



PROCUREMENT POLICY AND PROCEDURES REVISION OVERVIEW

May 21, 2018

Why do we need to revise our procurement policy and procedures?

- Changes in Federal procurement regulations as the result of the issuance of CFR Part 200 “Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards” (Uniform Guidance).
- Clearer delineation between our procurement policy and the procedures we use to implement the policy.
- Better integration with the organizations other financial policies and procedures.

Procurement Policy and Procedures Update Process

- Review new policy requirements with Finance and Operations Committee
- Draft new procurement policy and procedures
- Review of policy and procedures by 3rd party subject matter expert
- Approval of new procurement policy by Board
- Implementation of revised procurement procedures by July 1, 2018
- Ongoing review and updating of procedures by staff
- Annual review of policy by Board

Key Procurement Policy Areas

The Uniform Guidance requires the procurement policy and related procedures address the following areas:

- Competition
- Conflicts of Interest
- Documentation and Records
- Oversight
- Economical Purchasing
- Allowable Procurement Methods

Competition

- Provide for full and open competition in procuring goods and services.
- Avoid situations that may prevent competition like:
 - Placing unreasonable requirements,
 - Excessive bonding requirements,
 - Conflicts of interest,
 - Exclude contractors that assist in the procurement process (draft/develop specifications and requirements or RFP),
 - Noncompetitive pricing between affiliated companies
 - Requiring “Brand” name products.
- Prohibits use of geographical preferences in evaluation of bids except when allowed in Federal statutes

Conflicts of Interest

- Written policies about conduct of its employees involved in the selection, award and administration of contracts.
- Policies must cover both organizational and personal conflict of interest to prevent unfair or noncompetitive awards being provided.
- Policies also must include disciplinary actions for any violations of the conflict-of-interest standards.

Documentation and Records

- Maintain documentation to support the history of the procurement, rationalization for method used, contractor selection or rejection, basis for contract price, etc.
- Procurement policy and procedures documented.
- Solicitations must clearly describe the goods or services being procured and the technical for the material, product or service to be procured.
- When prequalified vendor lists are used must ensure lists are current and include enough qualified vendors to ensure competition.

Oversight

Must monitor contractors to ensure they perform in accordance with the terms, conditions and specifications of their contracts or purchase orders.

Economical Purchasing

- Avoid unnecessary or duplicative purchases.
- Consider consolidating or breaking out procurements to obtain a more economical purchase.
- Use responsible contractors
- Consider the most efficient and effective approach to purchases such as:
 - bulk purchasing
 - lease versus purchase
 - agreements for use of common or shared goods and services
 - use of federal excess and surplus property

Allowable Procurement Methods

- Micro Purchases – no quotes, price must be reasonable and in line with funds available
- Small Purchases – “simple and informal process”, obtain price quotes from an adequate number of qualified sources – can be informal
- Large Purchases – three methods:
 - Sealed Bid – generally construction procurements/fixed price
 - Competitive Proposal – See next slide
 - Sole Source – Unique or competition inadequate after soliciting proposals or public emergency or written authorization.

Competitive Proposal

- RFP's must be publicized and identify all evaluation factors and importance of factors
- All responses need to be considered
- Must be solicited from an adequate number of qualified sources
- Written method for conducting technical evaluations of proposals received and for selecting recipients
- Contracts must be awarded to the responsible firm whose proposals is most advantageous to the program, with price and other factors considered