Welcome to the Weatherization Assistance Program’s Grant Guidance. The purpose of this procurement session is to start the beginning of your WAP 2016-17 Program Year (PY).

This session acts as a soft-start to your 2016-17 PY. Here is where you will receive the new guidance on procurement. Some of the procedures you will find have not changed, some may have a slight difference, while others are completely new, either way, I’d like to welcome you on behalf of the State of Arkansas, the Arkansas Energy Office, and my Program Manager, Kay Joiner.

Let’s Get Started!
**RULES:**

Guidance Source Documents:

Federal Procurement Regulations

All procurement transactions will be conducted in a manner providing full and open competition.

Guidance Source Documents:


Standards: Conflict of Interest

Subgrantees can not accept Gifts (money, services or anything of value) from any representative, person, or entity (1) from which you currently do business with or (2) who has applied for a grant or submitted a bid.

— Any possible Conflict of Interest must be fully disclosed and made a matter of record. (Board Member, Advisory Boards, Employees and their immediate family members).

Guidance Source Documents:

• Types of Conflict: (Direct or Indirect financial interest) – Subgrantee Ops Manual, Page 12; WAP 52 form
  — If you have a material financial interest,
  — If you are a substantial business relationship,
  — If you are an active officer, director, general partner or employee.
Standards: Maintain Code of Conduct.

Guidance Source Documents:

- Ethical Standards – Subgrantee Ops Manual, Page 12; 2 CFR §200.318(c);

- Conflict of Interest Disclosure – Subgrantee Ops Manual, Page 12; WAP 52 form; 2 CFR §200.318(c)(1);

All subgrantees must disclose lobbying activities pursuant to 31 U.S.C. 1352 (form in Grant Agreement); Grant Agreement form; and

In order to ensure objective contractor performance and eliminate unfair competitive advantage any contractor that helped draft specifications, statement of work, requirements, bid invitation is excluded from bid submission.

Other situations considered to be restrictive of competition include but is not limited to:

- Placing unreasonable requirements on firms in order for them to qualify;
- Requiring unnecessary experience and excessive bonding;
- Noncompetitive pricing practices between firms or affiliate companies;
- Noncompetitive contracts to consultants;
- Organizational conflicts of interest;
- Specify only a brand name; or
- Any arbitrary (random) action in the procurement process.
Ensure awards are only to responsible contractors. Subgrantee Ops Manual, Page 81; 2 CFR §200.318(2)(h)

Guidance Source Documents:

- Contractor File - Subgrantee Ops Manual, Page 68;
Federal Procurement Regulations, cont.

Bid Evaluation Criteria

There must be written selection procedures. Also, the solicitation must include a clear and accurate description of the service or material being procured.

Guidance Source Documents: Subgrantee Ops Manual, Page 81

• All Bids must be evaluated on a clearly stated methodology;
• All Bids must be evaluated on the submitted document;
• Prices must be firmly and clearly stated;
• Awards must be based only on responsible bidders whose bids are both responsive to the solicitation and who has the most advantageous price;
• If the lowest bid is not accepted, documentation must be provided and maintained in the file why the lowest bid was not accepted.
Methods of Procurement

Non-federal entities must use one of the following methods of procurement:


1. Procurement by micro-purchase procedures.
   - Defined as the acquisition of supplies or services which does not exceed the Micro Purchase Threshold of $3,000 in the aggregate;
   - To the extent practicable, the subgrantee must distribute the micro-purchases equitably among qualified suppliers;
   - Micro-purchases may be awarded without soliciting competitive quotations if subgrantee considers the price to be reasonable.
2. Procurement by Small Purchase procedures.


– Small Purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than the *Simplified Acquisition Threshold* of **$150,000** in the aggregate;

– Price or rate quotations must be obtained from an adequate number of qualified sources.
3. Procurement by Sealed bids (formal advertising) procedures.

*This is the preferred method for securing construction services.*


- Bids are publically solicited;
- A firm, fixed contract is awarded to the responsive bidder whose bid:
  - Conformed to all the material terms and conditions of the invitation to bid;
  - Is the lowest in price.
  - Capable of compliance will all bid specification.
  - Capability of performing the work.
  - Has administrative capacity.
Sealed Bid Proposals:

- Made early in the procurement cycle:
  - Allows vendors time to prepare their bids to meet the specification of the solicitation.

- Solicitation information includes:
  - What is being purchased.
  - Terms & conditions the vendors must meet.
  - Where & when sealed bids will be opened.
Sealed Bid Proposals:

• Vendor’s payments:
  – **Lump sum** - paid for successful performance.
  – **Unit price** - paid for each deliverable unit is completed in the contract.

• Must have at least **2 responsive suppliers** competing for contract.
Competitive Proposal Procurements:

4. Procurement by Competitive proposals procedures.


- Proposal types:
  - Request for Proposal (RFP).
  - Request for Qualifications (RFQ).
  - Request for Information.
Competitive Proposal Procurements:

- Publicized method same as sealed competitive process (invitation for bids).
- All evaluation factor publicized & their importance.
- All vendor submittals received and evaluated.
- Proposals must be solicited from a number of qualified sources.
- Organization must have a method for conducting technical evaluation of all proposals & for selecting awardees.
Methods of Procurement

Competitive Proposal Procurements:

• Award made to the most responsive firm whose proposal is most advantageous to the program.

• Price and other factors considered to determine most advantageous offer.

• Must have at least 2 responsive suppliers competing for contract.
Methods of Procurement

5. Procurement by Non-competitive proposals procedures. *Pre-award review may be required.*


– May only be used when:
  
  • The AEO/WAP authorizes non-competitive proposal in response to subgrantee request; or
  
  • Organization must devise & document its own analysis process to ensure fair prices are being charged.
  
  • Non competitive contracts become negotiated contracts.
  
  • Organization determines what level of organizational leadership is required to approve this method.
  
  • After solicitation of a number of sources, competition is determined inadequate.
Methods of Procurement

Non Competitive Procurements:

• May be used only when it is not feasible for:
  – Small purchase procedures.
  – Sealed bid or competitive proposals.

*and* one of the following conditions applies:

• Item only available from a single source.
• Emergency exist that will not permit a delay resulting from competitive bidding.

Cost analysis is required which verifies:

• Proposed cost data.
• Projection of the data.
• Evaluation of costs and profits.
Grantees & Subgrantees must have procurement procedures that:

- Document the procedures. Subgrantee Ops Manual, Pages 67, 69, 71 – 75; 2 CFR §200.318(a);
- Maintain oversight to ensure the contractor performs in accordance with contract or purchase order. Subgrantee Ops Manual, Page 72; 2 CFR §200.318(b);
- Written standards of conduct. Subgrantee Ops Manual, Page 12; 2 CFR §200.318(c)(1);
- Methods to avoid the purchase of unnecessary or duplicative items. 2 CFR §200.318(d);
- Records that detail the significant history of a procurement. 2 CFR §200.318(i).
There must be a **cost price analysis** in connection with every procurement.
Contracts

- The regulations require a number of provisions that must be included in all contracts awarded with Federal government funds.
- Appendix II of 2 CFR Part 200 lists all the required provisions.
Procurement or Contract Issues

Subgrantees are responsible for all procurement contractual and administrative issues. Methods for settlement of all contractual and administrative issues, including but not limited to protests.

Guidance Source Documents:

- Settlement of all contractual and administrative issues: 2 CFR §200.318 (2)(k);

Protest

- Protest of Selected Bidder - Subgrantee Ops Manual, Page 83;
- Public Inspection of all bids to interested parties – Subgrantee Ops Manual, Page 79;
- List of Protest Committee - Subgrantee Ops Manual, Page 68.
Procurement Purposes & Activities

Scheduled Break
12 Steps to Procurement

1. Determine what you will be purchasing.
2. Establish the timeframe for the purchase.
3. Identify the lead individual to handle the purchase.
4. Prepare the general instructions.
5. Prepare the specifications and price quote sheets.
6. Advertise the solicitation.
12 Steps to Procurement

7. Conduct bidder’s conference.
9. Evaluate the bids/proposals/quotations.
10. Select the contractor(s)/vendor(s)
11. Establish the solicitation file.
12. Enter into agreements with contractor(s)/vendor(s).
Procurement Procedures

- Procedures are administrative communications.
  - Written
  - Prescribed
  - Standing
Procurement Procedures

• Procedures assure that:
  – Staff know what is expected of them.
  – Staff know what is expected of others.
  – Staff interact properly.
  – Policies can be complied with.
  – Practices are uniform and fair.
  – Operating errors are reduced.
  – Oral instructions minimized.
  – Knowledge does not leave with a staff person.
Procurement Procedures

• Good procedures are:
  – Understandable.
  – Unambiguous.
  – Unequivocal.
  – Uncluttered.
  – Detailed.
  – Logical.
  – Consistent.
Sample Procedure Structure

• Purpose
• Specific Procedure with Staff Assignments
• Additional Information
• Mandated Forms (Procurement forms A – O)
Determination of Procurement Methods

**Purpose:**

The purpose is to establish the appropriate procurement method to be used for the goods or services to be purchased. The methods allowable comply with agency, state and federal regulation requirements.
Bid/Proposal Package

Purpose:

To establish the process for development of a standard bid package for goods and services.
Bid/Proposal Package Development

Activities:

1. Prepare the scope of work statement and/or specifications of materials/services to be solicited.

2. Establish the solicitation timeframe which includes:
   a. Date and time period for advertisement.
   b. Closing date for receipt of bids/proposals.
   c. Opening date of bids/proposals.

3. Establish minimum requirements.

4. Establish evaluation criteria, if applicable.
Bid/Proposal Package Development

Activities:

5. Prepare the bid package which includes:
   a. Cover sheet (closing and opening date)
   b. Statement of work specifications or materials to be purchased.
   c. Minimum requirements
   d. Evaluation criteria
   e. Work quality standards
   f. Proposal format
   g. Sample contract
   h. Date of bidder's conference
   i. Right of the agency to accept or reject all bids
   j. Period of contract
Purpose:

To establish a standard method of advertising procurement activities to assure maximum open and free competition.
Activities:

1. Prepare the advertisement for newspaper.
2. Prepare notice to be posted.
3. Submit to Contracts.
4. Submit advertisement to newspaper and post advertisement.
5. Secure documentation of advertisement, i.e. newspaper - tear sheet, posting signed statement from the office where it was posted.
6. Notify all individuals on the bidders list of solicitation, if applicable.
Activities:

7. Record the name of the individuals or firms requesting bid packages, the date the request was received, and the date the bid package was sent.

8. Prepare technical information for bidder’s conference.


10. Provide sign-in sheet for bidder’s conference and ensure all individuals sign.

11. **Record minutes of bidder’s conference.**
Receipt of Bids/Proposals

**Purpose:**

To establish procedures that will be followed to assure equal treatment to all prospective bidders.
Receipt of Bids/Proposals

Activities:

1. Log all sealed bids/proposal into the bid/proposal control sheet.
2. Stamp each bid with the date and time received and initial the date and time stamp.
3. Store bids/proposals in a locked location unopened until the time of opening.
4. Return all bids/proposals received/submitted after the closing date unopened to bidder including a letter of explanation as to the reason it was returned.
Evaluation of Bids/Proposals and Contract Awards

**Purpose:**

To evaluate the bids/proposals submitted, select the contractor and award the contract.
Evaluation of Bids/Proposals and Contractor Selection

1. Conduct bid opening (public or private).

2. For public bid openings (IFB's) the bid amounts will be announced at the opening. *Not required for non-governmental entities.*

3. Schedule meeting of evaluation panel.

4. Evaluate bids/proposals for compliance with all requirements.

5. Evaluate the responsive bids/proposals based on cost of criteria established in the bid package.

6. Prepare summary of points/costs for all of the responsive bidders.
7. Submit the name, the bid amount and justification for selection of the individual/firm selected for contract award to administration for approval.

8. Send the notice to contract to select contractor and secure the following information.

a. Certification of insurance, if applicable.

b. Review and approve suppliers list, if applicable.

c. Secure a copy of all required licenses, if applicable.

d. Certification regarding suspension and debarment from suppliers and subcontractors.
9. Verify that the insurance meets requirements, if applicable.
10. Secure fully executed contract.
11. Provide written notification to unsuccessful bidders.
12. Schedule debriefing conference for bidders based on individuals requests.
Protest Procedures

**Purpose:**

To provide specific actions which will be taken should a protest be filed by an unsuccessful bidder.
Protest Procedures

Activities:

1. Notify contractor that a complaint of protest has been filed.
2. Schedule the meeting of protest committee to review complaint.
3. Conduct meeting to evaluate protest within ten (10) working days of the filing of the receipt of protest.
   a. Record minutes of evaluation of protest committee meeting.
4. Issue a decision to agency administration within five (5) working days of the meeting of the protest committee.
5. Notify protester of the decision of the protest committee.
Purpose:

To detail the required information that must be maintained in the bid process, contract, and protest (if applicable) to ensure proper documentation.
Records Management

Activities:

1. Establish and maintain the bid file(s) which includes:
   a. Cost estimated and approval to proceed with the procurement.
   b. Documentation of advertisement.
   c. Bid/proposal package.
   d. List of individuals attending the bidders conference (sign-in sheet).
Activities:

1. Establish and maintain the bid file(s) which includes:
   e. Minutes of the bidders conference.
   f. List of evaluation panel members.
   g. Bids received.
   h. Summary sheet and work papers.
   i. Rejection letters.
Activities:

2. Establish and maintain contractor files which include the following information:
   a. Bid/Proposal
   b. Notice to Contract
   c. Certificate of Insurance
   d. Licenses, if applicable
   e. Payment Requests (*new*)
   f. Performance Evaluations (*new*)
Records Management

Activities:

2. Establish and maintain contractor files which include the following information:

   g. Change Order, if applicable
   h. Contract
   i. Certifications
     • Suspension and Debarment
     • Lobbying
     • Drug Free Workplace
Activities:

3. Protest File

   a. List of protest committee members.

   b. Copy of the protest committee correspondence, meeting minutes, and work papers.