

TITLE: Fiscal Year 2023-24 Changes in Procurement Processes

NUMBER: MEM-140108

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ROUTING
All Employees
All Locations

PURPOSE: This memorandum summarizes upcoming changes to the process for schools and offices to acquire goods and services that will be implemented starting in FY 23-24. The changes will provide significant benefits to schools and offices. Most notably, Procurement centralization will result in stretching public dollars with the lowest prices and contract rates resulting from open competition. Moreover, updated contract terms and conditions will minimize risk to the District. Ultimately, centralization of Procurement will lessen the operational burden on schools and offices.

- GUIDELINES:**
- I. Procurement Process Changes**

The upcoming changes to Procurement processes seek to provide schools and offices a centralized streamlined ordering experience, resulting in efficiency, accountability and cost savings as follows:

 - A. P-Card:** To provide cardholders with additional purchasing convenience, the P-Card single transaction limits of \$1,500 and \$3,000 will be increased to \$5,000 starting July 1, 2023. No additional cardholder action is necessary. The monthly purchase limit per card will also be automatically increased to \$40,000 for locations with one credit card or to \$20,000 per card for locations with two credit cards. However, schools and offices may not utilize a P-Card for professional services or for goods and services under a Master Contract. An approved Shopping Cart in the SAP system is required for those transactions.
 - B. Purchase Orders:** To relieve schools and offices of the operational burden and to reduce costs through increased vendor competition, the responsibility for generating purchase orders valued up to \$25,000 as well as handling the informal Request for Proposal (IRFP) solicitation and award process will be shifted exclusively to Procurement staff. As a result, the following requirements will apply starting July 1, 2023:

1. Supplies, Equipment and General Services up to \$25,000
For purchases above \$5,000 or when purchasing from a vendor that does not accept P-Cards, schools and offices must submit an approved Shopping Cart in the SAP system and attach the vendor's quote. Procurement staff will review the shopping cart transaction, confer with the school/office, and issue the purchase order to the vendor offering the product or service at the lowest cost to the District. For purchases up to \$5,000 with a vendor that does not accept P-Cards or for goods and services on a Master Contract, schools/offices should specify the vendor's name in the Shopping Cart and Procurement staff will process the transaction.

2. Professional Services
For professional services up to \$25,000, similar steps as described above will apply: schools and offices must submit an approved Shopping Cart in the SAP system and attach a contractor's quote. Procurement staff will review the shopping cart transaction, confer with the school/office, and issue the purchase order to the vendor offering the service at the best value and lowest cost to the District.

For professional services up to \$250,000, schools and offices must submit a shopping cart with a completed and appropriately signed Request for Procurement Action (RFPA) and Statement of Work (SOW) attached. Procurement staff will work closely with the requesting school or office to issue the Informal Request for Proposal (IRFP). For schools only: RFPA forms for professional services not under a Master Contract require the Principal's Supervisor and Region Superintendent approval.

- C. **SAP CONCUR/ARIBA:** Changes to the system that schools and offices use for travel and purchases will also take effect next fiscal year. Anticipated to start fall 2023 for central offices and rolled out in phases to the regions thereafter, travel needs will be processed through SAP Concur, a user-friendly system for booking flights, hotels, and car rentals that improves visibility for tracking travel requests and expenses. Starting January 2024 for central offices and followed by a gradual roll-out to the regions, SAP Ariba will be the system utilized for other purchases. It offers an intuitive, consumer-like shopping interface that allows ordering against electronic catalogs at discounted prices.

Summary of Process Changes

Procurement Process	Current State	Future State
P-Card	<p>1 card: \$3,000 per transaction / \$20,000 monthly limit</p> <p>2 cards: \$1,500 per transaction / \$10,000 monthly limit per card</p> <p>Professional Services transactions permitted.</p>	<p>1 card: \$5,000 per transaction/ \$40,000 monthly limit</p> <p>2 cards: \$5,000 per transaction/ \$20,000 monthly limit per card</p> <p>Professional Services transactions no longer allowed.</p>
LVPOs (Goods & Services up to \$25,000)	Schools/offices create a shopping cart with a vendor selected and a purchase order is generated and issued to the vendor or contractor automatically.	For transactions over \$5,000, schools/offices will create a shopping cart with vendor quotes attached. Procurement staff will review it, compete further as needed, and generate the purchase order after consulting with the school/office.
Informal Request for Proposals (IRFP)	Schools/offices obtain and evaluate written proposals from three (3) vendors and submit them with other required documents to Procurement staff by creating a shopping cart in SAP.	Schools/offices create a shopping cart with RFPA and SOW attached. Procurement staff will oversee the IRFP process with school/office input.

II. Continuing Practices and Helpful Reminders

- A. Buy and Use LAUSD First:** To the extent goods provided at a better value, schools and offices should continue to purchase applicable items available from the District’s General Stores Distribution Center (i.e., The Warehouse) rather than procuring through an outside retail vendor pursuant to the *Buy and Use LAUSD First* Resolution adopted by the Board of Education on November 13, 2012.

Orders for General Stores items may be placed by creating a shopping cart in SAP, or through the LRP Interim Ordering Process at <http://achieve.lausd.net/Page/3257>.

B. Master Contracts: The *Buy and Use LAUSD First Resolution* also resolved that schools and offices take full advantage of better value master contracts providing the same goods and services. Those master contracts are listed at <https://achieve.lausd.net/Page/14462>.

The number of master contracts are expected to increase in the future due to efforts by Procurement staff, so schools/offices should check the site regularly for updates.

Additional details will be provided in forthcoming correspondence and in the future edition of the Procurement Manual. Procurement staff will also provide training sessions in the next few weeks. Training modules will also be available in MyPLN.

ASSISTANCE: For all procurement assistance or further information, please contact your Regional Buyer or central office representative. The contact list is available at <http://achieve.lausd.net/Page/3263>.

For P-Card Assistance, please contact the P-Card Unit at 562-654-9401 or email your P-Card Representative. The contact list is available at <https://pcard.lausd.net>.