

# Finance & Administration Office of Procurement Services

*House Budget Review Subcommittee on  
Personnel, Public Retirement and Finance*

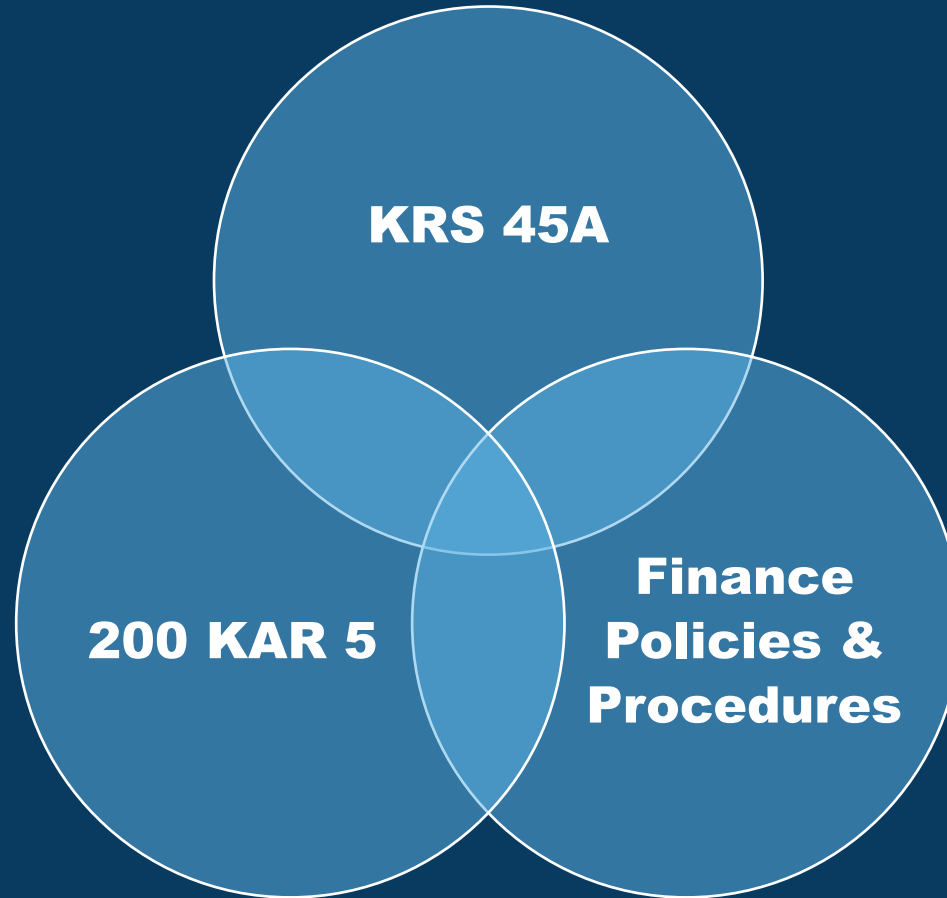
***Procurement and RFP Process Overview***

March 8, 2023

# Chief Procurement Officer

*Pursuant to KRS 45A.030(3), the Secretary of the Finance and Administration Cabinet (FAC) is designated as the Chief Purchasing Officer for the Commonwealth.*

# Procurement Foundation



# Centralization of Procurement

- The Model Procurement Code (MPC) is set forth in KRS Ch. 45A.
- Unless exempted, the MPC applies to all purchases made by state agencies, as well as the disposal of state property.
- *Pursuant to the code, all rights, powers, duties, and authority relating to the procurement of supplies, services, and construction, and the management, control, warehousing, sale, and disposal of supplies, services, and construction exercised by most state agencies are transferred to the Secretary of the FAC.*

# Kentucky Administrative Regulations

- Title 200 Chapter 5 is the statutory location of the Administrative Regulations for purchasing – 200 KAR 5.
- 200 KAR 5 further defines the legal authority enabling state agencies to purchase goods and services.
- *Pursuant to 200 KAR 5:201, the Finance & Administration Cabinet Manual of Policies and Procedures is incorporated by reference as an administrative regulation.*

# Finance Policies and Procedures

- Commonly referred to as “FAPs”
- Contain general conditions and instructions that are incorporated by reference in each solicitation and resulting contract
- Specify requirements for some goods and services
- Includes Competitive Bidding Exemptions

# Purchasing Order of Precedence

- Statewide & Agency Master Agreements are established by the Office of Procurement Services (OPS) for agency use.
- Agencies must use their purchasing authority in the following order of precedence:
  - *Statewide Master Agreements*
  - *Agency Master Agreements*
  - *Small Purchase Authority – Delegated by the FAC Secretary*
    - *Standard Delegation is \$1,000*
    - *Some agencies have a higher delegation up to \$20,000*
  - *Requisition to OPS to Issue a Solicitation*

# Master Agreements

- Master Agreements are established by OPS to:
  - Fulfill a continuing need for all Executive Branch Agencies
  - Expedite the normal purchasing process
  - Provide a varied selection of goods & services at a fixed price
- Statewide MA
  - *e.g., Fleet, Office Supplies, Temporary Labor, Computers*
- Single agency MA
  - *e.g., Medicaid, DOC Medical and Food Service, IT Systems*



# Office of Procurement Services Information Technology Goods & Non-Professional Services

- Establishes Master Agreements to fulfill a continuing need for all Executive Branch agencies (statewide) or a single agency
- Establishes contracts on behalf of state agencies when the amount exceeds the agency delegated small purchase authority
- Manages contract renewals and modifications
- Reviews agency competitive exemption requests

# Personal Service Contracts (PSC) Memorandum of Agreement (MOA)

- Personal Service Contracts are for services requiring professional skill or professional judgement
  - *e.g., legal, auditing, consulting*
- Memorandum of Agreements are contracts between a state agency and another other governmental body or political subdivision of the Commonwealth or entity qualified as non-profit under 26 U.S.C. sec. 501©3 that involves an exchange of resources or responsibilities to carry out a government function
  - *e.g., agreements between KY Department of Education and local school boards*

# PSC and MOA Review

- Solicitations and contracts for professional services are reviewed for compliance with statute, regulation and policy; and the LRC Government Contract Review Committee (GCRC) policies
- After approval, solicitations are posted to the Vendor Self Service System and contracts are filed with the GCRC
- Governor's General Counsel's Office must approve contracts for legal services (new contracts and renewals).
- Office of Equal Employment Opportunity Contract Compliance approval is required for PSCs using General Fund exceeding \$500,000.
- Contracts are subject to monthly review by the GCRC.

# PSC and MOA Review

*Work on a professional service contract cannot begin until it is filed with the Government Contract Review Committee.*

# Competitive Negotiation RFP

- Used for complex procurements when a solution to a challenge is required and to obtain professional services.
- Request for Proposal (RFP) posted to the eProcurement Site for minimum of seven (7) days, but many RFPs are advertised for a longer timeframe if the agency determines additional time is needed for adequate public notice of the opportunity.
- RFP sets forth comprehensive performance requirements, separate technical and cost provisions, and specific evaluation criteria for determining award. Oral presentations may also be required of the highest-ranking vendors.

# Competitive Negotiation RFP

- Requesting agency nominates the evaluation team.
- No public opening. Subject to disclosure under the Open Records Act only after contract award is finalized.
- Usually includes negotiation with the highest evaluated offeror.
- Contract awarded “to the responsible and responsive offeror whose proposal is determined in writing to be the most advantageous to the Commonwealth, taking into consideration price and the evaluation factors set forth in the request for proposals.” KRS 45A.085(6).

# Role of the OPS Buyer

- Issues solicitation and serves as the sole point of contact for vendors throughout the procurement process until contract award.
- Serves as a non-voting facilitator of the evaluation team.
- Provides structure to the evaluation team and ensures that all evaluators participate and contribute to the process.
- Ensures evaluators strictly adhere to the evaluation criteria.

# Role of the OPS Buyer

- Keeps the team focused and on schedule.
- Obtains all necessary clarification from bidders/offerors.
- Generally calculates the cost score.
- Calculates final scores and rankings.
- Ensures evaluators provide justification for all scores.
- Documents evaluation process.



# RFP Proposal Evaluations

- OPS Buyer evaluates for responsiveness
- Proposals are distributed to the Evaluation Team
- Evaluation Team reviews, evaluates and scores based on the evaluation criteria contained in the RFP
- Cost is scored after completion of technical scoring
- Oral presentations/demonstrations with vendors susceptible for award are conducted when appropriate
- Negotiations are conducted with highest ranked vendor
- Contract is awarded

# RFP Process Timelines

- The time to complete the RFP process, beginning with identification of need and ending with contract award, can vary significantly depending on the scope and complexity of the project.
- The average time to complete the RFP process is approximately six (6) months.

# RFP Process Timelines

There are multiple factors that determine the length of time required to complete the RFP:

- Developing the Scope of Work for large complex projects.
- Building the RFP document (requirements, evaluation criteria, scoring methodology)
- Advertising period – enough time must be allowed for vendors to review and understand the Scope, ask salient questions, and prepare quality proposals

# RFP Process Timelines

- Responsiveness – proposals are reviewed prior to evaluation to determine if the proposal meets the RFP requirements, including any deviations to the requirements in the proposals
- Evaluation Team review of proposals
- Negotiation of terms and conditions
- Final Agreement

Questions?