

# FLORIDA DEPARTMENT OF EDUCATION



## STATE BOARD OF EDUCATION

---

GARY CHARTRAND, *Chair*

JOHN R. PADGET, *Vice Chair*

*Members*

ADA G. ARMAS, M.D.

JOHN A. COLÓN

BARBARA S. FEINGOLD

KATHLEEN SHANAHAN

**Pam Stewart**  
**Commissioner of Education**

December 30, 2013

Pam Stewart  
Commissioner of Education  
325 West Gaines Street, Suite 1514  
Tallahassee, Florida 32399-0400

Dear Commissioner Stewart:

Attached is our report for our consulting activity of *MyFloridaMarketPlace Purchase Requisition Approval Flow*. This process improvement activity was conducted at the request of department management. We have attached our report for your review.

If you have any questions or comments regarding this report, please let me know.

Respectfully submitted,

Mike Blackburn  
Inspector General

Enclosure

cc: Linda Champion, Deputy Commissioner, Finance and Operations  
Martha Asbury, Assistant Deputy Commissioner, Finance and Operations  
Office of the Auditor General  
Office of Chief Inspector General



# FLORIDA DEPARTMENT OF EDUCATION

## Office of Inspector General

### MyFloridaMarketPlace Purchase Requisition Approval Flow



**Report #C-1213-012**

**December 2013**

---

The Assistant Deputy Commissioner, Division of Finance and Operations, requested a review of the MyFloridaMarketPlace (MFMP) approval flow to address process inconsistencies, control weaknesses, and streamlining opportunities. The Office of Inspector General (OIG) entered into a consulting engagement with a mission to create a uniform process (to the level that makes sense based on varying purchasing factors) and to produce recommendations to streamline the process.

The scope of this engagement included the purchase requisition (PR) approval flow from the time a PR notification is received by the purchasing analyst to the time the PR is ordered. The scope included PRs for the Department of Education (DOE), the Division of Blind Services (DBS), and the Division of Vocational Rehabilitation (DVR).

#### **Background**

MFMP is the state of Florida's eProcurement system and has been in operation for more than ten years. The system is a source for centralized procurement activities. Each division within the Department of Education (department) developed their own internal policies and procedures when MFMP was first adopted by the department. This resulted in varying approval flows among the divisions.

The State of Florida is currently engaged in an enterprise initiative for all agencies to fully utilize MFMP. Full utilization includes purchase orders and contracts, invoices, catalogs, and the receipt of goods in MFMP. The MFMP utilization initiative has heightened management's concerns with the system's potential control weaknesses.

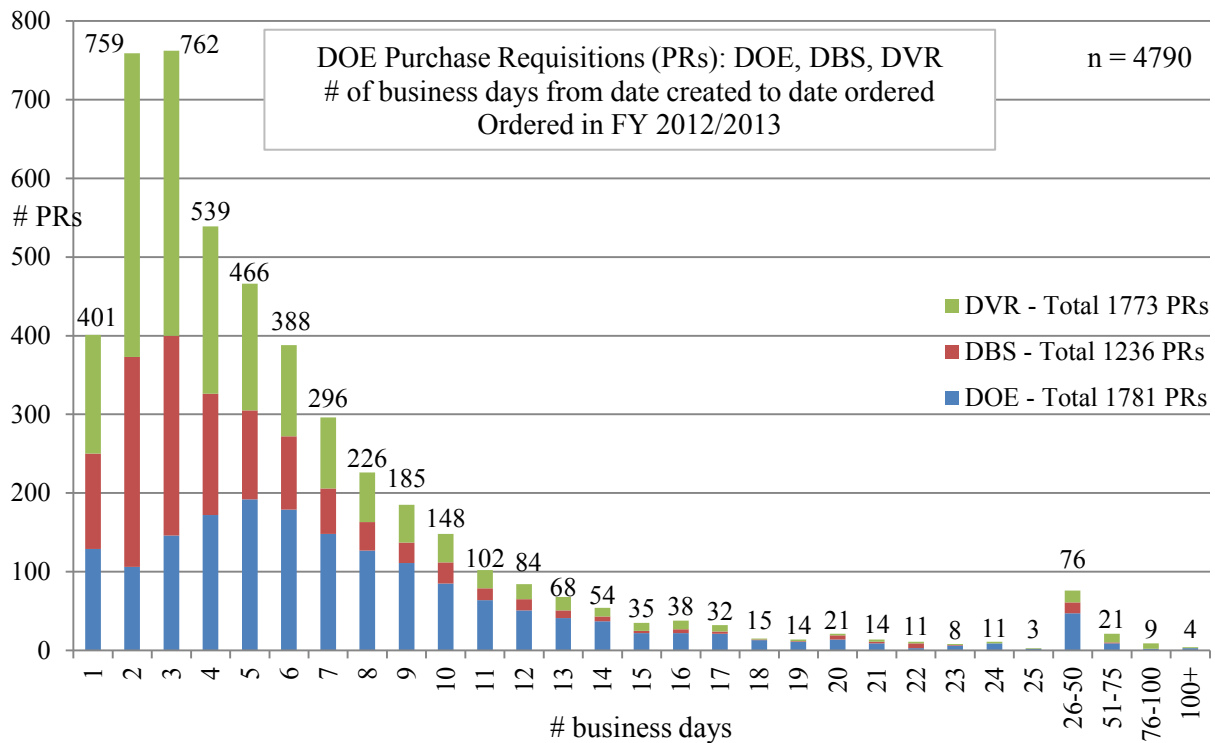
The current PR approval flow may include manual reviews performed outside the MFMP system. For example, requesters may submit paper documents to supervisor(s) before creating a PR in MFMP. The manual review documentation may or may not be uploaded to the PR in MFMP, depending on the policies of the requester's program area.

#### **Historical Data**

The department processed 5,284 purchase requisitions during state fiscal year (FY) 2012/2013. Approximately 500 of the purchase requisitions were ordered on July 1, 2012. These purchase

requisitions were excluded from cycle time calculations because the PRs were presumed to have been created and approved in the system, but not ordered until July 1, 2012 for fiscal reasons. The remaining 4,790 purchase requisitions from FY 2012/2013 averaged 6.4 business days from the date the PR was created in MFMP to the date the PR was ordered. PR cycle time ranged from 1 to 145 business days.

Exhibit 1: DOE PR Cycle Time Chart

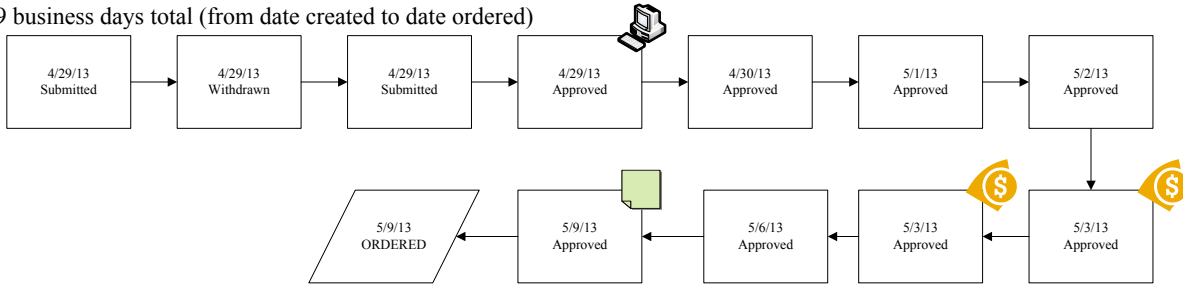


Source: MFMP PR Description Report

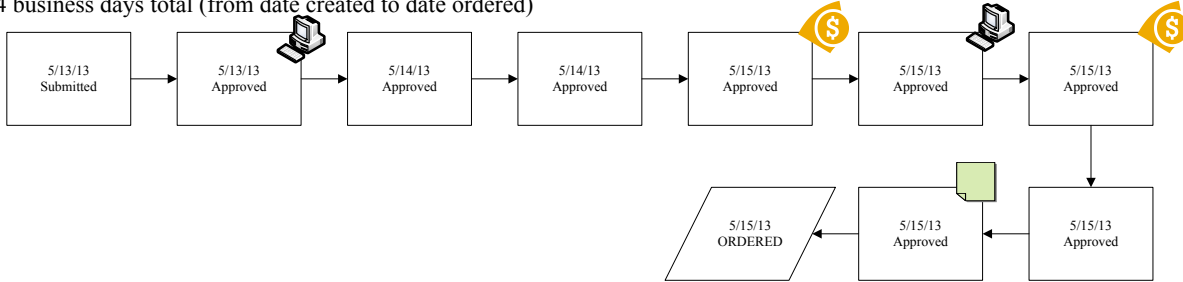
The number of approval flow reviews/approvals may vary by division, the type of product or service being purchased, the dollar amount of the purchase, or the funding source. The following flow charts show a sample of PR approval flows for orders totaling \$500-999 that included commodity code 250-450 – data processing supplies: laser/ink printer cartridges, new & remanufactured.

Exhibit 2: Sample PR Approval Flows

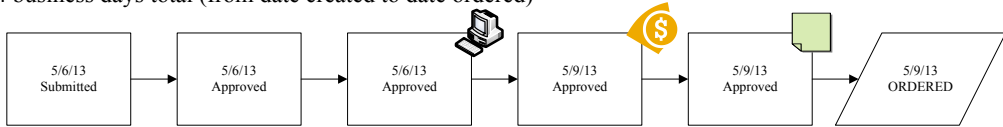
PR7204030 – 0310(12/13) RTTT Plotter Maintenance Cartridges  
 HP 771, High-Yield Matte Black/Chromatic Red Printhead (CE017A)  
 48-03-10-01-000 DIVISION OF FINANCE AND OPERATIONS  
 9 business days total (from date created to date ordered)



PR7238118 - 80 (12/13) Ink cartridges  
 HP 64A, Black Toner Cartridge (CC364A)  
 48-80-02-01-102 PENSACOLA UNIT 01B (DVR)  
 4 business days total (from date created to date ordered)



PR7224725 - 85 (12/13) Toner  
 HP 96A, Black Toner Cartridge (C4096A)  
 48-85-10-00-000 DIRECTOR'S OFFICE (DBS)  
 4 business days total (from date created to date ordered)



Legend:



Source: MFMP PR history tab

## MFMP User Survey

An electronic survey was distributed to the approximately 350 active department employees with access to MFMP. The survey had a response rate of 40%, with 141 responses. Approximately 40-50% of respondents agreed the approval flow is timely, efficient, and easy to track. However, half of the respondents agreed there are too many reviews/approvals and delays occur when a reviewer or approver is out of the office.

Exhibit 3: MFMP User Survey – Number and Percent of Respondents

<b>Question:</b>	<b>Strongly Agree</b>	<b>Agree</b>	<b>Neutral</b>	<b>Disagree</b>	<b>Strongly Disagree</b>	<b>Blank</b>
The PR approval flow is timely:	<b>14</b> 10%	<b>53</b> 38%	<b>34</b> 24%	<b>27</b> 19%	<b>5</b> 4%	<b>8</b> 6%
The PR approval flow is efficient:	<b>12</b> 9%	<b>49</b> 35%	<b>45</b> 32%	<b>22</b> 16%	<b>4</b> 3%	<b>9</b> 6%
It is easy to track where a PR is in the process:	<b>42</b> 30%	<b>68</b> 48%	<b>21</b> 15%	<b>3</b> 2%	<b>0</b> 0%	<b>7</b> 5%
There are adequate written policies and procedures for the department:	<b>11</b> 8%	<b>38</b> 27%	<b>47</b> 33%	<b>29</b> 21%	<b>7</b> 5%	<b>9</b> 6%
There are adequate written policies and procedures for your division:	<b>14</b> 10%	<b>39</b> 28%	<b>47</b> 33%	<b>28</b> 20%	<b>4</b> 3%	<b>9</b> 6%
There are too few reviews/approvals:	<b>3</b> 2%	<b>5</b> 4%	<b>34</b> 24%	<b>69</b> 49%	<b>21</b> 15%	<b>9</b> 6%
There are too many reviews/approvals:	<b>24</b> 17%	<b>48</b> 34%	<b>39</b> 28%	<b>21</b> 15%	<b>2</b> 1%	<b>7</b> 5%
Delays occur due to staff being out of the office:	<b>29</b> 21%	<b>47</b> 33%	<b>33</b> 23%	<b>21</b> 15%	<b>4</b> 3%	<b>7</b> 5%

Source: MFMP User Survey results

A majority of the survey questions were open-ended and aimed at addressing inefficiencies in the current PR approval flow process. The open-ended responses were compiled and used during a two session process improvement event as described below.

### Process Improvement Event

Twelve MFMP users within the department met for a process improvement event. The event attendees were representative of the various divisions and reviewer/approval roles within the department's purchase requisition approval flow. DOE, DBS, and DVR were represented, as well as the budget, IT, legal, and purchasing reviewer roles. A map of the current purchase requisition approval flow was created. The current process has a sequential review/approval

flow, may include multiple supervisor level reviews, and multiple reviews within the same program/specialty area. The current process also allows for approvals and communication outside of MFMP and in some cases lacks documentation of these non-system approvals and communication.

Next, attendees performed a structure analysis and identified high level issues (HLIs) in the current process. Copies of the MFMP User Survey open-ended responses were provided for ideas. HLIs may include examples of duplicate work, defects, and delays in the process. Twenty-four high level issues were identified, several of which pertained to too many approvals and a lack of shared information. The identified HLIs are listed below.

Exhibit 4: MFMP PR Approval Flow - High Level Issues

<b>HLI #</b>	<b>High Level Issue</b>
1	Multiple approvals by management
2	Multiple approvals by budget
3	Most divisions do not use dollar thresholds
4	Budget copies comments & justification on PRs - difficulty with staff augmentation
5	Inconsistencies with review standards (purchasing analyst and specialty approvers)
6	Dropdown boxes do not work (accounting codes - object, EO)
7	No one uses delegation of authority
8	Not all review levels use a reviewer pool
9	Reviewers not timely
10	Losing good candidates because approval flow takes too long
11	Comments not used - communication and denials not always done in the system
12	Legal has not increased the threshold for legal approval
13	Specialty approvers may receive PRs they do not need to review (Property and IT)
14	Changes to PR to remove code/specialty reviewer does not always work
15	Specialty approvers may NOT receive PRs they need to review
16	DFS mapping of commodity/object code is incorrect (for DOE purposes)

HLI #	High Level Issue
17	FLAIR denies PR after PR has been through all approvers
18	Underutilize watcher feature/role
19	Reviewers/Approvers called to check the status of PR
20	Lack of knowledge by the Program Area on rules to follow
21	Requesters do not learn from denials
22	Manually printing PRs
23	Program area management reviews/approves PR after specialty reviewers
24	Lack of standards for approving

Source: MFMP PR Approval Flow Process Improvement

The HLIs were reviewed and solutions were identified for management’s consideration. A reoccurring theme of the identified solutions was the need for the sharing of information. Also, an updated review of current MFMP system settings for object and commodity codes could correct several misrouted purchase requisitions. The identified solutions are listed in exhibit 5.

Exhibit 5: MFMP PR Approval Flow - Solutions

HLI Addressed	Solution
--	DOE standard list - what is allowable to purchase
17	Share revised list of DOE object codes budget would like program area to use
17	Budget can make changes to object codes as needed, without hold up in approval flow - use comment section
2	Use parallel approvals
1,3	Consider using threshold to minimize reviews by management
4	If no changes, do not copy and paste comments
5, 20, 21, 24	Share information (Docu-share, newsfeed)

HLI Addressed	Solution
12	Legal to review threshold for legal approval
6	Requester use "search for more" under expansion option
7	Use ongoing delegation for authority
8	Adding user to role (IT and IT approver)
9, 10	Use secure reports to manage workflow timeframes
9	Remind approver of accepted responsibility to be timely
11	Document needed changes in comments section
13, 14, 15	Review codes (Object - Property, Commodity - IT) for needed Specialty Review
16	Requester can change object code initially tied to commodity code
18, 19	Project managers can be a watcher or query only access
22	Offer to program area system (MFMP) approval process or attach manual approval documents.
23	Review commodity code list and flaws

Source: MFMP PR Approval Flow Process Improvement

A recommended standard PR approval flow was created based on the high level issues and solutions identified by attendees and feedback from MFMP experts with the Florida Department of Management Services. The recommended PR approval flow has the PR routed to purchasing for first review, then to the requestor's supervisor, and then all applicable specialty reviewers (IT, legal, and property) review the PR in parallel. The approval flow ends with budget's review and approval. The recommended PR approval flow creates a consistent flow and requires comments and concerns to be documented in MFMP rather than communicated by email or phone. The recommended PR approval flow follows this report, as Appendix A.

### Conclusions and Recommendations

Management's initial request called for a review of control weaknesses. The process improvement event touched on the need for written documentation to support purchasing decisions, and the OIG would like to reiterate this need. MFMP is the department's official



purchasing record. As such, all levels of reviews and approvals should be documented in MFMP. Reviews should be documented electronically to the highest extent possible. If a review decision is made outside of the system, supporting documentation should be uploaded to MFMP. This does not prohibit printing PR documentation when needed; but instead, requires the documentation of final review decisions. For example, a delegate may approve the PR in MFMP, but the delegated approval should be documented by an uploaded signed document or email.

Currently, information regarding a PR may be communicated between MFMP users by phone and email. Again, MFMP is the department's official purchasing record and should maintain all purchasing related information. The process improvement event attendees' recommended approval flow incorporates the use of comments in MFMP, especially when a PR is denied. The OIG recommends management establish a policy to 1) promote the use of electronic purchase requisition reviews; and 2) require review decisions to be documented in MFMP either electronically or by uploaded documentation.

The process improvement event attendees recommended the department consider using thresholds to minimize reviews by management. For FY 2012/2013, approximately 40% of the department's purchase requisitions were for an amount less than or equal to \$250. A third of the purchase requisitions for \$250 or less took six or more days to be fully approved. The department could use dollar amount thresholds as one factor to determine what level of management review is needed for a PR. Exhibit 6 (on the following page) shows PR cycle time by dollar amount. Management may also wish to consider minimizing the number of reviews for catalog purchases since these purchases are priced by a state-term contract. The OIG recommends management review the current PR approval flow for streamlining opportunities based on dollar thresholds and catalog purchases.

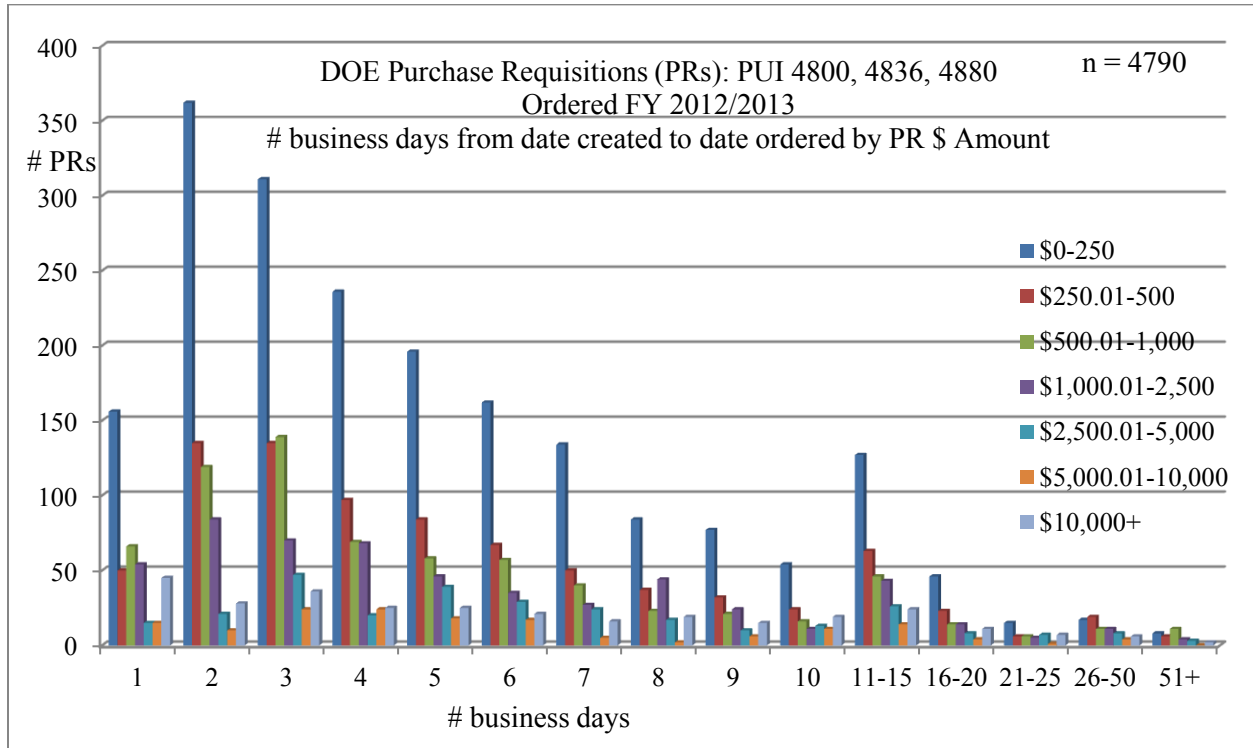
The current purchase requisition approval flow has some instances of multiple approvals in the same specialty review area. These multiple approvals may be built into the automatic flow in the system or manually added by users per area procedure. Multiple approvals within the same specialty review area may be needed in certain circumstances, but should not be the norm. The responsibility should be given to the original reviewer/approver to review the PR and add an extra level of review when needed. The OIG recommends management consider the removal of automatic multiple reviewers within the same specialty review area and automatic high-level management reviews when perceived risks are low. Also, management should establish policy to enforce these streamlining opportunities.

A standard approval flow would provide more structure and would assist the purchasing staff with establishing department-wide policies and procedures. Eliminating duplicate reviews/approvals would shorten the PR cycle time and allow staff more time for other required job duties. With the volume of purchase requisitions processed by the department (5,000+), removing just a minute of review time per PR could add up to a savings of about 83 hours of review time per year.

A purchase requisition cycle time target was established while planning the process improvement event. The department would like 90% of PRs to be approved within 8 business days from the date created to the date ordered in MFMP. Currently, the department is performing at 80%, only 10% behind the proposed goal. The OIG recommends this cycle time target be used in the future to measure performance. Also, additional performance targets should be established for the various review/approval levels and used to monitor and manage the PR approval flow process.

Additionally, a list of active MFMP users was reviewed to test if all active users were active department employees. Ten (2.9%) active MFMP users were no longer employed by the department. The perceived risk of wrongdoing is low because a purchase requisition would require several approvals above the separated employee's, and therefore the purchase requisition would not be expected to make it to ordered status. However, separated employees' MFMP access should be removed upon separation. The list of separated employees was shared with purchasing staff for handling as deemed appropriate. We recommend management establish a written procedure to address the removal of separated employees' access to MFMP. The procedure should ensure purchasing is notified immediately by Personnel of an employee's separation from the department.

Exhibit 6: MFMP PR Cycle Time by PR Amount



Source: MFMP PR Description Report

### Closing Comments

The process improvement event attendees were instrumental in the success of this project. Their input generated lasting solutions to several concerns with the current PR approval flow. The OIG would also like to thank the staff of the Bureau of Contracts, Grants, and Procurement for their time and dedication to this project.

*To promote accountability, integrity and efficiency in state government, the OIG completes audits and reviews of department programs, activities and functions. This consulting engagement was conducted by Kelly Kilker and supervised by Janet Snyder, CIA, CGAP, Audit Director.*

*Please address inquiries regarding this report to the OIG's Audit Director by telephone at 850-245-0403. Copies of final reports may be viewed and downloaded via the internet at <http://www.fl DOE.org/ig/auditreports.asp#F>. Copies may also be requested by telephone 850-245-0403, by fax 850-245-9419, in person, or by mail at Department of Education, Office of the Inspector General, 325 West Gaines Street, Suite 1201, Tallahassee, FL 32399.*

# MFMP Purchase Requisition (PR) Approval Process

November 12, 2013

Page 1 of 1

## Recommended Approval Flow

