PP-O4-19 SUPPLIERS

I. OVERVIEW

Suppliers, also referred to as “vendors,” are the outside businesses from which the Los Angeles Community College District purchases the materials, supplies, equipment and services it needs in order to operate. Personal services outsourced by the District must not violate Education Code section 88003.1(b) relating to contracting out the work of the classified service.

Suppliers can take various legal forms: individuals (also known as sole proprietorships), partnerships, corporations and limited liability companies.

This section will cover the following:

- discuss ways to identify and reach out to suppliers to cultivate their interest in competing for the District’s business;
- provide guidance for evaluating the responsibility of suppliers as business concerns before contracting with them;
- describe how the suppliers that are chosen get entered in the District’s procurement system and how the resulting vendor database is maintained.
- offer guidelines for evaluating the performance of suppliers after they have completed work to assist others within the District in deciding whether to contract with the same suppliers for future business.

II. SOURCING

“Sourcing” refers to the process of identifying suppliers that can furnish a particular product or service that is needed. Sourcing, and developing good relations with suppliers, are vital steps in the practice of effective procurement within LACCD. Sourcing multiple suppliers for a requirement promotes healthy competition for the District’s business and can lead to lower prices, higher quality, better after-sale service, and improved value for the District’s dollars.

Sourcing suppliers from current or past District employees may be prohibited by Board Rule 7100.14 and is subject to the limitations of the District’s Conflict of Interest Code cited in Board Rule 14000 and found in Administrative Regulations C-5 and C-6.
III. PROCESS

A. Describing the Requirement

The first step in identifying prospective suppliers for a particular product or service is to obtain from the user a clear and concise description of the requirement. This can be in the form of detailed and descriptive performance specifications for a product, a brand name and model for a piece of equipment (see section 04-06 for limitations on specifying brand names), a scope of work for a service, or any other statement of the requirement that will enable prospective suppliers to recognize what is being sought and develop a quote, bid or proposal to sell the item to the District.

B. Identifying Sources

The next step is to identify sources of supply; that is, the vendors that sell what is being sought. This can be accomplished through a number of different methods.

1. Personal knowledge; word of mouth.

Many times the best source of information about suppliers is the person seeking the item, who often has technical expertise about the product or service and direct knowledge of the businesses that supply it. Examples are Directors of College Facilities who are familiar with sellers of building materials and equipment and IT professionals who know where to buy servers, desktop computers and routers. For this reason, College Procurement Specialists, buyers, contracts staff, purchasing aides and others whose job it is to source suppliers should start by asking the requestor for suggestions. In doing so, however, the same individuals must be vigilant against steering business to certain suppliers without conducting a competitive process, or inadvertently helping create conflicts of interest for those recommending the suppliers (see LACCD’s Conflict of Interest Code found in Board Rule 14000 and specifically articulated in Administrative Regulation C-5 and C-6).

2. Past/present suppliers

Next to recommendations from requestors, often the best source of good vendors are those that have reliably supplied the District in the past, including current suppliers. As with personal recommendations, however, the District’s procurement professionals must be careful not to steer
business to a select few vendors that have performed well. Not only does this violate the spirit of the open competition rule in public procurements, it could lead to complacency among the repeat suppliers while denying opportunities for potentially better vendors to do business with the District.

3. **Sales calls**

Direct sales, whether by telephone, mail, email or in person by company sales representatives, is still a common way for businesses to sell their products and services and a convenient way for procurement professionals to collect and store information on prospective suppliers. Vendors expressing interest in doing business with LACCD should be directed to the District’s Website at [http://www.laccd.edu/business_opportunities/](http://www.laccd.edu/business_opportunities/) to download, complete and mail in the vendor application form. The forms—as well as product literature, business cards and correspondence—should be retained by the purchaser or requestor and organized by product/service category for future retrieval when corresponding product requirements arise.

4. **Wholesalers/distributors.**

Many products are not sold directly by their manufacturers to the end user but only through distributors or wholesalers, some of which, in turn, resell to dealers or retailers for sale to the general public. In these situations, often the party one step above in this supply chain is a good source of information about prospective suppliers who can sell directly to the District. For example, the manufacturer of a particular brand of office furniture could advise a buyer which authorized dealers carry its products, or the maker of a line of industrial kitchen equipment could direct an end user to a wholesale grocer that carries its ovens.

5. **Trade/professional associations.**

Whatever the product being sought, there is almost certain to be a trade or professional association representing the manufacturers, wholesalers and retailers of the item, and the same holds true for service industries as well. As advocates for their member businesses, these trade groups are often good sources of information about who sells what within their industries.
6. **Vendor shows and exhibits**

Often the same trade and professional associations referenced above sponsor vendor shows and exhibits at which their member businesses can showcase their goods to prospective buyers. In addition, associations representing certain professions may invite suppliers to those professions to sponsor annual meetings and other events at which vendor exhibits will be set up for display to association members. These industry-specific “seller” events can be good places to visit to find suppliers of products and services being sought by the District.

In the same manner that industry-sponsored events promote the “supply” side of commerce, there are vendor shows that showcase the “demand” side as well. In particular, public agencies—either individually or together—are known to sponsor “how to do business with” conventions for prospective suppliers looking to break into the lucrative government supply business. Because such shows often are targeted at small and disadvantaged businesses, they are often also a good place to visit to find vendors that fulfill a public agency’s supplier diversity goals.

7. **Trade/professional journals.**

In the same manner that trade and professional associations have sprouted to represent virtually every industry in the economy, so have trade and professional publications evolved to speak to the same industries. Many are put out by trade associations but still others are issued by independent publishers. Such journals, through display advertisements and business card ads, are good sources of information about suppliers within their targeted industries.

8. **Directories**

Whether in paper form or electronic versions accessed online, yellow pages and other general business directories are still good sources of information about local businesses sorted by product/service category.

9. **Public databases**

This refers to various directories and databases of vendors maintained by public agencies and public interest organizations, such as the State of California’s Contractors State License Board database of licensed construction contractors and the Better Business Bureau’s database of businesses by geographic region, both of which maintain records of complaints lodged by consumers and investigations conducted by the sponsoring agencies.
10. Advertising

Newspaper advertising of invitations for bids (IFBs) and requests for proposals (RFPs) serves to both satisfy the legal requirement for such solicitations and inform prospective suppliers about the District's interest in buying. However, the effectiveness of such ads could be enhanced by purchasing display announcements on the news pages rather than in the legal advertising section of the classified ads. In addition, not all newspapers are equal in their circulation to targeted suppliers, even if they meet the test of being a “newspaper of general circulation.” Consideration could be given to advertising in newspapers with broader circulation, either geographically or by type of audience, or newspapers targeted at specific communities or professions. In addition, the trade and professional journals described above offer an excellent medium for advertising the District’s IFBs and RFPs to narrowly targeted industry audiences. Finally, all IFBs, RFPs and even some small purchases should be advertised on the District’s Website.

C. Cost considerations

As with any business process, the methods of sourcing employed must be considered with an eye to cost, in labor, advertising expense, and time taken from other procurement activities (e.g., contract negotiations) that could yield a higher return than attending trade shows or buying ad space in an expensive publication.

D. Environmentally Preferable Sources

According to Board Rule 711100; The District shall support new markets for recycled content products, whenever feasible and within fiscal constraints. The District also has an interest, when possible, to purchase durable and reusable products to support its policy of environmental protection by employing waste diversion methods.

E. Background Checks

When using a supplier for the first time, and periodically before reusing the same supplier, it is a good practice to check the background of the business to confirm it is a competent and reputable contractor for the District to engage. There are a number of ways to accomplish this.

1. Licenses / certificates.

The State of California regulates a number of industries and professions doing business in the state. For some, a license
or certificate issued by the state is required before a business can legally engage in trade in California. Examples are real estate agents, construction contractors, automotive repair shops, security guard companies and pest extermination businesses. To learn what industries are regulated, visit http://www.calbusiness.ca.gov/cedpeybplr.asp. If the supplier being considered is in a regulated industry, ask to see a copy of the business’ current license or certificate. If practitioners employed by the business are required to be personally licensed, ask to see the current license of the employee who will be actually providing the service.

The City of Los Angeles, and other municipalities require most businesses operating within their boundaries to obtain a business license from the city. Ask to see the supplier’s current city business license.

2. Public complaint databases.

The Federal Government maintains a database of businesses that are barred from receiving federal contracts because of serious indiscretions in the past. Known as the Excluded Parties List System (EPLS), this database can be accessed online at http://www.epls.gov/. The EPLS, maintained by the U.S. General Services Administration, must always be checked before contracting with a vendor that will be paid with federal funds, such as through grants. Federal law prohibits the use of federal money to pay a company debarred from federal contracts under the EPLS. It is also a good business practice to run a new supplier’s name through the EPLS even if federal funds are not involved.

The same State of California agencies referenced above that license or certify businesses typically maintain records of consumer complaints against businesses that are so regulated. These databases of complaints can be accessed through the Websites of the agencies that regulate the businesses.

While not a public agency, the Better Business Bureau can be a valuable source of information on the historical performance of businesses in the local area. The Los Angeles chapter of the BBB has a database of company reports on businesses located in the Greater Los Angeles area. Reports can be accessed by visiting http://www.labbb.org/BBBWeb/Forms/General/Home.aspx.

3. References

A simple way to check a supplier’s background is to talk to other current or former customers. Ask the vendor for references from half a dozen past clients similar to the
District and choose two or three to interview by telephone to ascertain their level of satisfaction.

4. **Insurance / bonding**

Commercial insurance, and sometimes business bonds, are required of some vendors doing business with the District. Insurance usually consists of general liability and workers compensation coverage, professional liability insurance may be required of some service providers. Required bonding may include a performance bond, to protect the District against the vendor’s failure to complete the contracted work, and a payment bond, to protect the District against liens or claims brought by subcontractors that the prime contractor failed to pay.

Both commercial insurance and business bonds are issued by insurance companies that assess a company’s history and financial strength before agreeing to underwrite the associated risk. A supplier’s ability or inability to acquire and maintain the insurance or bonds required by the District may be a good indicator of the company’s standing as a business.

### III. LEGAL AUTHORITY AND CITATIONS

Government Code section 81000 et seq.

Education Code section 88003.1(b)

Board Rules 14000 and 7100.12, 7100.13, 7100.14, 7102

Administrative Regulations C-5 and C-6
PP-04-19-01 VENDOR DATABASE

I. OVERVIEW

Before a purchase order or contract can be issued to a supplier from the District’s financial system the supplier’s identifying information must be entered in the system’s vendor database. For security and quality-control reasons, the ability to create new vendor records, or edit existing records, in the vendor database is restricted to specific areas such as the College Procurement Specialists, District Contracts and Purchasing Section, Facilities Planning and Development Office and District Accounts Payable Office.

Before a request is made to create a new record in the vendor database, the initiator of an order should thoroughly check if, in fact, the required vendor is already entered in the database. This must be done to prevent the same vendor from being entered multiple times in the system under slightly different name variables, thereby causing redundancy in the database. If a supplier cannot be found in the database, a “Create Vendor Form,” containing the supplier’s identifying information, must be completed by the initiator and submitted to the appropriate authorized person for entry in the database. This form can be found on the following website: http://www.laccd.edu/business_services/

District employee names are entered in the vendor database whenever they must be paid outside the standard payroll system. These records, as well as all “Remit To Vendor” and APAY records, are entered only by designated staff of the District Accounts Payable Department.

There exist various numbering sequences for vendors in the system database. Below are the most typical numbering schemes in the system:

9XXXXXX – “OA” – signifies an alternative ordering address for a vendor.

1XXXXXX – “VEND” – signifies a vendor that a purchase may be issued against.

3XXXXXX – “APAY” – signifies an Accounts Payable vendor for which the District Accounts Payable staff may make entries.

7000000 – One-time vendor designation

7XXXXXX – “EMP” – signifies an employee who is being issued a check outside of the normal payroll system such as a travel reimbursement or mileage warrant.

5XXXXXX – signifies 1099 (independent contractor) vendor.
II. PROCESS

A. Search existing database for vendor record. When considering making a purchase, the initiator should first check if the desired supplier is already in the database by reviewing the vendor listing inside the procurement system. This search should review multiple attributes of the vendor information such as the name, zip code, and city data fields to reduce the chances of requesting a duplication of an existing vendor record.

B. Submit Create Vendor Form

1. If the initial search conclusively establishes that the desired supplier is not in the vendor database, the initiator can either complete the Create Vendor Form or request that the vendor locate the document on the Website, complete it and forward it via email to the address provided on the form. This is the address for additions to the general vendor file.

   (a) Vendor naming conventions should be based on the official business name of the vendor. For example, “Pac Bell” is an incorrect vendor name designation. The appropriate business name is “Pacific Bell Wireless”.

2. A request to add a construction contractor, with a contractor’s license number and a contractor code, should be sent to a different email address, currently FacilitiesVendorMaintenance@email.laccd.edu. These requests are handled by the Facilities Planning and Development staff at the District Office.

3. A request to add a specific “Remit To” vendor address that is different from the ordering address should be sent to: APVendorMaintenance@email.laccd.edu

4. Once the vendor request is processed, a return email is sent to the initiator advising what action was taken. Whether a new vendor record was created or an existing record was found, the email reply will include the name and identification number of the requested supplier.

C. Blocking or flagging records

Only those staff authorized to enter vendor records have the authority and ability to place blocks on existing vendor records or flag the records to advise users either that (a) a change in the vendor’s status with the District has occurred or (b) the vendor is no longer able to receive awards from the District.
PP-04-19-02 SUPPLIER EVALUATION

I. OVERVIEW

It is important for both users and procurement personnel to periodically evaluate the performance of the District’s suppliers. This serves to both avert the reuse of poor vendors and encourage repeat business with good ones, with the objective of creating an overall high-performing supplier base. If time does not permit the evaluation of all or most suppliers, attention should be given to those at the extreme: the poor and stellar performers.

Supplier evaluation should be approached from a district-wide, strategic perspective, not a local one. That is, each college and the District Office should seek to evaluate and maintain performance data on suppliers to share with other locations so that bad vendors cannot move from one college to another before being cut off from District business. At the same time, information about good suppliers should be shared with other locations to facilitate the sourcing process. However, it is important that the identification of good suppliers not lead to excessive reliance on a small group of vendors and the curtailment of competitive sourcing.

Users of vendor services and procurement personnel may evaluate suppliers from different perspectives. Users may assess the quality and timeliness of the supplier’s products or services, while procurement personnel may focus on the business aspects of the purchase transactions, such as price and compliance with contractural conditions.

Suppliers that have repeatedly performed poorly for the District should be identified and subjected to a discipline process that could culminate in their being formally debarred from doing business with the District for a period of time.

II. PROCESS

A. Timeliness of Evaluation.

To maximize its accuracy and fairness, the supplier evaluation should be conducted as soon as practicable after the completion of a purchase order or contract, preferably within 30 days. A standard form is not required. If time does not permit the evaluation of all suppliers, attention should be focused on those at the extreme: the poor-performing and high-performing suppliers. Vendors that simply meet the terms of their purchase order or contract may not merit an evaluation.
B. Evaluative Factors

Users of vendor services are in a unique position to evaluate the quality and timeliness of a supplier’s performance. Examples of performance factors for users to evaluate are:

1. Did the products or services meet the specifications of the contract? Were there defective or damaged products delivered; if so, did the supplier accept them readily as returns?
2. Were the products/services delivered on time and at the contracted price?
3. Did the products perform as represented by the supplier during the selling process? If not, what did the vendor do to remedy the deficiencies?
4. If applicable, did the supplier furnish documentation—such as product warranties and user manuals—with the deliveries?
5. If required, what after-sale support did the vendor provide?

Procurement personnel, on the other hand, may focus on the business aspects of the transaction in evaluating the supplier’s performance. Some factors that purchasing and contracts personnel may consider are:

1. Did the prices offered appear to be fair and reasonable or did the supplier exploit market or buying conditions (e.g., supply shortages, an emergency need for a college) to “gouge” the District?
2. If required, did the supplier promptly sign and return the contract document before performing?
3. If required, did the vendor promptly furnish certificates of insurance, bonds and other documents required under the contract?
4. Did the supplier try to change the terms and conditions of the contract after it was signed? Did the supplier honor the “spirit” of the contract to try to accommodate the District’s needs or did it cite minor changes as reasons to request change orders to the original agreement?
5. Did the supplier appear to be interested in cultivating a long-term customer relationship with the District or in making a quick sale and moving on to the next buyer?

C. Sharing of Evaluation Information

The purpose of evaluating suppliers is to promote the creation of a high-performing supplier base for the District as a whole. This can be accomplished by averting the reuse of bad vendors and encouraging repeat business with good ones through the dissemination of vendor-evaluation data.
In order to prevent poor-performing suppliers from simply moving from one college to another, delivering the same unsatisfactory results, supplier-evaluation results must be proactively shared among the District’s locations, preferably after the first incidence of poor performance. Conversely, evaluations of high-performing vendors should be made available to other locations to assist them in sourcing new suppliers. A word of caution, however about sharing information on good vendors: This must not lead to excessive reliance on a small group of vendors at the expense of competitively sourcing new suppliers. New vendors must continue to be allowed to compete for the District’s business.

Supplier-evaluation data may be entered in the procurement database in the Vendor Master Record.

D. Debarring of Poor-Performing Suppliers

Suppliers that consistently deliver poor performance to the District may be subject to an administrative proceeding that bars their participation in subsequent procurement transactions by the District for a specified period. Such vendors are said to be “debarred” from selling to the District. Because they are prohibited from receiving District contracts, debarred vendors are not solicited for quotes, bids or proposals and unsolicited offers they submit are disregarded in making award decisions.

At their own initiative or at the request of other District personnel, a debarring action against a supplier may be initiated by any of the following positions:

- Director of Business Services
- Director, Facilities Planning & Development
- Executive Director, Facilities Planning & Development
- Deputy Chancellor
- Chancellor
- College President
- Vice President of Administrative Services

Debarring actions should be limited to suppliers that exhibit one or more of the following:

- Conviction of a criminal act or settlement to avoid conviction;
- Appearance in the “Excluded Parties List System” maintained by the Federal Government;
- Material breach of a contract with the District as determined by a court of law;
- Failure to pay subcontractors or failure to perform under a contract resulting in the District filing a claim with the contractor’s surety bond; or
• Repeated, serious performance deficiencies at more than one District location.

If desiring to bring a debarring action against a supplier, the initiator must first consult with the Office of General Counsel regarding the specific steps, which must include, at a minimum, the following:

• A written notice of charges to the supplier;

• An opportunity for the supplier to respond to the charges;

• A written response to the supplier’s response, terminating the debarring action, requesting additional information from the supplier, or sustaining the debarring action;

• An opportunity for the supplier to appeal to the Chancellor; and

• An opportunity for the supplier to have a public hearing before the Board of Trustees at a regularly scheduled Board meeting.