

QUESTIONS AND ANSWERS
STATE PROCUREMENT POLICIES WEBINAR
JANUARY 24, 2019

REQUISITE PROCUREMENT PROGRAMS

1. *For purchases of \$25,000 or more, [OAC 123:5-1-17\(B\)\(1\)](#) requires that agencies work with DAS to determine if a requisite procurement program can provide the product or service. What about purchases less than \$25,000? Are agencies still required to work with a requisite program? For instance, Ohio Penal Industries (OPI) has a lot of products and services they provide for less than \$25,000.*

[Ohio Revised Code \(R.C.\) 125.035](#) requires state agencies to determine if their procurement needs can be met by a requisite procurement program. This statute does not establish a threshold; therefore, agencies must determine if any of their purchase needs could be met by a requisite program. DAS does not necessarily need to be involved in these determinations. However, for purchases of \$25,000 or more, [OAC 123:5-1-17\(B\)\(1\)](#) establishes a process by which agencies must either contact or provide a Request to Purchase (RTP) to DAS to determine the most appropriate approach for meeting a procurement need, including use of the requisite programs.

STATE CONTRACTS

1. *If an agency expects to exceed a state contract's maximum order limitation, [PM-01](#) says that the agency should contact the Office of Procurement Services. How is this contact made? Through a Request to Purchase (RTP), a phone call, or an email?*

The Office of Procurement Services (OPS) can be reached either by phone (614-466-5090) or you may call or email the assigned Contract Analyst.

PURCHASE THRESHOLDS

1. *For purchases of general supplies and services of \$50,000 or more, agencies must submit an RTP to DAS. Does this \$50,000 threshold amount to \$50,000 total value or \$50,000 per fiscal year?*

The \$50,000 threshold is twofold, considering both the Request to Purchase (RTP) process and cumulative annual spend requirements governed, respectively, by [R.C. 125.05](#) and [R.C. 127.16](#). With the RTP process, an agency making a one-time purchasing totaling \$50,000 or more submits an RTP and works with DAS to establish a contract, or DAS provides the agency with a release and permit. If a release and permit is given, the agency seeks Controlling Board approval for the purchase. The Controlling Board's \$50,000 threshold is the total aggregate amount an agency spends with a single supplier within a fiscal year.

2. *Are disbursements from the previous fiscal year's encumbrances included within the \$50,000 threshold?*

Yes, these disbursements are included. This is part of the calculation established by the Office of Budget and Management (OBM).

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- 3. Two different thresholds have been mentioned as the requirement for an RTP to be submitted, both \$25,000 and \$50,000. Which is correct?**

For all purchases of \$25,000 or more, [OAC 123:5-1-17\(B\)\(1\)](#) requires agencies to submit an RTP to DAS, which determines if the needed products, supplies or services can be provided by a Requisite Procurement Program. For purchases of \$50,000 or more, an RTP must also be submitted to DAS to determine if there is either an existing state contract, if a state contract can be established, or if the agency will be granted a Release and Permit to make the purchase.

- 4. The fourth bullet in [PM-01](#) section 2.3.2 says \$1,000 or more is the threshold for telecommunications supplies and services, but it also says \$1,000 or less is the threshold to submit a purchase request on the ServiceNow website. Which is correct?**

There are two distinct pathways for telecommunications purchases. If the purchase has a per unit cost of \$1,000 or more, the agency submits a request through the IT release and permit system. Purchases less than \$1,000 are handled through the ServiceNow application.

AGENCY SOLICITATIONS AND AWARDS

- 1. Is posting on the DAS website for purchases less than \$25,000 allowed?**

[Executive Order 2008-12S](#) and [R.C. 125.112](#) set the threshold at posting on the website for more than \$25,000. (The Executive Order sets the requirement for posting solicitations, while the statute governs posting contract awards.) However, solicitations or awards below this threshold can be posted on [procure.ohio.gov](#).

- 2. Direct purchases of more than \$2,500 require agencies to solicit from multiple suppliers when using either their DPA or an optional, non-State Term Schedule (STS) state contract. What if suppliers do not respond to the solicitation? Is there a required minimum number of responses?**

Although multiple solicitations are required in these instances, a minimum number of quotes do not need to be secured. (Unlike STS purchases, which have a three-quote requirement.)

- 3. When a Request and Permit is given to an agency for a solicitation over \$25,000, does DAS automatically post the request on the website?**

DAS does not automatically post solicitations on the agency's behalf. Rather, after receiving the release and permit, agencies are responsible for managing the solicitation, including posting it on [procure.ohio.gov](#) as required by [Executive Order 2008-12S](#).

- 4. The definition of sole-source procurement states that one supplier can be substantiated because a requirement involved a supply or service. How does this**

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apply to IT companies? They provide a specialized service but there are also other services out there that provide the same thing but differently. How is the distinction between a sole-source or a single-source procurement made?

In a single-source procurement, an agency initially used a competitive process to purchase a specific product, supply, or service. Multiple suppliers were considered, but only one chosen. After making the initial purchase, due to the investment in that product, supply, or service, the agency must rely on that supplier, and switching to another or replacing what was originally purchased would not be advantageous to the state.

- 5. *A single-source procurement example would be if multiple companies made widgets, and the state decided to purchase these widgets from Company X. Is that correct?***

That is correct. However, there must be a strategic justification for continuing to invest in and use those widgets. For example, a purchase of widgets made in July 2018 will be used for two years. After that, when the supply is gone, but the need still exists, it may make sense to go back to the market and potentially, select another supplier to provide the widgets.

- 6. *If previously purchased software needs to be upgraded in the future, is the purchase now considered a sole-source or a single-source?***

Once a purchase of software is made, the purchase is single-source because a competitive process was used to make the initial selection and a strategic investment has been made.

- 7. *What would be an example of a sole-source procurement?***

Narcan nasal spray is an example of a sole-source procurement because there is no opportunity to find that product from another provider.

- 8. *Can single-source procurement only be used after an initial bidding process or for renewals?***

For single-source procurement, you've gone through a competitive process to make that selection originally, and now there is a reason to continue strategic investment based on that initial investment process.

- 9. *Would DAS consider a speaker or educator selected to provide training to be considered a sole-source procurement? This is assuming the supplier is a specialist related to a specific topic unique to the business. If this is not a sole-source procurement, what does DAS need from an agency regarding that type of procurement?***

With a speaker or training, agencies will go through a process to evaluate the market and make the selection of a specific provider. It's important for an agency to maintain documentation on the process and why they justified it as a single-source procurement.

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If the purchase exceeds \$50,000, the agency will provide a justification to DAS, otherwise it is going to be an agency-based determination under the \$50,000 threshold.

- 10. *If a sole-source software provider justified in writing why they are the sole-source provider, such as if they bought the company, do not distribute it for selling to others, and the service or good was purchased competitively originally, is this a sole-source procurement?***

This would be a single-source procurement and require a justification to continue with the company based on the initial selection process and justification of the investment the agency made.

- 11. *For a single-source procurement, does an RTP need to be submitted if it is under the blanket account code?***

An RTP does not need to be submitted if a single-source procurement is under a blanket R&P account code. For purchase of \$50,000 or more, the agency will need to seek Controlling Board approval, and the blanket R&P information should be included on the Controlling Board request.

MBE SET-ASIDE COMPETITION

- 1. *Would a single-source procurement with an MBE certified supplier be considered an MBE set-aside purchase or an MBE participation?***

This depends on what process was used to make that official selection. Specifically, if an agency did a set-aside MBE solicitation and selected an MBE, it would be considered MBE set-aside and not MBE participation. If an MBE supplier was selected through an open-market process, the agency would receive participation credit.