

training corner

One of the things that our members and vendors have been asking for is more training tips on general procurement and working with Mohave contracts.

Along these lines, we are adding a new feature to our Mohave Newsletter, "Training Corner," and we would appreciate your input. Have a great idea or process that you are using in your organization that is saving you time, money, or otherwise making the procurement process easier for all? Send it to us. We would love to hear from you.

Blanket Purchase Orders Can Be Win-Win

This month, we would like to discuss the value of Blanket Purchase Orders (BPOs). First and foremost, BPOs are for "as needed goods and services against an existing vendor contract" and one such example of a common BPO here at Mohave is for miscellaneous school bus parts.

Historically, the problem with BPOs is that the ordering authority sometimes does not put in place procedures to manage the available balance and/or does not have time or make the time to reconcile periodically. This doesn't have to be the case.

► How can you create a win-win situation?

Think about establishing a BPO with perhaps 90 days of funds (you can do it for the entire year if you are comfortable with the ordering activities ability to monitor the balance). This way you are not opening the entire checkbook, and you are creating a situation where you do not have to do a purchase order for each individual bus part or group of parts. This can greatly expedite your bus part ordering and allow for timely return to the fleet of your downed bus. Also, by putting only 90 days of funds on your BPO, you are ensuring that a reconciliation of some sort will need to be done at the 90 day point. This will make your accounting staff and business office more supportive of the BPO.

► Some Thoughts on Successful Use of BPOs:

- BPOs speed the purchasing process, reduce processing and help manage multiple as-needed purchases.
- BPOs help ensure compliance by providing an easy means of tracking aggregate purchases from a single vendor and by ensuring that a PO is in place when materials are needed.
- BPOs should be effective, in order to be efficient. Therefore, quarterly, semi-annual or annual BPOs are recommended.

- BPOs require less processing and easier management than monthly BPOs.
- BPOs need not tie up large amounts of funds to be effective. A reasonable starting amount can be set and the BPO can be increased, as required. However, being unduly conservative in the BPO amount increases workload.
- Also, you can use BPOs in the areas of routinely purchased materials such as janitorial supplies, classroom supplies, office supplies, and technology supplies. The contracts provide compliance, regardless of aggregate expenditures, and BPOs are efficient means to use those contracts.

If you have questions on this or other areas where you can be more effective in your ordering of items through our Mohave contracts, let us know.

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