | <ul style="list-style-type: none"> <li>• Study current contracting process.</li> <li>• Analyze processing time for various contract types.</li> </ul>                                      | <ul style="list-style-type: none"> <li>• Study of current contract process.</li> <li>• Analysis of contract types and processing time for each.</li> </ul> | None                         |



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**Link to UTPA Goal(s):** 3. Improve UTPA’s organizational effectiveness

| Unit Objective<br>(Priority: #1 is highest)                      | Link to UTPA Objective | Expected Outcome   | Assessment Criteria, Evaluation Methods   | Assessment Results<br>(Use actual data to describe annual performance)  | Use of Results<br>(What change was made?)   |
|--|------------------------|--|---|---|---|
| To provide cost-effective and efficient purchasing services. (1) | 7                      | Decreased low value transaction workload in the Purchasing Department. | <ul style="list-style-type: none"> <li>Customer feedback.</li> <li>Benchmarking other UT components.</li> <li>Performance reports on transaction types processed by Purchasing Dept. buyers.</li> </ul> | <ul style="list-style-type: none"> <li>Study indicated that the Purchasing Dept. still processes approximately 20%-25% of total transactions that are under \$5,000. These transactions could be processed under small order programs by users themselves.</li> </ul> | <ul style="list-style-type: none"> <li>The dollar limit for the SPO program was raised from \$3,000 to \$5,000.</li> <li>A new on-line office supplies program was implemented with Staples. The program eliminates the need for paper</li> </ul> |

| Unit Objective<br>(Priority: #1 is highest) | Link to<br>UTPA<br>Objective | Expected Outcome | Assessment Criteria,<br>Evaluation Methods | Assessment Results<br>(Use actual data to<br>describe annual<br>performance)  | Use of Results<br>(What change was<br>made?)   |
|---|------------------------------|------------------|--|---|--|
|   |                              |                  |  | <p>This 20%-25% accounts for only about 3%-5% of the total transaction dollars processed by Purchasing buyers. Customer feedback also indicated that users desired a higher SPO program limit (over the \$3,000 limit).</p> <ul style="list-style-type: none"> <li>• Customer feedback indicated that the August 31<sup>st</sup> deadline for receiving of all types of purchases (consumable &amp; nonconsumable) under the SPO program was problematic.</li> <li>• Study indicated that current purchasing procedures did not facilitate emergency low value purchases by departments.</li> <li>• Analysis indicated that the numerous OHR classified ad</li> </ul> | <p>orders and is entirely Web-based and provides for an electronic billing process.</p> <ul style="list-style-type: none"> <li>• Program rules were revised to permit receipt of nonconsumable item purchases from current fiscal year funds after August 31<sup>st</sup> in accordance with State Comptroller fiscal year considerations.</li> <li>• An emergency purchase procedure was implemented to allow for employee reimbursement of needed supplies without Purchasing approval.</li> <li>• A streamlined procedure for OHR's handling and processing of</li> </ul> |

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|---|------------------------------|---|--|---|--|
|   |                              |   |  | <p>transactions under \$5,000 required no value-added processing by Purchasing buyers.</p> <ul style="list-style-type: none"> <li>• Study indicated that user departmental business entertainment expense transactions required no value-added processing by Purchasing buyers.</li> </ul>  | <p>classified ads for University positions was implemented.</p> <ul style="list-style-type: none"> <li>• A streamlined procedure for user departments' processing of business entertainment expense requests was implemented.</li> </ul> |
|   | 7                            | <p>Implementation of procurement card system that will provide a more efficient and cost-effective method of purchasing and paying for small dollar transactions.</p> | <ul style="list-style-type: none"> <li>• Customer oral and written feedback.</li> <li>• Analysis of volume of prepayment transactions and local vendors not accepting purchase orders.</li> <li>• Pilot program analysis.</li> </ul> | <p>Customer feedback indicated that a procurement card would provide for a more efficient method of make small purchases. Analysis of the volume of prepayment transactions indicated that frequented local merchants, e.g., Wal-mart, and Internet order sites, e.g., Amazon.com, did not accept purchase orders (on credit). Benchmarks indicate that average processing cost and average cycle time per transaction (PO vs. Procard) are \$91.13 vs. \$21.79 and 11.2 days</p> | <p>A pilot procurement card program was implemented.</p>   |

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|--|------------------------------|---|---|--|--|
|  |                              |   |   | vs. 2.9 days,<br>respectively.   |  |
| To provide efficient receiving, delivery, and shipping of goods. (2) | 7                            | More accurate method of identifying incoming packages that are not properly identified with purchase order number by the shipper. | <ul style="list-style-type: none"> <li>• Feedback from customers, Purchasing Department, and vendors.</li> <li>• Analysis of incoming packages not properly identified with purchase order number.</li> </ul> | Customers indicated dissatisfaction with a delay in receiving goods. An analysis of incoming unidentified packages indicated that 100% of those packages was attributed to drop shipments of purchase orders from the contracted vendor's (distributor) supplier (manufacturer). | Contact with contracted vendors is being made on a case-by-case basis in order to gain their assistance with proper labeling of packages (PO number) by suppliers who will be drop shipping purchased items directly to UTPA. We will work with Purchasing to include language in the PO text regarding drop shipments so that vendors can notify Central Receiving prior to orders being shipped. |
|  | 7                            | One-stop solution for shipment of outbound packages for departments.  | <ul style="list-style-type: none"> <li>• Analysis of current process of outbound shipments.</li> <li>• Research on Internet-based shipping companies.</li> </ul>  | Analysis of outbound shipping process indicated that the current process is slow and cumbersome for user departments and Central Receiving personnel.  | In process of evaluating an on-line shipping program solution for outbound shipments.  |
| To provide efficient and cost-effective travel services. (3)         | 7                            | To facilitate process for requesting of nonemployee travel.   | <ul style="list-style-type: none"> <li>• Feedback from customers and Accounts Payable.</li> <li>• Analysis of current travel request process.</li> </ul>  | Feedback and complaints from user departments indicated that the manual departmental purchase requisition (DPR) to   | A new on-line requisition customized for nonemployee travel was created. Note: With the advent of the Oracle ERP system "Go Live"  |

| Unit Objective<br>(Priority: #1 is highest)  | Link to<br>UTPA<br>Objective | Expected Outcome                            | Assessment Criteria,<br>Evaluation Methods  | Assessment Results<br>(Use actual data to<br>describe annual<br>performance)  | Use of Results<br>(What change was<br>made?)  |
|--|------------------------------|---|---|---|---|
|  |                              |   |   | request nonemployee travel was not adequate. DPRs also do not provide Travel Services with detail information for processing of requests, i.e., air, lodging, cars. The existing application for official travel is restricted to employee travel.  | scheduled for 9/1/06, nonemployee travel will be requisitioned within the system. Assessment of the Oracle on-line process for nonemployee travel will be conducted in FY 2007.   |
| To promote economic prosperity for Historically Underutilized Businesses (HUBs). (4) | 7                            | Increased use of HUBs by SPO Program users. | <ul style="list-style-type: none"> <li>• Analysis of spending trends of departments.</li> <li>• SPO user feedback.</li> </ul> | <ul style="list-style-type: none"> <li>• Analysis showed that 80% of SPO dollars were spent with non-HUBs. Analysis also showed that 31% of those SPOs may have been issued to HUBs.</li> <li>• SPO user feedback indicated that users were not accessing the state HUB directory because they were not aware of this resource for identifying HUBs. Users also not aware that the HUB Office could provide assistance in locating HUBs that could provide the requested</li> </ul> | The HUB Coordinator has scheduled meetings with SPO users at each department. SPO user training sessions now include HUB program information. A user-friendly HUB list that is categorized by commodity type is being developed for placement on the HUB Program Office web page. The HUB Coordinator will be providing departments with a quarterly HUB usage "report card". |

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|--|------------------------------|---|--|--|--|
|  |                              |   |  | goods/services.  |  |
| To provide efficient contract processing services. (5) | 7                            | Decreased the contract processing cycle time. | <ul style="list-style-type: none"> <li>• Study of current contract process.</li> <li>• Analysis of contract types and processing time for each.</li> </ul> | The analysis indicated that contracts handled with purchase orders under the Director's delegation of authority were subjected to additional routing steps. This type of contracts took between 5 to 7 days to process the signature routing form. | The contract routing process was revised and has eliminated any unnecessary routing and improving the processing cycle time. |