



# 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 3<sup>rd</sup> 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