"ETHICS IN PROCUREMENT
Just Doing it Right"

INTRODUCTION
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RULES ONLY APPLY TO OTHERS
ETHICS ARE DEVELOPED IN EARLY YEARS – THEY COME FROM MANY DIFFERENT SOURCES

OUR PARENTS –
- The authority figures who established boundaries & punishments

OUR FAITH –
- Your religious views affect your choices. Maybe an inner voice guides you. Some call it their conscience.
OUR ROLE MODELS —
- Who do we view as “successful”? Who do we choose to emulate? Sometimes these can be peers and may include poor influences as well as positive role models.

OUR ENVIRONMENT —
- What works for us? What works for others? What can I (or they) get away with? What have I seen someone get away with? What brings me the most benefits (monetary, social position) for the least cost (punishment, ridicule, guilt)?

OUR CHOICES —
- What is most important to us? What do we value the most? Financial compensation? Clear conscience?
THERE ARE SEVERAL DEFINITIONS OF ETHICS

DEFINITIONS OF ETHICS
- A set of principles of right conduct.
- A moral principle or set of moral values held by an individual or group.
- The rules or standards governing the conduct of a person or the members of a profession.
- A theory or a system of moral values.
- The study of the general nature of morals and of the specific moral choices to be made by a person; moral philosophy.

WHAT'S CRITICAL IS NOT HOW ETHICS ARE DEFINED IN A DICTIONARY, BUT HOW EACH OF US DEFINE ETHICS AS GUIDELINES FOR OUR DAILY BEHAVIOR.
CONSIDER THIS -

67% of people surveyed believe there is no such thing as an absolute truth.

70% of people surveyed believe that ethical or moral absolutes are a matter of opinion.

LEGAL VS. FAIR

WHAT WOULD YOU DO?
A QUICK WORD ABOUT NEGOTIATIONS

WHAT TO DO WHEN IT IS NOT UP TO YOU

GOOD PROCUREMENT ETHICS ARE NOT JUST ABOUT FOLLOWING THE LAW
GOOD ETHICS ARE ACCEPTED RULES OF BEHAVIOR THAT ARE USED REGARDLESS OF THE LAW

GOOD ETHICAL PRACTICES BEGIN BY KNOWING THE RULES AND FOLLOWING THEM

Most poor procurement issues do not point to poor ethics as much as poor information, or poor practices and procedures

WHETHER A BUSINESS IS PUBLIC OR PRIVATE, YOU CANNOT PROPERLY PURCHASE WITHOUT GOOD ETHICS
There are different reasons for people displaying good ethical behavior:
- Family circumstances – money, illness
- Addiction – drugs, gambling
- Unwillingness to turn in a co-worker
- Fear of being caught - consequences

Education is Key

Most people will do the right thing if they knew the laws, statutes and policies that govern them
CHECK THE NIGP WEBSITE FOR WEBINARS AND DISCUSSION GROUPS. CHECK OTHER RESOURCES TO SEE IF CLASSES ARE AVAILABLE TO YOU. IF THERE ARE NOT ANY, WORK WITH SOMEONE TO ESTABLISH CLASSES FOR YOUR AREA.

A BRIEF DISCUSSION OF THE RULES AND RESOURCES
Know Your Board Policy

KNOW YOUR STATE STATUTES
KNOW FEDERAL LAW

RESOURCES FOR LAWS
- The internet is always an excellent resource for looking up governing laws and statutes. Check the NIGP website. Attend the conferences, participate in the webinars and get to know other procurement professionals. NIGP has an awesome network of professionals who are eager to mentor and assist you.

FOLLOW THE LAW
- Bad planning is not a good excuse for breaking the law
BE CONSISTENT!
- Set the procedures and stick to them

BEWARE OF REWARDS PROGRAMS, REBATES AND GIFT CARDS
- Must be for educational purposes only
  - Define what can be purchased
- Create a policy for use
  - Get Receipts
- Create procedures
  - Who keeps track of them
  - Who can use them
- Receiving procedures
  - Avoid Rewards Programs – Including Travel Programs

DO NOT BECOME TEMPTED TO TAKE SHORT CUTS
NEVER ALLOW ANYONE TO MAKE A SPLIT PURCHASE

- The definition of a split purchase is when quantities are broken into smaller groups to avoid the quote or bid process.

CHECK YOUR BOARD OF EDUCATION POLICY FOR ITEMS THAT ARE EXEMPT FROM BIDDING OR QUOTES

- Sole source and standardization can be done as long as the purchase falls within the appropriate guidelines. The vendor must either be the manufacturer or the only approved source from the manufacturer.
- Standardization should be established by an action from your Board of Education and can only be purchased through the manufacturer or the only approved source.
- Dell computers and Apple iPads are an example of both sole source and standardization.
- Sole Source can also be used based on compatibility with existing equipment and/or competition attempted.

USE A SOLE SOURCE OR CREATE STANDARDIZATION.
USE STATEWIDE OR GOVERNMENT CONTRACTS

- For information on and a list of what statewide contracts are available, check your state's official website. There should be a link to the state's Procurement page within that website.

  **ALWAYS** read the terms and conditions of the contract to make sure they work for you. Once you have signed to “piggy back” you are signing that you agree with and will abide by those terms. You never want to agree to, or ask your Board to agree to, terms you have not read.

CHECK FOR OTHER CONTRACT OPTIONS AVAILABLE TO YOU

- Go to www.nigp.org/supplierdirectory
- Check out www.govpro.com
- E & I (Educational and Institutional Cooperative)
- City, State or Local contracts
- Create Contracts with other schools
- Create your own contract

KNOW THE PURPOSE OF EACH FUND AND THE RESTRICTIONS FOR THOSE FUNDS.

- General
- Bond
- Federal
- Activity
KNOW WHAT IS ACCEPTABLE AND ETHICAL IN PROCUREMENT

DO’S AND DON’TS

PERCEPTION IS IMPORTANT
- You are a public official
- Someone is always watching
- Everyone has a cell phone with a camera
- Beware of social media sites
- Don’t do anything you don’t want to defend in the paper the next day.
DEVELOP AN APPROVED VENDOR LIST

- Organize by category
- Create a section for vendors on established contracts
- Create a section for vendor quality ratings
- Document bad experiences or unethical behavior
- Share your list with others in your organization

REQUIRE AN IRS W9 FORM

- The TIN Matching Program can be found at www.irs.gov/Tax-Professionals/e-services---Online-Tools-for-Tax-Professionals.
- Registration is the first step in gaining access to the products in e-Services.

DON’T SIGN BEFORE YOU READ
Don't let your friendly relationship with a supplier cross the line

Create strict guidelines when buying from local suppliers

Never discuss a quote or unsealed bid
NEVER MANIPULATE QUOTES RECEIVED

NEVER MAKE VERBAL OR WRITTEN PROMISES TO A VENDOR UNTIL YOU HAVE FULFILLED YOUR QUOTE OR BID REQUIREMENTS

DO NOT ALLOW UNEQUAL ACCESS TO VENDORS
DO NOT ALLOW CONTACT BETWEEN VENDOR AND SCHOOL PERSONNEL

DON’T GIVE EARLY INFORMATION TO ANY VENDOR

DO EVERYTHING IN WRITING
TRY NOT TO USE A SINGLE VENDOR TO HELP YOU BUILD SPECIFICATIONS FOR A BID

AVOID THE USE OF BRAND NAMES OR MODELS

KNOW YOUR SOURCES
BE FULLY TRANSPARENT ABOUT YOUR SOURCES

DON'T MANIPULATE INFORMATION THAT WILL BE TAKEN TO YOUR BOARD

DON'T GIVE AWAY OR SURPLUS ITEMS
ITEMS GIVEN TO A TEACHER OR AN ADMINISTRATOR BY A SUPPLIER, PTA, GRANT OR BOOSTER BECOMES DISTRICT PROPERTY

DON’T ASSUME THAT OTHERS HAVE THE SAME ETHICS

IF YOU HAVE TO STOP TO QUESTION IF AN ACTION OR A STATEMENT IS UNETHICAL, IT PROBABLY IS!
No one’s perfect.

Emotions and personal feelings have no place in business decisions.

Always keep your compass pointing North!
QUESTIONS/COMMENTS

REFERENCES
- thefreedictionary.com
- Purchasing Ethics: 7 Sensitive Situations, PurchTips - Edition # 197; February 9, 2010; Author: Charles Dominick, SPSM
- NAEP National Association of Educational Procurement Code of Ethics
- NIGP National Institute for Public Procurement Code of Ethics
- Oklahoma State Statute – Schools 70 O.S. § 5-123