



Levy County Board of County Commissioners

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To: The Board of County Commissioners
From: Mary-Ellen Harper, County Manager
Date: February 19, 2025
Subject: Levy County Procurement

Commissioners,

I continue to evaluate the effectiveness of processes and departments as I work on projects and/or have concerns about the operations of the Levy County Board of County Commissioners Government. On Tuesday, February 4, 2025, I placed Procurement Coordinator Alicia Tretheway on paid administrative leave due to concerns I had related to how Procurement was being handled in Levy County.

In the days following February 4th, I worked with staff to capture all of the procurement projects. I also met with staff members to discuss their department's interactions with Procurement related to effectiveness and efficiency.

On February 12th, Mike Fitzgerald, the Chief Operating Officer of Aclarian, the company contracted to provide Levy County's Budget Officer Position, spent the day evaluating the Procurement Department. Prior to his on-site meetings, Mr. Fitzgerald also comprehensively reviewed Levy County's Procurement Code and Purchasing Policy.

Mr. Fitzgerald's report is included for your review.



Commissioners

Charlie Kennedy, District 1
Rock Meeks, District 2
Desiree Mills, Chair, District 3
Tim Hodge, Vice Chair, District 4
Johnny Hiers, District 5



LEVY COUNTY



February 14, 2025

Levy County Board of County Commissioners

310 School Street, Bronson, FL 32621

Mailing Address: PO Box 310, Bronson, FL 32621

Dear Ms. Harper,

Objective

The purpose of this memorandum is to outline Aclarian observations from onsite interviews conducted with 4 department directors, reviewing the Purchasing department office to include files, and interviews with you in your role as County Manager. Additionally, I reviewed your new Organization Chart which consolidates your span of control by reducing the number of direct reports from approximately 27 to 12 with the creation of divisions.

We are providing a brief overview of two formats for structuring the County's procurement mission with respect to "centralized versus decentralized procurement". Centralized and decentralized purchasing are two distinct organizational structures for managing procurement activities, each with its own set of advantages and disadvantages.

Background

Centralized Purchasing:

In a centralized purchasing structure, all procurement activities are managed by a single department or team, typically at the organization's headquarters. This team handles all purchasing decisions and transactions for the entire organization.

Advantages:

- **Spend Visibility and Control:** Centralized procurement provides complete visibility into spending patterns, enabling better control and management of expenditures.
- **Better Supplier Management:** A centralized team can effectively manage supplier relationships, performance, and contracts, fostering strategic partnerships.
- **Consistency and Standardization:** Centralized procurement ensures standardized processes and consistent quality control across the organization.



Disadvantages:

- **Bottlenecks and Delays:** Centralizing procurement can lead to bottlenecks, especially during high-demand periods, causing delays in processing orders.
- **Inflexibility:** A centralized structure may lack the ability to adapt quickly to changing market conditions or specific departmental needs.
- **Lack of Specialized Knowledge:** Centralized teams may not possess in-depth knowledge of the specific requirements of individual departments or product categories.

Decentralized Purchasing:

In a decentralized purchasing structure, individual departments, business units, or regional offices are responsible for their own procurement decisions and activities.

Advantages:

- **Flexibility and Speed:** Decentralized procurement allows departments to respond quickly to their specific needs without waiting for approval from a central authority.
- **Knowledge of Local Markets:** Departments can leverage local market knowledge to make informed purchasing decisions, potentially leading to better deals and supplier relationships.
- **Customization Capability:** Each department can tailor its procurement to meet its unique requirements, enhancing satisfaction and efficiency.
- **Reduced Bureaucracy:** With fewer layers of approval, decision making is faster, leading to quicker implementation of purchases.
- **Innovation:** Decentralized teams have the autonomy to explore and implement innovative solutions that best fit their specific needs.

Disadvantages:

- **Non-Standard Processes:** Different departments may develop their own procurement processes, leading to inconsistencies and inefficiencies across the organization. However, this can be managed through controls by leveraging technology solutions.
- **Effort Reduplication:** Multiple departments might perform similar tasks in sourcing and vendor management, wasting time, effort, and resources.
- **Compliance Risks:** Decentralized procurement may result in non-compliance with corporate policies and procedures, increasing organizational risk.



Utilizing New Technology for Paperless Business Processes

Implementing new technologies to support paperless business processes can significantly enhance efficiency and effectiveness in procurement.

Benefits:

- **Increased Efficiency:** Automating procurement processes reduces manual tasks, minimizes errors, and accelerates transaction times.
- **Cost Reduction:** Digital processes eliminate the need for paper, printing, and physical storage, leading to cost savings.
- **Improved Data Management:** Digital systems provide centralized access to procurement data, facilitating better analysis, reporting, and decision-making.
- **Enhanced Compliance:** Automated workflows ensure adherence to procurement policies and regulations, reducing the risk of non-compliance.
- **Environmental Impact:** Reducing paper usage contributes to sustainability efforts by decreasing waste and conserving resources.

Recommendations

1. **Enterprise Resource Planning (ERP)** - Implement the new Aclarian paperless software solution to include Budgeting, Purchasing, Invoicing, Payments modules. This web-based and cloud-based solution will allow staff to be paperless, mobile and transparent. Coordinate with Clerk of the Circuit Court for full county-wide ERP upgrade from the current older ADG solution.
2. **E-Procurement** – Maintain publishing bids online via Demand Star or other solution. Look to obtain a full Bid Management solution for electronic bid development with internal department Workflow (ex. Beacon Bid).
3. **Decentralized Purchasing** – Remove the Purchasing department. Emphasis and control given to the actual department directors to perform their mission – Budget, Procure to Pay, and operational excellence.
4. **Training** – Ensure department directors and their office managers obtain formal training for all technology solutions.
5. **Budget Control** – Change the appropriation control policy for the County from the line-item to a higher control such as Fund and Department. This higher control level reduces the extensive



paperwork currently being done via unnecessary Budget Amendments/Transfers. Real-time web-based ERP transparency with built in budget control will increase efficiency.

Conclusion

By adopting digital procurement solutions, organizations can streamline their purchasing processes, leading to greater operational efficiency and effectiveness. Moreover, the County benefits will be many - accountability, consistency, avoidance of financial mishaps and most importantly, full transparency.

Sincerely,

Mike Fitzgerald

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COO

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During my meetings with staff, it became clear that many department heads experienced firsthand the disadvantages of centralized procurement—including bottlenecks and delays, inflexibility, and a lack of specialized knowledge—that Mr. Fitzgerald described in his assessment. There was also theme of Department Heads having the perception that Procurement favored some departments over others, with some projects moving forward quickly while other projects languished for months and even years. The vast majority of Department Heads also shared difficulties with communication and interpersonal relations which compromised effectiveness and efficiency when dealing with Procurement.

My review identified that the scope of work of the Procurement Department had expanded in recent years to include many functions that are better managed by the County’s Department Heads. In many cases, in addition to putting projects out to bid, Procurement stayed involved and functioned as a de facto project manager, thus creating unclear lines of authority and responsibility between Procurement and the Department Heads tasked with managing and completing projects.

One example of this is the renovation of the Development Department. Procurement continued to play an active role in the renovation long after the project bid was awarded. This project has had some significant mistakes, including:

- Purchasing almost \$40,000 in custom cabinets that did not need to be purchased by the County because they were already included in the contract with the General Contractor;
- The completion of the interior renovations before the leaking roof was replaced;
- Project specifications, as well as ongoing change orders that were not consistently shared with the County Engineer and/or Maintenance Director;
- Procurement also played a role in processing payments during the project, sometimes independent of the Department Head in charge of the project, resulting in payments being made before some of the work was completed.

These examples are provided for context and are not intended to be a comprehensive list.



Consistent with Mr. Fitzgerald's recommendation, I have made the decision to decentralize purchasing in Levy County and to eliminate the position of Procurement Coordinator. The salary and benefits associated with the Procurement Coordinator Position are \$104,000.

I have asked Mr. Fitzgerald and his staff to review and recommend updates to the Levy County Procurement Code and Purchasing Policy, with a focus on simplifying the processes, holding department heads accountable, and protecting the county's best interests.

The functions of the Procurement Department will be re-distributed among the County's contracted Budget Officer, contracted Information Technology vendor, Grants-Legislative Coordinator, and the County Manager's Office. This arrangement will eliminate single points of failure by ensuring that multiple people have the access, authorization, and knowledge to move mission-critical tasks forward instead of relying on only one person.