

Procurement Training

Kansas Department of Administration
Office of Business Process Improvement
Procurement and Contracts

ASTRA – October 16, 2012

Prior Authorization Request Training

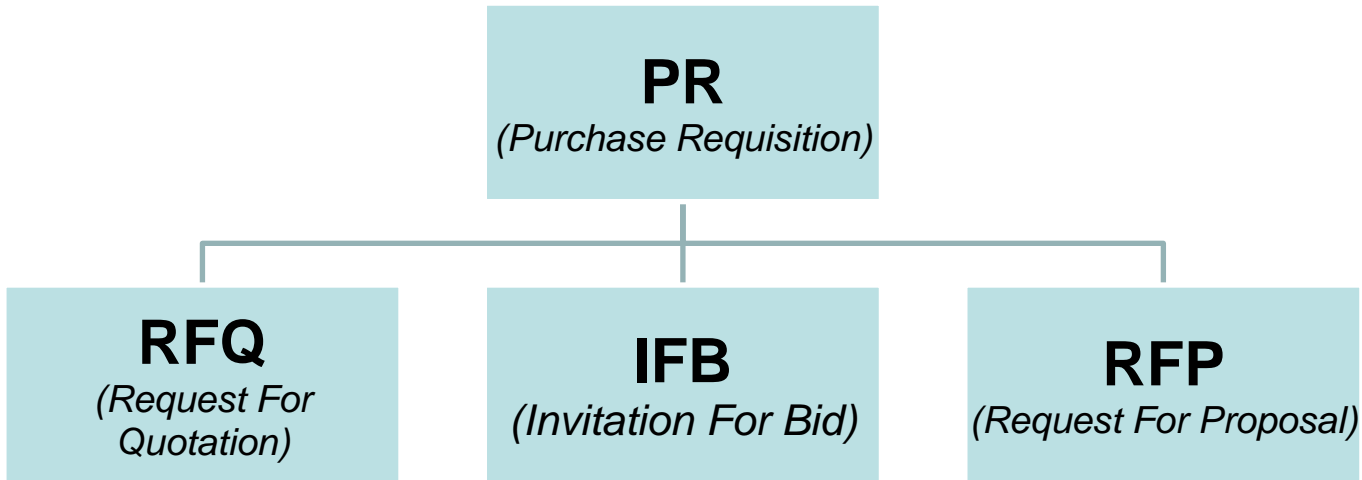
- PAR Training began September 25...
- Over 200 registrants so far...
- Sessions weekly through November 15
- “Certification” is Based on Post-Training Tests
- Training Materials available at:
 - www.da.ks.gov/purch/PriorAuthTraining.htm
 - Includes a Revised Prior Authorization Form
- Changes Effective December 1, 2012
 - But you can start using the concepts now!

Competition

Government Procurement is based on Competitive Bidding Processes

- KSA 75-3739(a) states that "...purchases of and contracts for supplies, materials, equipment and contractual services ...shall be based on competitive bids..."
- Non-competitive transactions are the **exception**, not the rule.

Purchase Requisition Flow Chart



Used for
One-Time Purchases

Bids will **not** be negotiated
(*"Sealed Bid"*)

Awarded as
Purchase Order (PO)

Awarded to the Lowest
Responsive and Responsible
Bid Meeting Specifications

Used for
Repetitive Purchases

Bids will **not** be negotiated
(*"Sealed Bid"*)

Awarded as
SMART-based Contract or
Purchase Order (PO)

Awarded to the Lowest
Responsive and Responsible
Bid Meeting Specifications

Used for
**One-Time or Repetitive
Purchases**

NEGOTIATED PROCUREMENT
(*"Competitive Sealed Proposals"*)

Awarded as
Contract or Purchase Order

**Awarded to the bidder
Offering Best Value**

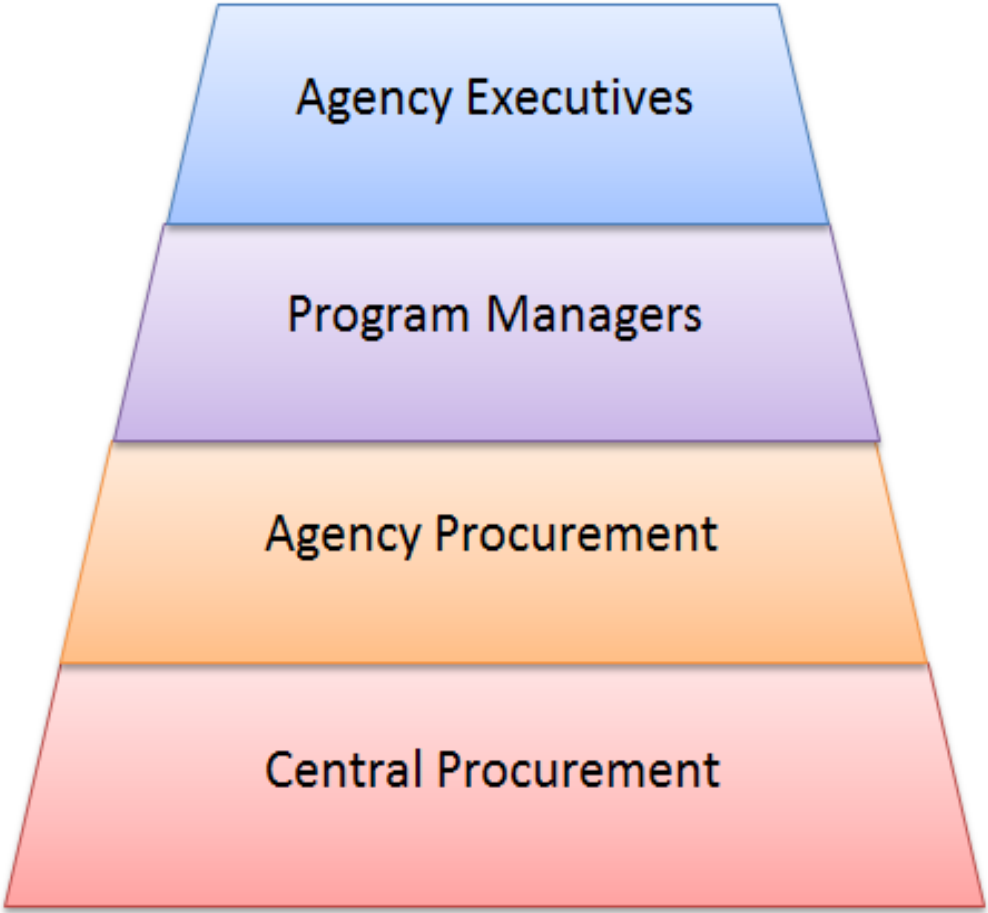
Evaluation starts with lowest cost proposal; by statute, any award that bypasses a lower cost proposal must be reported to the Legislature

The Procurement "Food Chain" - An Order of Precedence Summary

Presented to an

Agency with \$5,000 Local Delegated Authority

KCI State Use Catalog	<p>Statutorily established, Mandatory-Use Programs</p> <p>Kansas Correctional Industries www.kancorind.com State Use Catalog www.ksstateuse.org <i>No local waiver capabilities allowed</i> http://www.da.ks.gov/purch/StateUseWaiverRequestForm.doc</p>
Contracts	<p>Statewide Contracts are Mandatory Use SMART: "Statewide - Mandatory" <i>Contracts that are bid to meet an most state agencies needs for a specific types of items</i> <i>Examples: Office Supplies; Computers, Vehicles</i></p> <p>Agency-Specific contracts are Mandatory Use <i>Contracts that are bid to meet an individual agency's specific needs</i></p> <p>Various Agencies contracts are optional use services SMART: "Statewide - Optional" <i>Can be an avenue for expedient procurement of commodities and services</i> <i>Examples: Cellular Phones / Data Services; Vehicle Maintenance</i></p>
Open Market Purchases	<p>Local Delegated Authority (LDA) Local Delegated Authority is derived by statute from Division of Purchases (KSA 75-3739)</p> <p><input type="checkbox"/> Abuses of LDA can result in a <u>reduction</u> of LDA</p> <ul style="list-style-type: none"> · Order splitting to keep totals below the LDA threshold is not appropriate <p><input type="checkbox"/> Purchases under \$5,000, no competition is required, but is certainly encouraged</p> <ul style="list-style-type: none"> · Remember: Processes Listed above first, <u>then</u> Open Market <p><input type="checkbox"/> Repeat purchases over a year should be combined for bidding</p> <p>Purchases <u>over</u> Local Delegated Authority</p> <ul style="list-style-type: none"> · Must be submitted to the Division of Purchases for bidding or other consideration · Must be in compliance with 75-3738 et al
Prior Authorizations	<p>Prior Authorization is required for non-traditional / non-competitive purchases</p> <ul style="list-style-type: none"> · Transactions must be reported to the Legislature on a Quarterly Basis <p>Form Location: http://www.da.ks.gov/purch/PriorAuthForm.doc</p> <p>Sole Source - must answer the questions on the form</p> <p>Interagency - When contracting with another governmental entity</p> <p>Off-contract - If you find an exact match for the contract item cheaper elsewhere</p> <ul style="list-style-type: none"> · All costs must be accounted for, including freight, warranty and other factors. <p>Delegated Authority - One Time - up to \$25,000</p> <p>Emergency - an urgent and unexpected requirement where health and public safety or the conservation of public resources is a risk.</p> <p>Professional Services (Accountant, Lawyer, Consultant - KSA 75-37,130 et al)</p> <p>State Use Catalog Waiver (KSA 75-3322) http://www.da.ks.gov/purch/StateUseWaiverRequestForm.doc</p> <p>Transactions over \$100,000 must be posted to Internet Website for 7 days http://www.da.ks.gov/purch/PriorAuthorizations.htm</p>



Standards and Expectations

- Communicate Early!!!
 - Program Folks...talk to Agency Procurement
 - Agency Procurement Folks...involve Central Procurement
- Seek **PRIOR** Authorization ***not*** POST-PURCHASE approval
- No signed contracts or purchase orders until **AFTER** authorization
- Don't Split Orders!!

Standards and Expectations

- Exhaustive research documented in the PA Request
- Submit PA Requests in a timely fashion
- Be prepared to use the competitive bid process
- Even in "emergency" situations, competition is possible

Consequences for Inappropriate Procurement Activities

- Reduction / Revocation of Local Delegated Procurement Authority
- Delayed receipt of Goods by agency
- Delayed Payments to Vendors
- Voided contracts
- Litigation

Higher Research Expectations

- Did you:
 - Conduct a "Google search"? Not enough by itself!
 - Look for Manufacturer distributors...
 - Check with peer programs in another states...
 - Check with Professional organizations...
 - Look for manufacturer competitors...
- Multiple quotes do not equal sole source.

Research Expectations

- In your *market analysis*, did you
 - Check price competitiveness?
 - Check for other manufacturers? Distributors?
 - Analyze impact of changing from the incumbent?
 - Include this information in your PA request?

More Strategic Procurements

- Consider Long-term Price Agreements for “non-competitive” transactions
 - Eliminate repetitive PA requests
 - Eliminate Reporting requirements
- Example: Lab needs specific chemistry or reagents
 - Bid the equipment and chemistry/reagents together
 - Issue PO for Equipment
 - Long-term price agreement for chemistry/reagents
 - SMART / Procurement efficiencies

Avoiding Restrictive Specifications

- “Professional Procurement” personnel need to be able to spot restrictive specifications...
- **Public policy considerations** of using restrictive specifications
 - Competitor complaints of unfair procurement practices
 - Integrity of procurement professionals may be questioned
 - Damage to competition as vendors step away from State contracts
 - Perception that precious tax dollars aren’t spent responsibly
 - Loss of motivation on contractor’s part to complete projects
 - Project “scope creep”

Contract Administration

Contract Administration is assisted by having:

- Competitively bid contracts with deliverables-based or performance-based specifications
- Well-structured deliverables acceptance and payment plans

Future Procurement Training

- Competition as the Foundation of Public Procurement
 - Mandatory Use Programs (statutory)
 - Mandatory Use Contracts (policy)
 - Optional Use Contracts (policy)
 - Local Delegated Authority for Open Market Purchases

Future Procurement Training

- Bid Specification Writing
 - Performance-Based Specifications
 - Deliverables-Based Specifications
- Competitive Bid Processes (RFQ/IFB/RFP)

Future Procurement Training

- Bid Evaluation
 - Award to the apparent low and responsive bidder
 - Documentation expectations of not awarding to low bidder
 - Confidentiality of Bid Contents
 - Conflicts of Interest
 - Bid Protests

Future Procurement Training

- Contract Drafting
 - Using Contract Templates
 - Perils of Signing Vendor Contracts
 - Protecting Kansas interests
- Contract Administration

Training Ideas?

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- *Check out our website: <http://da.ks.gov/purch/>*