

SPENDING



Think: What do I need to buy (goods or services)

Procure: How to buy- pursue & obtain – to acquire by seeking

Contract/PO: Permission to buy

Order & Pay: Order, receive and pay

Procure VS Purchase

Procure is the strategic process of finding the product – research, negotiate and plan

Purchase is a transactional function focuses on “how” such as creating purch orders & paying

Checklist to SPEND

- ☐ Confirm spending with your supervisor? You need approval.
- ☐ Did you get quotes or research the price?
- ☐ **Make sure your accounts in Munis have enough money** for all of the contracts/purchase orders to go through after procurement and contracts. If you don't have enough money in your accounts, we need to move money at the same meeting as the PTE is approved. If you don't have enough money in your accounts, please work with Dina Muldoon to transfer the funds. It takes several weeks to complete a transfer with City Hall!!
- ☐ If services over \$5,000, you must submit a Permission to Enter form to Business Office by Thursday at noon for SC to approve
- ☐ If new vendor, need to create vendor by sending w9 to CPO
- ☐ If over \$10k (service), work with Karen Laganas on a contract request form
- ☐ After contract is executed, enter a purchase order
- ☐ Suggestion – keep a list of all of your purchase orders and contract throughout the year. In May, begin the process of bidding with CPO so that contracts will be ready by July. In July, encumber all funds by entering purchase orders for all known expenses.

Spending Involves Procurement, Contracting and Purchasing

(Goods and services only; construction has different thresholds)

When you decide to spend, you must ensure the following steps are followed since you are using public money:

- **Research the estimated cost** of the goods or service
- You must complete a form with the Business Office if over \$5k to get School Committee permission to spend. This will be placed on the SC agenda as a **Permission to Enter** so you might have to wait until the next SC meeting (services only).
- Understand and follow the different rules for **procuring** different cost thresholds (***Understand that the City has different (stricter) rules than Ch30B. We must follow the strictest of local, state and federal rules.***)
 1. Under \$10k- use sound business practice (research)
 2. If over \$10k but under \$50k, you can **seek three quotes** to ensure that you are getting the best price. You must submit your quotes with your requisition/purchase order request.
 3. If over \$50k, you **must go out to bid**. This involves preparing a Scope of Services that includes time frame, specific requirements, services to be provided, etc. It will be shared with the City Procurement Officer who will advertise for two weeks until bid open date. You can either get bids and choose the lowest bidder or you can use a Request for Proposal that allows you to choose the one that matches your criteria the best. With this, you don't have to choose the lowest bidder. However, you must have clearly stated criteria and evaluate the bids to show how your decision was made.
- You must work with the Business Office to **start the contract process**. If the vendor is on a state contract for the specific service you seek, then you can use this since the state has already vetted the vendor and price. (You may still require three quotes based on the state contract language.) If not, City Law will prepare the contract. This takes several weeks which will be displayed later in the presentation.
- After the contract is complete and signed by all parties, you can enter a requisition/purchase order and begin work with the vendor.

Tip: You should keep track of your annual contracts and purchase orders to ensure that you start the process early. Submit to CPO all bids for contracts needed for the following year in May.

1. PROCUREMENT



CHAPTER 30B THRESHOLDS & PROCEDURES



Less than \$10,000:
Sound business practices



\$10,000 to \$50,000:
Solicit price quotations



Greater than \$50,000:
Invitations for Bids (IFBs)
or Requests for Proposals (RFPs)



Thresholds effective November 7, 2016

Specific dollar thresholds trigger the procedure you need to use

M.G.L. c. 30B – PROCUREMENT OF SUPPLIES AND SERVICES

Estimated Contract Amount	Under \$10,000	\$10,000 to \$50,000	Over \$50,000
Procurement Procedure	Sound business practices. ¹	Use a written purchase description to solicit written quotations from no fewer than 3 persons who customarily provide the supply or service. ²	Sealed bids or proposals (M.G.L. c. 30B, §§ 5 or 6).
Notice/Advertising Requirements	None.	None.	Post a notice 1) in your jurisdiction's office, and, at least two weeks before bids or proposals are due, publish 2) in a newspaper, and 3) on COMMBUYS. If the procurement will exceed \$100,000, at least two weeks before bids or proposals are due, publish in the <i>Goods and Services Bulletin</i> .
Award contract to:	Responsible person offering the best price.	Responsible person offering the needed quality of supply or service at the lowest price quotation.	Under § 5, the responsible ³ and responsive ⁴ bidder offering the best price. Under § 6, the most advantageous proposal from a responsible and responsive proposer taking into consideration price and non-price proposals.
Written Contract Required⁵	No. Keep written records as a best practice.	Yes.	Yes.
Maximum Contract Term⁶	Three years, unless majority vote authorizes longer.		
OSD Option	Yes.		

Each state contract has terms for eligible entities to use



What is a Statewide Contract

- ✓ A negotiated agreement for specific goods and services
- ✓ Includes a variety of contractors
- ✓ Statewide contract purchasing available to Executive Agencies, Eligible Entities, and certain Non Profit Organizations.



X A Statewide Contract *is not a list.*



A list would imply CASUAL INCLUSION. Those vendors on these contracts have gone through a competitive bid process and those who meet or exceed the selected criteria have been selected. Those proposals and current contracts are listed in COMMBUYS

Statewide Contracts Benefits for Buyers



Purchasing from **Statewide Contracts** satisfies procurement requirements.

- Eliminates procurement process
- Aggregates buying power
- Leverages Strategic Sourcing Services' expertise
- Vendor management



What is on Statewide Contract?



CLT-- Clothing and Footwear	ITS – Information Technology Software & Services
ENE-- Energy, Utilities, Fuel	ITT-Information Technology Telecommunications
FAC -- Facilities, Maintenance, Repair	MED -- Medical
FIR -- Public Safety Equipment, Supplies	MISC -- Miscellaneous
GRO -- Food and Groceries	OFF - Office, Recreation & Educational Supplies
HLS -- Homeland Security	OVM – Vehicles, Transportation, Road Maintenance
HSP -- Healthcare and Lab Products	PRF – Professional Services
ITC -- Information Technology Hardware	TRD – Trade Services
VEH – Vehicles, Transportation, Road Maintenance	

The contracting procedures in Chapter 30B are based on three premises:

1. 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.

2. Fair, robust competition for larger procurements saves money and promotes integrity and public confidence in government.

3. Scaled procedures reflect that larger contracts merit more attention than smaller contracts and enable local governmental bodies to devote more attention to larger contracts.

Exceptions to Chapter 30B Rules:

- If vendor is specifically listed in grant
- Technology purchases (clarify)
- Software
- Special Education services
- New Textbooks
- Doctors, mental health

LOWELL PUBLIC SCHOOLS

Exempt Purchases:

The following purchases are exempt from Ch30B requirements:

- Purchases from State-wide contracts issued by O.S.D.
- Purchases from TEC bid and other collective purchasing agreements
- Purchase/ disposal of supplies from other Town departments, the state or federal government
- Advertising required notices
- SPED services & supplies (direct service only)
- Attorney, labor relations, CPA services
- Physician, dentist, health care worker, social worker, psychiatrist, veterinary services
- Purchases funded from gifts (donations), trusts and student activity funds
- Professional development for school employees
- Expenditures from federal funds, when Ch30B prevents compliance with federal laws and regulations

BID SPLITTING, or subdividing your purchase to avoid bid laws, is ILLEGAL!

**Purchases of
\$0 - \$9,999**

- **Best Business Practices to Select Vendor**
- **P.O. Approved by Business Office & City Hall Before Goods/Services Ordered**
- **No Advertising or Contract Required**

**Purchases of
\$10,000-\$49,999**

- **Three Quotes Requested**
- **Written Contract Required (if over \$25k)**
- **P.O. Approved by Business Office & City Hall Before Goods/Services Ordered**

*Sole Source If
Only One Vendor
Exists*

If there is only one single distributor of the desired good/ service, request a Sole Source determination. (Sole Source Request Form.) A sole source may not be used if:

- Multiple vendors/distributors exist
- The purchase exceeds \$50,000, unless for proprietary educational materials, library books or software maintenance.

*Quotes if
Multiple Vendors
Exist*

If there are multiple distributors of the desired good/service, solicit 3 written Quotes. (Quote Form)

- When soliciting quotes, obtain the vendor's name, address and contact, as well as the unit price and total price.
- **You have complied with the law if you have asked for three quotes, even if you have not obtained them. Bidders may choose not to reply, or may not offer the desired good/service. (Non-responsive)**

Rules of Thumb:

The following Ch30B rules of thumb apply:

- Ch30B applies to purchases from local, state and federal funding sources (except donations, student activity funds, trusts & scholarships)
- Bidding requirements are based on the value to the vendor – not amount paid to/by Lowell
- Written contract is required for every purchase over \$25,000.
- The Business Office reviews all purchases for compliance with Ch30B.
- Sole source determinations may be made only after a "reasonable investigation" reveals no competitors. (Business Office will ask for internet documentation of your search.)

What Information Must I Write on Quote Form When Soliciting Quotes?

- Department minimum quality specifications
- Vendor name, address and contact person providing quote
- Unit Price & Total Price
- Name of NPS person soliciting quotation
- Date of quote

Ch30B Does Not Force You to Use Low Quality Bidders. You ARE Required to Use the Low Price Bidder that Meets Your Minimum Quality Requirement.

Purchases of \$50,000+

- **Competitive Sealed Bid Issued by FinOps**
- **Advertising Required**
- **Written Contract Required**
- **P.O. Approved by FinOps Before Goods/ Services Ordered**

What is a Responsible Bidder? A Vendor with the Capability, Integrity & Reliability to Perform.

A Bidder is Non-Responsive, if they do not respond to your request for bids, or cannot provide the required good/service.

If Only One Vendor Exists

A competitive sealed bid required, unless for purchase of Proprietary Educational Materials, Library Books or Software Maintenance. Under Ch30B, sole source determinations cannot be issued for purchases of \$50,000 or more, unless in the aforementioned categories.

or

If Multiple Vendors Exist

Invitation to Bid (IFB) – Bid Awarded to Responsive & Responsible Bidder that Submits Low Price Bid.

or

Request for Proposal (RFP) – Bid Awarded to Responsive & Responsible Bidder that Submits the Most Advantageous Proposal, taking both Price and Non-Price Factors into Consideration

Contract Process

Dept Head goes through procurement process including preparing SCOPE OF SERVICES

Purchasing logs draft contract and submits to Law

Law **CREATES CONTRACT**

Solicitor signs

Sends back to Purchasing

Purchasing sends off to vendor

Waits for vendor to get board approval/signatures

Mail back to Purchasing

SC must sign final contract

Send back to Purchasing

City Purchasing Officer signs

City Auditor signs

City Manager signs

Law executes/stamp

Formal contract is sent to all parties:

Vendor

Schools

Purchasing

Auditing

City Clerk

Law

2. CONTRACT PROCESS

3. PURCHASING – ENTER REQUISITION

- 1) **Enter requisition** and attach quotes (if over \$10k), specs, prevailing wages or include the approved contract so it can be uploaded with requisition. EMPHASIZE: the invoice should have the PO number and the PO date should precede the invoice date.
- 2) Business Office **approves** and it is submitted to City Hall for approval
- 3) City Hall **mails or emails the purchase order** to vendor
- 4) School Clerks must send purchase orders to Kelly Ryan otherwise she doesn't know if invoices are valid or not.
- 5) You should **monitor** your open purchase orders to ensure that bills are being submitted by the vendor in a timely manner. The Business Office has no way of knowing when services have been provided and/or when there are missing invoices.
- 6) You should also **cancel any purchase order that has a balance** that you won't use since it will free up the money for you to spend on other items or services.

DELAYS

- 1) Wait for grant approval before spending
- 2) Once grants are approved, you have to wait for accounts to be created by City Hall before purchase orders can be entered
- 3) Often the scopes of work prepared by dept heads are sent back for correction or further information from the Law Office to ensure that we are legally covered (eg. Double check your math and itemize the costs)
- 4) Law will not begin the contract process until the SC votes to proceed through the Permission to Enter process
- 5) Since signatures are required throughout the contract process, we have to wait many times even after Law approves the contract since we have to mail it back to vendor and wait for their next scheduled board meetings before getting their signature and then it goes back to City Hall for numerous signatures. We then have to wait until the next SC meeting to get signatures and then it goes back to City Hall for the final signatures and execution.
- 6) If the contract is signed by unauthorized person at the vendors office, Law will send back and require signature from the authorized person or have the Board authorize a signator. Law goes to the Mass Sec of State corp div to see who is authorized to sign for each comp
- 7) Other delays include when vendors change their name, address or other information but have not updated such information on the Secretary of States website.
- 8) Contracts often require insurance that covers abuse and molestation, add the City of Lowell as an additional insured, workman's compensation, meet required bond thresholds, etc. If these are not met as per the contract, Law will send it back.

978-674-4110

**CALL MIKE VAUGHN FOR
CLARIFICATION**