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WE WILL BEGIN PROMPTLY AT 10:00

*In advance of the meeting's start time, please verify your audio is working correctly and your volume is set appropriately*



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The screenshot shows a web browser interface with a telephone dialing screen and a question panel. The dialing screen includes a sidebar with icons for telephone, microphone, and a hand. The main content area shows the dialing information: "Dial: +1 (914) 614-3429", "Access Code: 871-482-194", and "Audio PIN: 9". A red box contains the instruction: "If you're already on the call, press #9# now." Below this is a link: "(and [additional numbers](#) ...)". A blue link reads: "[Problem dialing in?](#)". The question panel is titled "Questions" and has a large text input area with the placeholder text "[Enter a question for staff]". A "Send" button is located at the bottom right of the question panel.

*You can use the question panel to ask a question at any point during the webinar. Questions will be answered throughout the presentation.*

*All questions and answers will be gathered and made available in the near future on [procure.ohio.gov](http://procure.ohio.gov).*





## **State Administrative Policies and State Procurement Manual**

Kelly Sanders, Chief Procurement Officer



# State Administrative Policies and State Procurement Manual

## Agenda

1. Review Contents of State of Ohio Administrative Policies
  - Purchasing Procedures (PM-01)
  - Emergency Purchasing Procedures (PM-02)
2. Discuss revised State Procurement Manual
3. Questions and Answers



# PM-01: Purchasing Procedures

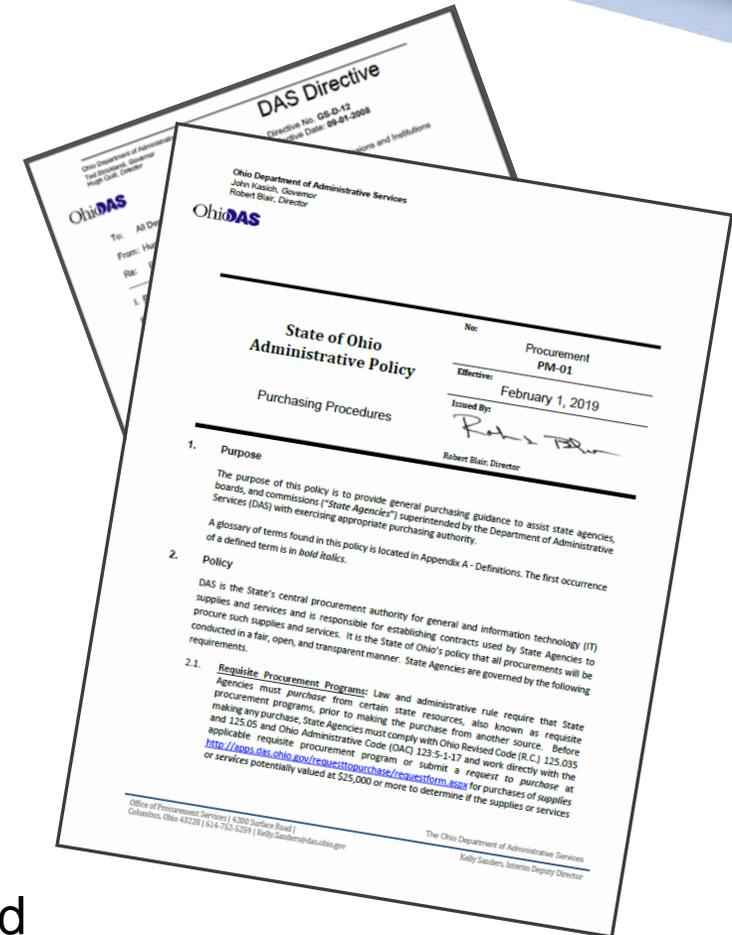
Effective: February 1, 2019

## Purpose

- Replaces DAS Directive GS-D-12
- Provides purchasing guidance to assist superintended state agencies, boards and commissions with appropriately exercising their purchasing authority.

## Policy

- All procurements will be conducted in a fair, open and transparent manner.





## PM-01: Purchasing Procedures

This policy provides guidance on:

Requisite Procurement Programs	MBE Set-Aside Competition
State Contracts	EDGE Purchases
Direct Purchase Thresholds	Preferences
Controlling Board Thresholds	Methods of Procurement and Payment
Required Approvals	Authorization of Purchases
Agency Solicitations and Awards	Agency Purchasing Procedures



# PM-01: Purchasing Procedures

## Requisite Procurement Programs

- Program requirements are established by R.C. 125.035 and OAC 123:5-1-17.
- For purchases potentially valued at \$25,000 or more, agencies must determine if the products, supplies or services are available from any of these requisite procurement programs, in the order they are listed:

First Requisite Procurement Programs	Second Requisite Procurement Programs
1. Ohio Penal Industries	3. Opportunities for Ohioans with Disabilities
2. Community Rehabilitation Program	4. Office of Information Technology
	5. Office of State Printing and Mail Services
	6. Ohio Pharmacy Services
	7. Ohio Facilities Construction Commission



# PM-01: Purchasing Procedures

## Requisite Procurement Programs

To determine if the products, supplies, or services are available from any of the requisite procurement programs, agencies either:

- Work directly with the applicable program, or
- Submit a Request to Purchase (RTP) to DAS.



# PM-01: Purchasing Procedures

## Requisite Procurement Programs

If one of the programs can fulfill the procurement need, agencies are required to use that program, regardless of the purchase amount.

- Agencies may purchase from requisite programs without dollar limitation.
- Purchases made through these programs are not counted against agencies' cumulative annual Controlling Board threshold.



# PM-01: Purchasing Procedures

## Requisite Procurement Programs

If the procurement need cannot be fulfilled by a requisite procurement program, DAS provides the requesting agency with a waiver.

Agencies are not required to purchase from a requisite procurement if the needed products, suppliers or services are:

- Available on a state contract\*; or
- Covered by a non-IT blanket release and permit.

\*Exception: TPA for Facility Maintenance Repair and Minor Construction Projects (GDC160)



# PM-01: Purchasing Procedures

## State Contracts

If the procurement need cannot be fulfilled by any of the requisite procurement programs, agencies need to check with DAS to determine if a state contract is in place for the needed products, supplies or services.

- These contracts have been established through competitive selection or a waiver of competitive selection granted by the Controlling Board.
- Purchases that are made from and reference a state contract as the purchase authority are not counted against a State Agency's cumulative annual Controlling Board threshold.



# PM-01: Purchasing Procedures

## State Contracts

- **Mandatory Contracts**
  - Agencies are required to use these contracts to procure products, supplies or services available on them (for example, office supplies).
- **Optional Contracts**
  - Agencies may choose to use these contracts.
- **Multiple Award Contracts**
  - Optional or mandatory contracts in which an award has been made to more than one supplier.
  - For purchases referencing multiple award contracts that are not state term schedule, agencies solicit quotes as described in the “Agency Solicitations and Awards” section of PM-01.



# PM-01: Purchasing Procedures

## State Contracts

### State Term Schedule Contracts

- PM-01 incorporates STS requirements implemented in 2017, specifically:
  1. Three quote minimum
    - Citing “no response” or “no bid” does not meet this requirement.
    - If fewer than three quotes are received, agencies must secure a waiver for “no competitive opportunity” from the Controlling Board for purchases referencing the STS as the purchase authority.
  2. Use of direct purchase authority (DPA) to make purchases from STS suppliers without referencing a STS contract as the purchase authority. (Controlling Board threshold applies.)



# PM-01: Purchasing Procedures

## State Contracts

- State Term Schedule Contracts
  3. Ability to solicit quotes from non-STS suppliers.
    - The STS contract is not referenced for the purchase if a non-STS supplier is selected.
    - The purchase is made directly subject to Controlling Board requirements and spending thresholds.
  4. Written justification for not selecting the supplier offering the lowest price.



# PM-01: Purchasing Procedures

## State Contracts

- State Term Schedule Contracts

5. Continuations of previously procured products, supplies or services.
  - Three or more quotes are not required and a purchase can be considered as a continuation when:
    - Three or more quotes obtained on original procurement; or
    - Controlling Board waiver obtained on original procurement.
  - Within the original stated term of the purchase (including renewals); and
  - Reasonably related to the original project, scope of work, task, job or effort.



# PM-01: Purchasing Procedures

## Direct Purchase Thresholds

- If neither a requisite procurement program nor a state contract can be used to meet the procurement need, agencies may use their direct purchase authority (DPA).
  - The purchase cannot exceed Controlling Board threshold (cumulative annual spend with one supplier cannot be \$50,000 or more). Purchases of like items cannot be split to avoid the thresholds.
- DAS awards contracts on behalf of agencies for general and IT products, supplies and services costing \$50,000 or more.
  - If it is not practicable or advantageous for DAS to make a purchase on behalf of an agency, the agency is granted a release and permit, delegating authority to it to make the purchase.



# PM-01: Purchasing Procedures

## Direct Purchase Thresholds

### General (non-IT) Supplies and Services

- For purchase of general supplies and services of \$50,000 or more, agencies submit a request to purchase (RTP) to DAS at:  
<http://apps.das.ohio.gov/requesttopurchase/requestform.aspx>.
- A non-IT blanket release and permit is issued biennially (once every two years) for general supplies and services that are not practicable or advantageous for DAS to purchase.
  - Purchases are subject to the Controlling Board threshold.
  - The current non-IT blanket release and permit can be found on the website:  
<https://procure.ohio.gov/proc/viewWhatsNewAnnouncements.asp>.



# PM-01: Purchasing Procedures

## Direct Purchase Thresholds

### IT Supplies and Services

- R.C. 125.18 requires DAS approval of IT purchases.
- Agencies must request an IT release and permit for:

Deliverables-based IT Services (DBITS) projects	IT staff augmentation services
IT equipment and licensing from enterprise standards-based contracts	Telecommunications supplier or services with a per unit cost of \$1,000 or more
3 <sup>rd</sup> party hosting or cloud-based solutions (XaaS)	Licenses associated with an enterprise consolidation initiative
Infrastructure equipment	Any other supplies or services governed by a DAS-established enterprise standard, policy or initiative



# PM-01: Purchasing Procedures

## Direct Purchase Thresholds

### IT Supplies and Services

- Agencies wanting to purchase telecommunications supplies or services with a per unit cost less than \$1,000 submit the request through ServiceNow at: <https://stateofohio.service-now.com/>.
- When purchasing IT supplies or services exceeding \$24,999, agencies submit the request through the IT Release and Permit System at: <https://itrelease.ohio.gov/Default.aspx>.
- For purchases less than \$25,000 per request, DAS issues an annual IT blanket release and permit when not practicable or advantageous for DAS to purchase.
  - Purchases are subject to the Controlling Board threshold.



## PM-01: Purchasing Procedures

### Controlling Board Threshold

- Controlling Board must approve purchases not made through DAS when the agency's cumulative annual spend with one supplier is \$50,000 or more.
- If the cumulative annual spend is less than \$50,000, Controlling Board approval is not necessary, unless:
  - The funding source requires Controlling Board approval (e.g., release of capital funds), or
  - Controlling Board approval is required by law.
- Additional information can be found in the Controlling Board Manual at: <https://ecb.ohio.gov/Public/Manual.aspx>.



# PM-01: Purchasing Procedures

## Required Approvals

Before entering into an agreement or issuing a purchase order for any of these items, DAS review is required.

ITEM	DAS CONTACT
Information Technology	DAS Office of Procurement Services; <a href="mailto:EITC_Policy@das.ohio.gov">EITC_Policy@das.ohio.gov</a>
Printed Supplies and Multi-functional Print Devices (e.g., copiers, printers)	DAS Office of State Printing and Mail Services; <a href="mailto:James.Hoover@das.ohio.gov">James.Hoover@das.ohio.gov</a>
Vehicles	DAS Office of Fleet Management; <a href="mailto:DASFLEET@das.ohio.gov">DASFLEET@das.ohio.gov</a>



# PM-01: Purchasing Procedures

## Agency Solicitations and Awards

- State agencies must procure supplies or services in a **competitive manner** when:
  - Procuring the supplies or services from a source other than a requisite procurement program or from a state contract;
  - Multiple suppliers exist in the market; and
  - The need is not specialized or unique.
- Agencies should maintain records describing the competitive manner, the evaluation that was conducted, and the basis upon which the award was made.



# PM-01: Purchasing Procedures

## Agency Solicitations and Awards

- Agencies should establish procurement processes:
  - Ensuring clear lines of authority;
  - Promoting a separation between staff having the ability to request contract actions and those who have the final authority approve the requested actions; and
  - Enabling them to exercise due diligence so public funds are used appropriately.
- Agencies frequently using DPA or Controlling Board authorities for routine purchases should contact DAS to determine if a state contract should be established.



## PM-01: Purchasing Procedures

### Agency Solicitations and Awards

#### Purchases of \$2,500 or less

- Should solicit from multiple (i.e., 2 or more) suppliers when using either DPA or non-STS optional state contract with multiple suppliers.

#### Purchases of more than \$2,500

- Shall solicit from multiple (i.e., 2 or more) suppliers when using either DPA or an optional, non-STS state contract with multiple suppliers.



## PM-01: Purchasing Procedures

### Agency Solicitations and Awards

- Executive Order 2008-12S requires agencies to post solicitations for purchases with an estimated total value of more than \$25,000 on the State of Ohio procurement website at: <https://procure.ohio.gov//proc/index.asp>.
- R.C. 125.112 requires agencies to post awards with a total value of more than \$25,000 to the State of Ohio procurement website.



# PM-01: Purchasing Procedures

## Agency Solicitations and Awards

### Sole- or Single-Source Procurements

- Single-source procurement: A procurement from one selected supplier, even though there are other suppliers that may provide similar supplies or services. A single-source procurement decision must be justified based on strategic factors, such as continuity of services, standardization, specialized capabilities, warranty, etc., even though other competitive sources may be available. Also see sole-source procurement.
- Sole-source procurement: A procurement from one selected supplier that can be substantiated because a requirement involves a supply or service provided by only one supplier or contractor having exclusive rights (e.g., rights to data, patent or copy rights, proprietary interests, intellectual property, or secret processes) to provide the supply or service. A sole-source procurement differs from a single-source procurement because the supply or service is unique.



# PM-01: Purchasing Procedures

## Agency Solicitations and Awards

### Sole- or Single-Source Procurements

- Agencies may be able to conduct or request sole- or single-source procurements if the procurement need cannot be fulfilled in a competitive manner.
  - If the procurement will cause the agency to exceed its direct purchase thresholds, the agency needs to either submit a RTP (for general supplies and services) or request an IT release and permit (for IT supplies and services) to DAS.
  - The agency must provide written justification for the sole- or single-source procurement.



# PM-01: Purchasing Procedures

## Agency Solicitations and Awards

### Sole- or Single-Source Procurements

- Written justification needs to document:
  - Efforts made to find other responsive suppliers and a determination that none were found;
  - How a determination was made that the anticipated cost would be fair and reasonable;
  - The agency's history with the supplier; and
  - Any other facts supporting the selection process.
- Approved purchases are subject to Controlling Board threshold.



## PM-01: Purchasing Procedures

### MBE Set-Aside Competition

- R.C. 125.081 requires agencies set-aside 15% of total eligible purchases.
  - State Agency purchases from contracts that have been set-aside, partially set-aside, or contain an embedded MBE set-aside count towards the 15 percent requirement.
- When conducting MBE set-aside solicitations to make a purchase, State Agencies shall document:
  - The sheltered solicitation process;
  - Solicit quotes from only Ohio-certified MBEs;
  - Mark vouchers in OAKS as MBE Set-Aside;
  - Monitor their set-aside expenditures quarterly and adjust their projection plans submitted to EOD as necessary.



## PM-01: Purchasing Procedures

### MBE Set-Aside Competition

Agencies can evaluate the impact of their set-aside selections by considering:

- Various categories of supplies/services and alternate setting them aside.
- The length of time that a contract has been set-aside and/or held by an incumbent supplier.
- Contracts or purchases may be able to be split into smaller contracts or multiple contracts to allow small businesses to compete (thresholds still apply).
- Prior to deciding whether a procurement will be set-aside, check the State Agency's progress against its MBE projection plan for the current fiscal year.



# PM-01: Purchasing Procedures

## EDGE Purchases

R.C. 123.152 requires State Agencies to participate in EDGE.

Agencies are required to:

1. Take steps to foster, support and encourage participation of underutilized businesses by including participation goals for construction contracts and RFPs when subcontractors are used.
2. Determine EDGE participation feasibility when competitively procuring supplies/services; construction, architecture and engineering; and professional services.
3. Remove elements from their procurement policies, procedures and practices adversely impacting socially and economically disadvantaged businesses.



# PM-01: Purchasing Procedures

## EDGE Purchases

4. Examine and eliminate all unnecessary barriers to participation.
5. Set goals meeting or exceeding the annual goal set by DAS.
6. Provide the DAS Equal Opportunity Division (EOD) with quarterly reports and annual plans on EDGE utilization.



# PM-01: Purchasing Procedures

## Preferences

- R.C. 9318(B) and OAC 123:5-1-16 prescribe requirements and procedures that agencies **shall** use to give preference to Veteran-friendly Business Enterprises (VBE) that submit bids or proposals.
- For purchases not made through DAS, State Agencies **should**:
  - Apply preferences explained in: R.C. 125.09(C)(1) - (2); R.C. 125.11(B); and OAC 123:5-1-06, -07, -09, and -14.
  - Use criteria and procedures prescribed by DAS for to give preference to supplies produced or manufactured in the U.S. and/or Ohio.
- When applying preferences, agencies must specify which preference(s) will be applied in the solicitation and should request information about the point of manufacture and location of the supplier.



# PM-01: Purchasing Procedures

## Methods of Procurement and Payment

- Unless otherwise noted in the policy, PM-01 requirements are to be followed regardless of payment methods.
- If purchasing from a state contract, State Agencies shall check the contract prior to making the purchase to identify acceptable forms of payment. For additional guidance on the Pcard program, refer to <http://finsource.ohio.gov/>.

## Authorization of Purchases

- If a State Agency proceeds with a purchase prior to receiving the appropriate authorization, the person at the agency who authorized the purchase may be held personally liable for the purchase pursuant to R.C. 3.12 or R.C. 127.16.



# PM-01: Purchasing Procedures

## Agency Purchasing Procedures

- R.C. 125.05(A) requires State Agencies to adopt written procedures consistent with the procedures listed in this policy and use those procedures when making direct purchases costing less than \$50,000.
  - These procedures shall also be applied when the agency is making purchases through DAS (including purchasing from state contracts).
- For purchases costing more than \$50,000, OAC 123:5-1-03(B) requires State Agencies to make the purchase in a competitive manner unless otherwise exempt.
  - State Agencies should also adopt written procedures consistent with the procedures listed in this policy and use those procedures when making purchases costing more than \$50,000.



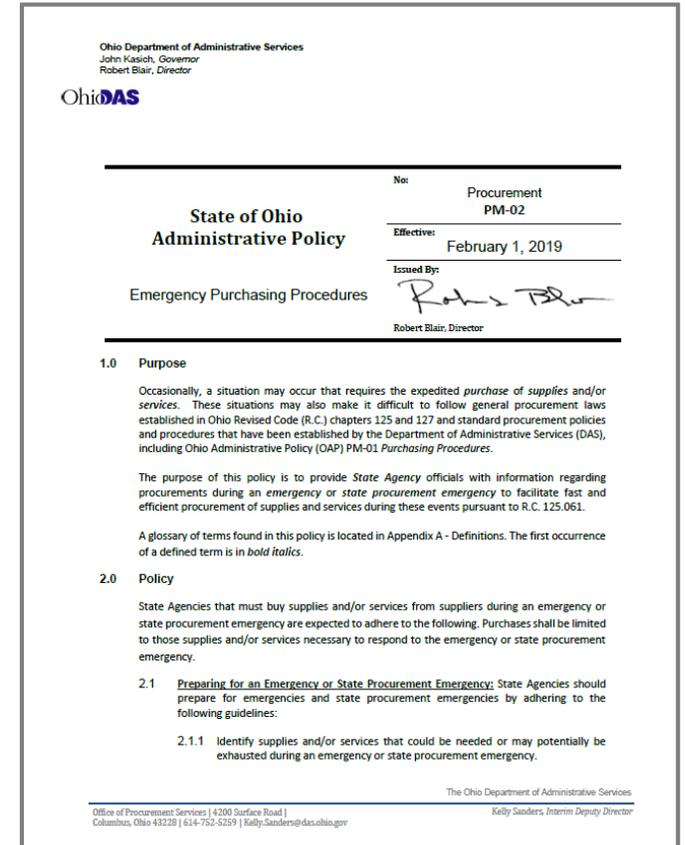
# PM-02: Emergency Purchasing Procedures

Effective: February 1, 2019

## Purpose

Provides State Agencies with information to facilitate fast and efficient supplies and services during either an **emergency** or **state procurement emergency**.

- **Emergency:** As defined in R.C. 5502.21, any period during which the Congress of the United States or a chief executive (e.g., the President of the United States or the Governor) has declared or proclaimed that an emergency exists.
- **State Procurement Emergency:** As defined in R.C. 125.061, a situation creating all the following: (1) a threat to public health, safety, or welfare; (2) an immediate and serious need for supplies or services that cannot be met through normal procurement methods required by state law; and (3) a serious threat of harm to the functioning of state government, the preservation or protection of property, or the health or safety of any person.





## PM-02: Emergency Purchasing Procedures

### Policy

State Agencies that must buy supplies and/or services from suppliers during an emergency or state procurement emergency are expected to adhere to this policy.

Purchases shall be limited to those supplies and/or services necessary to respond to the emergency or state procurement emergency.



## PM-02: Emergency Purchasing Procedures

### Preparing for an Emergency or State Procurement Emergency

State Agencies should prepare by:

- Identifying supplies and/or services that could be needed or potentially exhausted.
- Understand what current state contracts are available from DAS that could meet potential needs.
- Evaluating the need for a state contract, if one is not available.



## PM-02: Emergency Purchasing Procedures

### During an Emergency

When either the Governor or the President is asked for an emergency declaration, the Director of Public Safety (DPS) or the Executive Director of the Emergency Management Agency (EMA) submit a request to DAS asking for the suspension of purchasing/contracting requirements mandated by R.C. 125 and R.C. 153.

The request shall:

- Specify the State Agencies for which the requirements should be suspended due to their response and recovery activities.
- Provide details of the emergency.
- Include a description of the supplies and services to be purchased.



## PM-02: Emergency Purchasing Procedures

### During an Emergency

DAS reviews the request and, if approved, notice is sent to the:

- Director of the Office and Budget and Management (OBM);
- Members of the Controlling Board;
- The Director of DPS and Executive Director of EMA.

Once a request is granted, necessary supplies or services can be purchased.

- Whenever practical, agencies shall follow the requirements of PM-01.
- Purchases made are exempt from Controlling Board threshold.



## PM-02: Emergency Purchasing Procedures

### During a State Procurement Emergency

The director or administrative head of the State Agency where the state procurement emergency exists shall submit a request to DAS to suspend the purchasing and contracting requirements contained in R.C. 125.

The request shall include:

- Details of the state procurement emergency, including a description of its immediacy;
- A description of the supplies and/or services needed that cannot be acquired through normal procurement methods in a timely manner.



## PM-02: Emergency Purchasing Procedures

### During a State Procurement Emergency

DAS reviews the request and, if approved, notice is sent to the:

- Director of the Office and Budget and Management (OBM);
- Members of the Controlling Board;
- The Director requesting the suspension.

Once a request is granted, necessary supplies or services can be purchased.

- Whenever practical, agencies shall follow the requirements of PM-01.
- Purchases made are exempt from Controlling Board threshold.



## PM-02: Emergency Purchasing Procedures

### During a State Procurement Emergency

- Situations involving an injury or obstruction to any public works of the state are considered a **public exigency**, as opposed to a state procurement emergency.
- Public exigencies require the involvement of the Ohio Facilities Construction Commission (OFCC) and involve different processes than those explained in PM-02
- State Agencies encountering these situations should contact OFCC.



# PM-02: Emergency Purchasing Procedures

## After an Emergency or State Procurement Emergency

State Agencies must file a report with the President of the Controlling Board within 90 days.

- The report shall use the format prescribed in PM-02 (below) and describe all purchases made to resolve the emergency or state procurement emergency.

ORC 125.061 Report - Purchases Made Under Suspended Purchasing and Contracting Requirements During a Declared Emergency								
(Due to the Controlling Board President within 90 days after the declaration of emergency expires, pursuant to ORC 125.061(C))								
Agency (3 digit id)	Supplier ID	Supplier Name	Purchase Order No.	Voucher ID	Items Purchased	Units	Cost Per Unit	Total Paid

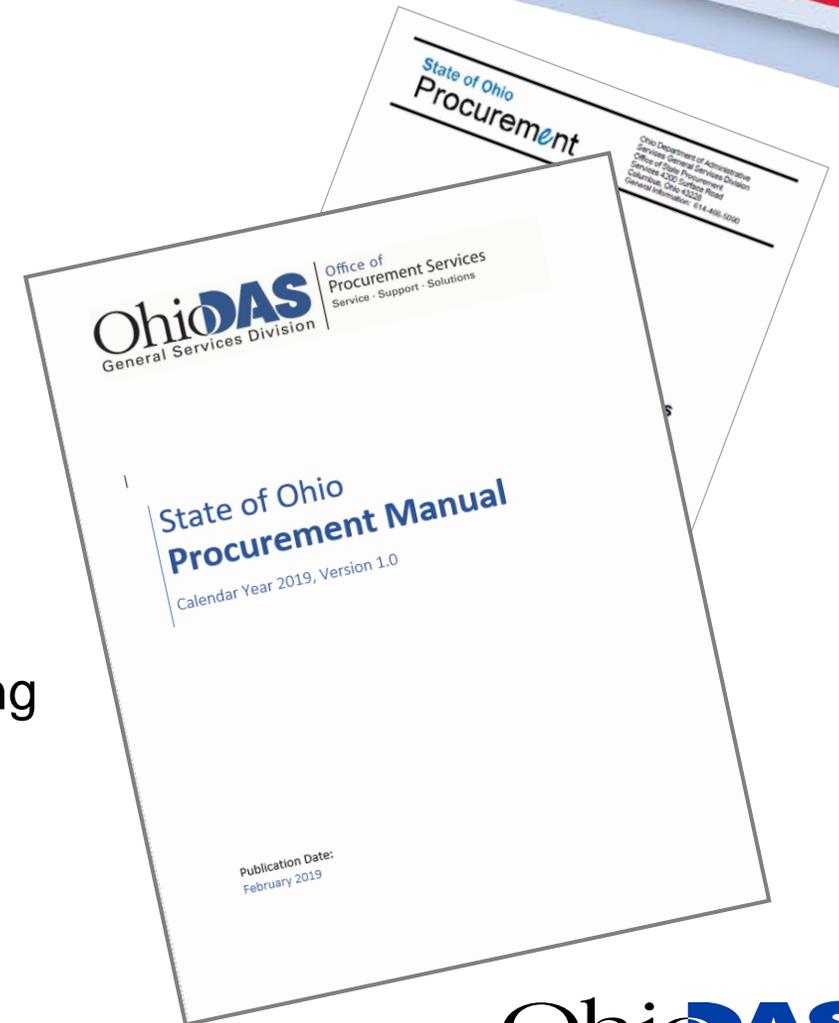


# State Procurement Manual

Publication Date: February 2019

## Purpose

- Replaces previous handbook
- An authoritative source for guidance on the application of consistent and sound business practices by State Agencies to acquire supplies and services.
- The manual's primary audience is Agency Purchasing Officers (APO) and all other agency-level personnel interested or engaged in the State's procurement activities.





# State Procurement Manual

Developed by a multi-agency workgroup

Paul Maragos, ODH	Jean Stephenson, OFCC
Scott Ferguson, MHAS	Steve Hrinko, DYS
Christie Thomas, DAS	Curtis Brooks, DAS
Carol Clingman, DAS	Randy Dublikar, DAS
Eric Glenn, DAS	Kelly Sanders, DAS
Andrew Cochran, DAS	Anni Efthimiou, DAS



# State Procurement Manual

## Organization

- Follows the procurement lifecycle:
  - Planning
  - Solicitation and Award
  - Contract Administration
- Contains requirements established by PM-01 and PM-02.
- References/links to procurement-related sections of the R.C. and OAC are contained throughout the document.



# *Questions?*





The webinar recording, questions and answers, and other resources will be available on [procure.ohio.gov](http://procure.ohio.gov) in the near future.

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*Thank you for attending today's presentation!*

