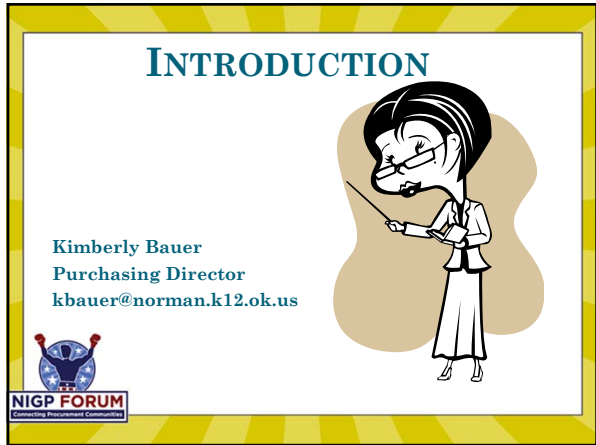





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Connecting Procurement Communities
PHILADELPHIA, PA • AUGUST 23-25, 2014

"ETHICS IN PROCUREMENT
Just Doing it Right"

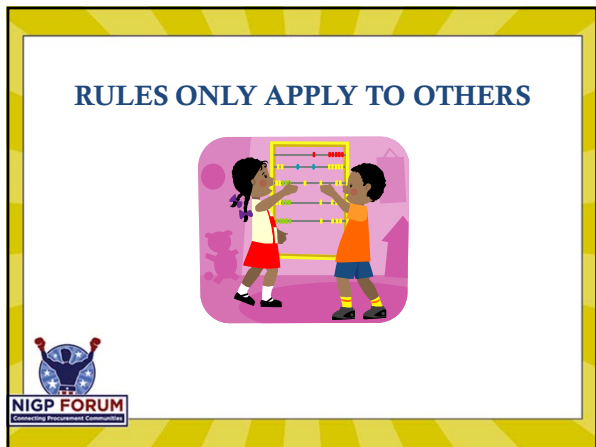


INTRODUCTION


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RULES ONLY APPLY TO OTHERS



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ETHICS ARE DEVELOPED IN EARLY YEARS – THEY COME FROM MANY DIFFERENT SOURCES



OUR PARENTS –

- o The authority figures who established boundaries & punishments




OUR FAITH –

- o Your religious views affect your choices. Maybe an inner voice guides you. Some call it their conscience.



OUR ROLE MODELS –

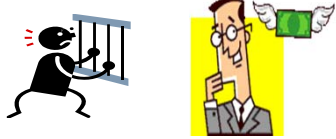
- Who do we view as “successful”? Who do we choose to emulate? Sometimes these can be peers and may include poor influences as well as positive role models.



The illustration shows two contrasting figures. On the left, a thief in a mask and hoodie runs with a bundle of money. On the right, a group of people in business attire are gathered around a table, engaged in a meeting. A logo for 'NIGP FORUM' is in the bottom left corner.

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)?



The illustration shows two contrasting figures. On the left, a person is behind prison bars. On the right, a man in a suit holds a wad of money. A logo for 'NIGP FORUM' is in the bottom left corner.



OUR CHOICES –

What is most important to us? What do we value the most?
Financial compensation? Clear conscience?




The illustration shows two contrasting figures. On the left, a child is playing with a ball. On the right, a baby is wearing sunglasses. A logo for 'NIGP FORUM' is in the bottom left corner.

THERE ARE SEVERAL DEFINITIONS OF ETHICS




DEFINITIONS OF ETHICS

- o A set of principles of right conduct.
- o A moral principle or set of moral values held by an individual or group
- o The rules or standards governing the conduct of a person or the members of a profession
- o A theory or a system of moral values
- o 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.



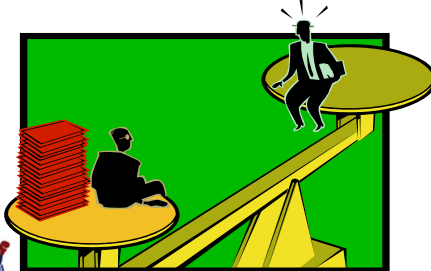
CONSIDER THIS -

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**





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**WHAT TO DO WHEN IT IS
NOT UP TO YOU**



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**GOOD PROCUREMENT ETHICS
ARE NOT JUST ABOUT
FOLLOWING THE LAW**



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GOOD ETHICS ARE ACCEPTED RULES OF BEHAVIOR THAT ARE USED REGARDLESS OF THE LAW



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WHETHER A BUSINESS IS PUBLIC OR PRIVATE, YOU CANNOT PROPERLY PURCHASE WITHOUT GOOD ETHICS



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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



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THERE ARE DIFFERENT REASONS FOR PEOPLE DISPLAYING GOOD ETHICAL BEHAVIOR:

- o Family circumstances – money, illness
- o Addiction – drugs, gambling
- o Unwillingness to turn in a co-worker
- o Fear of being caught - consequences




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EDUCATION IS KEY




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MOST PEOPLE WILL DO THE RIGHT THING IF THEY KNEW THE LAWS, STATUTES AND POLICIES THAT GOVERN THEM



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**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**



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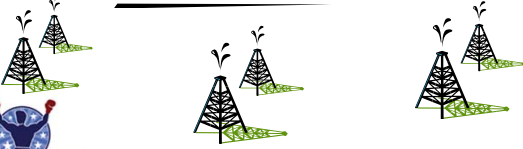

**A BRIEF DISCUSSION OF THE RULES
AND RESOURCES**

Know Your Board Policy



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KNOW YOUR STATE STATUTES



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KNOW FEDERAL LAW



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RESOURCES FOR LAWS



- o 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.



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FOLLOW THE LAW


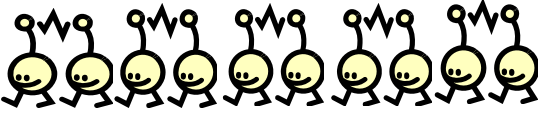
- o Bad planning is not a good excuse for breaking the law



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BE CONSISTENT!

o Set the procedures and stick to them



BEWARE OF REWARDS PROGRAMS, REBATES AND GIFT CARDS

- o Must be for educational purposes only
 - Define what can be purchased
- o Create a policy for use
 - Get Receipts
- o Create procedures
 - Who keeps track of them
 - Who can use them
 - Receiving procedures
- o Avoid Rewards Programs – Including Travel Programs


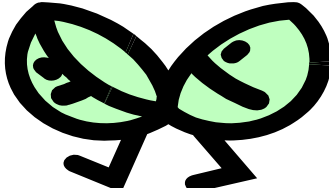


DO NOT BECOME TEMPTED TO TAKE SHORT CUTS




NEVER ALLOW ANYONE TO MAKE A SPLIT PURCHASE

- o 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



USE A SOLE SOURCE OR CREATE STANDARDIZATION.


- o 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.
- o 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.
- o Dell computers and Apple iPads are an example of both sole source and standardization.
- o Sole Source can also be used based on compatibility with existing equipment and/or competition attempted.



USE STATEWIDE OR GOVERNMENT CONTRACTS

- o 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.



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CHECK FOR OTHER CONTRACT OPTIONS AVAILABLE TO YOU



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



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

- >General
- >Bond
- >Federal
- >Activity



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KNOW WHAT IS ACCEPTABLE AND ETHICAL IN PROCUREMENT



DO'S AND DON'TS



PERCEPTION IS IMPORTANT

- o You are a public official
- o Someone is always watching
- o Everyone has a cell phone with a camera
- o Beware of social media sites
- o Don't do anything you don't want to defend in the paper the next day.






DEVELOP AN APPROVED VENDOR LIST

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



REQUIRE AN IRS W9 FORM

- o The TIN Matching Program can be found at www.irs.gov/Tax-Professionals/e-services---Online-Tools-for-Tax-Professionals.
- o 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**



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**CREATE STRICT GUIDELINES WHEN
BUYING FROM LOCAL SUPPLIERS**



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**NEVER DISCUSS A QUOTE OR
UNSEALED BID**



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NEVER MANIPULATE QUOTES RECEIVED



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



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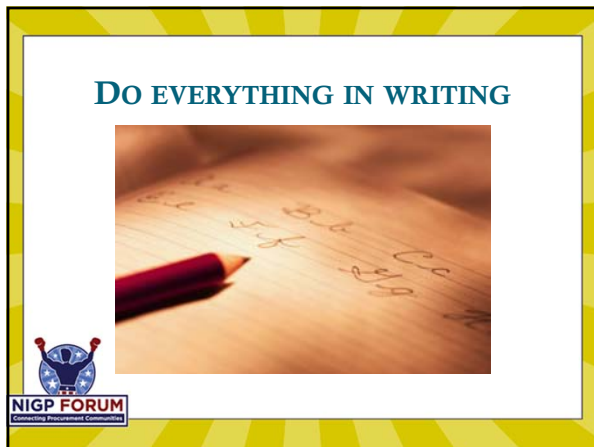
DO NOT ALLOW UNEQUAL ACCESS TO VENDORS



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**TRY NOT TO USE A SINGLE VENDOR
TO HELP YOU BUILD SPECIFICATIONS
FOR A BID**




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**AVOID THE USE OF BRAND NAMES
OR MODELS**



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KNOW YOUR SOURCES



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BE FULLY TRANSPARENT ABOUT YOUR SOURCES



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




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DON'T GIVE AWAY OR SURPLUS ITEMS



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ITEMS GIVEN TO A TEACHER OR AN ADMINISTRATOR BY A SUPPLIER, PTA, GRANT OR BOOSTER BECOMES DISTRICT PROPERTY



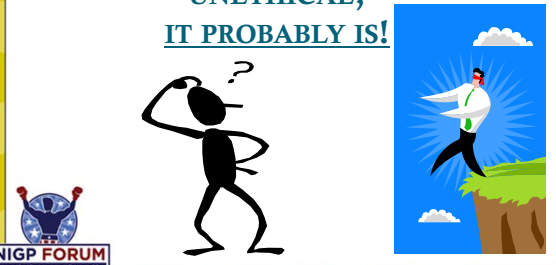
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DON'T ASSUME THAT OTHERS HAVE THE SAME ETHICS



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IF YOU HAVE TO STOP TO QUESTION IF AN ACTION OR A STATEMENT IS UNETHICAL, IT PROBABLY IS!



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NO ONE'S PERFECT



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EMOTIONS AND PERSONAL FEELINGS HAVE NO PLACE IN BUSINESS DECISIONS



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ALWAYS KEEP YOUR COMPASS POINTING NORTH!



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QUESTIONS/COMMENTS



REFERENCES

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- o Purchasing Ethics: 7 Sensitive Situations, PurchTips - Edition # 197; February 9, 2010; Author: Charles Dominick, SPSM
- o NAEP National Association of Educational Procurement Code of Ethics
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- o Oklahoma State Statute – Schools 70 O.S. § 5-123
- o Oklahoma Public Competitive Bidding Act of 1974 – Purchasing 61 O.S. § 101-138

