



Purchasing and Procurement 101

Module 3

Participant Workbook

Competitive Procurements, Amendments, and Exemptions

12/10/2014

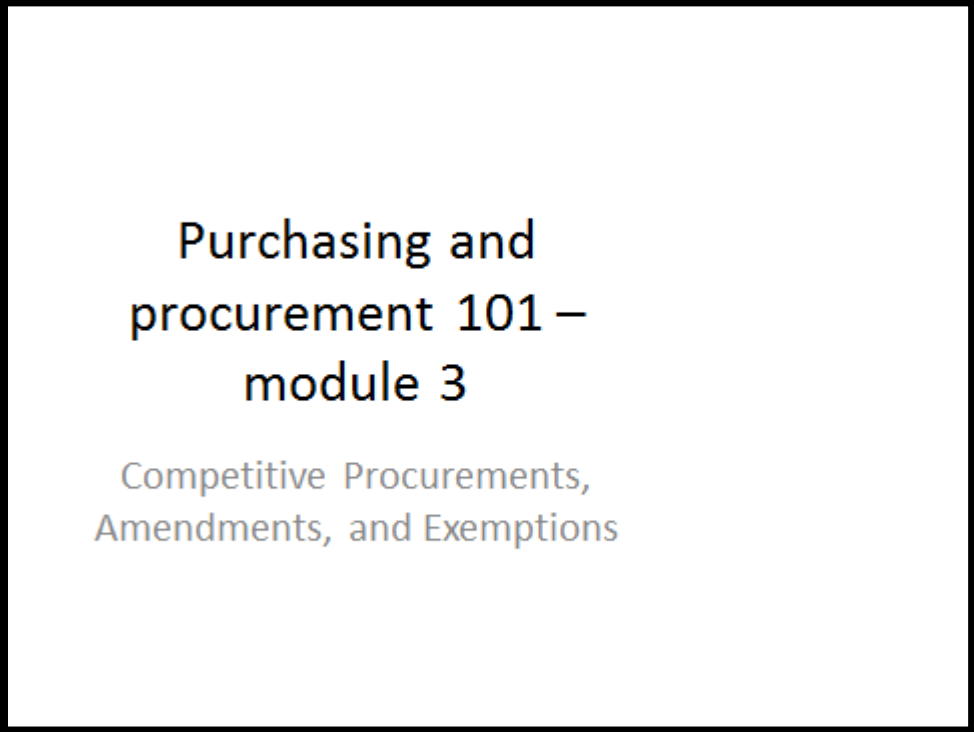
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Competitive Procurements, Amendments, and Exemptions

Course Introduction

Slide 2 – Course Introduction



**Purchasing and
procurement 101 –
module 3**

Competitive Procurements,
Amendments, and Exemptions

Welcome to Washington State Purchasing and Procurement 101, Module 3. Competitive Procurements, Amendments, and Exemptions

In order to receive credit for this course, you will need to score 80% or higher on the module assessment. The assessment will begin at the end of this module. Once you have successfully completed all four modules and assessment, you will receive a Purchasing and Procurement certificate of completion.

Also included in the training course are knowledge checks. These are not graded; they are simply used to test your knowledge of the materials in the course.

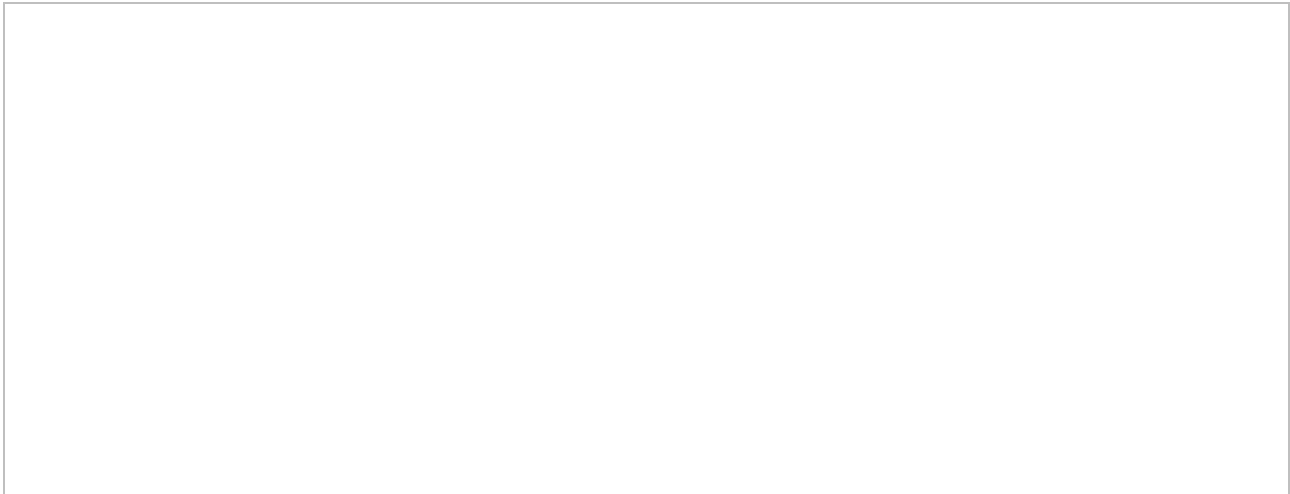
We strongly recommend you print the workbook for the course. As you proceed through the training, use the workbook to write down any notes and/or questions you might have.

The workbook can be accessed here:

<http://des.wa.gov/about/pi/ProcurementReform/Pages/PRTraining.aspx> -or – simply click “Workbook” on the top right corner of the screen. Click on the workbook to download it to your desktop.

Disclaimer:

At the time of publication in January 2015, all materials and RCWs referenced are current. Updated course work will be made available if and when revisions are needed. As always, confirm current RCW references.

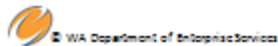


Slide 4 – Course Overview

Course Overview

Course will be delivered in four modules:

- Module 1: Purchasing & Procurement Overview
- Module 2: Choosing a Route for Purchases of Goods and Procurement of Services
- **Module 3: Competitive Procurements, Amendments, and Exemptions**
- Module 4: Purchasing & Procurement Processes

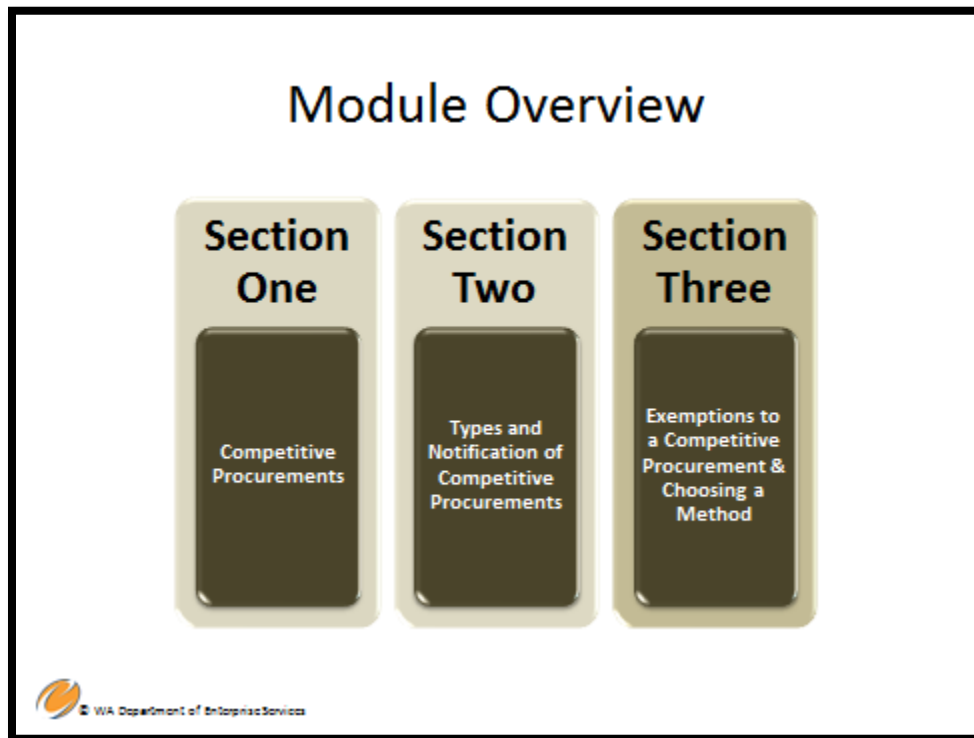


This is **Module 3**:

- Competitive Procurements, Amendments, and Exemptions

Notes

Slide 5 – Module Overview



This Module will be covered in three Sections.

Section One – Competitive Procurements

- What is a Competitive Procurement
- Delegated Authority and Risk Assessment
- IT Procurements
- Critical Thinking
- Pre-Qualified Lists
- Competitive Solicitations & Public Notice

Section Two – Types and Notification of Competitive Procurements will cover the following topics in more details:

- Types of Competitive Procurements
- Request for Quotations
- Request for Qualifications and Quotations/Quotes (RFQQ)
- Request for Bids/Proposals (RFB/RFP)
- Letter to Request Bids (LRB) - low dollar value and/or low risk – Informal
- Formal or Informal Competition
- Vendor Notice of Solicitation

Section Three – Exemptions to a Competitive Procurement & Choosing a Method

- Exemptions to the Competitive Process
- Decision Points
- Choosing a Method
- Contract Modification

For purposes of this training course, the laws and policies discussed are those of the state and individual agencies and do not reflect federal requirements. Federal requirements tend to be more restrictive and may apply if using federal funds.

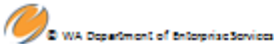

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Slide 6 – Learning Objectives

Learning Objectives

By the end of this course, you will be able to;

- Recognize options available for purchases as well as exceptions and exemptions
- Discuss the high-level rules and requirements related to Procurement Reform and an agency's delegated authority
- Apply critical thinking to the procurement process
- Describe how to conduct a competitive solicitation, evaluate bids, and award the contract
- Employ purchasing and procurement processes specific to your agency



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- Employ purchasing and procurement processes specific to your agency.

Notes

Slide 7 – Competitive Procurements



Section One - Competitive Procurements will cover the following topics:


- **What is a Competitive Procurement**
- **Delegated Authority and Risk Assessment**
- **IT Procurements**
- **Critical Thinking**
- **Pre-Qualified Lists**
- **Competitive Solicitations & Public Notice**

Notes

Slide 8 – Competitive Procurement Definition

Competitive Procurement Definition

Competitive Procurement is a documented process that provides an equal and open opportunity to bidders and culminates in a selection based on a set of predetermined criteria.



WA Department of Enterprise Services

A Procurement is the combined functions of:

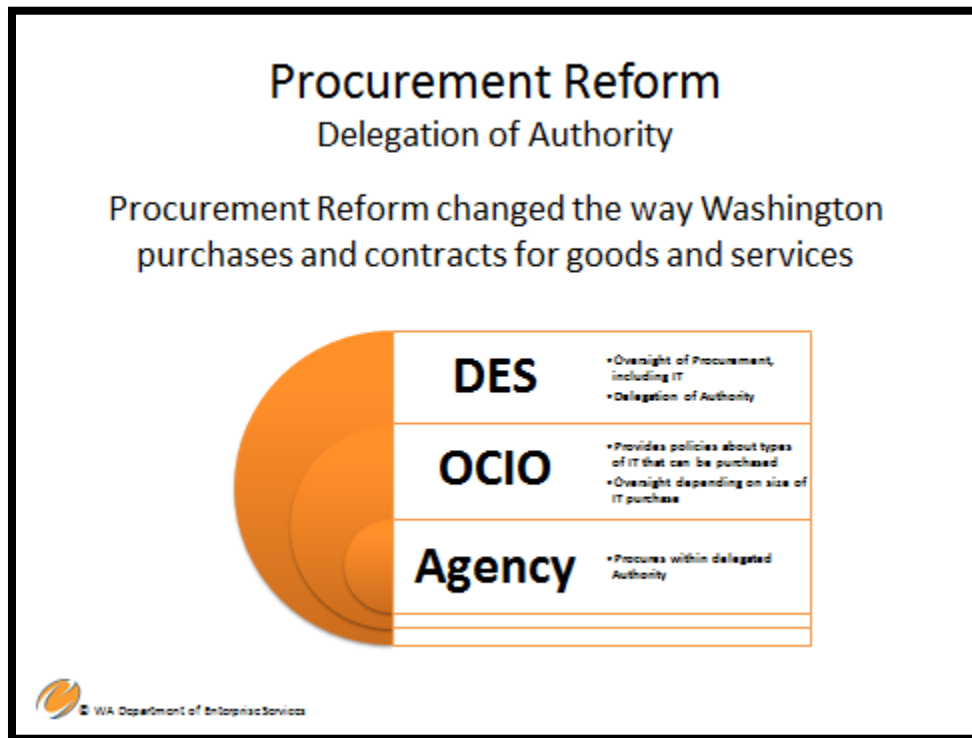
- Identifying needs.
- Initiating a procurement project.
- Selecting a vendor.
- Contracting with a vendor for the purchase of the goods or services.
- Managing and monitoring the resulting contract.
- Using goods and/or deploying services provided by a vendor or other third party on behalf of the State.

DES is the procurement authority for the state of Washington, and is responsible to delegate it's authority to agencies (Except for Higher Ed – RCW 28B.10.029).

According to 39.26 RCW, a Competitive Procurement is “a documented formal process providing an equal and open opportunity to bidders and culminating in a selection based on predetermined criteria.”

Notes

Slide 9 – Procurement Reform



Procurement Reform, that is RCW 39.26, changed the way Washington State agencies purchase and contract for goods and services.

- The Director of DES was charged with establishing policies for delegating procurement authority to state agencies. RCW 39.26.090 - Outlines the DES Director's duties and responsibilities.
- The Directors authorization must specify restrictions as to dollar threshold and specific types of goods and services (commodities, services and IT) , based on the risk assessment developed with state stakeholders and assessed by DES. This is addressed in policy DES policy #090-00
- Agencies are responsible for the specific policies and procedures that implement their delegated authority.
- DES is responsible for issuing enterprise policies, guidelines and best business practices for conducting all procurements, including IT. On the other hand, the Office of the Chief Information Officer (OCIO) provides policies for agencies about what IT they can purchase and exercises oversight based on risk level of each IT project.

Agencies conduct procurements within their delegated authority based on levels of authority granted by DES - the level of oversight and the threshold level is determined through the previously mentioned risk assessment. The assessment measures a variety of factors including: Does the agency have dedicated procurement professionals and are they trained?

Procurement Reform, allows for flexibility to ensure procurements are “right-sized” using value-added techniques that are within the law and policies and appropriate to the procurement. Competitive Procurement is the standard for all procurement in the state of Washington.

If the procurement is higher than the delegated authority then the agency must seek an additional delegation of authority from the DES Director for that specific procurement.

Notes

Slide 12 –Procurement Reform Risk Assessment



One of the key elements of the Procurement Reform law is the delegation of authority based on the risk assessment. The Agency completed its first risk assessment tool in 2014.

The goal of the Risk Assessment Tool was to gather pertinent information related to agency procurement and contracting in support of the delegated authority needed to conduct your business. Risk assessments are unique to each agency. The outcome of each agency assessment depends upon the agency's mission, procurement and contracting structure, level of expertise, methods, etc. and is intended to confirm areas of expertise within your agency and to assess agency needs and mitigation strategies related to any procurement and contracting risks.

The risk assessment addressed the following areas:

1. Leadership capacity in the agency – The level of commitment by leadership to sound procurement.
2. Resources – Number and expertise of procurement professionals.
3. Objectives – Agency's core business procurement needs.
4. Procurement Processes

By law, each agency is subject to the risk assessment. Once completed, the results of the assessment determine an agency's level of delegated authority. Assessments are conducted periodically.

Notes

Slide 13 – What is a Qualified Master Contract



DES conducts a Master Contract competitive procurement that results in the selection of vendors that are prequalified to be on the Master List.

Additional qualified master contracts are cooperative contracts that conform to Washington State Procurement laws, rules, policies and trade agreements. DES maintains a list of cooperative contracts that meet state requirements. An example of this is the Western States Contracting Alliance (WSCA). DES enters into participation agreements in order to use those contracts that meet state requirements and are “qualified” for use by agencies.

Overall, if an Agency has a need that can be met with one of these prequalified vendors, they can contract directly with the vendor or in some cases, must go through a 2nd tier competition, which is less complex and less lengthy than a full competitive procurement.

1st Tier and 2nd Tier Qualified Master Contract

Tier One – For each category of service, DES maintains a pre-qualified list or “pool” of vendors within Washington’s bid notification and contractor registration system for purchasers to use when soliciting for goods or services. In order to be included on a category’s pre-qualified list, companies must pre-qualify through a competitive “first-tier” solicitation process conducted by DES.

Tier Two – Once pre-qualified, a company has the ability to view, download, and respond to agency purchaser work requests or “second-tier” solicitations which specify that category only.

How to use a Qualified Master Contract: If you are eligible to receive services from Enterprise Services, including state and local government entities and qualifying non-profits, and have completed a Master Contracts Usage Agreement (MCUA), you can procure directly from the contractor, whose contract information is listed for each Master Contract.

How do I place an order? Products and service orders are submitted directly to the contact (follow your agency policy and procedures – whoever actually places the order if this isn’t you). You must include the master contract number on all documents.

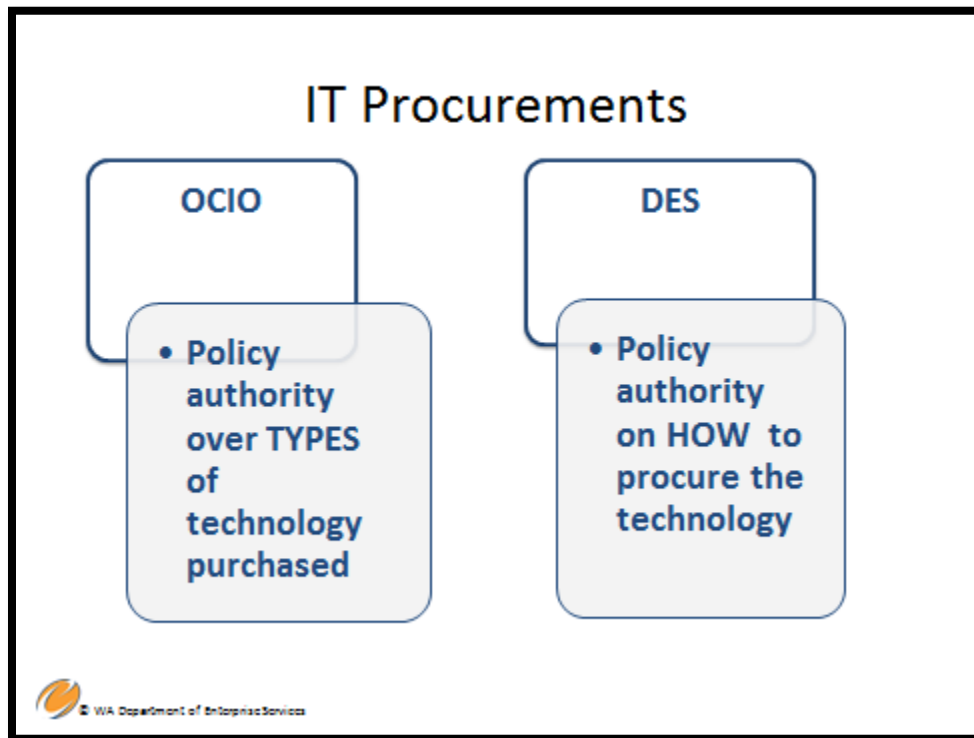
Qualified Master Contracts Database: There is a list of vendors with current master contract agreements on the DES website. You can search by commodity, vendor or by contract number.

Higher Education and Cooperative consortiums: An arrangement among higher Ed institutions that have entered into a cooperative arrangement for the purpose of carrying out common procurement objectives. Higher Education is not required to use State Master Contracts if they choose not to.

Notes

Notes

Slide 14 – IT Procurements



As previously noted OCIO has authority over the types of the information technology goods and services agencies may procure and DES establishes how goods and services are to be acquired.

In addition to DES delegated authority, agencies may also be required to receive OCIO approval and oversight for certain IT goods and services. This is required by OCIO Policy #121. This policy provides guidance to agencies when to seek OCIO approval for IT purchases.


IT procurements are usually more complex in nature, which requires more subject matter expertise. There will be specific course(s) for IT procurement professionals in the near future.

Notes


Slide 15 – Collaboration and Critical Thinking

Collaboration and Critical Thinking

Procurement is a collaborative team effort made up of procurement and contracting professionals who exercise good judgment and critical thinking



Good Judgment
Critical Thinking
Professional Knowledge
Collaboration
Procurement Reform

 WA Department of Enterprise Services

Collaboration and Critical Thinking

While procurement professionals still need to follow the applicable laws and policies set forth (compliance), Procurement Reform shifted culture from one of strict compliance to a more collaborative team environment made up of procurement professionals who exercise good judgment and critical thinking skills when purchasing or contracting for goods or services.

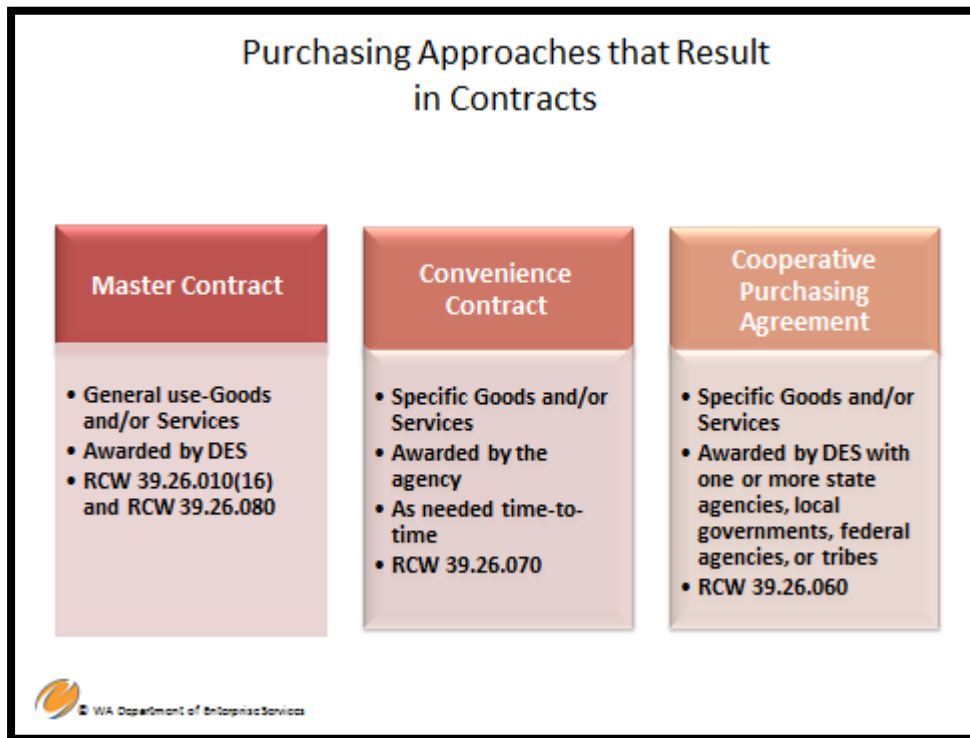
Examples of critical thinking include:

1. Refer back to the agency mission, the RFP, and original scope of work to address issues and discrepancies.
2. Be clear about the signature authority.
3. Be familiar with and use the contract and refer to it always.
4. Ability to “right size” your procurement within statute and policy

Agencies approach critical thinking in different ways. It’s important to understand how critical thinking applies in your agency. It’s important as a contract manager to understand all aspects of a contract lifecycle, as you are an integral part of its success.

Notes

Slide 18 – Purchasing Approaches that Result in Contracts



The first step in the competitive procurement process is to determine if procurement from a qualified master contract will meet your agency’s need.

A Master Contract: is a contract for specific goods and/or services, that is solicited and established by DES in accordance with laws and rules on behalf of and for general use by agencies as specified by DES. (RCW 39.26.010 (16)).

Is a Master Contract available? If “yes”, use it if it meets your needs!

Convenience Contract: is a contract for use by a specific agency or group of agencies as needed from time to time, that is solicited by the agency or group of agencies, and follows the procurement rules and laws in RCW 39.26.

Specifically, as stated in law “A convenience contract is a contract for specific goods or services, or both, that is solicited and established by the department in accordance with procurement laws and rules on behalf of and for use by a specific agency or group of agencies as needed from time to time. A convenience contract is not available for general use and may only be used as specified by the department per ([RCW 39.26.070](#)).“

Please note: Legislation currently before the legislature to change the reference from “Department” to “Agency” in the authorizing statute to reflect the original intent of the law. It is considered a technical fix to a law.

- A convenience contract is an agency’s contract and is within their delegated authority.

Is a Convenience Contract available? If “yes”, use it if it meets your needs!

[RCW 39.26.060](#) Cooperative purchasing: is a cooperative purchasing agreement for the procurement of any goods or services with one or more *states, state agencies, local governments, local government agencies, federal agencies, or tribes* located within the state.

1. On behalf of the state, DES may participate in, sponsor, conduct, or administer a cooperative purchasing agreement for the procurement of any goods or services with one or more states, state agencies, local governments agencies, federal agencies or tribes located in the state, in accordance with an agreement entered into between the

participants. The cooperative purchasing may include, but is not limited to, joint or multiparty contracts between the entities and master contracts or convenience contracts that are made available to other public agencies.

2. All cooperative purchasing conducted under this chapter must be through **contracts awarded through a competitive solicitation process.**

Notes

Slide 19 – Competitively Awarded Contracts through Master Lists



The benefits of pre-qualified contract lists include:

- *Such contracts provide efficiency, quality, and reduced cost to procure a vendor.*
- *Some require 2nd-tier competition, but the 2nd-tier is often more efficient than a new procurement.*
- *Work orders issued under the master contracts are executed between the agency and the contractor.*

Notes

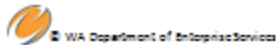
Notes

Slide 20 – Convenience Contract

Convenience Contract

The Agency itself establishes the Convenience Contract, which represents a list of pre-qualified vendors solicited by the Agency who can provide specific goods and/or services the Agency uses.

***No piggybacking on another agency's contract unless defined in convenience contract.**



A Convenience Contract is not available for general use and may only be used as specified by the department agency. Refer to RCW 39.26.

The contracting Agency establishes the Convenience Contract, which represents a list of pre-qualified vendors solicited by the Agency who can provide specific goods and/or services the Agency uses.

A convenience contract can be one vendor or multiple vendors, therefore there needs to be a fair way to select amongst them.

In this circumstance, the Agency directly contracts with a pre-qualified vendor. This is done in a variety of ways, (e.g., by rotation of the selected vendor, by geographic area or through a 2nd Tier selection)

- If conducting a 2nd Tier competition with vendors on the list, follow the steps documented in the original procurement for 2nd Tier selection

The method for vendor selection should be clearly stated in the convenience contract.

***No piggybacking on another agency's contract unless it is allowed by the terms of the convenience contract.**

Notes

Notes

Slide 21– Competitive Procurements



Competitive Procurements

Procurement Reform brought focus and renewed energy to promote open competition and transparency for all contracts for goods and services.

A competitive procurement is a documented formal process that:

- Provides an equal and open opportunity to bidders, and
- Culminates in a selection based on pre-determined criteria per **RCW 39.26**.

Fair and open competition requires that we apply critical thinking skills to ensure the highest ethical standards are engaged, that proper accounting for contract expenditures occurs, and the public is easily able to review the process and documents.

Benefits of a competitive procurement include:

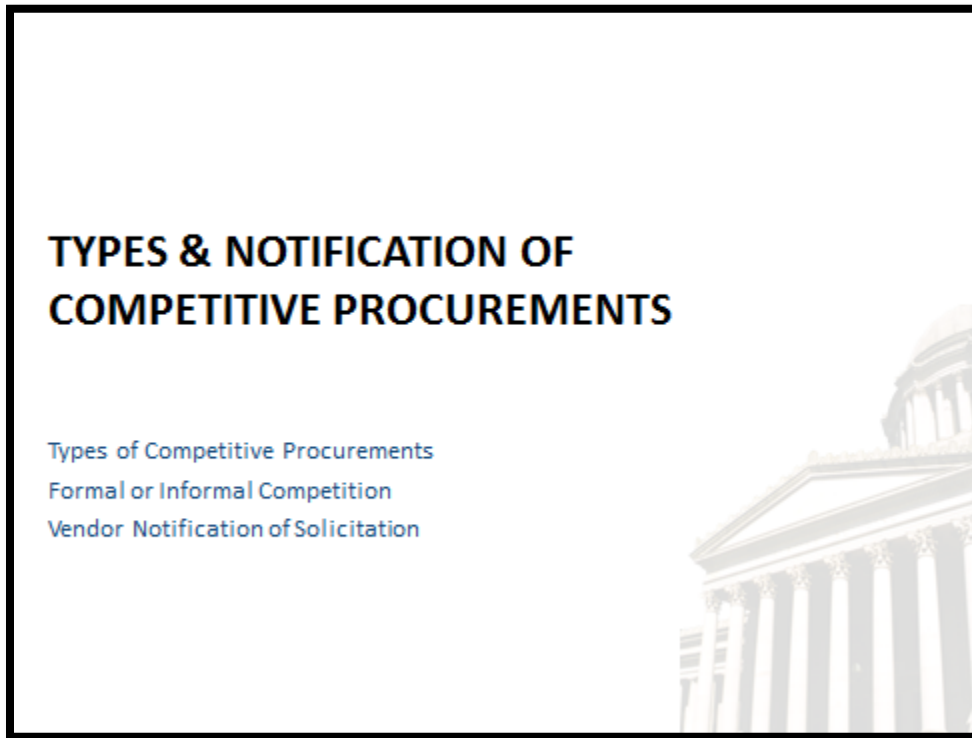
- The competitive process instills public confidence and encourages participation of the business community to meet State's purchasing needs.
- Balances critical thinking and compliance with the ability to "right-size" your procurement to meet your need.

All purchases of or contracts for goods and services must be based on a competitive solicitation process, whenever possible. This process may include electronic or web-based solicitations bids, and signatures.. (**RCW 39.26.120 — Competitive Solicitation**).

Exemptions to the competitive procurement rules are detailed in RCW 39.26.125 and are addressed later in the presentation.

Notes

Slide 24 – Types & Notifications of Competitive Procurements



Section Two - Types and Notification of Competitive Procurements will cover the following topics in more details:

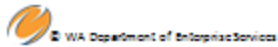
- Types of Competitive Procurements
 - Request for Quotation
 - Request for Qualifications and Quotations/Quotes (RFQQ)
 - Request for Bids/Proposals (RFB/RFP)
 - Letter to Request Bids (LRB) –
- Formal or Informal Competition
- Vendor Notice of Solicitation

Notes

Slide 25 – Informal or Formal Competition

Informal or Formal Competition

The complexity of a procurement determines whether it should be considered an informal or formal competitive solicitation, and not just the dollar amount.



Informal or Formal Competition:

The complexity of a procurement determines whether it should be considered “informal” or “formal”, and not just the dollar amount.

Examples of a Formal Competition: RFQ, RFQQ, RFP

Examples of an Informal Competition: Letter to Request Bids (contains only basic elements of a competitive solicitation document)

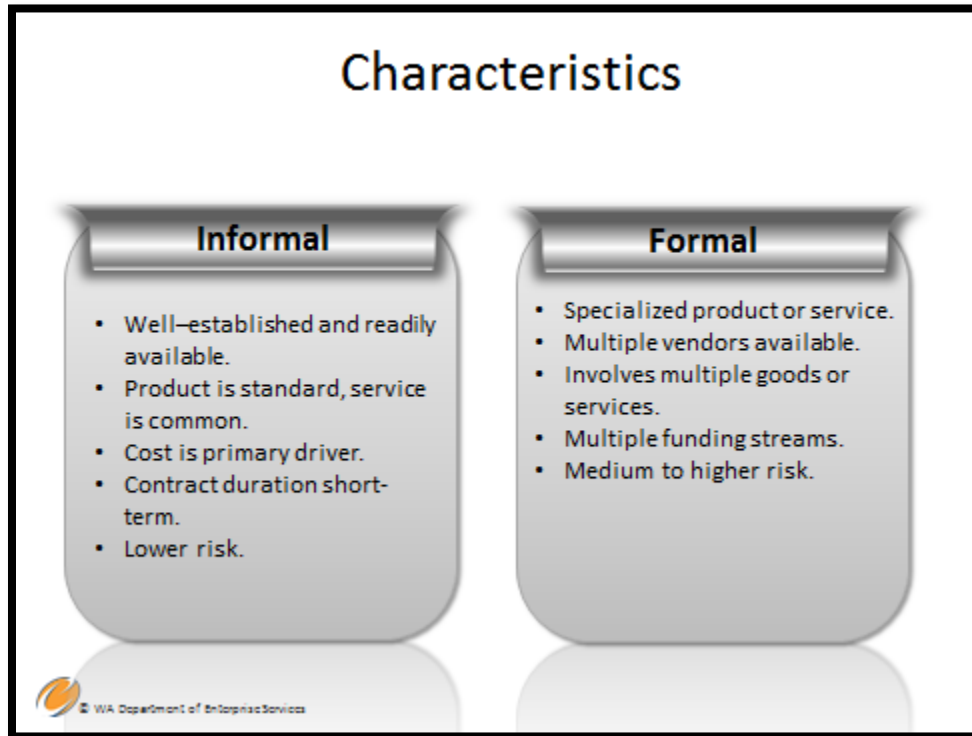
Please Note: Higher Education has a different definition of formal and informal that includes thresholds:

For Higher Ed - RCW 28B.10.029(1)(c)(iii)

- ✓ Up to \$9,999 – Direct Buy
- ✓ \$10K - \$99,999 – Informal
- ✓ \$100K – Formal

Notes

Slide 26 – Characteristics



The Characteristics of an Informal Competition include:

- Well-established or well-defined product or service that is readily available in the marketplace from multiple sources.
- Product is standard, easily definable, or service is common, routine or repetitive.
- Cost is frequently the primary factor for award.
- Short-term duration of contract may be a factor, but is not compelling in and of itself.
- Low risk to the agency.

Higher Ed has specific threshold for Informal Competition:

RCW 28B.10.029(1)(c)(iii) - \$10K - \$99,999

The Characteristics of a Formal Competition include:

- Product or services are more specialized and complex and may require more customization and advanced knowledge.
- Multiple firms may be available but product or services represent a higher level of specialization, complexity and expertise.
- Project involves multiple types of services and/or products to complete contract requirements successfully.
- Multiple funding streams involved with project.
- Costs have a greater budgetary impact.
- Multiple subcontractors likely to be used to complete project.
- Contractor will have access to agency IT system and data; could involve confidential data

- Health or safety implications and/or mitigation involved with contract

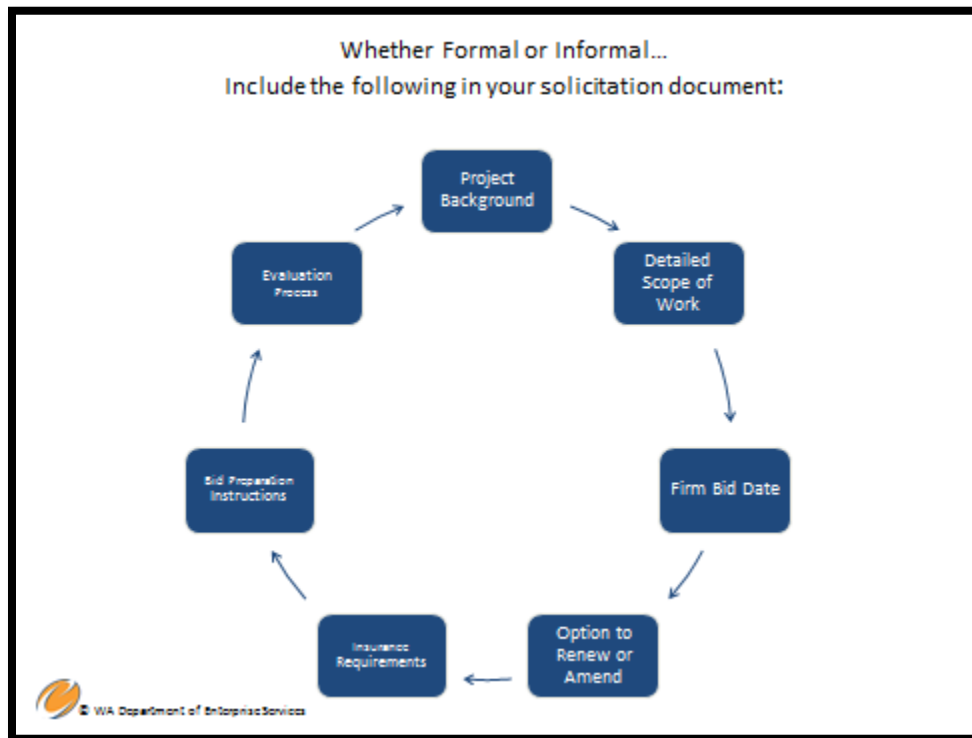
Higher Ed has specific threshold for Formal Competition:

RCW 28B.10.029(1)(c)(iii) - \$100K and above. - \$99,999

Notes

Notes

Slide 27 – Whether Formal or Informal...

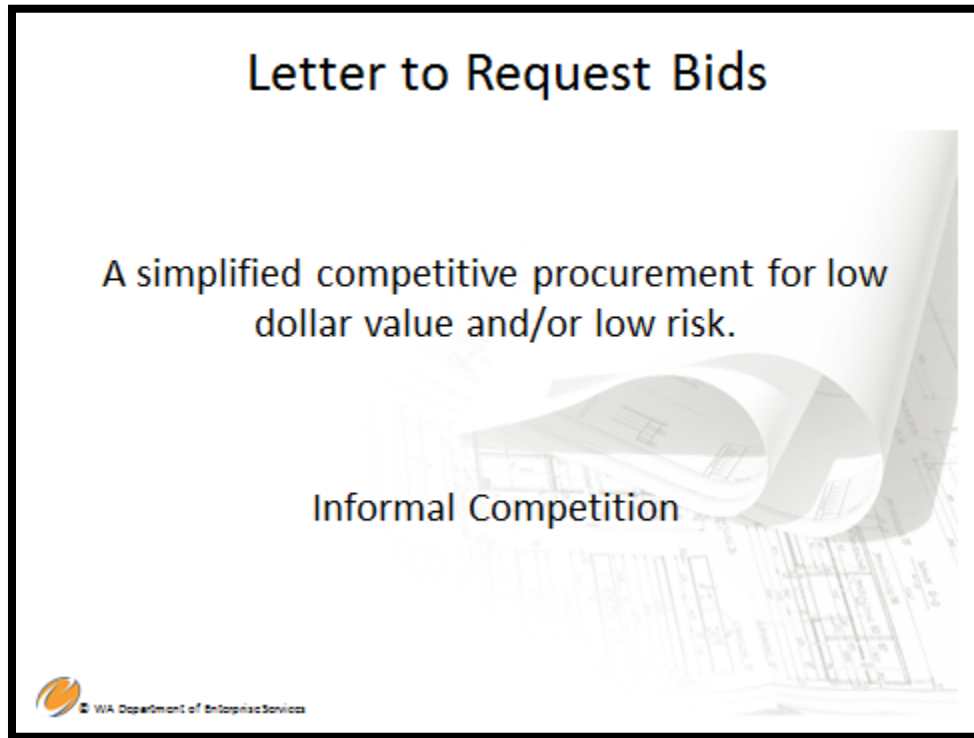


This slide shows the basic elements that should be in any procurement document. Whether formal or informal, always include the following information in your solicitation document:

- Project background, specific problem, or need.
- Detailed scope of work or description of goods.
- Firm bid due date.
 - Determine due date by complexity of procurement.
 - 2 weeks is minimum, 4 weeks is reasonable.
 - Provide as much time as possible.
- Options to renew or amend.
- Insurance requirement, if necessary.
- Specific bid preparation and submission instructions .
- Evaluation process.

Notes

Slide 30 – Letter to Request Bids



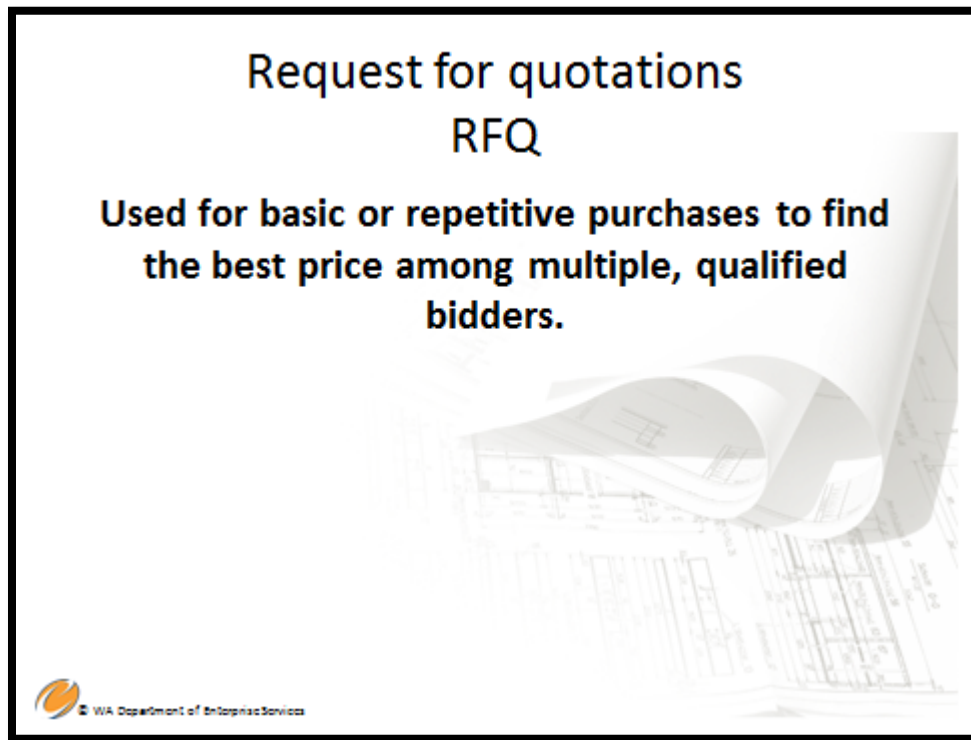
Letter to Request Bids

- Usually referred to as an “Informal Competition”
- Usually low dollar value
- Considered low risk to the agency
- Useful when doing a competitive small purchase or competitive direct buy (although not required for direct buy)

Even if you are not required to do a formal solicitation, it is recommended that you use a letter to request bids. Check with your agency’s document samples and procedures.

Notes

Slide 31– Request for Quotations, RFQ



A Request for Quotations (RFQ) is used for basic or repetitive purchases to find the best price among multiple, qualified bidders.

Request for Quotations are:

- Typically used for more standard, basic or repetitive purchases of goods and services that have multiple suppliers readily available in the marketplace.

In an RFQ cost is the highest weighted factor.

- Examples of an RFQ for internal and standard operations readily found in the marketplace:

- Language translation
- Document storage
- Equipment rental
- Steam cleaning services
- Pest/weed control services
- Copy paper

If any of these examples are available on a Master Contract and it fits your needs, use the Master Contract.

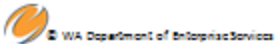
Notes

Slide 32 – Request for Qualifications & Quotations, RFQ

Request for qualifications
RFQ

Request for Qualifications
RFQ

**Used when statement of work is set and
vendor will be paid a set fee**

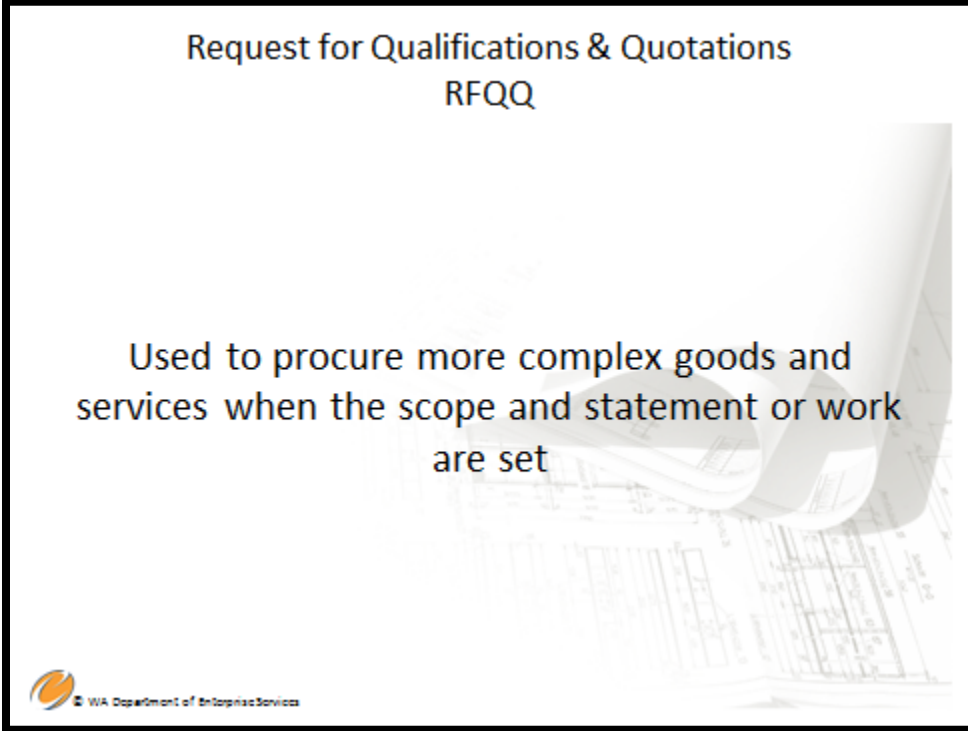


A Request for Qualifications (RFQ) is used when the qualifications of the vendor only need to be determined. The scope and statement of work are already determined and the vendor(s) will be paid a set fee.

Scope of Work: A detailed, written description of the conceptual requirements for the project contained within a competitive solicitation document. The scope of work should establish a clear understanding of what is required by the vendor.


Statement of Work: The response from the vendor outlining very specifically how they propose to complete the work as outlined in the scope of work. It defines what will be done, how, by whom, and cost factors.

Notes

Slide 33– Request Qualifications & Quotations RFQQ

Request for Qualifications & Quotations
RFQQ

Used to procure more complex goods and services when the scope and statement of work are set

 WA Department of Enterprise Services

The scope and statement of work and other requirements are already known. The vendor does not have to tell you how to do the work or provide the goods.

Typically the vendor, in response to the RFQQ, demonstrates their qualifications to provide the requested goods or services, including costs, fees, and pricing.

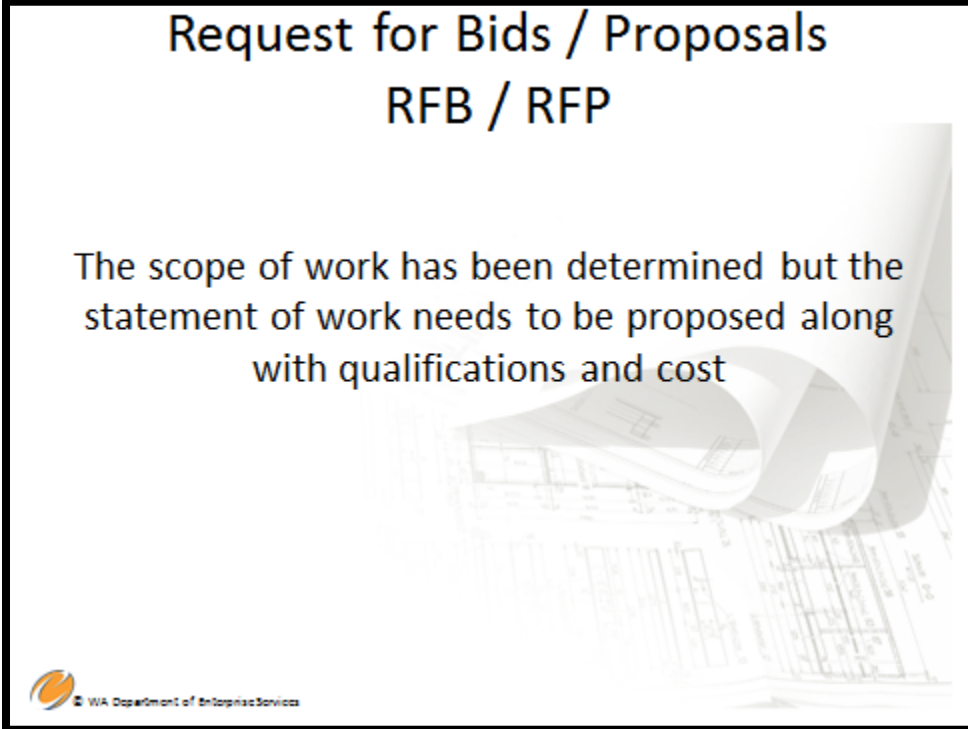
When evaluating a response to an RFQQ, both cost and vendor qualifications must be considered.

Here are some examples of an RFQQ:

- Grant writing
- Quality Assurance
- Appraisal services
- Economic Analysis
- Maintenance Services


Notes

Slide 34 – Request for Bids / Proposals RFB/RFP



**Request for Bids / Proposals
RFB / RFP**

The scope of work has been determined but the statement of work needs to be proposed along with qualifications and cost

 WA Department of Enterprise Services

Request for Bids/Proposals (RFB/RFP)

As procurement needs grow more complex, so does the process used to attain them. For more complex goods and services, use a request for bids/proposals.

In addition to the vendor's knowledge, skills and abilities (qualifications) and cost, we are asking the vendor to propose a plan for HOW they would do the work or provide the goods that would best meet the agencies' needs.

Vendors give agency's this information based on the scope of work and requirements provided in the RFP.

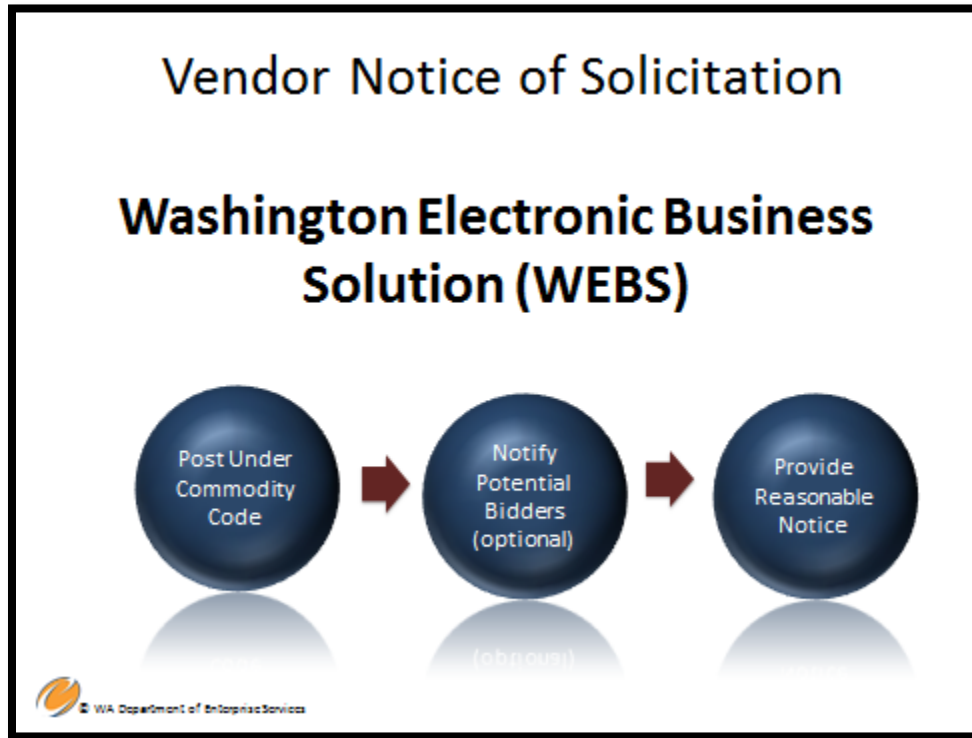
Examples of RFB/RFP include:

- Design and implementation of an information technology system to solve a complex business problem or need.
- Major business process analysis and assessment within an agency or major program of an agency.
- Major assessment and testing processes.
- Research services related to major health or scientific policy development.
- Environmental products related to mitigation of hazardous waste.

Notes

Letter to Request Bids	Request for Quotations (RFQ)	Request for Qualifications (RFQ)	Request for Qualifications and Quotations (RFQQ)	Request for Bids / Proposal (RFB) (RFP)
<p>Examples include:</p> <ul style="list-style-type: none"> • Usually referred to as an “Informal Competition” • Usually low dollar value • Considered low risk to the agency • Useful when doing a competitive small purchase or competitive direct buy (although not required for direct buy) 	<p>Examples of an RFQ for internal and standard operations readily found in the marketplace:</p> <ul style="list-style-type: none"> • Language translation • Document storage • Equipment rental • Steam cleaning services • Pest/weed control services • Copy paper 	<p>A Request for Qualifications (RFQ) is used when the qualifications of the vendor only need to be determined. The scope and statement of work are already determined and the vendor(s) will be paid a set fee.</p>	<p>Examples of an RFQQ:</p> <ul style="list-style-type: none"> • Grant writing • Quality Assurance • Appraisal services • Economic Analysis • Maintenance Services 	<p>Examples of RFB/RFP</p> <ul style="list-style-type: none"> • Design and implementation of an information technology system to solve a complex business problem or need. • Major business process analysis and assessment within an agency or major program of an agency. • Major assessment and testing processes. • Research services related to major health or scientific policy development. • Environmental products related to mitigation of hazardous waste.

Slide 37 – Vendor Notice of Solicitation



You can advertise using other means but, under RCW 39.26, all procurements are required to be posted on the Washington Electronic Business Solution (WEBS) to notify vendors.

- Post under applicable Commodity Code(s)
- Optional: Notify potential bidders through other notices and postings, email, newspaper advertisements, trade journals, etc.
- Provide reasonable notice to all prospective bidders.
- Any modifications or cancellation to the competitive solicitation must also be posted on WEBS.

What is WEBS and why do you have to use it? WEBS is Washington State's vendor self registration and solicitation notification system. Vendor portal – vendors register and are able to find procurement opportunities from a central site. Vendors register under one or more commodity codes where they can provide goods or services.

- Cost is free to register
- Captures OMWBE information and Veteran owned information

WEBS Contains:

- Registered vendors
- Prequalified vendors – vendors who have been prequalified and vetted through a Master Contract competitive procurement.
- 2nd tier Master contracts – prequalified vendor pools

Examples:

- ITPS (Information Technology Professional Services)
- Management Consulting
- Organizational Development
- Lean Consulting
- Janitorial Services

You can find the WEBS address in your workbook: <https://fortress.wa.gov/ga/webs/>
The complexity of a procurement determines whether it should be considered “informal” or “formal”, and not just the dollar amount.

Examples of a Formal Competition: RFQ, RFQQ, RFP

Examples of an Informal Competition: Letter to Request Bids (aspects of RFQ, RFQQ, RFP)

Notes

Slide 38 – Exemptions to a Competitive Procurement



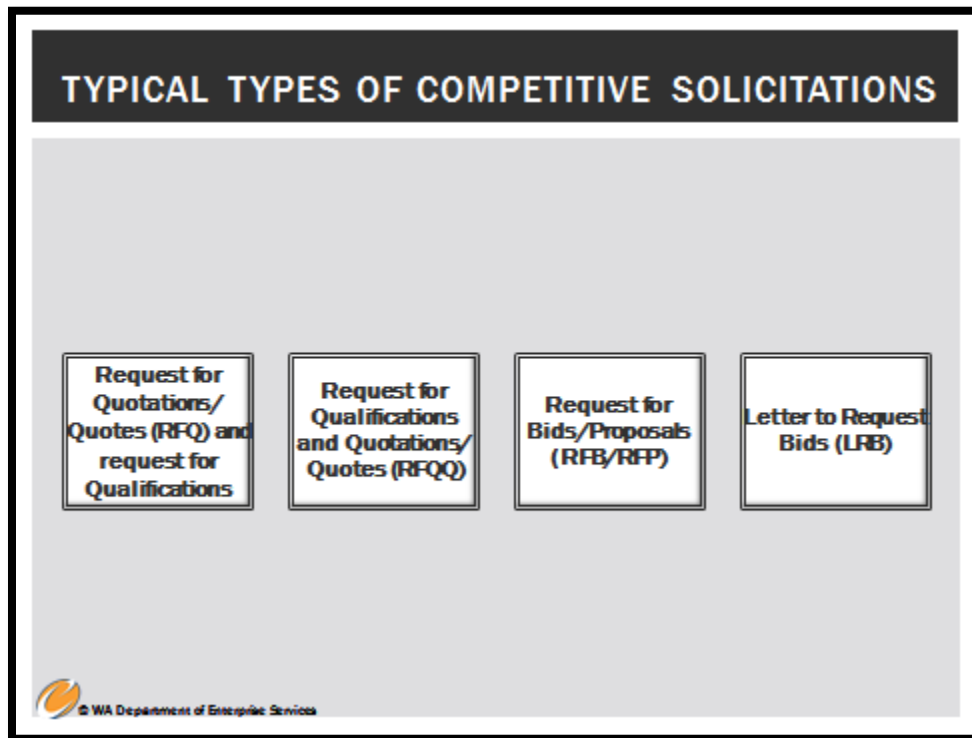
Section Three – Exemptions to a Competitive Procurement & Choosing a Method will cover the following topics in more details:

- Exemptions to the Competitive Process
- Decision Points
- Choosing a Method
- Contract Modifications

Notes

Notes

Slide 39 – Typical Types of Competitive Solicitations



The Competitive Process – Typical Types of Competitive Solicitations

Starting the Competitive Process, which results in a contract...

Develop the competitive solicitation document

Typical document types include:

1. Request for Quotations/Quotes (RFQ) OR REQUEST FOR QUALIFICATIONS
 - Request for Quotes – Used most often when procuring commodities (goods) or commodity-like services. Goods and services are typical and provided to all buyers. Vendors are selected based on price only.
 - Request for Qualifications – Scope and statement of work is solidified and all vendors will be paid a set fee. Vendors are selected based on qualifications.
1. Request for Qualifications and Quotations/Quotes (RFQQ) – Scope and statement of work is solidified. Vendors are selected based on both qualifications and price.
2. Request for Bids/Proposals (RFB/RFP) – Only scope of work has been determined (what is to be done). Vendors are selected based on their submitted statement of work (how they will achieve/perform the scope of work), qualifications and price.
3. Letter to Request Bids (LRB) - a simplified competitive procurement for low dollar value and/or low risk – Informal

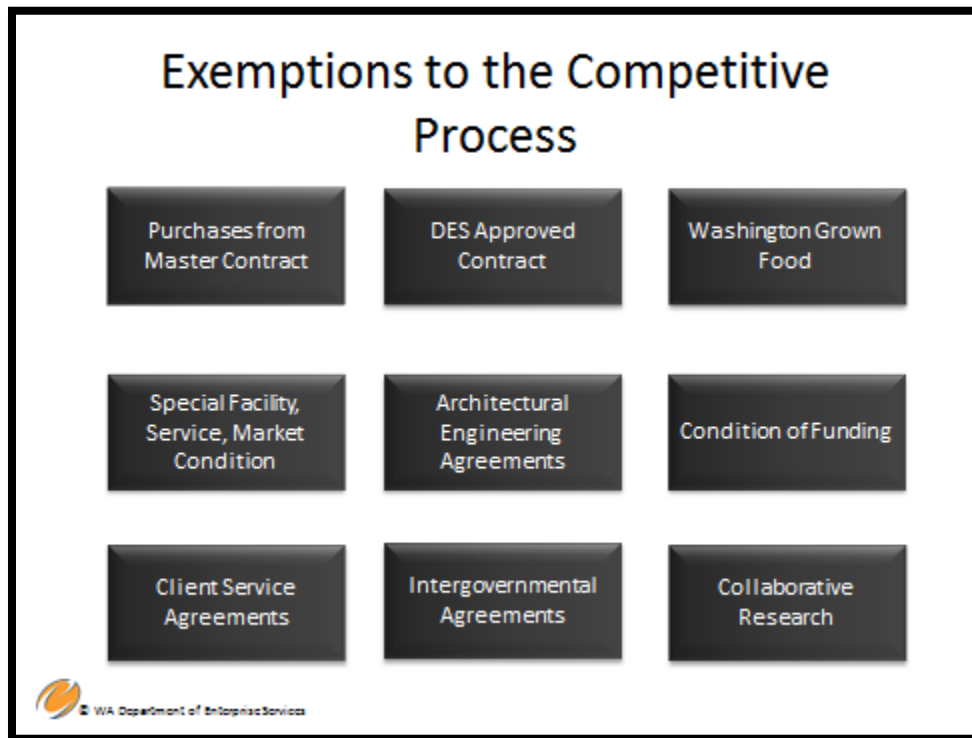
Definitions:

Scope of Work: A detailed, written description of the conceptual requirements for the project contained within a Request for Proposal (RFP). The scope of work should establish a clear understanding of what is required by the vendor.

Statement of Work: The response from the vendor outlining very specifically how they propose to complete the work as outlined in the Scope of Work. It defines what will be done, how, by whom, and cost factors.

Notes

Slide 40 – Exemptions to the Competitive Process



The Exception's to the competitive process are shown on this slide and available in your workbook.

For a full list of exemptions view the authorizing statute [RCW 39.26.125](#)

Along with Sole Source, Emergency Purchase, direct-buy purchases and contract amendments, here are some exceptions to the competitive procurement process:

- Purchases from master contracts established or authorized by DES (except where 2nd tier is required).
- Cooperative purchasing agreements with other public entities.
- Other qualified/authorized master contracts.
- Exemptions from competition for specific contracts or groups of contracts approved by DES Director.
- Washington grown food when food is not available from WA sources through an existing contract – off contract.
- Architectural engineering agreements - RCW 39.80
- Condition of funding - when use of a specific contractor is mandated by the funding source.
- Client Service Agreements – when services are provided directly to agency clients. Clients are individuals for whom the agency has statutory responsibility to serve, protect, and oversee

A Client Service Agreement does not apply to:

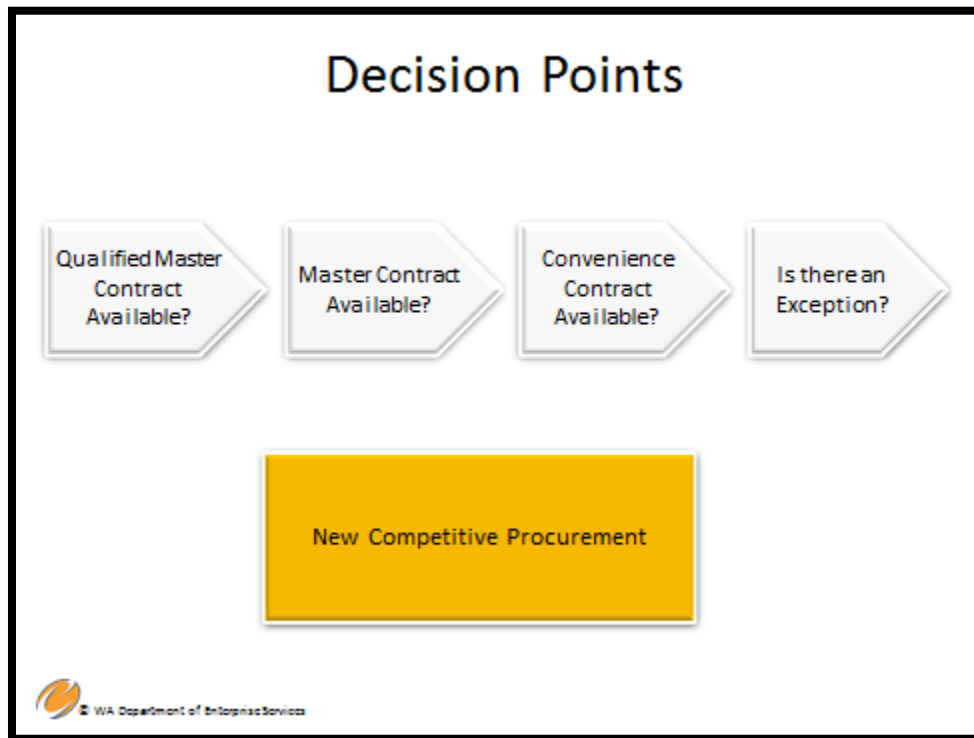
- State/Government staff
- Providers / Businesses / Contractor
- General Public
- Intergovernmental Agreements - Contracts to perform governmental activities which each contracting agency is authorized to perform. RCW 39.34.

- Collaborative Research – when specific vendor is named in the grant proposal and the proposal is accepted by the grantor. Vendor becomes a condition of funding.

Intergovernmental/interagency/interlocal agreements can occur between state agencies, colleges and universities, state local governments, federal agencies, federally recognized Tribes, or other state or local political subdivisions.

Notes

Slide 41 – Decision Points



Here are a few Decision Points to consider before establishing a new procurement.

- Is a Qualified Master Contract Available?
- Is a Master Contract Available?
- Convenience Contract Available?
- Does an exception to procurement law apply?

If the answer is **NO** to each of these questions begin a new competitive procurement.

Notes

Slide 44 – When Contract Changes Happen....



When Contract Changes Happen –

Amendments: A change to one of the terms of a **contract**. Any type of **contract** can be **amended**, and any clause in a **contract** can be **amended** by the mutual agreement of both parties, as long as it is within scope of the original contract.

Non-substantive (or administrative) amendments:

An administrative or minor issue with some part of the contract occurs, such as;

- Date in the statement of work,
- Contractor address needs to change, change in contract management, etc.
- There is a non-substantive change to the schedule or budget.

Substantive amendments:

- Which can involve adding to or changing the statement of work, pricing, terms and conditions, etc. related to the contract.
- You can't make substantial changes to the scope of work but you can change the statement of work's specific deliverables to meet the scope of work. Statement of work can change but needs to stay within the original scope in the procurement document.

Necessary changes to contracts may be made as amendments rather than as new contracts if the changes are within the general scope of work of the original contract.

Changes that are within the scope of work but represent substantial changes in the quantity, duration, cost, or nature of the work may not *be* appropriate for contract amendments and may

need a new procurement or new contract. Changes outside the general scope of work of the contract are not appropriate to award through contract amendments.

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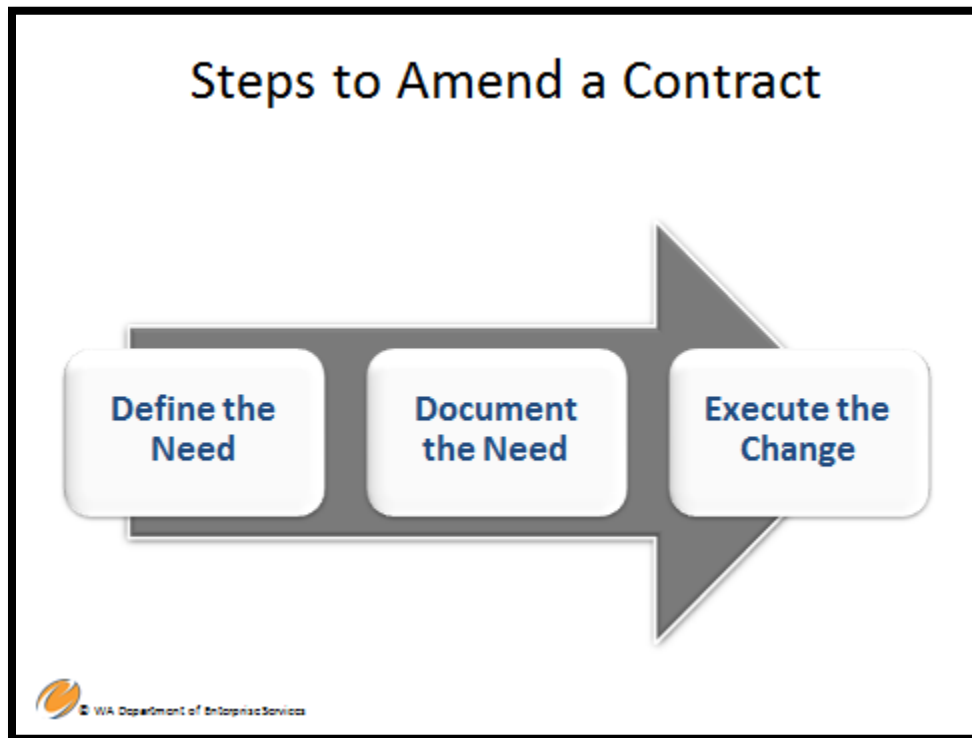
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Notes

Notes

Slide 45 – Steps to Amend a Contract



Once it's been determined it's appropriate to amend the contract, the following steps are involved:

Define the Need; ask yourself;

- Why is the contract change needed?
- Is the original scope being changed – if so, an amendment may not be appropriate.
- Is more money being added to the contract due to higher than expected volume of services or compensable delays?

When describing the business need, and for a clear description, the following additional questions can be used –

- Are good/services within the original scope?
- Why were good/services not included in original scope?
- What conditions have changed? Other information that clearly justifies amendment decision.
- Consequences if not approved (include impact to agency and to services it provides)
- Are the rates the same?

Document the Need

- Draft contract amendment, based on changed statement of work/schedule/money.
- Document approval for budget impacts.

Execute the Change

- Signed amendment is in place prior to starting amended work.

- In most cases, in order to give vendor more money, more service must be provided.
- Substantial scope changes aren't allowed.

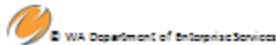
Contract renewals are amendments and allowable when the intent to renew was stated in the original procurement document.

Notes

Slide 46 – Summary & Key Points

Summary & Key Points

- Recognized options available for purchases as well as exceptions and exemptions
- Discussed the high-level rules and requirements related to Procurement Reform and an agency's delegated authority
- Applied critical thinking to the procurement process
- Described different competitive procurement methods and when they are used
 - Understood informal vs. formal competition
- Recognized when amendments are appropriate



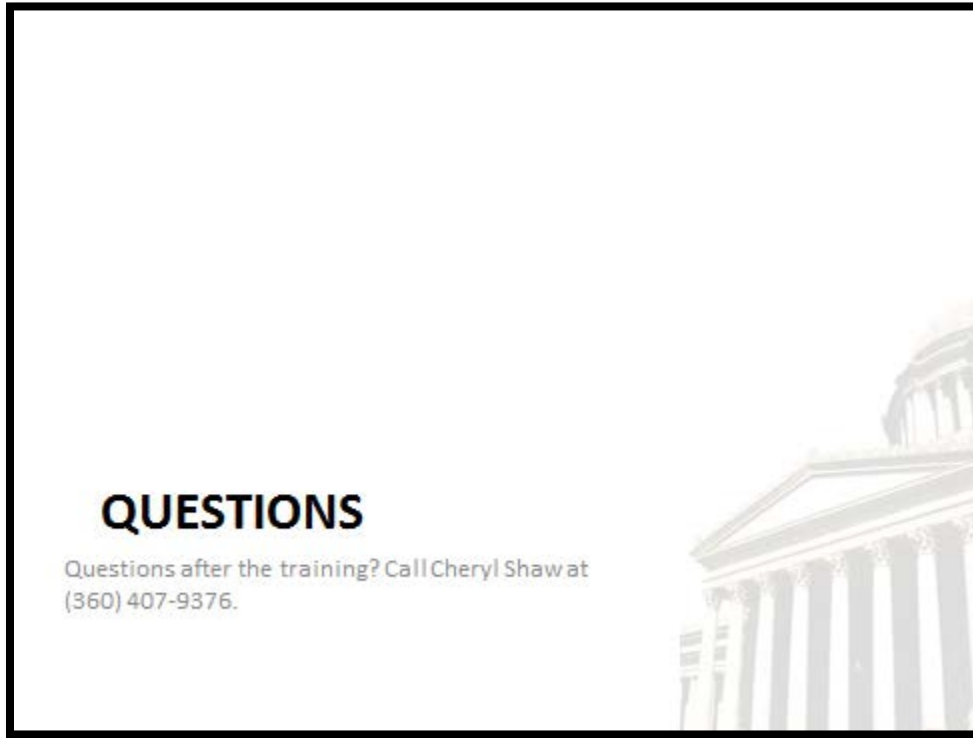
In this module, you have learned;

- Options available for purchases as well as exceptions and exemptions
- High-level rules and requirements related to Procurement Reform and an agency's delegated authority
- Reviewed why critical thinking is important to the procurement process
- Described different competitive procurement methods and when they are used
- Understood informal vs. formal competition
- Recognized when amendments to contracts are appropriate

Notes

Notes

Slide 47 – Questions



Contact Cheryl A. Shaw, Contract and Legal Services Training Manager, Department of Enterprise Services
1500 Jefferson St SE
Olympia, WA 98504

Notes

Sample Amendment Form (on following page)

THIS IS NOT A REAL AMENDMENT, ONLY AN EXAMPLE OF AN AMENDMENT. THE GRAY BOXES USED PROVIDE EXPLANATION ABOUT THAT SECTION OF THE AMENDMENT.

**STATE OF WASHINGTON
DEPARTMENT OF ENTERPRISE SERVICES
AMENDMENT NO. 1 TO
OFM CONTRACT NO. K22**

This section identifies the parties.

DES Contract No. K22, by and between the Department of Enterprise Services and ABC Communications is amended as follows:

This section identifies the changes to the contract, and should be specific.

PERIOD OF PERFORMANCE, is hereby revised to extend the end date from February 2014, to September 30, 2016.

This section identifies when the amendment begins.

The effective date of this Amendment is January 1, 2014, or the date of execution, whichever is later.

ALL OTHER TERMS AND CONDITIONS OF THIS CONTRACT REMAIN IN FULL FORCE AND EFFECT.

IN WITNESS WHEREOF, the parties hereby execute this Amendment.

To be valid, amendments must be signed and dated by both parties.

ABC COMMUNICATIONS

DEPARTMENT OF ENTERPRISE SERVICES

ANNABEL B. CLARK, PRESIDENT

MS. CONTRACTS, CONTRACT SERVICES MANAGER

DATE

DATE

Notes

Resources

A Guide to the Project Management Body of Knowledge (PMBOK Guide) 5th Edition
<http://www.pmi.org/PMBOK-Guide-and-Standards.aspx>

DES Policies:

- Contracting & Purchasing Policies, Training, and Resources
<http://des.wa.gov/services/ContractingPurchasing/Pages/default.aspx>
- DES-090-00 – Delegation of Authority
http://www.ofm.wa.gov/accounting/fmac/DES_Procurement_Reform_Policies_MB_2.28.13.pdf

NIGP Code of Ethics

<http://www.nigp.org/eweb/StartPage.aspx?Site=NIGP&webcode=abt-codeofethics>

OCIO Policy #121 – Information Technology Investment Approval and Oversight

<http://www-stage.ofm.wa.gov/ocio/policies/documents/121.pdf>

RCW 28B.10.029 – (Higher Education) Property Purchase and Disposition – Independent Printing Production and Purchasing Authority – Purchase of Correctional Industries Products

<http://apps.leg.wa.gov/RCW/default.aspx?cite=28B.10.029>

RCW 39.26 – Procurement of Goods and Services

<http://app.leg.wa.gov/rcw/default.aspx?cite=39.26>

RCW 39.29.006(2) – Personal Service Contracts

<http://apps.leg.wa.gov/RCW/dispo.aspx?Cite=39.29>

RCW 39.26.010 – Definitions

<http://apps.leg.wa.gov/RCW/default.aspx?cite=39.26.010>

RCW 39.26.090 – Director's Duties and Responsibilities – Rules

<http://app.leg.wa.gov/rcw/default.aspx?cite=39.26&full=true#39.26.090>

RCW 39.26.120 – Competitive Solicitation

<http://apps.leg.wa.gov/rcw/default.aspx?cite=39.26.120>

RCW 39.26.125 – Competitive Solicitation – Exceptions

<http://apps.leg.wa.gov/rcw/default.aspx?cite=39.26.125>

RCW 39.26.060 – Cooperative Purchasing

<http://apps.leg.wa.gov/rcw/default.aspx?cite=39.26.060>

RCW 39.26.070 – Convenience Contracts

<http://apps.leg.wa.gov/rcw/default.aspx?cite=39.26.070>

RCW 39.34 – Interlocal Cooperation Act

<http://apps.leg.wa.gov/rcw/default.aspx?cite=39.34>

RCW 39.80 – Contracts for Architectural and Engineering Services

<http://apps.leg.wa.gov/RCW/default.aspx?cite=39.80>

RCW 43.41A – Office of the Chief Information Officer (OCIO)

<http://apps.leg.wa.gov/rcw/default.aspx?cite=43.41A>

RCW 42.52 – Ethics in Public Service

<http://app.leg.wa.gov/rcw/default.aspx?cite=42.52>

SAAM 16.20.60 – Client Service Contracts – Contract Award, Management, and Monitoring

<http://www.ofm.wa.gov/policy/16.20.htm>

Washington’s Electronic Business Solution (WEBS) Website

<https://fortress.wa.gov/ga/webs/>



Contact Us By Phone

For questions, feel free to contact us by phone at 360-407-2200.

Locations & Directions

Our headquarters office is at 1500 Jefferson, on the Capitol Campus in Olympia, Washington. DES operations are also located throughout the state.

[Enterprise Services headquarters at 1500 Jefferson Building](#)

[Other Enterprise Services locations](#)

DES Headquarters at 1500 Jefferson Building

The headquarters of Enterprise Services is the 1500 Jefferson Building, which will also serve as the state's new data center. The building is part of state government's historic Capitol Campus and is the newest structure built on the grounds since 1992.

Mailing Address

Washington State Department of Enterprise Services PO Box 41401 Olympia, WA
98504-1401

Physical Location

1500 Jefferson Street SE Olympia, WA 98501 - [Map](#)