



# Procurement Basics and Best Practices

# Introduction

- ▶ What is Procurement?
- ▶ Difference between Procurement and Purchasing
- ▶ Structure of Procurement Department
  - ▶ Where does Procurement fall in your org chart?
- ▶ Uniqueness of COGs and Planning Commissions
  - ▶ Federal Requirements
  - ▶ State Requirements
  - ▶ Local Requirements





“

Procurement: Where ‘hurry up and wait’ is more than a phrase, it’s a lifestyle.

”

# Procurement Foundational Elements

- ▶ Procurement Policy
  - ▶ Procurement Operating Procedures / Procurement Manual
    - ▶ Example: Purchase Order Process
  - ▶ General Terms and Conditions
  - ▶ Procurement Protest and Dispute Resolution Procedures
  - ▶ Procurement Standards of Conduct and Ethics
    - ▶ Conflict of Interest Standards
  - ▶ Templates for Solicitations and Contracts
  - ▶ Vendor Database
- ▶ **Recommendation:  
Post Procurement  
Policy, Terms &  
Conditions, Protest  
and Dispute  
Resolution, and  
Standards of Conduct  
on your website.**

# Procurement Policy

- ▶ Makeup of a Procurement Policy

- ▶ Governance and Authority
- ▶ Standard of Conduct, Ethics, and Transparency
- ▶ Procurement Methods and Procedures
- ▶ Thresholds, Approvals, and Financial Controls
- ▶ Supplier Selection and Management
- ▶ Contract Administration
- ▶ Compliance and Legal Requirements
- ▶ Risk Management
- ▶ Training and Capacity Building
- ▶ Reporting and Monitoring

- ▶ **Recommendation: Review TxGMS Procurement Standards and the Code of Federal Regulations Procurement Standards found at 2 CFR 200 Subpart D §200.317 through §200.326 and ensure these standards are embedded in your policy.**

# General Terms & Conditions

- ▶ General Requirements/Provisions applicable to all contracts
- ▶ Attach to all POs and Contracts
- ▶ **Recommendation: Include the provisions for procurement contracts from “Uniform Assurances by Local Governments”, which also cover Federal Contract Provisions (2 CFR 200.327), in your terms and conditions.**

# Annual Acquisition Planning

- ▶ Needs assessment and forecasting
- ▶ Budget and resource planning
- ▶ Procurement strategies and methods
- ▶ Research & cost estimating prior to grant applications

# Procurement Planning

- ▶ Identification of Need
- ▶ Scopes and Technical Specifications
  - ▶ Information derived from the end user
  - ▶ Complex acquisitions - consultants
- ▶ Request for Information (RFI)
- ▶ Cost Estimates
- ▶ Budget Review
- ▶ Review grant agreement(s) for applicable procurement requirements
- ▶ Purchase Requisition



# Procurement Thresholds

- ▶ Federal and State of Texas Procurement Thresholds
  - ▶ Micro-Purchase / “Spot” Purchase (Does not exceed \$10,000.00)
  - ▶ Simplified Acquisition / Small Purchase (Less than \$250,000.00)
  - ▶ Competitive Formal Procurement (\$250,000.00 +)
- ▶ \*Recipients and subrecipients may also establish lower thresholds based on internal controls, an evaluation of risk, and its documented procurement procedures

# Primary Methods of Procurement

- ▶ Micro-Purchase (As needed)
- ▶ Small Purchase Procedures (1-2 months +)
- ▶ Formal Competitive Procurement Types (4-6 months +)

# Other Methods of Procurement

- ▶ Intergovernmental Agreements
- ▶ State Contracts
- ▶ Cooperative Purchasing Contracts
- ▶ Non-Competitive
  - ▶ Sole Source and Proprietary Acquisitions
  - ▶ Urgent and Compelling Acquisitions
  - ▶ Emergency Acquisitions

# Micro-Purchases / “Spot” Purchases

- ▶ Can be awarded without soliciting for quotes
- ▶ Must be distributed equitably amongst qualified suppliers
- ▶ Must document rationale for price reasonableness based on:
  - ▶ Research
  - ▶ Personal experience/knowledge
  - ▶ Purchase history
- ▶ Micro-Purchase Summary Form



# Simplified Acquisitions / Small Purchases

- ▶ Informal competitive process
- ▶ Request for Quotes (RFQ) or Invitation for Bids (IFB)
- ▶ Quotes must be obtained from an adequate number of qualified sources
  - ▶ Recommended minimum is three
- ▶ Proof of solicitation
  - ▶ Email correspondences
  - ▶ Solicited vendor list

# Formal Competitive Procurements

- ▶ Templates for RFP, IFB, RFQ, etc.
- ▶ Advertising of solicitations
  - ▶ Newspapers
  - ▶ Social Media
  - ▶ Electronic State Business Daily (ESBD) and Centralized Master Bidder's List (CMBL)
  - ▶ HUB and DBE Lists
  - ▶ Email Blasts
  - ▶ Use e-bidding platforms (make sure your policy allows), there are several free options:
    - ▶ DemandStar
    - ▶ Beacon Bid

# Formal Competitive Procurements (cont'd)

- ▶ Invitation for Bids – Complete, adequate, and realistic specifications available. Two or more responsible bidders willing and able to participate. Procurement lends itself to a firm-fixed-price contract. Award can be made principally based on price. Public opening.
- ▶ Request for Proposals – Exact specifications may not be known, or difficult to obtain. Evaluation process and award based on price and other factors such as qualifications, experience, etc.
- ▶ Request for Qualifications – Qualifications based selection. Evaluation process. Price not a factor until top firm is identified.

# Cost or Price Analysis

- ▶ Required for procurements over the SAT.
- ▶ The method and degree of analysis conducted depend on the facts surrounding the particular procurement transaction.
- ▶ **Independent Cost Estimate (ICE):** Is an analysis conducted before receiving bids or proposals. It helps establish a baseline for evaluating the fairness and reasonableness of submitted offers. Minimum requirement for procurements over the SAT.
- ▶ **Cost Analysis:** After receipt of bids or proposals, the process of reviewing and evaluating the individual cost elements of the bid or proposal to determine its reasonableness, allowability, and allocability.
- ▶ **Price Analysis:** After receipt of bids or proposals, the process of evaluating the proposed price in a bid or proposal by comparing it to other offers, historical prices, or industry standards, without delving into the individual cost components.



# Contract Development

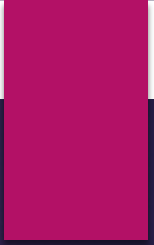
- ▶ Contract Templates
- ▶ Review grant agreement for specific clauses/requirements
- ▶ Uniform Assurances by Local Governments (TxGMS Appendix 6)
- ▶ Federal Contract Provisions
  - ▶ 2 CFR §200.327
- ▶ Other provisions as required by the state or federal funding agency
- ▶ Legal review recommended

# Contract Administration

- ▶ Oversight, Monitoring, and Vendor Performance
- ▶ Manage Contract Modifications
- ▶ Track Deliverables and Milestones
- ▶ Ensure Compliance with Legal & Regulatory Requirements
- ▶ Quality Control
- ▶ Risk Management
- ▶ Closeout

# Helpful Sources of Information (Hyperlinked)

- ▶ [Texas Grant Management Standards \(TxGMS\)](#)
- ▶ [State of Texas Procurement and Contract Management Guide](#)
  - ▶ [Statewide Procurement Education System](#)
  - ▶ Course and Certification Offerings: Basic Texas Purchaser, CTCD, CTCM
- ▶ [National Associate of State Procurement Officials Procurement U](#)
- ▶ [NIGP: The Institute for Public Procurement](#)
- ▶ Transit Specific Sources:
  - ▶ [National Transit Institute Procurement Courses](#)
  - ▶ [FTA Best Practices Procurement Manual](#)
  - ▶ [FTA Third-Party Contracting Guidance Circular 4220.1G](#)
  - ▶ [FTA Comprehensive Review Contractor's Manual](#)



“ Procurement without documentation is like baking a cake without a recipe—good luck figuring it out when things go sideways. ”



# Discussion and Questions

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