

# *The Great Innovate*

**Process  
Palooza**

## Overview: Strategic Procurement and Contracting Out for Covered Services

UC San Diego's Procurement & Contracts unit, part of Integrated Procure-to-Pay Solutions (IPPS), is responsible for strategic sourcing, procurement, and integration of developing systems. By leveraging the combined buying power of the entire UC system, Strategic Procurement negotiates advantageous contracts with suppliers, saving departments time, money, and resources. When departments utilize suppliers in Oracle Procurement the team of Professional Buyers ensures applicable policies and procedures are adhered to emerging California Legislation requirements, Federal guidelines, and UCOP guidance as a part of their fiduciary responsibilities.

Regents Policy 5402, interconnected with Senate Bill 27, and Article 5 policies, generally prohibit departments from outsourcing covered services (Core University services) to external vendors. These policies are in place to protect UC employees' jobs and ensure that the university is not outsourcing essential services.

However, exceptions to this policy exist if all in-house options have been exhausted. If a department believes an exception is warranted, they can submit a purchase order request appealing to these exceptions. The Contracting Out for Covered Services process oversees these PO requests.

If UC San Diego fails to comply with Policy 5402 due to outsourcing covered services without a valid exception, this poses a compliance risk and could result in legal liabilities.

## Problem Statement

The Contracting Out for Covered Services process handles approximately 1,000 purchase orders per year (1,012 in FY24). However, the current process causes frustration for both customers and staff, and achieves only ~80% compliance with Policy 5402. Key issues include:



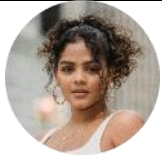


- Process duration varies greatly (from a few days to more than a month) and is often too long
- The process is unclear, lacks transparency and contains significant variability
- Departments often struggle to determine if a service is considered a covered service, leading to non-compliance due to unidentified covered services (current compliance rate is 80%)
- Customers frequently have difficulty completing forms correctly, resulting in numerous defects and repeated back-and-forth communications
- Departments often submit their request close to the required service date, affecting the quality of reviews and making alternative solutions unfeasible


## About the Process

When a department has a need for a service, their initial step is to identify if this service is a *covered service*. If the service is a *covered service*, the department has to reach out to the in-house department to discuss if they can provide the requested service. If they are not able to provide the requested service, the Contracting Out for Covered Services must be followed by the department. This process is as follows:

1. The requestor from the department completes the Contracting Out Rationale (COR) form in Quali Build (see appendix A for the COR form)
2. Labor Relations (LR) reviews and approves the COR form (see appendix B for the LR approval form)
  - a. If needed, LR asks for clarifications and supporting information by email
  - b. If the total annual expenditure for the requested service or supplier exceeds 100k, LR notifies the employee union (AFSCME)
3. The requestor receives an email with the approved COR form (PDF) attached (see appendix C for the requisition form)
4. The requestor submits a requisition in Oracle and attaches the approved COR form
5. A Professional Buyer from Strategic Procurement reviews and approves the requisition, checks if a Wage Benefit Parity (WBP) form is in place, issues the Purchase Order (PO) and enters the information into Smartsheet for reporting (see appendix D for the WBP form)
  - a. If no WBP is in place for the supplier, the Professional Buyer completes the WBP form and obtains a signature from the supplier
  - b. If the PO is above a certain threshold, it is reviewed and approved by the Professional Buyer's superior
6. The requestor and supplier receive the PO by email and the requestor continues working with the supplier to secure the services

## Process Actors

Name	Role & Department	Responsibilities	Needs	Pain Points
 <b>Malik Johnson</b>	<b>Requester</b> <i>Requesting Department</i>	<ul style="list-style-type: none"> <li>Inquire if services can be performed by in-house supplier</li> <li>Complete COR form</li> <li>Submit requisition</li> </ul>	<ul style="list-style-type: none"> <li>On-time service delivery meeting expectations in line with expectations</li> <li>Simple and fast process</li> <li>Insight into process status</li> </ul>	<ul style="list-style-type: none"> <li>Unclear how to complete forms and where to find required information</li> <li>Repetitive requests</li> <li>Lengthy process</li> <li>Lack of process status visibility</li> <li>Unclear if a service is a covered services</li> </ul>
 <b>Aisha Patel</b>	<b>Professional Buyer</b> <i>Procurement &amp; Contracts (IPPS)</i>	<ul style="list-style-type: none"> <li>Ensure WBPs are in place</li> <li>Issue POs</li> <li>Report on covered services that are contracted out to UCOP</li> </ul>	<ul style="list-style-type: none"> <li>100% identification of covered services</li> <li>Timely, complete, and correct forms</li> <li>Process completion before service delivery</li> <li>Compliance with WBP</li> </ul>	<ul style="list-style-type: none"> <li>Incomplete or incorrect forms</li> <li>Late or missing requisitions</li> <li>Significant time spent on back-and-forth communication</li> </ul>
 <b>Juanita Ramirez</b>	<b>Labor Relations Specialist</b> <i>Labor Relations</i>	<ul style="list-style-type: none"> <li>Verify validity of requested exceptions to contract out</li> <li>Notify AFSCME if 100k threshold is reached</li> </ul>	<ul style="list-style-type: none"> <li>Departments contract out covered services only with valid exceptions</li> <li>Good relationship with AFSCME</li> </ul>	<ul style="list-style-type: none"> <li>Contracting out of covered services without a valid exception</li> <li>Time-consuming information collection, review, and synthesis for AFSCME</li> </ul>
 <b>Tyrone Thompson</b>	<b>Union Representative</b> <i>AFSCME (Union)</i>	<ul style="list-style-type: none"> <li>Validate exceptions for contracting out services</li> </ul>	<ul style="list-style-type: none"> <li>Protection of union members' jobs</li> </ul>	<ul style="list-style-type: none"> <li>Outsourcing of services that could be performed in-house</li> </ul>
 <b>Jamal Washington</b>	<b>Compliance Officer</b> <i>UC Office of the Presidents</i>	<ul style="list-style-type: none"> <li>Establish clear policies and guidelines</li> <li>Ensure compliance with policies</li> </ul>	<ul style="list-style-type: none"> <li>100% compliance with policies</li> <li>Timely, complete, and correct reporting</li> </ul>	<ul style="list-style-type: none"> <li>Instances of noncompliance with covered services policies include unidentified covered services, missing or incomplete documentation, absent AFSCME notifications, and lacking implementation of the WBP</li> </ul>

 <b>Mei Chen</b>	<b>Service Delivery Manager</b> <i>External Supplier</i>	<ul style="list-style-type: none"> <li>• Sign and adhere to WBP agreement</li> <li>• Deliver contracted services</li> </ul>	<ul style="list-style-type: none"> <li>• Fast and easy contracting</li> </ul>	<ul style="list-style-type: none"> <li>• Unclear WBP</li> <li>• Increasing cost of services to align with WBP rates</li> <li>• Potential litigation from the union for non-compliance with Article 5</li> </ul>
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## Process Narrative

As spring approaches, the Landscaping and Outdoor Maintenance Services team at the university identifies the need for specialized care for its Eucalyptus trees. Malik, the team member responsible for tree care, contacts the university's in-house horticulture team to request these services. Unfortunately, the in-house team lacks the necessary skills and equipment, and acquiring them is not viable due to the occasional nature of the treatment. Consequently, Malik initiates the Contracting Out for Covered Services process.

Malik begins by completing the Contracting Out Rationale (COR) form in Quali Build, detailing why the in-house team cannot meet the demand and describing the specific tree care services needed. Once the form is complete, he submits it for review.

The form is routed to Labor Relations (LR), where Juanita reviews it to ensure all necessary details are included and the justification for contracting out is valid. A few questions arise, so she requests clarification from Malik, who provides the required information. Satisfied with the provided information, Juanita approves the COR form. This approval typically takes one business day (COR submission – approval). Malik receives an email notification with the approved form attached as a PDF. Since the estimated annual expenditure for the tree care services is below \$100,000, Juanita does not need to inform AFSCME.

As a next step, Malik logs into Oracle, the university's requisition system, and submits a requisition for the tree care services. He attaches the approved COR form to the requisition. In 50% of the cases, the COR is missing from the requisition. The requisition is then forwarded to Aisha, a Professional Buyer from Strategic Procurement, for further processing.

Aisha reviews the requisition (on average within 3 working days), finding all information complete and accurate, and approves it. She then checks if a Wage Benefit Parity (WBP) form is in place for the chosen tree care service provider. Not finding one (~17% of cases), she completes the necessary WBP documentation and contacts the provider for their signature. After receiving the signed WBP form, Aisha issues the Purchase Order (PO) and ensures the PO details are entered into Smartsheet for reporting purposes. This entire process, from COR submission to PO issuance, typically takes five working days.

Malik and the service provider both receive the PO via email. Malik contacts the provider to arrange the start of the tree care services, ensuring all terms are clearly understood and agreed upon.

## References & Links

Regents Policy 5402: <https://regents.universityofcalifornia.edu/governance/policies/5402.html>

Covered Services Blink Page: <https://blink.ucsd.edu/buy-pay/contract-svcs/covered-services/>

Contracting Out for Covered Services Process Map (requires SSO): <https://us.promapp.com/ucsd/Process/Minimode/Permalink/HgcCQ8LamATnTRD7PMuUwO>

List of In-House Departments: <https://blink.ucsd.edu/buy-pay/contract-svcs/covered-services/cs-faq.html#Where-can-I-find-in-house-suppo>

Potential Exceptions: <https://blink.ucsd.edu/buy-pay/contract-svcs/covered-services/#Potential-Carve-Outs/Exceptions>

Contracting Out Rationale Form (requires SSO): <https://ucsd.kualibuild.com/app/6617086bec1bcf013be3e556/run>

# Appendix A: Contracting Out Rationale Form



## Covered Services Carve Outs/Exceptions

Rationale for Contracting Covered Services

If you have any questions about filling out this form contact: [jmontilla@ucsd.edu](mailto:jmontilla@ucsd.edu) or [lr@ucsd.edu](mailto:lr@ucsd.edu)

Before engaging in new Purchase Orders or contract extensions for contracting out of Covered Services approval must be requested and granted. This document must be completed by the requesting Department to substantiate the appropriateness of the covered service exception.

Request Number 0063	Request Date June 5, 2024	
Submitted By Tibosch, Ro	Department OPERATIONAL STRATEGIC INIT	
Requisition Number Please share your requisition number if available	Service Provider/Supplier * Please share your external service provider	Total Dollar Value * Estimated value of the service

### Scope of Work \*

Sans Serif Normal B I U A [color picker] [background color picker] [bulleted list] [numbered list] [link] Normal [font size]

### Comparable UC Classification - Job Title

Please select the applicable job titles for the requested service

UC Comparable Title *	Total UC Cost
<input type="text"/>	<input type="text"/>

+ Add Another Row

### Quote or Invoice \*

Select a File



Carve Out Explanation - Why is the in-house department not able to deliver this service? \*

Contracting out for work normally performed by SX or EX-covered employees is only allowed if the circumstances meet one of the rigid exceptions contained in Article 5 of the collective bargaining agreements. Based on the response from the in-house department, select the carve out explanations that apply.

- 1. In-house department does not have enough employees available to perform the service
- 2. Occasional specialized services requiring special skills, equipment, materials, and/or facilities
- 3. Occasional services to prepare housing for students
- 4. Services needed to address an actual emergency
- 5. Urgent temporary services to fill gaps to ensure safety and well-being of students
- 6. Temporary services to fill gaps while hiring FTEs
- 7. Occasional services performed 10+ miles from UC location
- 8. Support is not feasible at the remote facility
- 9. Services are incidental to purchase or lease (Real Estate)
- 10. Services are performed by registry personnel in clinical operations
- 11. Other

Provide additional comments to further explain your rationale as needed

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Additional Documentation

If needed, please upload additional supporting documentation here.

## Appendix B: LR Approval Form

### Official Covered Services Review Team Use Only

#### LR Approval \*

- Approved
- Denied
- Additional Information Required

#### Insourcing Status \*

- Carve Out Applies
- Insourced (Contract Terminated)
- Insourced (Contract Still Active)
- Partially Insourced (Contract Still Active)
- Terminated
- Other

#### Other \*

# Appendix C: Requisition Form

Create Request: 1. Amount Based ?

Add to Shopping List

Request Type 1. Amount Based ▼

## How to fill out a Request Form

1. Review our [How to Order Goods and Services with Request Forms](#) resource for guidance
2. Make sure you are using the correct Request Type
  - a. Review our [Overview of Request Forms](#) resource for guidance
3. The following documentation may be required
4.
  - a. Source Selection and Price Reasonableness (SSPR) ([Form](#) | [Instructions](#)) Required for Federally-funded Contract purchases  $\geq$  to \$10,000, Federally-funded Grants  $\geq$ \$50,000 and non-Federally-funded purchases  $\geq$ \$100,000
  - b. Statement of Work (SOW) ([Form](#) | [Instructions](#)) Required for any work performed by an independent contractor
5. Enter all available information - all fields with an asterisk (\*) are required
6. To add multiple lines, enter line information for the first item, and then go to your shopping cart, duplicate, and edit to add additional lines
7.
  - a. Do not group taxable and non-taxable items together. Tax is determined by the [Purchasing Category](#).
  - b. Do not add [shipping as its own item](#)
8. If you are using the form Add line to Existing PO, review the [How to Add a Line to an Existing Purchase Order](#) resource

\* Item Description

\* Purchasing Category Name

\* Amount

Currency USD

\* Supplier

Supplier Site

Supplier Contact

Phone

Fax

Email

Supplier Catalog Number

Conflict of Interest-EVRD

EVRD-IPPS Use Only

Type	Category	* File Name or URL	Tit	Attached By	Attached Date	Description
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No data to display.

### Additional Information

#### 1. General

\* Proposal/Quote Number

Prior PO Number

\* Have goods been received or services performed?

\* I certify that I have attached a quote, SOW, and/or SSPR form as required.  Yes

#### 2. Goods

Authorized Shipment Release Persons

Additional Delivery Information

#### 3. Services

Period of Performance Start Date

Period of Performance End Date

UCSD Project Manager (Name, Email, Phone No.)

Supplier Project Manager (Name, Email, Phone No.)

\* Select one of the following from the list

\* Location of Services

Specify Location of Services

# Appendix D: WBP Form



**UNIVERSITY  
OF  
CALIFORNIA**

**Wage and Benefit Parity Appendix  
WBP-0624-0525**

This Appendix # 1 to the existing Agreement (Agreement) is hereby entered into between The Regents of the University of California (UC) and Supplier \_\_\_\_\_.

UC San Diego Job Title equivalent of Covered Services:	Hourly Rate	2024 Pension Parity (per hour)	2024 Benefit Parity (per hour)	2024 Total UC Cost (per hour)/ Wage Benefit Parity Rate

In connection with the Agreement between Supplier and The Regents of the University of California, Supplier has agreed to the UC Contracting for Covered Services Article 39 in the Terms & Conditions. As per this Article, Supplier is required to pay the equivalent of UC wages and benefits to employees providing covered services to UC under this agreement. By signing this Appendix, Supplier agrees to pay the wage and benefit parity rates listed above to Supplier's employees, and employees of Sub-Suppliers at any tier, performing work at a UC location.

I declare that the foregoing statement is true and correct, and I am aware that if I present any material matter as true which I know to be false, the Agreement may be subject to termination.

All other terms, conditions and provisions of the Agreement shall remain in full force and effect. This Appendix is signed by the parties' duly authorized representatives and shall be effective beginning June 1, 2024 until May 31, 2025.

**SUPPLIER NAME**

**THE REGENTS OF THE  
UNIVERSITY OF CALIFORNIA  
ON BEHALF OF ITS CAMPUS/MEDICAL CENTER**

Signature: \_\_\_\_\_  
 Name: \_\_\_\_\_  
 Title: Business Representative \_\_\_\_\_  
 Date: \_\_\_\_\_