The Model Procurement Code: A Roadmap for Policies and Manuals

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**AGENDA:**

- History of American Bar Association (ABA) and Model Procurement Code (MPC)
- Purpose of MPC
- MPC Articles
- MPC as a Framework
- Key Elements
- Recap

**Background**

- The American Bar Association’s (ABA) Model Procurement Code was initially developed in 1979 and updated in 2000
- Embody best practices
- Focus on providing flexible framework to promote transparency, fairness, and competitiveness in state and local government
MPC Articles

• Article 1: General Provisions
  (Purpose of the Code & Guidance)

• Article 2: Procurement Organization
  (Organizational concepts & alternatives)

• Article 3: Source Selection and
  Contract Formation
  (Methods of Procurement)

• Article 4: Specifications

MPC Articles (cont.)

• Article 5: Procurement of Infrastructure
  (Construction and A/E)

• Article 6: Modification and Termination
  of Contracts for Supplies and Services

• Article 7: Cost Principles
  (Cost type contracts and reimbursable)

• Article 8: Supply Management
  (Life cycle costing)

MPC Articles (cont.)

• Article 9: Legal and Contract Remedies
  (Dispute resolution, suspension & debarment)

• Article 10: Intergovernmental Relations
  (Cooperative Purchasing)

• Article 11: Assistance to Small and
  Disadvantaged Businesses

• Article 12: Ethics
Model Procurement Code

- Apply MPC principles in the review, development and updating of procurement:
  - Ordinances
  - Policies
  - Manuals

Before You Start

Review:
- The Model Procurement Code
- Organization’s Strategic Plan
- Procurement’s Strategic Plan
- Enabling legislation
- Existing policies and procedures
- Mission, goals and objectives

Key Components of Ordinance/Manual

- Statement of purpose
- Enabling legislation
- Ethics
- Procurement organization’s mission, vision, goals and objectives
- Chief Procurement Officer’s authority, roles and responsibility
Key Components of Ordinance/Manual (cont.)

- Thresholds
  - Delegation
  - Small purchasing
  - Formal solicitation
- Cooperative procurements
- Socio-economic programs
- Procurement cycle overview

Authority and Responsibility of Chief Procurement Officer

- Entire procurement cycle
- To select and administer all methods of procurement
- To award contracts and purchase orders
- To interpret and administer all procurement functions

Authority and Responsibility of Chief Procurement Officer

- To execute purchase orders and contracts
- To delegate as appropriate
- To develop programs, processes and procedures to carry out the procurement mission
Procurement Cycle

- Follow the flow of the procurement cycle:
  - Requisitions
  - Specifications/Scope of Work
  - Methods of procurement
  - Purchase orders, contracts, awards and change orders
  - Contract administration
  - Surplus property disposal and sales

Requisitions

- Identify purpose:
  - Clearly define good and/or services requested
- Include clear and concise specifications
- Identify funding source
- Authorizes Procurement to take appropriate action to obtain requested goods and/or services

Specifications

- Provide the technical and/or performance requirements for requested goods and/or services
- Serve as the basis for evaluation of quotations, bids and proposals, receipt, inspection, contract administration and payment
Types of Specifications

- Identify purpose and appropriate use of each type of specifications based on need:
  - Design
  - Performance
  - Brand name
  - Combination of above
  - Statement of work

Methods of Procurement

- Define each method
  - Small purchasing procedures
  - Competitive sealed bidding
  - Competitive sealed proposals
  - Sole Source purchases
  - Emergency purchases
  - Others
- Identify purpose and appropriate use of each method
- Define process for each
- Identify roles and responsibilities

Small Purchasing

- Ensure clear policy, guidance and reference to all small purchasing methods
  - Direct pay
  - Petty cash
  - PCards
  - Single quote
  - Request for quotations
  - Contract and catalogue orders
Purchase Orders and Contracts

• Purchase Orders and Contracts
  – Types of contracts
  – Terms and conditions
  – Special Requirements
• Change Orders/Contract Modifications
  – Justification
  – Approvals

Contract Administration

• Include clear description of all components of contract administration
  o Receiving
  o Inspection
  o Acceptance
  o Pricing verification
  o Approval of invoices
  o Monitoring of overall quality and service
  o Vendor performance monitoring
  o Contract disputes and debarment

Contract Administration (cont.)

• Include clear definition and purpose
• Identify roles and responsibilities for each component
• Include any specific requirements, oversight, forms and reporting
Contract Administration (cont.)

- Include a process for monitoring contractor performance
- Provide method for tracking and reporting contract expirations and renewals
- Provide formal training to all staff assigned contract administrator responsibilities

Surplus Property

- Surplus Property Sale and Disposal
  - Valuation
  - Method of sale
  - Money handling and deposits
  - Security
  - Documentation
  - Etc.

Programs

- Socio-Economic Programs
  - Small, Minority and Women Owned businesses Program
  - Veteran's Program
  - Sustainability
  - Buy-Local
  - Etc.
Procurement Manual Guidelines

- Reference enabling legislation, ordinance
- Define procurement’s mission, vision, and goals
- Ensure roles and responsibilities are clearly addressed
- Follow the sequence of the procurement cycle and define steps for each

Areas of Concern from Previous Procurement Manual Reviews

- Purchasing organization seen as “clerical” and a roadblock/impediment
- Lack of consistency across departments
- Authority of CPO not clearly defined
- Contract administration practices not clearly defined

Areas of Concern from Previous Procurement Manual Reviews

- Specifications not clearly addressed
- Small purchasing procedures not clearly addressed
- Inadequate written procurement policies and/or lack of training of policies to the organization
Model Procurement Code Review

The Model Procurement Code serves as a framework for Ordinance and Manual update, review or development.