Purchasing & Procurement Training

Prepared by Town Administration,
the Purchasing Office, & the Accounting Department

April 23, 2019

Objectives

- Myriad of requirements when purchasing or procuring needed supplies, services, and materials for your department, which change depending on the estimated cost.
- Process unfamiliar to many departments, especially when contracting above the $10,000 threshold
- This training is one component of Administration, Accounting Department, and Purchasing Office's recent efforts to offer outreach and assistance to departments when purchasing or procuring needed supplies and services
- Ensure compliance with the Uniform Procurement Act (M.G.L. c. 30B)

Procurement Authority

MGL. Chapter 30B – Uniform Procurement Act

M.G.L. c. 30B (Chapter 30B) was enacted in 1990 and the contracting procedures in Chapter 30B are based on three premises:

- *Uniform contracting procedures promote competition and fairness. Chapter 30B clarified and demystified local contracting for vendors competing for contracts and for citizens observing the process.*
- *Fair, robust competition for larger procurements saves money and promotes integrity and public confidence in government.*
- *Scaled procedures reflect that larger contracts merit more attention than smaller contracts and enable local governmental bodies to devote more attention to larger contracts.*

In general, Chapter 30B applies to the procurement of supplies and services, dispositions of surplus supplies, and the acquisition and disposition of real property.

Procurement Authority

Board of Selectmen Policies & Procedures – Section 701

The Town Of Walpole as stated in its Charter, Article IV, Section 4-3 empowers the Town Administrator to purchase all goods and services for the Town of Walpole. The Purchasing Department shall act on the Town Administrator's behalf and oversee and facilitate the Purchasing done by all Town Departments using the MUNIS Purchase Order system.

Purchasing shall also coordinate centralized purchasing for commodities such as paper, envelopes etc. and also conduct formal bidding for goods and services as dictated by Massachusetts General Law. In monitoring all purchasing functions done by employees of the Town of Walpole, the Purchasing Department is responsible that purchases are made in an open, fair, competitive manner and goods and services are obtained at the lowest responsible and responsive cost.

Guiding Principles

The principal objectives of Public Purchasing are to:

- Uniform procedures promote competition and fairness
- Fair, robust competition saves tax dollars
- Open and transparent processes promote integrity and public confidence in government
- Larger contracts require more formal procedures

Role of the Purchasing Department

For all competitive procurements, the Purchasing Department and initiating department will work cooperatively to prepare a formal solicitation.

- Provides guidance and technical assistance to departments with all aspects of procurement procedures
- Issues and advertises the solicitation
- Receives and evaluates responses
- Reviews department requisitions for compliance with relevant statute; authorizes Purchase Orders
- Coordinates contract process, including change orders
- Assists in the resolution of disputes concerning procurement issues
- Responsible for maintaining all records and backup documentation

PURCHASING OFFICE

Jim Johnson
Town Administrator &
Chief Procurement Officer

Patrick Shield
Assistant Town Administrator

Kelli Murphy
Purchasing Assistant

As always, if you ever have questions about any of these processes, please do not hesitate to contact us directly anytime. Our doors are always open!

Getting Started

- **Determine the required supply or service**
  - What does your department need to purchase / what is your department trying to accomplish?
  - It is the individual department's responsibility to identify need

- **Determine the Applicable Procurement Process**
  - Depending on the type of expense, there are certain requirements that are triggered

Determining Applicable Procurement Process

SUPPLIES

(c. 30B)

Supplies All property, including equipment, materials, and printing and further including services incidental to delivery, conveyance, and installation of such property.

SERVICES

(c.30B)

Services - the furnishing of labor, time, or effort by a contractor, not involving the furnishing of a specific end product other than reports.

PUBLIC BUILDING CONSTRUCTION

(c. 149)

Services provided by a designer, programmer, or construction manager in connection with any public building project, including studies, surveys, drawings, plans, or specifications

PUBLIC WORKS CONSTRUCTION

(c. 30; 39m)

Contracts for construction, reconstruction, installation, demolition, maintenance, or repair of a building by a public agency.

PUBLIC WORKS MATERIALS

(c. 30; 39m)

Applies to construction materials (without labor) for public works or public buildings

DESIGN SERVICES FOR PUBLIC BUILDINGS

(c. 7C)

Building Services of architects, engineers, and other design professionals to assess the scope, feasibility, and estimated cost of the project; to prepare plans and specs; and manage or administer the construction contract

Determining Applicable Procurement Process

Major Focus Today!

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Determining Applicable Procurement Process

Prevailing Wage Rates Apply!

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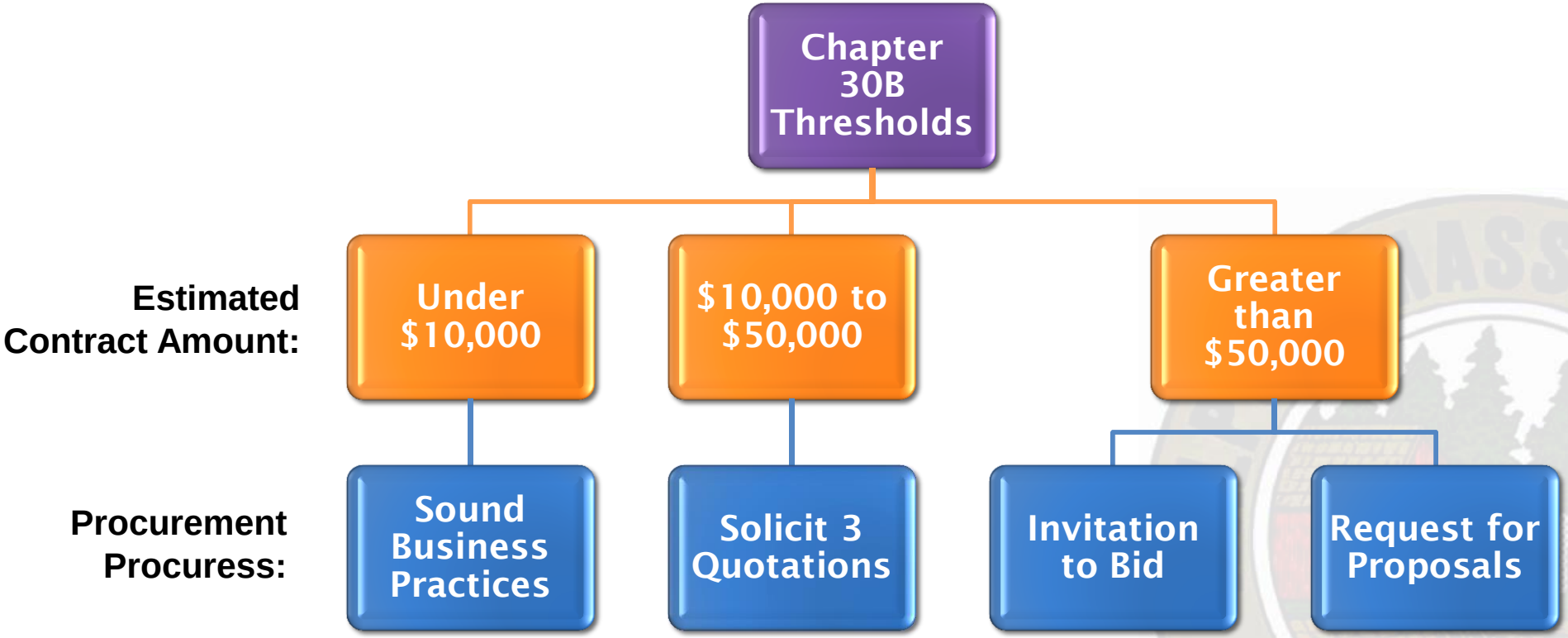
Purchasing Goods & Services Chapter 30B Overview



Purchasing Goods & Services Estimated to Cost Less than $10,000

Sound Business Practices

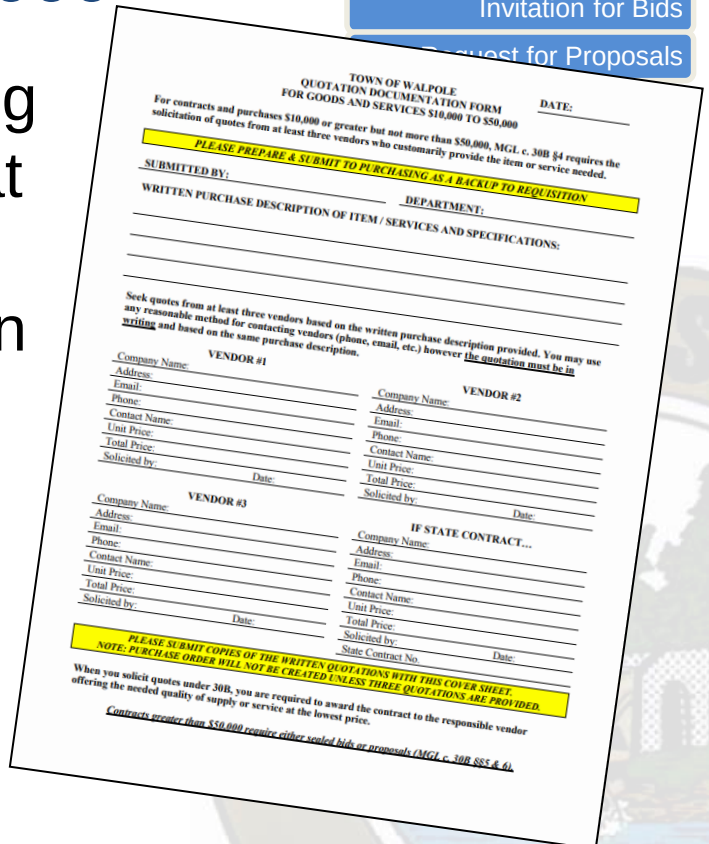
- *Defined as "Ensuring the receipt of favorable prices by periodically soliciting price lists or quotes."*
- *Requires you to ensure that you receive the needed quality of supplies and services at a reasonable price*
- *Does not define "periodically," but recommend checking prices at least once a year*
- *Can check via catalogues, or online searches*

- ***Reminder, Purchase Orders are required for all purchases estimated to cost $5,000 or more***

Purchasing Goods & Services Estimated to cost $10,000 - $50,000

To assist in the process, the Purchasing Office has developed an easy form that captures all of the information required to authorize a Purchase Order between $10,000 - $50,000.

Please note, a Purchase Order will <u>not</u> be authorized without the required information.



TOWN OF WALPOLE
QUOTATION DOCUMENTATION FORM
FOR GOODS AND SERVICES $10,000 TO $50,000

DATE:

For contracts and purchases $10,000 or greater but not more than $50,000, MGL c. 30B §4 requires the solicitation of quotes from at least three vendors who customarily provide the item or service needed.

PLEASE PREPARE & SUBMIT TO PURCHASING AS A BACKUP TO REQUISITION

SUBMITTED BY:

DEPARTMENT:

WRITTEN PURCHASE DESCRIPTION OF ITEM / SERVICES AND SPECIFICATIONS:

Seek quotes from at least three vendors based on the written purchase description provided. You may use any reasonable method for contacting vendors (phone, email, etc.) however the quotation must be in writing and based on the same purchase description.

VENDOR #1
Company Name:
Address:
Email:
Phone:
Contact Name:
Unit Price:
Total Price:
Solicited by:
Date:

VENDOR #2
Company Name:
Address:
Email:
Phone:
Contact Name:
Unit Price:
Total Price:
Solicited by:
Date:

VENDOR #3
Company Name:
Address:
Email:
Phone:
Contact Name:
Unit Price:
Total Price:
Solicited by:
Date:

IF STATE CONTRACT…
Company Name:
Address:
Email:
Phone:
Contact Name:
Unit Price:
Total Price:
Solicited by:
State Contract No.
Date:

PLEASE SUBMIT COPIES OF THE WRITTEN QUOTATIONS WITH THIS COVER SHEET.
NOTE: PURCHASE ORDER WILL NOT BE CREATED UNLESS THREE QUOTATIONS ARE PROVIDED.

When you solicit quotes under 30B, you are required to award the contract to the responsible vendor offering the needed quality of supply or service at the lowest price.

Contracts greater than $50,000 require either sealed bids or proposals (MGL c. 30B §§5 & 6).

Purchasing Goods & Services Estimated to cost $10,000 - $50,000

Solicit at least three (3) written quotes

*You must solicit at least **three written quotes** from at least three vendors who customarily provide the item or service*

Responsive

- *Meets all of the minimum requirements specified in the purchase description*
- *Submits all required documentation*

Responsible

- *Capability*
- *Integrity*
- *Reliability*

To perform fully the contract requirements

Please note, a quote from a vendor that is neither responsive or responsible *may not* be accepted.

Purchasing Goods & Services Estimated to cost $10,000 - $50,000

Process

1. Develop a written purchase description
2. You must record the names and addresses of all persons you contacted for quotes, the names of all persons who submitted written quotes, and the date and amount you received
3. You may use any reasonable method for contacting vendors (phone, email, etc.) however the quotation must be in writing and based on the same purchase description.
4. Records must be retained for six years after date of final purchase – maintained by the Purchasing Office & scanned into MUNIS

Purchasing Goods & Services Estimated to cost $10,000 - $50,000

- All Quotes must be in writing
- Solicit 3 quotes
  - May not receive 3 quotes
  - Document good faith effort

Purchasing Goods & Services Estimated to cost $10,000 - $50,000

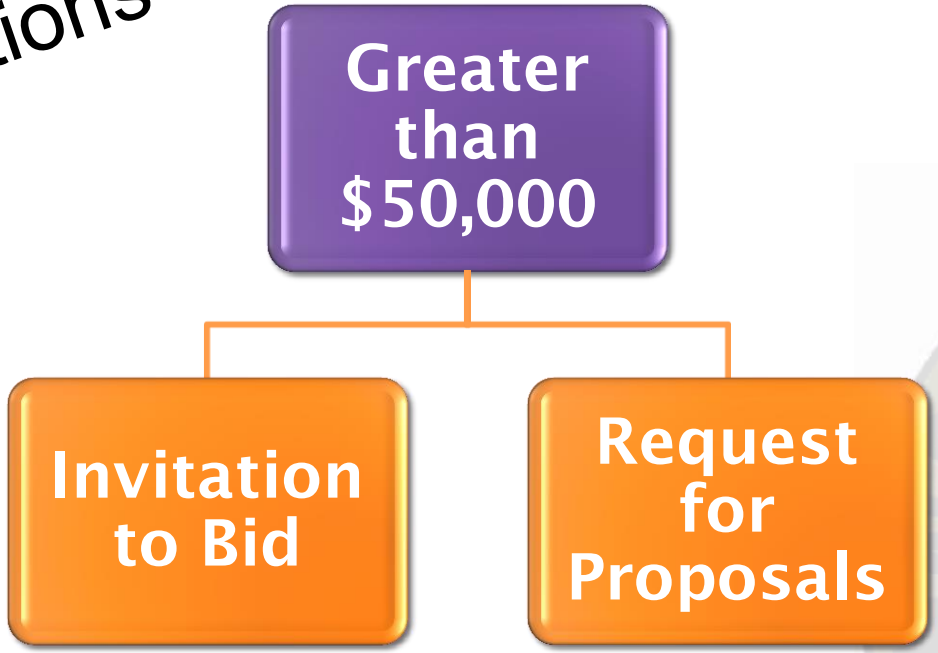
You are not required to accept inferior supplies or services. If supplies or services deviate from your purchase description,

- Eliminate the offer and examine next lowest quote; or
- Revise your purchase description to better meet your needs.

The key to good service is a good purchase description / scope of services. Template available in the Public Drive to assist you in establishing the qualities you're looking for.

Purchasing Goods & Services $50,000 + Advertised Competition

Two Options



Purchasing Goods & Services $50,000+ Invitations for Bid

Invitation for Bids (IFB)

- Requires selection of the **lowest-priced** bid from a responsible and responsive vendor that meets your purchase description. The quality requirements that are defined in the IFB will be used to determine bidder responsiveness and responsibility.
- More efficient to solicit bids via IFB rather than RFP, because the bid process will usually meet your department's needs and is the simpler of the two methods

Purchasing Goods & Services $50,000+ Request for Proposals

Request for Proposals (RFP)

- Allows for awarding of a contract to the responsible and responsive vendor who submits the **most advantageous** proposal, based on price and the comparative criteria that are defined in the RFP.
- This process allows the town to consider the relative merits of competing proposals meeting the specifications.
- RFP process is inherently more complicated, so should be reserved for procurement when it is ***essential*** to consider the relative merits of the proposal

Purchasing Goods & Services $50,000 + Advertised Competition

Responsive

- *Meets all of the minimum requirements specified in the purchase description*
- *Submits all required documentation***

Responsible

- *Capability*
- *Integrity*
- *Reliability*

To perform fully the contract requirements

***Documentation required by law:**

- Non-Collusion
- Tax Compliance
- OSHA Compliance (construction projects)

Comes up very frequently – if a bidder does not submit these documents, the bid package must automatically be rejected.

Purchasing Goods & Services $50,000+ Advertised Competition

Process

- If unfamiliar with the process, check in with Purchasing Office
- Develop bid documents (templates available on the Public Drive)
  - Establish quality requirements
  - Establish the rule for award
- IFB / RFP is advertised
- Receive open bids / proposals
  - Bid Opening – Public
  - Proposal Opening – not Public
- Evaluate bids / proposals
- Award contract

Purchasing Goods & Services
Bid Splitting

- Bid-splitting is intentionally dividing a purchase into two or more smaller purchases for the purpose of evading the requirements of a bidding law. This practice is illegal under Chapter 30B.
- In some circumstances, it makes good business sense to make small, frequent purchases and you should not hesitate to do so. Fresh produce, for example, is typically purchased this way because availability and price fluctuate widely.
- However a local jurisdiction that makes six separate purchases of $11,000 each from one vendor in a short period of time by soliciting written quotes is likely to create the impression that it is bid-splitting to avoid the $50,000 threshold for bids or proposals.
- If your department makes small, frequent purchases from one vendor, be sure that you can justify the practice with a good business reason.

State Contracts or Collaborative Contracts

- State or Collaborative Contracts allow departments to purchase goods and services without going through the lengthy procurement process
- Great resources that offer competitive prices and ease of access

- **State Contract**
  - Prices or quotes have already been competitively negotiated
  - If you are coordinating on a state contract, we need state contract number and expiration date – vendor should be able to provide this to you

- **Collaborative Contracts**
  - The Town must be a member of the collaboration
  - Be on the lookout – not all purchasing consortiums satisfy competitive procurement requirements

General Overview

- **Record-Keeping Requirements –**
  - All written records must be retained for six years from the date of the final payment.
  - Help the Purchasing Department meet this requirement
- **Invalid Contracts –**
  - Any Contract awarded in violation of MGL c.30B is invalid. No payments may be made, even if supplies or services have already been delivered.
- **When Procuring Supplies or Services, the Source of Funding is Irrelevant**
  - Gifts, Grants, Revolving Accounts do not preclude you from needing to comply with procurement requirements

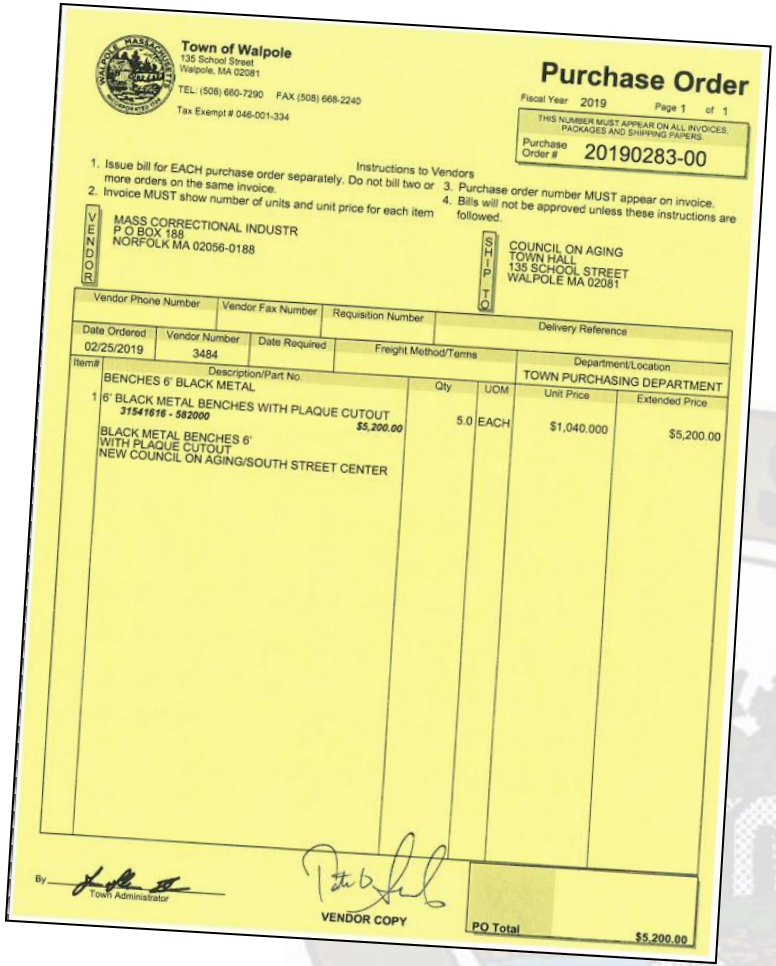
Contracts

Contracts that have not followed the proper procurement process are improperly-executed contracts.

Requisitions

Remember…

- Purchases over $5,000 require a Purchase Order
- Purchase Orders help to better manage budgets, ensure compliance with procurement statutes
- Requisitions without proper paperwork will not be authorized



Town of Walpole
135 School Street
Walpole, MA 02081
TEL: (508) 660-7290 FAX (508) 668-2240
Tax Exempt # 046-001-334

Purchase Order

Fiscal Year 2019 Page 1 of 1

THIS NUMBER MUST APPEAR ON ALL INVOICES, PACKAGES AND SHIPPING PAPERS.
Purchase Order # 20190283-00

Instructions to Vendors
1. Issue bill for EACH purchase order separately. Do not bill two or more orders on the same invoice.
2. Invoice MUST show number of units and unit price for each item
3. Purchase order number MUST appear on invoice.
4. Bills will not be approved unless these instructions are followed.

VENDOR
MASS CORRECTIONAL INDUSTR
P O BOX 188
NORFOLK MA 02056-0188

SHIP TO
COUNCIL ON AGING
TOWN HALL
135 SCHOOL STREET
WALPOLE MA 02081

Vendor Phone Number	Vendor Fax Number	Requisition Number	Delivery Reference

Date Ordered	Vendor Number	Date Required	Freight Method/Terms	Department/Location
02/25/2019	3484			TOWN PURCHASING DEPARTMENT

Item#	Description/Part No.	Qty	UOM	Unit Price	Extended Price
	BENCHES 6' BLACK METAL				
1	6' BLACK METAL BENCHES WITH PLAQUE CUTOUT 31541616 - 582000 $5,200.00 BLACK METAL BENCHES 6' WITH PLAQUE CUTOUT NEW COUNCIL ON AGING/SOUTH STREET CENTER	5.0	EACH	$1,040.000	$5,200.00

By _____ Town Administrator

VENDOR COPY

PO Total $5,200.00

Contract Administration Process

These steps should all occur before the work is authorized and the first invoice is generated

CONTRACT PROCESS MAP

After Procurement Process, Dept. Verifies Minimum Requirements

Purchasing Prepares Letter of Recommendation to BOS

BOS Awards Contract; Authorizes TA to Sign Contract

Purchasing sends Contract, W-9, & Vendor Information Form to Vendor

Contract Returned, Town Administrator signs, Contract Executed

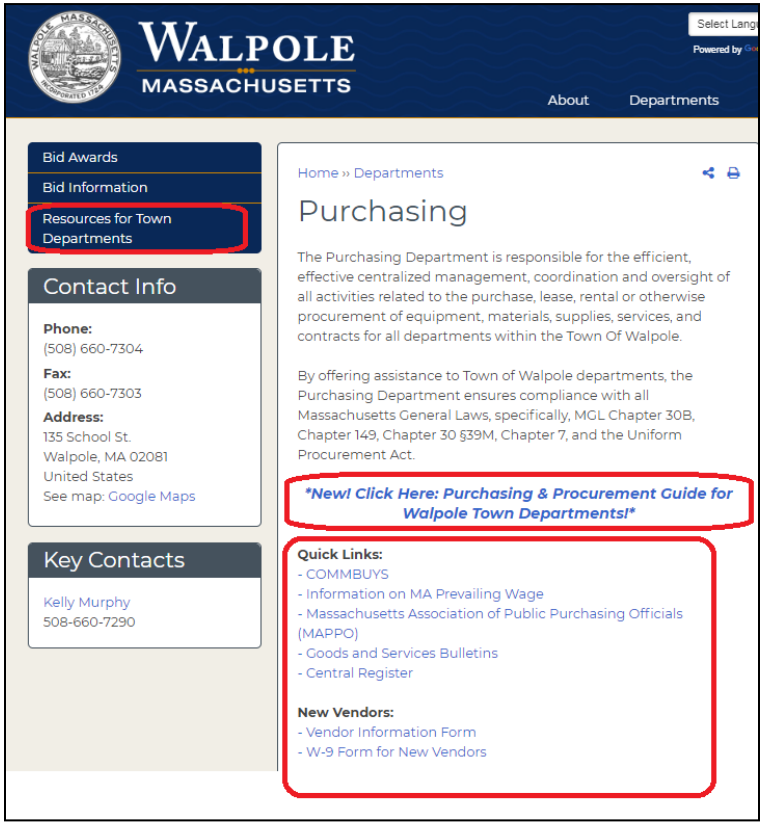
Department enters Requisition via MUNIS
For total sum of Contract and/or Change Order

If Procurement Processes are in Compliance, Purchasing authorizes PO

Purchase Order printed; copies made available to department for distribution

PROJECT BEGINS!

Additional Resources



WALPOLE MASSACHUSETTS

Select Langu

Powered by Goo

About Departments

Bid Awards

Bid Information

Resources for Town Departments

Contact Info

Phone:
(508) 660-7304

Fax:
(508) 660-7303

Address:
135 School St.
Walpole, MA 02081
United States
See map: Google Maps

Key Contacts

Kelly Murphy
508-660-7290

Home ›› Departments

Purchasing

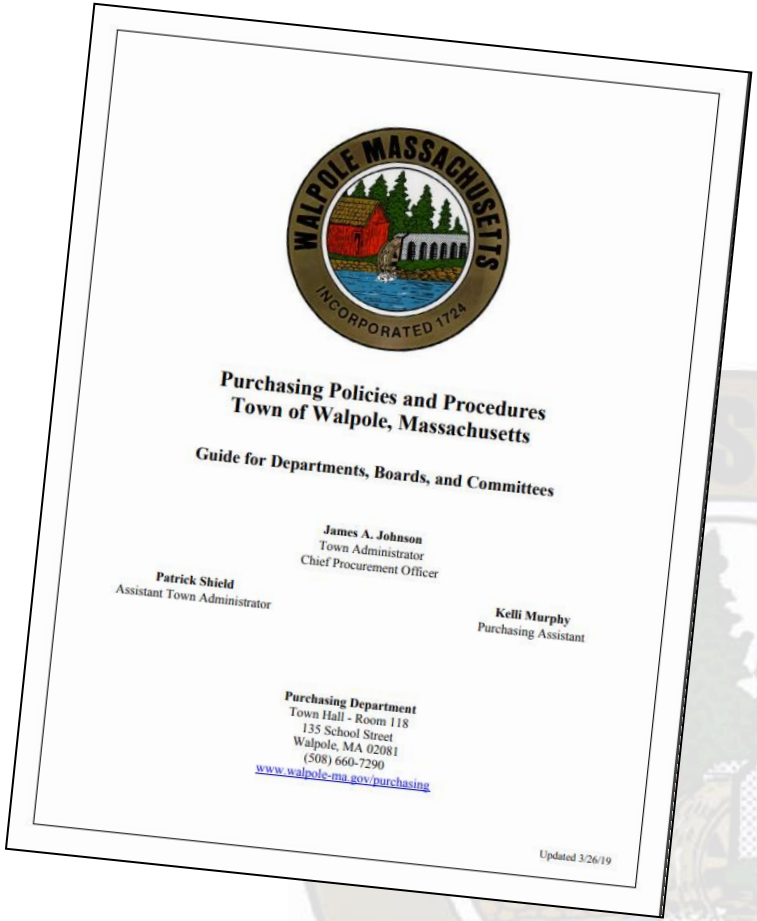
The Purchasing Department is responsible for the efficient, effective centralized management, coordination and oversight of all activities related to the purchase, lease, rental or otherwise procurement of equipment, materials, supplies, services, and contracts for all departments within the Town Of Walpole.

By offering assistance to Town of Walpole departments, the Purchasing Department ensures compliance with all Massachusetts General Laws, specifically, MGL Chapter 30B, Chapter 149, Chapter 30 §39M, Chapter 7, and the Uniform Procurement Act.

New! Click Here: Purchasing & Procurement Guide for Walpole Town Departments!

Quick Links:
- COMMBUYS
- Information on MA Prevailing Wage
- Massachusetts Association of Public Purchasing Officials (MAPPO)
- Goods and Services Bulletins
- Central Register

New Vendors:
- Vendor Information Form
- W-9 Form for New Vendors



WALPOLE MASSACHUSETTS INCORPORATED 1724

Purchasing Policies and Procedures
Town of Walpole, Massachusetts

Guide for Departments, Boards, and Committees

James A. Johnson
Town Administrator
Chief Procurement Officer

Patrick Shield
Assistant Town Administrator

Kelli Murphy
Purchasing Assistant

Purchasing Department
Town Hall - Room 118
135 School Street
Walpole, MA 02081
(508) 660-7290
www.walpole-ma.gov/purchasing

Updated 3/26/19

Questions?

Hopefully this guide will serve as a useful resource to your department as you start to consider what supplies and services you need to execute your department's mission.

As always, if you ever have any questions about these processes, please do not hesitate to contact either of us at any time.