

New Procurement Staff Training

Purpose: To provide training on procurement regulations and processes to new procurement staff at both the college and system office level. This is not intended for general staff/end user training, but rather is focused on procurement staff. Contact Terry Hindsman if you would like to receive this as a one-on-one training.

General Information and Compliance

Every purchase has two pieces: a procurement piece and a payment piece.

There are three sets of codes and rules to consider for procurements:

1. Personnel rules – for services only.
2. Fiscal rules – for all purchases. Relates to paying vendors.
3. Procurement Code and Rules – for all purchases using state dollars. Relates to sourcing vendors.

Personnel Rules – College HR Department and the Department of Personnel and Administration (DPA)

These only apply to the purchase of services. The major considerations are:

- Personal Services Certification or Waiver/Independent contractor versus employee status
- PERA retiree status
- Unauthorized Immigrant (NA for POs and contracts)
- Certificate of Insurance (COI) requirements

Fiscal Rules – State Purchasing and Contracts Office (SPCO) – Central Contracts Unit

Fiscal Rules cover funds disbursements and required documentation (the payment piece). The major considerations are:

- Purchase order required over \$5,000. Must be in place before the purchase takes place
- Contract required over \$250,000. Must use the state templates and assign a contract manager.
- Advance payments allowed only in certain circumstances.
- Vendor agreements and prohibited terms.
- Fiscal rule violations must be ratified by the SPCO before payment can be made.
- Emergency purchases are strictly defined and do not include lack of time or preparation
- Also covers travel, training, official functions, and Commercial Card use.

Procurement Code & Rules – State Purchasing and Contracts Office (SPCO)

Procurement Code covers vendor selection – predominantly methods of solicitation (the procurement piece). The major considerations are:

- Applies to almost all purchases with a few exceptions for things such as: revenue producing contracts, items for resale, items purchased from another government agency, copyrighted items, and a few others.

- Major goal is to treat all potential vendors equally and maintain transparency. All procurement related documents are considered open record.
- Types of procurement:
 - State Price Agreements – solicited by the State, so no bidding required by college
 - Discretionary purchases – under \$50,000
 - Documented Quote – informal, price driven – up to \$250,000
 - Invitation for Bid (IFB) – formal sealed bid, price driven – amounts greater than \$250,000
 - Request for Proposal (RFP) – formal sealed bid, evaluate on factors other than price – amounts greater than \$250,000, but can use for any amount over \$50,000
 - Sole Source – only 1 supply/service and only 1 vendor – any amount over \$50,000. Must be posted a minimum of 3 days of over \$100,000, but consider posting all of them.
- All types of solicitation have associated rules and boilerplate language. Your college should have templates for each type of solicitation.
- Pricing must be “fair and reasonable”: based on adequate competition, established catalog or market prices, historical prices, comparison to prices paid by similar agencies, etc.
- A vendor may file a protest on any type of solicitation.

Trainings Offered by SPCO

The SPCO Procurement Training [webpage](#) is a good resource. They offer scheduled trainings as well as on demand training via its LMS called CoProU. Contact the SPCO for information on how to access CoProU. The list below is subject to change by the SPCO.

Scheduled Trainings

Statutory Violations Training
Contract Drafting Boot Camp
Controller Pre-Delegation Training

CoProU Trainings

Foundations of State Procurement
Methods of Source Selection
Ethics and Conflicts of Interest

The Procurement Process

The fundamental steps are:

1. Identify the need/receive department purchase requisition
2. Verify if prior approvals are needed
3. Verify available budget exists
4. Choose the source selection method.
5. Work with the department to identify specifications and requirements
6. Conduct solicitation; select vendor; prepare PO and/or contract; collect documentation (W-9, COI, Vendor Disclosure), as needed.
7. Authorize vendor to start work; monitor vendor performance

Some general considerations of the bidding process:

- You must keep a level playing field for all vendors. Any information provided to one, must be provided to all.
- Don't divulge information from other vendors until after award is made.
- Do not allow a vendor to write the solicitation or the specifications for you.

- Awarded vendors must be responsible and responsive. A **responsible** bidder is one who is able to provide the goods or services as requested. A **responsive** bidder is one who follows all of the terms of the bid document and provides all requested information.

Specifications

You will need to work with the requesting department to ensure that the statement of work (SOW) specifications and requirements are appropriate. The requesting department should always provide the SOW and specs – never a vendor. Make sure they are comprehensive enough to ensure you will get what you need, but not so restrictive that a vendor is eliminated unnecessarily. You can only award based on a vendor's ability to provide what you ask for in the bid document, so be sure that the specs are clear and sufficient. Some considerations are:

- Size, color, components, accessories, repairs
- Compatibility, installation, maintenance, training
- Safety standards
- Delivery is always FOB, Destination
- Units of measure, delivery dates & location
- Warranties
- Level/years of experience
- Samples needed?
- Be careful with words like: shall, must, will require, mandatory, not more/less than.

Resources

You can find samples of solicitation in numerous places

- Check with other colleges
- Archived solicitations in BIDS or CORE
- Solicitation libraries at NIGP, NAEP or NASPO
- Google – it's amazing what you can find!

State Price Agreements

- There are 2 types of agreements: Mandatory and Permissive. Most are permissive.
- No need to bid, regardless of dollar amount
- May conduct additional negotiation with the vendor
- Include price agreement number on the PO

Documented Quotes (DQ)

This is the easiest and quickest of the solicitation methods.

- For purchases between \$50,000 and \$250,000.
- Award is made to the lowest price vendor that meets the specifications and requirements in the bid document (responsible and responsive).
- Must be posted a minimum of 3 days, but best to give vendors at least 1 week.
- May negotiate to clarify the quote or make it more advantageous, but cannot change the specs

- Informal submission process - Responses may be emailed
- Complete a bid tabulation to compare pricing. Add notes as needed.

Invitation for Bids (IFB)

This is very similar to a DQ but with a few more considerations because of the higher price.

- For purchases over \$250,000.
- Award is made to the lowest price vendor that meets the specifications and requirements in the bid document (responsible and responsive).
- Must be posted a minimum of 14 days, but adjust according to the marketplace.
- May want to include a pre-bid conference, walk through, or question period.
- Formal submission process - Responses must be delivered sealed
- Public Bid opening – particularly for construction
- Complete a bid tabulation to compare pricing. Add notes as needed.

Request for Proposal (RFP)

This method is the most detailed and has the longest time period to complete. Use this method when lowest price is not the main decision factor, and the department is looking for a creative approach to solve a problem. You know what you want the end result is, but not sure the best way to achieve it.

- Generally for purchases over \$250,000, but may be used for any price point.
- Award to the responsive and responsible Offeror whose proposal is most advantageous to the State, price and other factors considered.
- Must be posted for a minimum of 30 days.
- Best practice to include a pre-bid conference or question period.
- Work closely with the requesting department to develop the bid document. The length of time needed for writing the SOW, specs and requirements can be lengthy and often needs multiple reviews by Purchasing.
- Evaluation criteria and process must be detailed in the RFP document.
- An evaluation committee is established to read proposals and provide ratings. They may or may not be part of writing the solicitation
- Each evaluation committee member must sign a Non-Conflict of Interest form.
- RFPs are a strictly confidential process and no information is shared with anyone outside of the evaluation team until after an award is made.
- There may be 2 rounds to the evaluation process, each requiring a meeting of then evaluation team: Initial discussion of ratings based on the written technical proposal submissions and then a round for vendor presentations.
- Complete a comprehensive evaluation spreadsheet. Because the award decision is based on more subjective criteria, evaluation ratings and justification for the award must be documented.
- Protests are more likely with a RFP than other types of bids. Details and documentation is important. Everything is open record once award is made. Vendors can AND WILL ask for information. Consider doing a debrief to ward off protests.

Differences Between Bids and Proposals

Bids (IFB, Sealed Bids)	Proposals (RFP)
All information is disclosed at bid opening	Only names of offerors are disclosed at bid opening
Used for goods or services	Primarily for Services or complex procurements
Needs are CLEAR	Needs are NOT clear
Specifications are used	Statement/Scope of Work is used
No evaluation committee is required	Evaluation Committee is needed
Award based on lowest bidder who is responsive and responsible	Award based on criteria other than lowest cost, but cost must be a factor
No negotiations are allowed	Negotiation is allowed and encouraged
Most Bids result in a PO	Most RFPs result in a contract