Employee Academy

WHAT IS PROCUREMENT?

MIAMIBEACH

Is it Purchasing?

The terms "purchasing" and "procurement" are often used interchangeably. However, strictly speaking "purchasing" is only one of three stages of the procurement cycle. The stages of procurement are:

- *Planning and scheduling* procurement activities to meet program and budgetary objectives;
- *Source selection* (purchasing), the process through which solicitations are issued, advertisements run, vendors selected, and goods or services received; and
- *Contract administration*, when the terms of the purchase agreement are enforced and the bills are paid.

Top Five (5) Goals of Procurement

National Institute of Governmental Purchasing (NIGP) July 2006 Pulse Poll Survey Results:

Best Value (78%)
Open and effective competition (77%)
Integrity (52%)
Effectiveness (34%)
Efficiency (22%)

Award of Contract Based on Low Bid?

Lowest and Best Bidder – Miami Beach City Code Sec. 2-369:

In determining the lowest and best bidder, *in addition to price,* there *shall* be considered the following:

(1) The ability, capacity and skill of the bidder to perform the contract.

(2) Whether the bidder can perform the contract within the time specified, without delay or interference.

(3) The character, integrity, reputation, judgment, experience and efficiency of the bidder.

(4) The quality of performance of previous contracts.

(5) The previous and existing compliance by the bidder with laws and ordinances relating to the contract.

What are the Fundamental Goals of Procurement?

- Obtain Maximum Value For Tax Dollar
- Satisfy or Exceed All Requirements
  - Customer
  - Legal
  - Administrative
- Maintain Integrity
- Open, fair and competitive processes

What is the Customer Service Function of Procurement?

- Provide a cohesive organized operation which delivers adequate and timely material support to everyone;
- Furnish material and service support in a tactful and courteous manner;
- Be receptive to advice from competent personnel in all departments;
- Maintain good relationships with all personnel in all of the departments; and
- Keep in mind that the key to success in Procurement is providing excellent customer service.

The Purchasing Cycle

- Departments submit budget request.
- Budgeting process results in adoption of Budget by Mayor and Commissioners.
- Departments submits purchase requisitions.
- Procurement reviews purchase requisition using the 5 W's and H approach.
- Verifies all necessary approvals have been obtained.

The Purchasing Cycle

- Checks to see if item is available through an existing City contract.
- If not available on City contract, Procurement staff identifies sources of supply.
- Procurement determines the source selection method (I.e. informal quote, formal bid, formal RFP/RFQ, “piggybacking”).
- When issuing formal bids, Procurement finalizes, assembles and issues solicitation document.
- Evaluates offers received (Responsive? Responsible?)

The Purchasing Cycle

- Recommends vendor/contractor/firm (commission memo/resolution)
- City Manager approves/disapproves recommendation.
- Procurement staff provides recommendation and ***notice to file protest*** to all individuals who submitted bids/proposals.
- Mayor and City Commission approve/disapproves recommendation.
- Construction: Contract books and notice to proceed.
- Goods/Services: Notification of award, issuance of Purchase Orders/Standing Orders.

Methods Of Procurement

- Direct payments – decentralized authority to departments – exempted from competitive bidding.
- Purchasing Cards -- small purchases (up to $5,000) -- decentralized authority to departments. Note: Payment tool as well.
- Informal quotes (request for quotes) – at least three quotes ***requested*** – up to $25K.
- Competitive sealed bidding (when purchase is in excess of $25,000.
- Emergency purchases & sole source purchases.
- "Piggyback" purchases – U.S. Communities; Federal GSA; state of Florida; Miami-Dade County; and School Board of Miami-Dade County.