



## STATE AGENCIES PURCHASING COUNCIL (SAPC) MINUTES

*The State Agencies Purchasing Council, composed of agency and State Procurement personnel, provides a forum for discussion of policies and procedures, and makes recommendations for the promotion and improved effectiveness of the statewide purchasing function.*

*-State Procurement Manual: PRO-A-8*

**June 20, 2018**  
**8:30am**  
**GEF 1, Room F105**

### Officers:

Chair: Paul Brady (608) 267-9601 [Pauln.Brady@wisconsin.gov](mailto:Pauln.Brady@wisconsin.gov)

Vice Chair: Laurie Grinnell (608) 261-1365 [Laurie.Grinnell@wisconsinhistory.org](mailto:Laurie.Grinnell@wisconsinhistory.org)

Secretary: Heather Strong (608) 267-9534 [Heather.Strong@wisconsin.gov](mailto:Heather.Strong@wisconsin.gov)

Attendees: DNR (4), WHS (1), DOC (3), DOA (2), DPI (1), DOR (1), DHS (1), DWD (1), BCPL (1), DCF (1)

- **Introductions/Announcements**
  - Please sign in
  - Meeting came to order at 8:30 a.m.
  - Introduction of those in attendance
  - May 2018 SAPC meeting minutes were approved as written
  
- **State Surplus Program – Nadine Malm, SSPP Manager, Enterprising Sourcing Section of the State Bureau of Procurement**
  - Roles/Responsibilities
    - SSPP Manager is responsible for:
      - Establishing authority, policy and procedures for disposal of replacement and surplus property, excluding vehicles
      - Conducting periodic audits of agencies' surplus property programs
    - Agencies are responsible for appointing a Department SSPP manager to:
      - Maintain liaison with, and implement policies and procedures of the SSPP
      - Make periodic inspections within the agency to determine if property qualifies as surplus or historical
      - Evaluate and dispose of agency surplus property in accordance with SSPP policies and procedures.
      - Agencies are responsible for the following:

- Removing, defacing or destroying all State of Wisconsin insignias or identifications prior to sale. Agencies may use bonded vendors to perform this service.
  - Removing all state data from all electronic media prior to disposition.
  - An agency needs a seller's permit from the Wisconsin Department of Revenue only if the agency sells property on more than 20 days in a year and that property earns more than \$15,000 a year in taxable gross receipts. The originating owner agency will report and will pay to the DOR any sales tax collected from its own sales of its surplus state property.
- Authorization
    - Authorization is required to dispose of any state surplus property:
      - Which has a current market value over \$50,000.
      - Which had an original purchase price over \$50,000 regardless of current market value.
    - Authorization is not required to dispose of state surplus property:
      - Which has a current market value of \$50,000 or less and the original purchase price was \$50,000 or less.
      - Which is being transferred between agencies within state government.
- Methods of Disposal
    - Transfer or sale of property to another state agency. Prior to disposal, agencies should communicate the availability of surplus property to other agencies.
    - Transfer or sale to a municipality. Sale price will be determined to be at fair market value.
    - Sale to public by one of the following methods:
      - Competitive bid
      - Public auction
        - Public auction defined as either a tangible event at a public location or an electronic event which is advertised and made available to the public via the Internet. Agencies are encouraged to use electronic auctions as an additional venue.
        - In the event of an electronic auction, agencies should determine if prior SSPP authorization is needed. If prior authorization is not needed, the agency should commence the auction per the terms of the statewide online auction contract, if one exists.
    - Open negotiated and documented sale.
    - Offer to the public at a fixed sale price established by the Department.

- Trade-in on replacement equipment. A comparison will be performed to determine whether it is more advantageous to trade-in the property or to sell is separately.
  - Donation to a verified nonprofit corporation (organization) as defined in Statutes.
  - Sale for salvage value.
  - Scrap for no or limited value.
  - Destruction when security/confidentiality (e.g. state seals) is required or when other methods of disposal might be hazardous to the public.
- Prohibitions/Restrictions
    - Donations of state property to private individuals, for-profit organizations or state employees
    - Donations to nonprofit corporations (organizations) must be advertised (such as in a newspaper, Internet announcement) and the donation must occur in a competitive manner. No single nonprofit must be singled out for donation. Verification of nonprofit status may be required.
    - Sales to state employees are prohibited unless items are sold at announced public sales or auctions.
    - Restrictions on the disposal of certain major appliances including air conditioners, washers/dryers, dishwashers, freezers, ovens, stoves, etc.
    - When an agency purchases property with federal funds, the agency will adhere to the notice requirements or procedures agreed upon at the time of purchase prior to disposal.
  - Recordkeeping
    - No reporting is necessary for disposed surplus property with a present value of \$5,000 or less.
    - Surplus Property with a current value over \$5,000 through \$50,000 – Agencies must submit a summary report to the SSPP no later than July 31st for property disposed the prior fiscal year.
    - Surplus Property with a current value over \$50,000 requires prior approval form SSPP using the Surplus Property Declaration/Authorization form (DOA-3178). Sales of the surplus property will be completed on the same form and sent to the SSPP
    - Surplus Property that had an original purchase price over \$50,000 and is planned to be sold or traded in, will follow the same reporting procedure as indicated above regardless of present value.
  - Funding Sources/Accounting
    - The funding source used to purchase the property being sold is important in determining how to account for the net proceeds from the sale of the property. See the [Accounting Manual](#) for instructions.
    - Agencies are required to deposit net proceeds from the sale of surplus property into the Budget Stabilization Fund according to guidelines established by the State Controller's Office.

- Resources
  - [PRO-F-3](#) Surplus Property Disposal
  - [Wisconsin State Statute 16.72\(4\)\(b\)](#)
  - [Administrative Code chapter ADM 11](#)- State Surplus Property
  - Nadine Malm SSPP Manager 608-266-5462 [Nadine.malm@wisconsin.gov](mailto:Nadine.malm@wisconsin.gov)
  - University of Wisconsin-Madison's Surplus with a Purpose (SWAP) program 608-245-2908
  - Statewide Contract - [505ENT-O12-ONLINEAUCTN-01](#) Online Auction Services
- State of Wisconsin Surplus Property Program Definitions
  - “State Surplus Property” means property (supplies, materials or equipment) with the following characteristics:
    - It does not meet program needs because one or more of the following:
      - It does not function in whole or in part
      - It is technologically obsolete
      - It is otherwise not useful to the program
      - It is not needed in the foreseeable future to meet program responsibilities.
    - It will not be replaced within the standard replacement schedule or within the current fiscal year with property that is functionally similar.
  - “State replacement property” means property (supplies, materials or equipment) that has the following characteristics:
    - It is due to be replaced because of one or more of the following:
      - It is beyond the specified date established in an agency replacement schedule.
      - It meets established Department replacement criteria.
      - It is technologically obsolete.
      - It does not function in whole or in part.
    - It will be replaced within the standard replacement schedule or within the current fiscal year with property that is functionally similar.
    - “Gift or donation” means property that has the following characteristics:
      - It has not been procured by a state agency.
      - It has been given to a specific state agency for that agency's benefit
      - If a gift is never put into programmatic use and is sold, it is assumed that the donor's intent was for proceeds to benefit that agency. In such cases, gifts will not be considered a replacement asset or surplus property and proceeds will be returned to the recipient agency.
    - If the gift is received and put into programmatic use, it will be considered either replacement property or surplus property at the time of disposal.
    - “Property of potential historic value” means any item in good condition that conforms to one or more of the following descriptions
      - Property that was vital and unique to the activities and programs of an agency.

- Property that was invented, designed, handcrafted or manufactured in Wisconsin.
  - Property associated with an important person, site or event in Wisconsin history, distant or recent.
  - Property that advertises or symbolized Wisconsin-based businesses, organizations or events.
  - Property that is a work of art and that depicts Wisconsin people, places, events, symbols or activities.
  - Property that is 50 years old or greater.
  
- **State Bureau of Procurement Update – Steve Slawny**
  - **Staffing Updates**
    - IT Sourcing Section
      - Chief recruitment: Matt Limoges will start on July 9
      - Procurement Spec Senior: Susanne Matschull will start July 9
      - Program Policy Analysts: Chuck McCrary and Kevin Reuter have joined SBOP will focus on IT Vendor Management Program
    - CAPS Section
      - Procurement Specialist – Entry: Hallee Kox has been promoted, will recruit to fill behind
    - SAAIP summer intern, Matthew Kojm, will be with SBOP through the end of August part-time
    - NASPO intern, Jacob Wyngard, will start full-time with SBOP on June 25 through the end of August
  - **Procurement Manual Review**
    - Interagency workgroup has taken action on 75 policy sections (47.7% of 157 SPM sections), up from 43.3% in mid-May. The page count reduction to date is 39%. Current focus is on State Use and various eligibility-related policies (e.g. contract compliance, tax collection, etc.)
    - Target completion of project by end of October. Working with DET and WIN portal vendor to redesign webpage for the manual.
  - **Strategic Sourcing**
    - New training classes are available to register for in ELM. In-person classes are scheduled for July 19. The morning sessions creating an RFB and RFP and the afternoon session is score and award.
    - TIP: Cloning events and template issues: Recently there was an issue that prevented people from cloning events and templates. These issues have both been resolved and were moved to production last week.
    - RFI question and answer periods: STAR is working on an update for RFI's relating to the question and answer period-potentially eliminating it or making it optional. This update is currently in UAT.
  - **150K Project Updates**
    - Background:

- Executive Order 288 directs State agencies to submit any information technology purchase or private consultant services purchase, over \$150,000, to the Secretary of DOA for approval.
- The scope includes purchases in the categories of IT hardware, software, services, telecommunications/network and private consultant engagements (both IT and non-IT).
- Implementation Schedule:
  - Taking advantage of the existing rpa.wi.gov functionality.
  - Targets:
    - Week of June 25<sup>th</sup>-system testing;
    - Week of July 2<sup>nd</sup>-final system modifications and security set-up; Once in UAT, will seek limited testing among the agencies; finalize forms and publish on RPA site and VendorNet; publish PIM with additional details and instruction.
    - July 9-31-soft roll out for requests;
    - August 1-effective date for use of the system for all applicable requests
      - Agencies with existing VMS/TAPFIN contractors in place before Aug 1 will need to submit a request to retain the contractor through the end of FY19 by December 31. Each contract is a request (1:1).
- Approval questions/focus:
  - SBOP: Description-why the purchase is needed; impact of not making the purchase; other agencies with similar good/service; proper procurement authority, use of cited contracts
  - DET: Alignment with DET IT standards; overlap with DET or STAR service; connection to a DET project; alignment with biannual agency IT plan submitted to DET
  - State Budget Office: Sufficient funding and appropriation; alignment with Governor's policies; use of state master lease program
- Definitions of Non-IT Professional Services vs. Private Consultants
  - Professional Service = Person or entity performing actual service (\$150k approval not required)
  - Private Consulting = Person or entity advising on the implementation of a strategy/plan (\$150k approval is required)
- **2/10 Net 30**
  - 2/10 Net 30 project will be implemented in 2 phases (short term/long term approach).
    - Phase 1: Add 2/10 net 30 terms and complete PeopleSoft configuration; change the check remittance and ACH e-mail remittance to show discount; testing
    - Phase 2:
      - Will modify queries and/or reports to include discounts

- Complete analysis of interfaces to determine impact
- Changes to eSupplier to show discount; address the matching process and terms rules
- Address PO processing changes; SBOP and DOA legal will draft modifications to the standard terms for purchase orders and contracts.

\* If you currently have suppliers with 1/20 net 30 or 2/10 net 30 payment terms, start using them. If you have a purchase order, contract or supplier invoice with discount terms other than 1/20 net 30 or 2/10 net 30, please submit a STAR support request to have those terms added. STAR will work with you to test and implement them into production.

- **KIT Updates**

- Last month WISBuy celebrated a milestone by topping the \$1M mark in monthly sales for the first time since its launch in 2014. Sales for the calendar year 2018 are up almost \$1.7M over the same period in 2017 and transactions are up almost 5500 as well.

- **Enterprise Sourcing Updates**

- The MRO facilities contracts with Grainger, Fastenal and MSC have been extended until September 30, 2018. We are in the process of negotiating participating addendums for the next contract and will post updates to VendorNet as they become available.
- The Enterprise Banking services contract has been extended for another year through June 30, 2019. VendorNet and PeopleSoft will both be updated with the new expiration date.
- Debt collection Services contracts will be extended six months through December 31<sup>st</sup> to allow time to complete the RFP process and award new contracts. VendorNet and PeopleSoft will be updated soon.

- **IPC Update – Paul Brady**

- [State Procurement Conference](#)

- Wednesday, October 31, 2018 at the Alliant Energy Center.
- Continuing to look for interested agencies to help with the conference.

- **STAR – John Driscoll**

- **Year End Close**

- Work center is available for all to use
- Three PO rolls per year
  - DFD – June
  - State – July
  - Federal – August
- A “test” roll will be done this year

- **STAR Prioritization Process**

- Implementation of Supplier Contract Management module is live

- **2/10 Net 30**
  - PO to voucher matching issues:
    - Terms on PO must match 2/10 net 30
    - Terms will be loaded on the PO from the contract with two exceptions:
      - Direct Entry PO terms will not be updated
      - Interfaced PO terms will not be updated
  - Terms are currently loaded from the supplier ID delivery location, which typically defaults from the agency business unit.
  
- **Old Business/New Business**
  - No old or new business
  - Meeting adjourned at 10:25 a.m.
  - Next meeting September 19, 2018, 8:30 a.m. @ GEF 1, Room F105
  - Future Meetings: October (cancelled)\*\*, November 21, December 19

\*\*Due to the Procurement Conference on October 31, SAPC will not meet in October