

Procurement Fact Sheet

Purpose

This fact sheet is intended to help subrecipients of different grants who are monitored by the South Dakota Department of Transportation, Office of Air, Rail and Transit (SDDOT) understand procurement regulations. All the contained information derives from Federal and State procurement laws. It is important to note that Federal and State procurement laws can differ, and to ensure subrecipients are following both laws the guidance below is based on the most restrictive regulation.

Planning

Planning is the first step in the procurement process. Entities must conduct the planning process of deciding what to buy, when, the procurement method, and from what sources. To plan effectively, an entity must have the internal organizational capability with the proper checks and balances to facilitate the procurement process with the highest degree of integrity.

Procurement Standards

- Instill public confidence in the procurement process of subrecipient.
- Ensure fair and equitable treatment for all vendors who seek to do business with a grant subrecipient.
- Ensure maximum open and free competition in the expenditure of public funds.
- Provide the safeguards to maintain a procurement system of quality and integrity.
- Conflict of Interest - no employee, officer, or agent can participate in the selection of contract if he or she has a conflict of interest.
- Gratuities, kickbacks, and contingent fees: No member of the groups listed under conflict-of-interest section shall solicit, demand, or accept from any person, contractor, potential contractor, or potential subcontractors, anything of a monetary value, including gifts, gratuities, favors, etc.; except when the financial interest is not substantial, or the gift is an unsolicited item of nominal intrinsic value.
- Contracts must include procedures that avoid unnecessary work or unnecessary purchases of supplies.
- Subrecipients must have written procurement policies addressing requirements, standard of conduct, and processes.

Consequences of Noncompliance

Any number of below enforcement remedies could occur.

- Temporarily withhold payments pending correction of the deficiency.
- Disallow all or part of the cost of the activity or action not in compliance
- Suspend or terminate the Federal award
- Withhold further awards for the program
- Take other remedies that may be legally available

Procurement Methods

Depending on the project award\estimated purchase amount, different rules apply. If your entity has more restrictive thresholds; those purchase levels must be used.

Maintaining Records

All applicants must maintain procurement files to document the process and supporting documentation. Follow the SDDOT Procurement Template recommendation.

PROCUREMENT CANNOT BE DONE AFTER PURCHASE OR SELECTION.
NO PURCHASES MAY BE ARTIFICIALLY DIVIDED TO AVOID THE LEVELS OF PURCHASE RULES.
CONDUCTING GEOGRAPHICAL PREFERENCE WHEN PROCURING SERVICES IS PROHIBITED.
CHANGE ORDERS IN A PROJECT ARE TREATED LIKE A SOLE SOURCE PROCUREMENT.
ARCHITECTURAL AND ENGINEERING (A&E) SERVICES
➤ NO THRESHOLD TO PROCURE A&E SERVICES
➤ MUST USE COMPETATIVE PROPOSAL PROCEDURES BASED ON BROOKS ACT
➤ QUALIFICATION BASED

METHOD	THRESHOLD	REQUIREMENT
<i>Price Comparison</i>	Purchases less than \$4,000	Obtain prices to determine price can be proven as fair and reasonable.
<i>Micro Purchases</i>	Purchases between \$4,000 and \$49,999	Require three quotes from three different vendors, when possible, to determine the best value and price.
<i>Simplified Acquisition</i>	Purchases that exceed \$50,000	Contracts or purchases for supplies or services must be advertised for bids. Requires an Independent Cost Estimate (ICE) prior to solicitation.
<i>Simplified Acquisition</i>	Professional Services \$50,000 (Consultants, CPA, Insurance Broker\Agent, etc.)	Contracts or purchases for supplies or services must be advertised for proposals. Requires an Independent Cost Estimate (ICE) prior to solicitation.

TYPES OF SIMPLIFIED ACQUISITIONS	
Invitation for Bid (IFB)	Sealed bid, publicly solicited, two or more bidders are willing and able to compete for business, bid comparison, responsive and responsible bidder, and selection made based on price along with other requirements of the bid process. Must have in writing the reason for choosing the received selected vendor.
Request for Proposal (RFP)	Sealed proposals, publicly solicited, more than one proposal and able to compete for business, evaluation criteria with evaluation team, responsive and responsible proposer, and selection made based on best fitting proposals, negotiations allowable along with other requirements of the proposal process. Must have in writing the reason for choosing the received selected vendor.
Sole Source\Non-Competitive*	There are limited circumstances when non-competitive procurement is allowed. Procurement accomplished through solicitation or acceptance of a proposal from only one available source or solicitation of several sources in which competition is determined inadequate. Refer to 2 CFR 200.320(f) for more detailed information.
SDDOT Retainer List	Developed scope of work, must contact a minimum of 3 firms on the list within the category of service of the primary work type, responses, responsive and responsible proposer evaluation criteria with evaluation team, responsive and responsible proposer, and selection made based on best fitting proposals, negotiations allowable along with other requirements of the proposal process.

Contract

Before issuing a payment to a contractor or vendor, applicants must ensure the entity has not been debarred or suspended from Federal grant dollars. To do this, applicants can go to www.sam.gov.

Once approval to award is obtained, the agency and contractor should execute the contract documents and the agency should issue a formal letter of award and a notice to proceed. Refer to references provided for contract types.