

Purchasing 101



OFFICE OF STATE PROCUREMENT

Purchasing 101 Topics

- Introduction to Procurement
- Delegation of Purchasing Authority (DPA)
- What Governs Procurement?
- Methods of Procurement
- Procurements with Special Requirements
- Deficiency Complaints
- Questions



Acronyms

OSP

Office of State Procurement

DOA

Division of Administration

CPO

Chief Procurement Officer

DPA

Delegation of Purchasing Authority

EO

Executive Order

GSA

General Services Administration

ITB

Invitation to Bid

LaMAS

Louisiana Multiple Award Schedule

LAPS

Louisiana Pricing Schedule

LaPAC

Louisiana Procurement & Contract Network

eCat

Electronic Catalog



Introduction to Procurement

- The Office of State Procurement (“OSP”) is responsible for standardizing, procuring, or supervising the procurement of all goods, services, and major repairs required by State agencies.
- Through its centralized purchasing authority, OSP may bid out and award Statewide Contracts.



Introduction to Procurement

- OSP may also establish Louisiana Multiple Award Schedule (LaMAS) Contracts, which are based on Federal General Service Administration (GSA) contracts, to make these available to all State agencies.
- In addition, OSP may partner with national cooperative organizations, (such as NASPO, Sourcewell, OMNIA, etc.) in order to participate in and access the pricing and benefits of their large-scale contracts, and pass these savings on to our Louisiana agencies.
- Through its cooperative purchasing authority, OSP is able to extend the benefits of these Statewide contracts, including the opportunity to obtain these low prices on quality products and services, to all Quasi Agencies and Political Subdivisions.



Delegation of Purchasing Authority (DPA)?

What is delegated purchasing authority?

- A formal written delegation and dollar amount from the Chief Procurement Officer that agencies may procure themselves, without submittal to OSP.
- Usually limited to Small Purchases as defined by the Small Purchase Executive Order (not exceeding \$30,000).

NOTE: Some commodities must be purchased through OSP regardless of the agency's DPA.



What Governs Procurement?

- Louisiana Revised Statutes 39:1551-1744
- Louisiana Administrative Code (LAC) Title 34
- Small Purchase Executive Order



La. Revised Statutes 39:1551-1755

- Louisiana Procurement Code
- Creates Central Purchasing Agency (OSP)
- Names Director of State Procurement as the State Chief Procurement Officer (CPO)
- Gives the CPO the authority to procure all supplies and services needed by the State, unless otherwise provided by law
- La. R.S. 39:1572 – Exempts certain agencies from going through OSP
- Non-exempt agencies must follow OSP regulations for all procurements



Louisiana Administrative Code Title 34

- A State certified publication that provides a set of rules that have been formally adopted or amended by Louisiana State agencies.
- The rules in the LAC are published in accordance with legislative authority and through legal rulemaking procedure.
- Title 34 of the LAC is entitled "Government Contracts, Procurement and Property Control" and contains rules related to public procurement.



Small Purchase Executive Order

- Governs purchases that are between **\$10,000 and \$30,000** and lists other special procurements that are exempt from the competitive sealed bidding requirements contained in the Procurement Code
- Currently, we operate under ***Small Purchase EO JBE 2020-21***
- New Small Purchase EO's are typically issued if changes are needed, or if a new Governor is elected



Methods of Procurement

Identify Need:

- An agency identifies its needs
- Determines which goods or services will satisfy those needs
- Gathers all information that will help simplify the procurement process, including specifications, sources, proper commodity class, and estimated costs

Determine Method of Procurement:

- Statewide Contract
- Small Purchase Executive Order
- Fax Bid
- Competitive Sealed Bidding with Advertisement
- Sole Source
- Proprietary
- Emergency
- RFP



Statewide Contracts

- OSP develops Statewide Contracts in various commodity areas in order to group the needs of the different agencies.
- Statewide contracts standardize products and services, consolidate usage for lower prices, and reduce administrative costs.
- These contracts allow agencies the convenience of purchasing items directly without having to competitively bid those items.



Statewide Contracts

- Most are not mandatory; however, many do have minimum order requirements.
- Contract purchases are not limited to an agency's DPA, but some agencies may set their own internal purchasing limits within their agency.
- To use a contract, agencies only have to select the desired items to be purchased, source the Statewide contract, and issue a purchase order.



Statewide Contracts

- **Types** – Generic, Brand Name, LaMAS, Multi-State/ Cooperative Purchasing, Emergency
- **Formats** – itemized, discount from price list, catalog
- **Mandatory/ Non-Mandatory**
- **LAPS**
 - Applies to Brand Name, LaMAS, and Multi-State Cooperative Contracts
 - Must compare contracts for best value determination when total procurement is over \$30,000



Statewide Contracts

Access from OSP's website / Agency Center / LA eCat – Louisiana's Electronic Catalog

Office of State Procurement

Louisiana's Electronic Catalog (LA eCat)

Search tool for items on state contracts. [Help](#)

LaGov

Contract	Vendor	Contract Line Item:	Catalog Items:
Contract # <input type="text"/>	Name <input type="text"/>	Line # <input type="text"/>	MDM Catalog Reference # <input type="text"/>
Contract Desc. <input type="text"/>	SEBD <input type="text"/> Any <input type="text"/> VSE <input type="text"/> Any <input type="text"/>	Product Category <input type="text"/>	Supplier Part # <input type="text"/>
T-Number Desc <input type="text"/>	SE/HI <input type="text"/> Any <input type="text"/> DVSE <input type="text"/> Any <input type="text"/>	Material # <input type="text"/>	Region <input type="text"/>
T-number <input type="text"/> <input type="button" value="Lookup"/>		Product Category/Line Item Description <input type="text"/>	Catalog Item Long Description <input type="text"/>
Coop? <input type="text"/> Any <input type="text"/>			Emergency <input type="text"/> Any <input type="text"/>

- Search using singular word forms only.
- Words separated by a space searches for items containing all words in any order.
- Enclose a phrase in quotes to search for the exact phrase.
- Words separated with OR searches for any of the words.
- % can be used as a wildcard when searching

Search for: **Contracts** **Contract Line Items** **Catalog Items**



Non-Contract Purchases

When the agency determines that the goods or services required are not available through a Statewide contract or they do not choose to utilize an existing contract, the agency may:

1. Handle the purchase if it is within their DPA, **or**
2. The agency may submit a shopping cart to OSP for competitive bidding
 - Small Purchase - \leq \$30,000
 - Competitive Sealed Bid – ITB (Invitation to Bid)
 - Request for Proposals (RFP)



Small Purchase Executive Order

- Section 4A of the EO states that no competitive process is required for purchases that do not exceed \$10,000 per single purchase transaction.
- If a purchase is between \$10,000 and \$20,000, and it does not fall under one of the “special” exempt commodities in either Section 5A or 5B of the EO, it is then governed by Section 4B.
- Most of the time, agencies will submit these purchases to OSP on a shopping cart for our office to do a fax bid.



Small Purchase Executive Order

- **Section 4B – Agency Quotes:**

- Purchases over \$10k but less than \$20k require at least **three** quotations from bona fide, qualified vendors. Whenever possible, at least **one** of the vendors should be an Small & Emerging Business (“SEBD”).
- Purchases over \$20k, but less than \$30k, require at least **five** quotations from bona fide, qualified vendors. Whenever possible, at least **two** of the vendors shall be an SEBD.
- **Agencies should contact OSP via phone or email for permission to obtain quotes prior to bidding any item over the agency’s DPA.**
 - If approved, OSP will issue an authorization number. The agency will then obtain quotes (make sure they are “apples to apples”) and submit this documentation with your shopping cart, referencing your authorization number.
 - OSP will then issue a PO. Or - the agency can submit a PO with this documentation attached for OSP review.

Note: This is only used for very limited circumstances.



Small Purchase Executive Order

- ***Section 5A lists specific items that are considered small purchases, and for which no competitive process is required.***
 - However, please note that a few of these items have dollar limit “caps” on them. If your purchase exceeds the cap, you must either obtain quotes, or submit it as a sole source.
- ***Commonly used 5A exemptions are:***
 - Authorized Dealer repairs and parts for equipment
 - Purchasing transactions between governmental entities
 - Publications or copyrighted materials purchased directly from the publisher or copyright holder
 - Educational training, including instructor fees & related resources, and including membership in and accreditations by professional societies and organizations
 - Advertising, where permitted by law, to reach targeted audiences



Small Purchase Executive Order

- **Section 5B** lists specific items for which the agency does have to solicit competition (unlike the items in 5A), but that only require obtaining telephone or fax quotes from at least **three** bona fide, qualified vendors, regardless of dollar amount – unless that item has a dollar limit “cap” on it.
 - Whenever possible, at least one of the vendors should be an SEBD
- **Commonly used 5B exemptions are:**
 - Farm products, such as fresh vegetables, eggs, milk, & fish
 - Gasoline & fuel purchases (not on statewide contract)
 - Livestock feed commodities (not exceeding \$30k)
 - Convention & meeting facilities, provided that any associated food or lodging is in accordance with Travel Regulations PPM49.



Small Purchase Executive Order

Split Purchasing Prohibited

- Purchases shall not be artificially divided to avoid the competitive process or the solicitation of competitive sealed bids.



Fax Bids

- If a procurement is sent to OSP to be bid, and is estimated to be less than \$25,000 total, then OSP will typically handle it as a fax bid.
- Fax bids are posted to LaPAC, but are not advertised in the newspaper, so they can generally be processed more quickly.
- However, if the estimated dollar amount is close to the \$25,000 advertisement threshold, OSP will generally process the procurement as a sealed bid, because if the lowest responsive, responsible bid **does** end up exceeding \$25,000 and the file was not advertised, we cannot award it.



Purchase Exceeding Small Purchase Limit

Purchases exceeding small purchase limit of > \$30,000

- Competitive sealed bid (ITB)
 - Procedures per La. R.S. 39:1594.B; LAC Title 34, Part V5
 - Requires 10 day advertisement in newspaper and posted to LaPAC
- Request for Proposal (RFP)
 - Procedures per La. R.S. 39:1595
 - Requires 30 day advertisement in newspaper and posted to LaPAC



What is a Sole Source Purchase?

- It's a purchase available from only one source, usually the manufacturer, and is not sold through distributors. The State does not recognize distributor territories.
- Sole Source can also be justified when compatibility is the paramount consideration, when a sole supplier's item is needed for trial use or testing, when items are purchased for resale, and also for utility services, breeding stock, and other livestock on a selective basis.



What is a Sole Source Purchase?

- **La. R.S. 39:1597** allows for Sole Source Purchases
- A contract may be awarded for a required supply, service, or major repair without competition when, following established sole source guidelines, the CPO or his/her designee above the level of procurement officer determines in writing that there is only one source for the required supply, service, or major repair item.



Sole Source Purchase Requirements

- The agency submits in writing what other brands/models were looked at, why no other product is suitable or acceptable for their needs, the unique characteristics of the chosen product, and a statement that it is sold by only one known supplier.
- The agency obtains and submits a letterhead statement from the sole source vendor (not from a sales representative) declaring that the product is sold only directly by their company and not sold through a distributor network.
- The vendor must provide the agency with 1) a firm price quote and either: 2a) a published price list, or 2b) a typed and notarized list of standard pricing, if a published price list is not available. At no time should the quote to the agency exceed standard/published pricing.



Used Equipment Purchase

- Used Equipment is purchased in accordance with La. R.S. 39:1645.
- The purchase of Used Equipment falls under “Conditions for the Use of Sole Source Procurement” as defined in the Rules and Regulations: Title 34, Chapter 9; Section 905 (B).

NOTE: As a general rule, an agency should procure new equipment, but there are situations where it may be necessary or advantageous to purchase used equipment.



Used Equipment Purchase

- The most common reasons are:
 - The inability to secure new equipment (lack of availability).
 - The lack of adequate funds for new equipment
 - Used equipment that will satisfy the agency's need is available at a substantial savings.



Used Equipment Purchase Requirements

Agency will submit a letter stating the following information for a Used Equipment purchase:

- The price of Used Equipment versus New Equipment (vendor quotes attached when possible)
- The agency's plan for maintenance and repair of the equipment, including estimated cost
- The savings that will accrue to the State by purchasing Used Equipment
- A statement of fact that following bid procedures set out in the Louisiana Procurement Code will result in the loss of opportunity to purchase the equipment



Proprietary Purchase

A proprietary specification is a specification that cites a particular brand name, model number, or some other designation that identifies a specific product to be offered -exclusive of others - in accordance with La. R.S. 39:1655.

- Only one product will meet the State's needs due to compatibility, standardization, or maintainability.
- When the products are available from more than one source, and therefore can be competitively bid – it is not sole source.



Proprietary Purchase Requirements

- Agency submits a justification on agency letterhead to the Office of State Procurement stating why only one brand name or item is suitable for their needs and the unique characteristics. Note that simply having a preference for one brand over another is not sufficient justification.
- The use of proprietary specifications must be justified and approved in writing by the Chief Procurement Officer or designee higher than an analyst.
- Agency will submit a shopping cart in LaGov, selecting the necessary box to notify the Office of State Procurement that they are requesting a proprietary purchase and attach the justification letter.



Emergency Purchase

- Emergency Purchases are made in accordance with ***La. R.S. 39:1598***.
- It is always a good idea to know what to do in case of an emergency. When it comes to procurement, an emergency can be described as a situation that creates an immediate and serious need for supplies, services, or major repairs that cannot be met through normal procurement methods.
- There are two types of emergencies. There is a “Usual” emergency and a “Catastrophic” emergency.
- In either type, it is a situation which creates an imminent threat to public health, welfare, safety, public property, or that impacts or threatens the functioning of Louisiana government.



Usual Emergency Purchase

- A usual emergency occurs during the daily operation of an agency and typically only affects a single agency.
 - For example, a broken water or sewer line.
- In the event of a “Usual” emergency, agencies should contact OSP to obtain an Emergency Authorization number prior to making an emergency purchase.
- If an emergency procurement need arises after hours or on the weekend, the agency should proceed with any purchases necessary to mitigate the emergency situation and then contact OSP on the next business day.



Catastrophic Emergency Purchase

A Catastrophic Emergency is a situation that is declared by the Governor and usually affects a large number of people over a wide area, such as a hurricane.

- In an event of a “Catastrophic” emergency, OSP has over one hundred existing Emergency Contingency Contracts that are available for use when the Governor declares a State of Emergency.
- These contracts can be easily found on OSP’s website on eCat, our electronic catalog, by entering the word “Emergency” in the contract description search field.
- When utilizing an OSP contract in a declared emergency, it is highly recommended that a copy of the contract is placed in the file to assist with any potential FEMA reimbursements.



Procurements with Special Requirements

- Telecommunications
- Information Technology
- Vehicles
- Elevator Maintenance
- Equipment Financing
- Printing
- Labor and Material Projects – over \$10,000



Deficiency / Complaint Forms

What should I do if a vendor does not deliver as specified, or has poor quality service?

Anytime a vendor is not performing their contract properly, whether it be for a one-time buy, a blanket order, Statewide Contract, or any sort of PO handled by OSP or based on one of our contracts – agencies should take the following steps:

1. First, contact the vendor directly and see if you can resolve the issue internally. Document any correspondence or meetings.
2. If this does not resolve the problem, agencies should fill out a Deficiency Complaint Form and submit it to OSP. This can be found on OSP's website under: Agency Resources / Purchasing / Agency Forms.

<https://www.doa.la.gov/doa/osp/agency-resources/osp-purchasing/>



Questions?



OFFICE OF STATE PROCUREMENT

OSP Contact Information

Main Phone: 225.342.8010

OSP Website: Procurement.La.Gov

OSP Help Desk - Purchasing: DOA-OSPhelpdesk@la.gov



Purchasing 101



OFFICE OF STATE PROCUREMENT