

Wisconsin Department of Transportation

NW Region Purchasing Lean Initiative Report



Project Summary

The Division of Transportation System Development Northwest Region has no formal purchasing process and no way to track purchasing card purchases. The lack of approval procedures and tracking mechanism creates difficulties in managing budget projections.

The goal of this project was to develop a formal process in the region for requesting, monitoring and tracking purchases. This will allow staff to ensure that all purchases are approved at the appropriate level and completed in a timely manner. It will also allow them to more effectively manage the regional budget.

This project was completed on January 6, 2014.

Improvements

- All purchasing for the region will be tracked, allowing them to closely monitor their budget and inventory.
- Keeping an inventory of purchases will increase the Region's ability to do effective resource planning.
- Training is being developed for staff and management on the purchasing process and budget monitoring.

MAPSS Core Goal Area

- Accountability
- Service

Statewide Goal Area

- Cost of government
- Customer satisfaction
- Change government work culture

Issue

The Northwest Region has several purchasing card users and a purchasing agent but no formal process to request and approve purchases. Several disadvantages were identified in the current process:

- Each authorized purchaser followed a different process.
- The region had no automated way to report what was being purchased with purchasing cards
- The region had no automated way to track how much money was obligated for purchases at any point in time.
- Staff were not aware of purchasing guidelines

Lean Six Sigma Process

The team contacted all authorized purchasers within the region and documented the process flow. The results showed an inconsistent process flow and approval process. The team created a new purchasing process to ensure that each step in the process adhered to purchasing rules and added value to the process.

Results

Cost of government: The region created a database for all purchasing card purchases from request through delivery, which will allow regional management to monitor expenditures and prevent wasteful spending. Budget reports have been created to track purchasing efficiency and accurately project budget expenditures. The budget will be monitored more closely with the tools have been developed to ensure the region does not exceed the budget allocation. This project establishes baseline data for future process monitoring in the NWR and implementation in other regions.

Increased customer satisfaction: All NWR employees will be trained on the region purchasing process, which will eliminate confusion over purchasing request. The training will be equivalent to the need of the customer. All approved purchases will be completed within two weeks of the request. supervisors will have resources to more accurately determine what funds are available. Quarterly, the region will compute the time necessary to complete each purchase. The goal is to have 95 percent of all approved purchases complete within two weeks.

Change government work culture: Reduced the number of people authorized to make purchases from seventeen pcard holders to nine. Created and documented processes for all purchasing under \$1,000 and for all purchasing between \$1,000 and \$5,000. Created method to improve monitoring and tracking results to ensure more accurate budgeting and less waste. Created a database for all purchasing card transactions to monitor expenses and inventory.

Next Steps

Provide results of pilot project to other regions by September 2014.