SAMPLE PROCUREMENT PROCEDURES FOR CAAs

Please read carefully. This should not be used by your CAA without reviewing to tailor to your specific policies and state law, as applicable. If your CAA is a public agency, different rules may apply. Check with your agency attorney.

1. Overview

2. First Steps
   a. Review the funding document
   b. Subgrantee or Vendor?
   c. Determine the Price
   d. Determine type of procurement instrument
   e. Efforts to use small businesses
   f. Resources for small businesses

3. Documentation Requirements for all procurements

4. Requests for Quotes (RFQs) and Requests for Proposals (RFPs)

5. Source Selection Processes and Techniques
   Price Analysis and Cost Analysis
   a. Price Analysis
   b. Cost Analysis and Proposal Analysis

6. Sole Source Procurements
   Circumstances when they may be considered:
   a. Only One response received
   b. Required by Sponsor
   c. Unique or prior experience
   d. Limited Qualified vendors
   e. Proprietary item with unique requirements
   f. Extreme Urgency

7. Debarment and Suspension

8. Contract Files/Record Keeping

9. Pre-qualified Vendor List
1. **Overview**

The procedures in this section apply to all CAA procurements including materials, supplies, and services. The chart below shows the general process and documentation required for each level of procurement.

<table>
<thead>
<tr>
<th>Vendor Selection Requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
</tr>
<tr>
<td><strong>Vendor Selection Requirements</strong></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td><strong>Bid process required?</strong></td>
</tr>
<tr>
<td>Less than $3,000</td>
</tr>
<tr>
<td>No</td>
</tr>
<tr>
<td><strong>Acceptable forms of price comparison</strong></td>
</tr>
<tr>
<td>N/A</td>
</tr>
<tr>
<td><strong>Minimum number of bids required</strong></td>
</tr>
<tr>
<td>3</td>
</tr>
<tr>
<td><strong>Submit bid documentation to the Procurement Office?</strong></td>
</tr>
<tr>
<td>No</td>
</tr>
</tbody>
</table>

2. **First Steps**

Prior to any procurement, buyers shall: *

a. First review the funding grant or contract and applicable regulations to ensure that the goods or services to be purchased or contracted are allowable, and there are no additional procurement conditions, specific to that award, that supersede CAA’s policies and procedures.

b. Determine if the transaction will be with a sub-grantee, or a vendor/subcontractor. Refer to the definition of sub-grantees in the Subrecipient versus Vendor (Subrecipient%20vs%20Vendor.pdf) document and consult with the Procurement Administrator if the decision is not clear. Sub-grant agreements are not covered by these procurement policies and procedures.

c. Determine the price of the procurement and follow the appropriate procedures

- A purchase shall not be split into multiple smaller purchases in order to avoid the approval/ documentation process. *

- For larger purchases, such as subcontracts that are incrementally funded, the total anticipated amount of the purchase should be used to determine the approval and documentation process.

For example, if a contract is anticipated to have a total funding amount of $21,000 over a three-year period, but the first year is only $7,000, the buyer should follow the procedure that applies to $25,000 procurements.

---

© 2012 COMMUNITY ACTION PROGRAM LEGAL SERVICES, INC.
d. Determine type of procurement instrument: The buyer should determine the appropriate type of procuring instruments to use e.g., fixed price contracts, cost reimbursable contracts, purchase orders, and incentive contracts. The type of procurement should be based on the following factors in consultation with the Procurement Manager should be appropriate for the particular procurement and for promoting the best interest of the program or project involved:

- What is the dollar amount involved?
- What is the scope of work involved? Is it goods or a narrowly defined, limited scope of service?
- Are the goods and services to be delivered over a period of time, with specific benchmarks that must be met?
- How much review and supervision of work will be needed?
- How will delivery of the goods or services affect the overall delivery of the program that is paying for it?

View Sample Contract provisions for all CAA contracts.

e. Positive efforts must be made to utilize small businesses; small disadvantaged businesses, small businesses that are woman-owned or veteran-owned or service-disabled veteran-owned, small business enterprises (“Small Businesses”). Employees are expected to actively search out small business concerns that can fill procurement requirements.

f. Resources to locate Small Business enterprises include:

- The System for Award Management (SAM) is a free web site that consolidates the capabilities that used to be founded in the following federal databases.
  - Central Contractor Registration (CCR)
  - Federal Registry (FedReg)
  - Online Representations and Certifications Application (ORCA)
  - Excluded Parties list System (EPLS)

Companies interested in contracting with the federal government or with Federal grantees can register at SAM. Based on information that a company provides (such as the amount of receipts, the number of employees, etc.) it will be identified as “small” or "other than small" (i.e., large) for each of the North American Industry Classification System (NAICS) codes being selected. In addition, SAM is now the repository for prospective government and Federal grantee, contractors to electronically submit required certifications and representations for responses to government solicitations for all federal contracts, instead of using hard copies for individual awards.
3. **Documentation Requirements for All Procurements**

**Small Purchases ≤ $3,000**: Buyers shall solicit three competitive bids to the maximum extent practicable at the discretion of the Program Director. Documentation is not required.

**Procurements ≥ $3,000 and ≤ $20,000**: Quotations and prices may be requested and received orally from vendors or via copies of prices from catalogs, advertisements, or internet pricing. A price analysis must be performed and documented using the Vendor Selection Form. Vendor Selection Form.docx

**Procurement ≥ $20,000**: Quotations/proposals must be requested in writing via a formal Request for Quote (RFQ) or Request for Proposal (RFP) or equivalent that clearly sets forth all requirements to be evaluated. A description of the essential elements of an RFQ or RFP is detailed below. A price, or cost analysis must be completed.

4. **Requests for Quotes (RFQs) and Requests for Proposals (RFPs)**

RFQs are used for non-complex procurements (e.g., hourly rate consulting agreements, and procurements for materials) while RFPs are typically used for soliciting proposals for negotiated, complex contracts.

The RFQ or RFP is prepared by the Program or Department Director and should include:

- purpose
- general information, including any deadlines
- statement of work, specifications, requirements, milestones and deliverables
- bid/proposal preparation and submission instructions
- evaluation criteria
- award notification
- instructions for budget and estimated pricing
- any special terms and conditions
- required vendor certifications

**INSIGHT: STATE AND LOCAL DATABASES**

Any state and local databases that can be used to locate or verify small business resources should be listed in your procedures or the intranet links to the resources should be readily available to all buyers on the CAA intranet site.

**INSIGHT: RFQs AND RFPs**

Sample RFPs can be found in several places on the internet. Techsoup.org offers several resources focused on procurement of technology services, including an overall description of the RFP process and a library of RFP resources and samples.

**RETAIN COPIES**

It can be useful to retain copies of any RFQ prepared by your CAA in a central location, so that future buyers can use them as a reference.
5. Source Selection Processes and Techniques

Price Analysis and Cost Analysis
For all procurements of $3,000 and greater, CAA requires documentation verifying that the purchase price is fair and reasonable. Price analysis and cost analysis are the two primary techniques used to accomplish this purpose.

Price Analysis: Comparison of prices of multiple prices or information from other sources, such as established catalog or market prices, or prices for similar past purchases. For procurements ≥ $20,000 price analysis is normally used only for RFQs.

Cost Analysis: Evaluation of the separate elements (e.g., labor, materials, etc.) that make up a contractor’s total cost proposal or price (for both new contracts and modifications) to determine if they are allowable, directly related to the requirement, and reasonable for the value received.

a. Price Analysis:
Price analysis should always be performed and documented using the Vendor Selection Form. Types of acceptable documentation are:

For procurements ≥ $3,000: and ≤ $20,000:
• Oral quotes documented on the form listing vendor name and price quoted.
• Printed catalog prices with name of vendor and the date price was obtained should be attached to the form.
• Price quotes obtained from the internet should be printed, and contain name of vendor and the date price was obtained.
• Prices for similar past purchases should be documented with vendor, price and date of purchase noted.

For procurements ≥ $20,000 using RFQs:
• Written quotes that include all technical specifications and terms and conditions delineated in the RFQ
• Printed internet or catalog quotes that include all technical specification delineated in the RFQ with notations comparing the material description to the RFQ. All internet and catalog quotes must be printed and contain the name of vendor and the date price was obtained and a copy of any vendor terms and conditions related to the quote must be included.

All materials documenting the price analysis should be attached to the Vendor Selection Form.
b. Cost Analysis/Proposal Analysis

Cost analysis involves an examination of all the elements used in calculating a contract's total estimated cost. For example, when fixed-price contracts are based on cost estimates, a cost analysis should be performed to determine the reasonableness of the prices. Cost analysis is the review and evaluation of each element of cost to determine whether it is reasonable, allocable to that grant program, and an allowable cost for that grant program. Every cost element listed in the vendor's offer must be examined. Through a cost analysis, determinations are made on which costs are reasonable, allowable under the grant regulations and grantee agency rules, and properly allocated to the work to be performed under the proposed contract. A cost analysis also is required when contract modifications introduce new conditions that were not examined under the previous analysis, or where more current information is needed.

Cost analysis may be performed in different ways depending on the type and complexity of the procurement. The goal is to form an opinion on whether the proposed costs are in line with what reasonably economical and efficient performance should cost. It can be as simple as comparing the cost per hour for a consultant’s time to other consultants the CAA has previously engaged. For complex procurements, the bid or proposal must be broken down into components such as materials costs, labor costs, equipment and overhead, so that a cost comparison can be made. Cost or pricing comparison data can be obtained by comparing actual costs previously incurred for similar work, the cost or pricing data received from other vendors or from published surveys of prices for comparable services. Guidance on performing and documenting cost analysis can be obtained from the Procurement Administrator.

**Cost Analysis Samples:**

**Simple Cost Analysis**

This is a simple cost analysis spreadsheet for a proposal for a consultant to create and deliver training materials. Note that the comparison cost range was derived from the CAA past procurement experience.

<table>
<thead>
<tr>
<th>Activity</th>
<th>Hours</th>
<th>Fee per hour</th>
<th>Total Fee</th>
<th>Comparison Cost Range</th>
<th>Within Range?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Research hours</td>
<td>5</td>
<td>$100</td>
<td>$500</td>
<td>$80-$125 per hour</td>
<td>Yes</td>
</tr>
<tr>
<td>Development of specific case studies</td>
<td>10</td>
<td>$150</td>
<td>$1,500</td>
<td>$125-$175 per hour</td>
<td>Yes</td>
</tr>
<tr>
<td>Writing of training materials</td>
<td>4</td>
<td>$125</td>
<td>$500</td>
<td>$125-$175 per hour</td>
<td>Yes</td>
</tr>
<tr>
<td>Presentation of training</td>
<td></td>
<td></td>
<td>$1,000</td>
<td>$1,000-$1,500</td>
<td>Yes</td>
</tr>
<tr>
<td>Administration and Misc</td>
<td>2</td>
<td>$50</td>
<td>$100</td>
<td>$25-$50 per hour</td>
<td>Yes</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td><strong>$3,600</strong></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

© 2012 COMMUNITY ACTION PROGRAM LEGAL SERVICES, INC.
RFP Decision Matrix:
The RFP Decision Matrix is a sample decision matrix in Excel for analyzing and awarding a complex proposal. This example is for a construction project where both project managers and architect proposals were being evaluated. Several different factors were evaluated and certain factors were weighted more heavily than others.

Although pricing is always a consideration, the decision to award a contract is usually based on multiple criteria, including qualifications and capacity to perform the work. The proposals should be evaluated based solely on the requirements specified in the solicitation. Only those proposals that comply with the essential requirements of the RFP may be considered.

6. Sole Source Procurements
Sole source procurement is a non-competitive vendor selection and should be used as a last resort, only when a buyer is unable to competitively bid the requirements. In addition to a price/cost justification, sole source procurements always require the reason(s) for not competing the requirement, which must be documented on the Vendor Selection Form. (Written documentation supporting the reason(s) chosen on the Vendor Selection Form must always accompany that form.)

Sole source procurements should only be made under the following circumstances:

a. Only One Response Received
   At least three quotations/proposals were requested and only one response was received. The justification must include a listing of the vendors/contractors who were solicited and their telephone numbers, and/or where it was posted. Solicitations ≥ $20,000 require a copy of the RFQ or RFP that was issued.

b. Required by Sponsor
   Required by the Terms of the Sponsor’s Written Solicitation or RFP
   Attach a copy of the relevant section.

c. Unique or Prior Experience
   Unique or prior experience, expertise, or professional stature of key personnel. A justification supporting why the chosen vendor/subcontractor is the only one capable of performing the required work or supplying the required materials; the justification must clearly relate to the statement of work (a list of the vendor’s qualifications is not sufficient.)

d. Limited Qualified Vendor
   A description of the efforts made (if any) to find other vendors who may have been able to compete for this work.
e. **Proprietary Item with Unique Requirements**

Proprietary item with unique requirements, or brand name – only item/source capable of meeting CAA requirements

I. Proprietary item with unique requirements, no other known source exists. Include in the justification what unique experience, design, performance features, etc. this product or service has that are essential to the requirements, and why these features are essential. List the major features/capabilities of the product or service that are required.

II. A procurement that uses a brand name description or other purchase description to specify a particular brand name, product, or feature of a product peculiar to one manufacturer does not provide for full and open competition regardless of the number of sources solicited. Brand name justifications should indicate that the brand name procurement is essential to the contract or to CAA's requirements, thereby precluding consideration of a product manufactured by another company. If more than one source for the brand is available, buyers should request multiple quotations and all bids/proposals should be considered.

f. **Extreme Urgency:**

Insufficient time to conduct a competitive source selection due to the extreme urgency of the requirement. The nature of the urgency must be fully documented. A shortened deadline caused by poor planning is not an acceptable reason.

7. **Debarment and Suspension**

Buyers must actively attempt to verify that a vendor is not debarred, suspended or otherwise excluded from or ineligible for participation in Federal assistance programs or activities. Vendors are required to provide CAA with a signed Debarment Certificate if a purchase from that vendor is over $20,000.00. In addition for all purchases, the buyer must confirm and document that Vendors are not on the federal government's Excluded Party List.

8. **Contract Files/Record Keeping**

Documentation for Procurements ≥ $3,000 are kept with Procurement Administration.

9. **Pre-qualified Vendor List**

The CAA Pre-qualified Vendor list streamlines the procurement process for contracting with service providers while maintaining CAA's compliance with the Federal Procurement Regulations.
The use of a pre-qualified vendor/consultant will meet the requirement for full and open competition and may be used by any buyer for any dollar amount providing the pricing/rates that are being paid are consistent with (or less than) those shown in the list. An approved vendor is valid for a maximum of 3 years before having to re-compete, as long as the vendor remains in good standing with CAA.

Buyers may contact the Procurement Manager at any time to request the addition of a vendor/consultant to the database; however, vendors/consultants are not automatically approved; all must submit the required documentation in response to a formal RFQ, and will be subject to a price analysis.