

DAR - PART 4
Simplified Purchase Procedures

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Simplified Purchase Procedures

4.000 Scope of part

This part describes policies and procedures for a simplified approach for the acquisition of supplies, equipment, consumables (such as fuel) and services (not Professional Services or Construction Services). The formal acquisition approach for supplies, equipment and services is provided in DAR Part 5. The acquisition procedures for *professional services* and consultant services are at DAR Part 6. The acquisition procedures for purchasing construction and construction related services are at DAR Part 8

Competition thresholds are stated in each specific DAR Part. For Commodities/Supplies/ Services (DAR Part 4), Professional Services (DAR Part 6), Construction and Construction Services (DAR Part 8).

Procedures outlined in this Part of the DAR are designed primarily for commercially available purchases.

4.001 Authority

The authority to develop simplified purchase procedures is *Board Policy DJ*. The DAR is the implementing regulation that carries out this policy.

Subpart 4.1 – Simplified Purchase Procedures

4.100 Scope of subpart

This subpart sets forth the procedures to be used to make purchases using the various simplified purchase methods. Simplified purchase methods were established for purchases over \$5,000 (micro-purchase threshold) and under \$150,000. Simplified purchase methods should not be confused with competition thresholds.

Definitions:

Simplified acquisition procedures: are used when price and price related factors are the only evaluation factors to be considered. Simplified acquisition procedures are optional up to the threshold of \$150,000.00. Formal source selection procedures are required over \$150,000.00 unless justified in writing by the Contracting Officer. Justifications may be warranted for purchases of large quantities of commercially available items that do not warrant formal selection process of best value procedures.

Simplified acquisition thresholds: Purchases under the stated threshold of \$150,000.00 do not require formal competition (e.g. request for proposal). Purchase history can be used if recent and relevant competition purchase history is available. Formal Quotes (not online pricing information or published pricing) from qualified sources using a request for quote process are the preferred competition method. Competition is not required when purchasing from an already competed source or contract. Most state contracts and Co-Ops have been fully completed. The contracting officer is required to verify competition has occurred before a purchase is executed.

Competition thresholds: These dollar amounts indicate that purchases up to this limit do not require competition before a purchase is made. However, competition drives reasonable pricing

in the market and should not be dismissed. It is encouraged that informal quotes are obtained to verify price fair and reasonable when there isn't current purchase history available.

Supplies, Equipment, Commodities and Services: \$25,000
Construction: \$100,000
Professional Services: \$50,000
Consulting Agreements: \$50,000
Food: \$10,000 (IAW Federal guidelines for USDA purchases)

4.101 General

Simplified purchase methods may include use of the purchase card (see DAR Part 10), establishing a blanket purchase agreement, Co-Ops, and orders placed against state or other government pricing agreements.

- a. In making purchases, *contracting officers* are required to:
 1. Ensure price is fair and reasonable.
 2. Ensure funds are available.
 3. Ensure that products/services are received as purchased and acceptable before approving the invoice for payment.
- b. In making purchases, *contracting officers* should:
 1. Maximize volume buy discounts.
 2. Ensure vendors are qualified, have capability to perform and are financially stable.
 3. Ensure method of vendor payment (EFT or P-Card) is negotiated to include prompt payment discounts.
 4. Negotiate delivery terms with FOB destination as the preferred method.
 5. Incorporate warranties into *purchase order*.
 6. Ensure proper insurance certificates are obtained.

4.102 Vendor Source List

- a. *The contracting officer* has access to a source list as maintained by *Rocky Mountain E-Purchasing System*. The list identifies vendor by product/service category.
- b. Vendors can register their company and products/services offered through the Procurement Department's webpage, "*Vendor/Company Profile Form*".
- c. Vendors may also access Bonfire for upcoming posted solicitations
- d. Historical (within 12 month) vendor source list may be maintained by individual contracting officers based on previously competed purchases.

4.103 Use of Standing Price Quotations

Current price quotations received from vendors specific to the *district* may be used in lieu of obtaining an individual *quote*. Website published pricing is not deemed to be the same as an on-line quote. Quotes should be specific to the District individual requesting either budgetary pricing or a specific quote for a specific supply or service.

4.104 Promoting Competition

The *contracting officer* shall promote competition to the maximum extent practicable to obtain supplies and services. In all cases select the *offer* that is the most advantageous (e.g. shipping fees, price) to the *District*, considering the administrative cost of the purchase (e.g. *purchase orders* vs. p-cards.)

- a. The *contracting officer* should not restrict *solicitations* to only well known suppliers.
- b. Competition ordinarily can be obtained by soliciting two or more quotations or *offers*.

4.105 Advertising Methods

The *Rocky Mountain E-Purchasing System*, known as *BidNet* is the electronic *solicitation* posting program that the *District* can use for requirements. Solicitations will also be posted on the District's webpage. Finally solicitation are posted on Bonfire and any vendor is able to access this platform at no charge. Vendors will be able to register their company through our webpage throughout any given time of year. This will be an additional source used when issuing solicitations.

4.106 Competition Requirements and Exclusion from Competition:

- a. Requirement for Competition
 1. *Professional services* (e.g. legal, physician, architects, and engineering) and independent consultant services will be competed when the total contract value is above \$50,000 unless purchasing with federal funds.
 2. *All supplies/commodities, services, equipment, hardware and software, software license, installation and maintenance* purchases above \$25,000 are required to be competed, unless purchasing with federal funds.
 3. *Food* purchases above \$10,000 require competition.
 4. For competition requirements on P-Cards purchases is \$5,000 unless purchasing with federal funds which is typically \$3,500.
 5. Construction competition requirements are above \$100,000, unless purchasing with federal funds.
 6. NOTE: If the purchase is being funded with federal funding, the Contracting Officer shall verify with fiscal agency for compliance with competition thresholds. Most federally funded efforts recognize the micro-purchase threshold (competition threshold) of \$10,000. However federal grants may vary and must be verified.
- b. Guidelines or Conditions for Competition Requirements
 1. In soliciting competition, the *contracting officer* shall consider the following before requesting quotations or *offers*:
 - (a) The nature of the article or service to be purchased and whether it is highly competitive and readily available in several makes or brands, or is relatively noncompetitive.
 - (b) Information obtained in making recent purchases of the same or similar item.
 - (c) The urgency of the proposed purchase.
 - (d) The dollar value of the proposed purchase.
 - (e) Past experience concerning specific dealers' prices.
 - (f) Price fair and reasonableness
 2. When soliciting quotations or *offers*, the *contracting officer* must notify potential quoters or offerors of the basis on which *award* will be made (price alone or price and other factors, e.g., past performance and quality). *Contracting officers* are encouraged to use *best value*. *Solicitations* are not required to state the relative importance assigned to each *evaluation* factor.
 3. Soliciting from a single source, *contracting officers* may solicit from one source if the *contracting officer* determines that the circumstances of the contract action deem only one source reasonably available (e.g., urgency, or exclusive licensing agreements).
 - (a) For purchases not exceeding the simplified acquisition threshold (\$150,000) the *contracting officer* must provide a brief written explanation as to why only one source was solicited is required for the file.

- (b) For sole source acquisition of any requirement above \$100,000, the contracting officer *shall* prepare a Justification and Approval justifying why it is in the *best interest of the District* to purchase the requirement without competition.
- (c) Approval of the sole source justification *shall* be obtained from the Executive Director of Procurement & Contracting before procurement action is initiated.
- 4. Informal Quotes are typically used for price competition under the competition threshold
 - (a) Verbal Quotes.
For simple purchases of equipment, fuel, supplies, articles or services that are readily available, the *contracting officer* may solicit verbal quotations from multiple sources and back-up documentation.
 - (b) Online Quotes.
This is not published pricing or online discounts. This is an email request for an informal pricing quote.
- 5. Brand Name Purchases must be documented with supporting rationale from the customer and approved by the Contracting Officer. Acceptable justifications include “to match existing” or to provide seamless service or continuity of service.

4.107 Evaluation of Quotations or Offers

- a. General
 - 1. The *contracting officer shall* evaluate quotations or *offers* in an impartial manner; and inclusive of transportation charges from the shipping point of the supplier to the delivery destination.
 - 2. Quotations or *offers shall* be evaluated on the basis established in the solicitation.
- b. Evaluation procedures
 - 1. The *contracting officer* has broad discretion in fashioning suitable evaluation procedures to ensure that quotations or offers are evaluated in an efficient manner and a *best value* to the *District*.
 - 2. Contracting officers may conduct comparative evaluations of offers. Using such criteria as past performance, warranty, support options, and the contracting officer's knowledge of previous experience with the supply or equipment acquired, customer surveys, or other reasonable basis.
 - 3. After preliminary consideration of all quotations or *offers*, select one *quote* that is suitable to the user, and is *best value*.

4.108 Award and Documentation

- 1. Before making *award*, the *contracting officer* must determine that the proposed price is fair and reasonable.
- 2. Whenever possible, base price reasonableness on competitive quotations or *offers*.
- 3. Include a statement of price reasonableness in the contract file. The *contracting officer* may base the statement on
 - (a) Comparison of the proposed price with prices found reasonable on previous purchases;
 - (b) *Market research* to include current price lists, catalogs, or advertisements. However, inclusion of a price in a price list, catalog, or advertisement does not, in and of itself, establish fairness and reasonableness of the price;
 - (c) A comparison with similar items in a related industry;
 - (d) The *contracting officer's* personal knowledge of the item being purchased;
 - (e) Comparison to an independent estimate; or
 - (f) Any other reasonable basis.

4. Occasionally an item can be obtained only from a supplier that *quotes* a minimum order price or quantity that either unreasonably exceeds stated quantity requirements or results in an unreasonable price for the quantity required. In these instances, the *contracting officer* should inform the requestor of all facts regarding the quotation or *offer* and ask it to confirm or alter its requirement. The file *shall* be documented to support the final action taken.

Subpart 4.109 – Other Competed Pricing Agreements

- a. This includes, but not limited to state contracts, co-operative agreements, federal GSA, and other government agencies.
- b. Review price agreements to make sure the awarded goods and services meet the District's needs and that the effective dates will cover any requirements.
- c. No additional vendor selection is needed. Additional negotiation may be in the best interest of the District on large volume purchases. Negotiate terms and conditions.
- d. Monitor and enforce vendor and agency performance (contract administration). Document issues of non-performance in writing. Contact the Purchasing Office that has oversight and share written documentation if no resolution can be reached.

4.200 Scope of Sub-part

4.201 General

4.202 Unpriced Purchase Orders

- a. An unpriced purchase order is an order for supplies or services, the price of which is not established at the time of issuance of the order.
- b. An unpriced purchase order may be used only when:
 1. It is impractical to obtain pricing in advance of issuance of the purchase order; and
 2. The purchase is for:
 - (a) Repairs to equipment requiring disassembly to determine the nature and extent of repairs;
 - (b) Material available from only one source and for which cost cannot readily be established; or
 - (c) Supplies or services for which prices are known to be competitive, but exact prices are not known (e.g., miscellaneous repair parts, maintenance agreements).
- c. Unpriced *purchase orders* may be issued on paper or electronically. A realistic monetary limitation, either for each line item or for the total order, *shall* be placed on each unpriced purchase order. The monetary limitation *shall* be an obligation subject to adjustment when the firm price is established. The contracting office *shall* follow up on each order to ensure timely pricing. The *contracting officer* or the *contracting officer's* technical representative *shall* review the invoice price and, if reasonable, process the invoice for payment.

4.203 Obtaining Contractor Acceptance and Modifying Purchase Orders

- a. At times it will be desired to establish a binding contract between the parties before the contractor undertakes performance, the contracting officer shall require written acceptance of the purchase order by the contractor.

- b. A contractor's written acceptance of a purchase order modification may be required if determined by the contracting officer to be necessary to ensure the contractor's compliance with the purchase order as revised.

4.204 Termination or Cancellation of Purchase Orders

- a. If a purchase order that has been accepted in writing by the *contractor* is to be terminated, the *contracting officer shall* process the termination in accordance with termination clauses of the purchase order or contract.
- b. If the *contractor* accepts the cancellation and does not claim that costs were incurred as a result of beginning performance under the purchase order, no further action is required (i.e., the purchase order *shall* be considered canceled).
- c. If the *contractor* does not accept the cancellation or claims that costs were incurred as a result of beginning performance under the purchase order, the *contracting officer shall* process the termination action as prescribed in paragraph "a" of this subsection.

Subpart 4.3 – Blanket Purchase Agreements (BPAs)

4.300 Scope of Subpart

This subpart sets forth the purpose of a BPA, the approach for entering into a BPA, and the method of issuing orders against BPAs.

4.301 General

- a. A BPA is a simplified method of filling anticipated repetitive needs for supplies or services against an established, funded purchase agreement.
- b. BPAs should be established for use by an organization responsible for providing supplies or services for its own operations.
- c. The use of BPAs does not exempt an agency from the responsibility for keeping obligations and expenditures within available funds.

4.302 Establishment of BPAs

- a. The following are circumstances under which *contracting officers* may establish BPAs:
 - 1. There are wide varieties of items in broad classes of supplies or services that are generally purchased, but the exact items, quantities, and delivery requirements are not known in advance and may vary considerably.
 - 2. There is a need to provide commercial sources of supply for one or more offices or projects in a given area that do not have or need authority to purchase otherwise.
 - 3. The use of this procedure would avoid the writing of numerous *purchase orders*.
 - 4. Use if a vendor will not accept p-card.
- b. After determining a BPA would be advantageous, *contracting officers* shall --
 - 1. Establish the parameters to limit purchases to individual items or commodity groups or classes, or permit the supplier to furnish unlimited supplies or services; and
 - 2. Consider suppliers whose past performance has shown them to be dependable, who offer quality supplies or services at consistently lower prices, and who have provided numerous purchases at or below the simplified acquisition threshold.
- c. BPAs may be established with --
 - 1. More than one supplier for supplies or services of the same type to provide maximum practicable competition;
 - 2. A single firm from which numerous individual purchases at or below the simplified acquisition threshold will likely be made in a given period.

- d. BPAs should be prepared only after contacting suppliers to make the necessary arrangements for --
 1. Securing maximum discounts;
 2. Documenting individual purchase transactions;
 3. Periodic billings; and
 4. Incorporating other necessary details.

4.303 Preparation of BPAs

The following terms and conditions are mandatory:

- a. Description of agreement. A statement that the supplier shall furnish supplies or services, described in general terms, if and when requested by the contracting officer (or the authorized representative of the contracting officer) during a specified period and within a stipulated aggregate amount, if any.
- b. Extent of obligation. A statement that the District is obligated only to the extent of authorized purchases actually made under the BPA.
- c. Purchase limitation. A statement that specifies the total dollar limitation for all purchases under the BPA.
- d. Individuals authorized to purchase under the BPA. A statement that a list of individuals authorized to purchase under the BPA, identified either by title of position or by name of individual, organizational component, and the dollar limitation per purchase for each position title or individual shall be furnished to the supplier by the contracting officer.
- e. Delivery tickets. A requirement that all shipments under the agreement, except those for newspapers, magazines, or other periodicals, shall be accompanied by delivery tickets or sales slips that shall contain the following minimum information:
 1. Name of supplier.
 2. BPA number.
 3. Date of purchase.
 4. Purchase number.
 5. Itemized list of supplies or services furnished.
 6. Quantity, unit price, and extension of each item, less applicable discounts (unit prices and extensions need not be shown when incompatible with the use of automated systems, provided that the invoice is itemized to show this information).
 7. Date of delivery or shipment.
- f. Invoices. One of the following statements shall be included:
 1. An itemized invoice shall be submitted at least monthly for all deliveries made during a billing period and for which payment has not been received. These invoices need to be supported by copies of delivery tickets.
 2. When billing procedures provide for an individual invoice for each delivery, these invoices shall be accumulated, and a consolidated payment will be made for each specified period.

4.304 Purchases Under BPAs

- a. Individual purchases shall not exceed the competition threshold.
- b. Limit documentation of purchases to essential information and forms as follows:
 1. Purchases generally should be made by fax or email. Verbal orders can be accepted when it is not considered economical or practical to use electronic methods. Unless a paper document is issued.
 2. A paper purchase document may be issued if necessary to ensure that the supplier and the purchaser agree concerning the transaction.
 3. Record essential elements (e.g., date, supplier, supplies or services, price, delivery date) in an informal memorandum.

4. When delivery is made or the services are performed, the supplier's sales document, delivery document, or invoice may (if it reflects the essential elements) be used for the purpose of recording receipt and acceptance of the supplies or services.